

*In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, 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."*

**\$10,155,000**  
**SOUTH BAY UNION SCHOOL DISTRICT**  
(San Diego County, California)  
**2023 Refunding General Obligation Bonds**

**Dated: Date of Delivery**

**Due: As shown on inside front cover.**

**Authority and Purpose.** The above-captioned 2023 Refunding General Obligation Bonds ("Bonds") are being issued by the South Bay Union School District (the "District") of San Diego County (the "County"), California, pursuant to applicable provisions of the California Government Code and a resolution adopted by the Board of Trustees of the District on March 9, 2023. The Bonds are being issued for the purpose of refinancing certain outstanding general obligation bonds of the District, and to pay related costs of issuance. See "THE REFINANCING PLAN" and "THE BONDS – Authority for Issuance."

**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 the County. The County Board of Supervisors is empowered and is obligated to annually levy *ad valorem* property taxes for the payment by the District of principal of and interest on 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 that are similarly secured by tax levies. 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"). Purchasers will not receive physical certificates representing their interests in the Bonds. See "THE BONDS" and "APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM."

**Payments.** The Bonds are dated the date of delivery. The Bonds accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity or earlier redemption, commencing August 1, 2023. Payments of principal of and interest on the Bonds will be made by U.S. Bank Trust Company, National Association, as the designated agent for the County Treasurer-Tax Collector, 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. See "THE BONDS - Description of the Bonds."

**Redemption.** The Bonds are subject to optional redemption prior to maturity under certain circumstances, as described herein. See "THE BONDS – Optional Redemption".

**Bond Insurance.** Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue a Municipal Bond Insurance Policy (the "Policy") for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as Appendix H to this Official Statement. See "BOND INSURANCE" and "APPENDIX H."



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**MATURITY SCHEDULE**

(See inside cover)

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**Cover Page.** This cover page contains certain information for general reference only. It is not a summary of all the 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 offered when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the District, and subject to certain other conditions. Jones Hall is also serving as Disclosure Counsel to the District. Norton Rose Fulbright US LLP, Los Angeles, California is serving as counsel to the Underwriter. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about May 4, 2023.*

**Barclays**

# MATURITY SCHEDULE

## SOUTH BAY UNION SCHOOL DISTRICT (San Diego County, California)

Base CUSIP<sup>†</sup>: 836411

### 2023 Refunding General Obligation Bonds

<b>Maturity Date</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>Price</b>		<b>CUSIP<sup>†</sup></b>
8/1/23	\$115,000	5.000%	2.480%	100.597		PA0
8/1/24	515,000	5.000	2.480	103.058		PB8
8/1/25	540,000	5.000	2.350	105.750		PC6
8/1/26	565,000	5.000	2.240	108.580		PD4
8/1/27	595,000	5.000	2.210	111.233		PE2
8/1/28	620,000	5.000	2.210	113.734		PF9
8/1/29	655,000	5.000	2.200	116.243		PG7
8/1/30	690,000	5.000	2.230	118.425		PH5
8/1/31	720,000	5.000	2.260	120.495		PJ1
8/1/32	755,000	5.000	2.270	122.640		PK8
8/1/33	790,000	5.000	2.330	124.199		PL6
8/1/34	830,000	5.000	2.410	123.378	C	PM4
8/1/35	880,000	5.000	2.560	121.856	C	PN2
8/1/36	920,000	5.000	2.760	119.861	C	PP7
8/1/37	965,000	5.000	2.920	118.293	C	PQ5

<sup>†</sup> CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services ("CGS"), managed on behalf of the American Bankers Association by FactSet Research Systems Inc. © 2023 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience only. Neither of the District nor the Underwriter takes any responsibility for the accuracy of such numbers.

C: Priced to first par call on August 1, 2033.

**SOUTH BAY UNION SCHOOL DISTRICT  
SAN DIEGO COUNTY  
STATE OF CALIFORNIA**

**BOARD OF TRUSTEES**

Melanie Ellsworth (Area 4), *President*  
Jannet Medina (Area 5), *Vice President*  
Cheryl Quinones (Area 3), *Clerk*  
Kelly Leiker (Area 1), *Member*  
Jose Lopez Eguino (Area 2), *Member*

**DISTRICT ADMINISTRATIVE STAFF**

Jose Espinoza, *Superintendent*  
Rigo Lara, *Assistant Superintendent of Business Services*

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**PROFESSIONAL SERVICES**

**MUNICIPAL ADVISOR**

Dale Scott & Company, Inc.  
*San Francisco, California*

**BOND COUNSEL AND DISCLOSURE COUNSEL**

Jones Hall, A Professional Law Corporation  
*San Francisco, California*

**BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT**

San Diego County Treasurer-Tax Collector  
through its agent  
U.S. Bank Trust Company, National Association  
*Los Angeles, California*

**ESCROW AGENT**

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

**UNDERWRITER'S COUNSEL**

Norton Rose Fulbright US LLP  
*Los Angeles, California*

**ESCROW VERIFICATION**

Causey Demgen & Moore, P.C.  
*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 Underwriter.

**No Offering Except by This Official Statement.** No dealer, broker, salesperson or other person has been authorized by the District or the Underwriter 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 Underwriter.

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

**Stabilization of and Changes to Offering Prices.** The Underwriter may over allot 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 Underwriter may discontinue such market stabilization at any time. The Underwriter 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 Underwriter.

**Document Summaries.** All summaries of the Bond Resolution 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.

**Bond Insurance.** Build America Mutual Assurance Company ("BAM" or the "Bond Insurer") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, the Bond Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Bond Insurer, supplied by the Bond Insurer and presented under the heading "BOND INSURANCE" and in APPENDIX H.

**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 and certain social media accounts. However, the information presented therein 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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# OFFICIAL STATEMENT

**\$10,155,000**  
**SOUTH BAY UNION SCHOOL DISTRICT**  
(San Diego County, California)  
**2023 Refunding General Obligation Bonds**

The purpose of this Official Statement, which includes the cover page, inside cover page and attached appendices, is to set forth certain information concerning the sale and delivery of the captioned bonds (the “**Bonds**”) by the South Bay Union School District (the “**District**”) of San Diego County (the “**County**”), State of California (the “**State**”).

## 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, which is the most southwesterly school district in the contiguous United States, consists of an area of approximately 14.4 square miles in San Diego County (the “**County**”), serving the City of Imperial Beach (the “**City**”), and southern portions of the City of San Diego including portions of the community known as San Ysidro. The District provides an educational program for pre-kindergarten through eighth grade students. The District currently operates 12 schools, including two dependent charter schools and one preschool, and has an enrollment of approximately 4,045 students in fiscal year 2022-23 (not including charter school enrollment). The District’s total assessed value in fiscal year 2022-23 is over \$6 billion. For more information regarding the District and its finances, see APPENDIX A and APPENDIX B hereto. See also APPENDIX C hereto for demographic and other information regarding the City and the County.

**Purposes.** The proceeds of the Bonds will be used to provide funds to refinance on a current basis certain outstanding general obligation bonds of the District, and to pay related costs of issuance. See “THE REFINANCING PLAN” herein.

**Authority for Issuance of the Bonds.** The Bonds will be issued pursuant to the authority of certain provisions of the California Government Code and a resolution adopted by the Board of Trustees of the District on March 9, 2023 (the “**Bond Resolution**”). See “THE REFINANCING PLAN” and “THE BONDS - Authority for Issuance” herein.

**Payment and Registration of the Bonds.** The Bonds mature in the years and in the amounts as set forth on the inside cover pages 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 “THE BONDS” and “APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

**Redemption.** The Bonds are subject to redemption prior to maturity as described herein. See “THE BONDS – Optional Redemption”.

**Security and Sources of Payment for the Bonds.** The Bonds are general obligation bonds of the District payable by the District solely from *ad valorem* property taxes levied on taxable property located in the District and collected by the County. The County is empowered and is obligated to annually levy *ad valorem* property taxes for the payment by the District of the principal of and interest on 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.”

The District has other series of general obligation bonds outstanding that are payable from *ad valorem* property taxes levied on taxable property in the District. See “DEBT SERVICE SCHEDULES” and “DISTRICT FINANCIAL INFORMATION – Existing Debt Obligations - General Obligation Bonds” in APPENDIX A.

**Bond Insurance.** Concurrently with the issuance of the Bonds, BAM (as defined herein) will issue its Municipal Bond Insurance Policy (the “**Policy**”) for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due, as set forth in the form of the Policy included as Appendix H to this Official Statement. See “BOND INSURANCE” and APPENDIX H attached hereto.

**Tax Matters.** Assuming compliance with certain covenants and provisions of the Internal Revenue Code of 1986, in the opinion of 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, interest on the Bonds is exempt from California personal income taxes. See “TAX MATTERS” herein.

**Continuing Disclosure.** The District will execute a Continuing Disclosure Certificate in connection with the issuance of each series of the Bonds in substantially the form attached hereto as APPENDIX E. See “CONTINUING DISCLOSURE.”

**COVID-19 Statement.** The COVID-19 pandemic commenced in approximately March 2020 and resulted in a public health crisis that has been fluid and unpredictable with unknown financial and economic impacts. Notwithstanding that several vaccines and boosters have been developed for COVID-19 and are generally widely available, investors continue to be cautioned that the District cannot predict the full impacts that the COVID-19 pandemic may have had or will continue to have, either directly or indirectly, on its operations, including its finances, property values and other matters. For more disclosure regarding the COVID-19 pandemic, see “SECURITY FOR THE BONDS – Disclosure Relating to COVID-19 Global Pandemic” herein. See also APPENDIX A under the heading “DISTRICT GENERAL INFORMATION” and “STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS.”

**Other Information.** This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this Official Statement and information concerning the Bonds are available by request to the Office of the District Superintendent at South Bay Union School District, 601 Elm Ave, Imperial Beach, California 91932; telephone (619) 628-1600. The District may impose a charge for copying, mailing and handling.



## THE REFINANCING PLAN

### The Prior Bonds

As described herein, the net proceeds of the Bonds will be used to refund certain maturities of the District’s outstanding general obligation bonds on a current basis, being certain maturities of the following bonds (the “**Prior Bonds**”):

- South Bay Union School District (San Diego County, California) General Obligation Bonds, 2012 Election, Series A (GO Reauthorization Bonds) dated May 23, 2013, issued in the original aggregate principal amount of \$17,000,000.

### The Refunded Bonds

The following tables identify the maturities of the Prior Bonds expected to be refunded with the proceeds of the Bonds (the “**Refunded Bonds**”).

#### SOUTH BAY UNION SCHOOL DISTRICT Identification of Refunded Bonds

Maturities Payable from Escrow	CUSIP†	Interest Rate	Principal Amount	Redemption Date	Redemption Price
8/1/24	836411KW7	3.000%	\$650,000	08/01/2023	100.00%
8/1/25	836411KX5	3.000	670,000	08/01/2023	100.00
8/1/26	836411KY3	3.000	690,000	08/01/2023	100.00
8/1/27	836411KZ0	3.125	710,000	08/01/2023	100.00
8/1/28	836411LA4	3.250	730,000	08/01/2023	100.00
8/1/29	836411LB2	3.250	755,000	08/01/2023	100.00
8/1/30	836411LC0	3.375	780,000	08/01/2023	100.00
8/1/33-T	836411LD8	5.000	2,535,000	08/01/2023	100.00
8/1/37-T	836411LE6	5.000	4,015,000	08/01/2023	100.00
Total:	--		\$11,535,000	--	--

† CUSIP Copyright American Bankers Association. CUSIP data herein is provided by FactSet Research Systems Inc. Neither the District nor the Underwriter is responsible for the accuracy of such data.

T: Term Bonds.

### Deposits in Escrow Fund

The District will deliver the net proceeds of the Bonds to U.S. Bank Trust Company, National Association, Los Angeles, California, as escrow bank (the “**Escrow Agent**”), for deposit in an escrow fund (the “**Escrow Fund**”) established under an Escrow Agreement (the “**Escrow Agreement**”), between the District and the Escrow Agent. The Escrow Agent will hold such funds in cash and/or invest such funds in certain United States Treasury notes, bonds, bills or certificates of indebtedness, or obligations issued by any agency or department of the United States which are secured, directly or indirectly, by the full faith and credit of the United States (“**Escrow Fund Securities**”) and will apply such funds, together with interest earnings on the investment of such funds in Escrow Fund Securities, to pay the principal of and interest on the Refunded Bonds, including the redemption price of the Refunded Bonds, as set forth above, together with accrued interest to the redemption date identified above.

Sufficiency of the deposits in the Escrow Fund for the foregoing purposes will be verified by Causey Demgen & Moore P.C., Denver, Colorado (the “**Verification Agent**”). See “VERIFICATION OF MATHEMATICAL ACCURACY” herein. As a result of the deposit of funds with the Escrow Agent on the date of issuance of the 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 Agent 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 Bonds.*

## SOURCES AND USES OF FUNDS

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

### SOUTH BAY UNION SCHOOL DISTRICT Sources and Uses

**Sources of Funds**

Principal Amount of Bonds	\$10,155,000.00
Original Issue Premium	1,736,760.50
<b>Total Sources</b>	<b>\$11,891,760.50</b>

**Uses of Funds**

Escrow Fund	\$11,639,179.36
Costs of Issuance <sup>(1)</sup>	252,581.14
<b>Total Uses</b>	<b>\$11,891,760.50</b>

(1) All estimated costs of issuance including, but not limited to, Underwriter's discount, printing costs, and fees of Bond Counsel, Disclosure Counsel, the municipal advisor, the Paying Agent, Escrow Agent, Verification Agent, bond insurance premium and the rating agency.

## THE BONDS

### Authority for Issuance

The Bonds will be issued pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the “**Bond Law**”) and pursuant to the Bond Resolution.

### Description of the Bonds

The Bonds mature in the years and in the amounts as 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” below and “APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

The Bonds will be issued in the denominations of \$5,000 principal amount each or any integral multiple thereof. Interest on the Bonds is payable semiannually on each February 1 and August 1, commencing August 1, 2023 (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 Record Date (defined in the Bond Resolution as the 15th day of the month preceding an Interest Payment Date, whether or not such day is a business day) preceding such Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to the first Record Date (being July 15, 2023), in which event it will bear interest from the date of delivery set forth on the cover page hereof. If at the time of authentication of a Bond interest is in default thereon, such Bond shall 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 the Paying Agent to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds.

### Paying Agent

U.S. Bank Trust Company, National Association, as the designated agent for the County Treasurer-Tax Collector, will act as the registrar, transfer agent, and paying agent for the Bonds (the “**Paying Agent**”) in accordance with the Bond Resolution. As long as DTC is the registered owner of the Bonds and DTC's book-entry method is used for the Bonds, the Paying Agent will provide notices and payments in accordance with the book-entry procedures summarized below under the heading “-Book-Entry Only System.”

### 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 The Depository Trust Company (“**DTC**”). Purchasers of the Bonds (the “**Beneficial Owners**”) 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 redemption or other notices to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the redemption of the Bonds called for redemption or of any other action premised on such notice. See "APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM."

The Paying Agent, the District, and the Underwriter 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.

### **Optional Redemption**

The Bonds maturing on or before August 1, 2033 are not subject to redemption prior to maturity. The Bonds maturing on or after August 1, 2034 are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity, from any available source of funds, on August 1, 2033, or on any date thereafter, at a redemption price equal to 100% of the principal amount thereof, without premium, together with accrued interest thereon to the redemption date.

For the purpose of selection for optional redemption, Bonds will be deemed to consist of \$5,000 portions, and any such portion may be separately redeemed. Whenever less than all of the outstanding Bonds are designated for redemption, the Paying Agent shall select Bonds for redemption as directed by the District, and without direction, in inverse order of maturity. If less than all Bonds of any one maturity are designated for redemption, the Paying Agent shall select the outstanding Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent.

### **Notice of Redemption**

The Paying Agent is required to give notice of the redemption of the Bonds, at the expense of the District, at least 20 days but not more than 60 days prior to the date fixed for redemption. Notice of any redemption of Bonds may be a conditional notice of redemption and subject to rescission as set forth below and shall specify: (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price thereof, and that from and after such date, interest thereon shall cease to accrue.

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

## **Partial Redemption of Bonds**

Upon the surrender of any Bond redeemed in part only, the District shall execute and the Paying Agent shall authenticate and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in transfer amounts to the unredeemed portion of the Bond surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the County and the District shall be released and discharged thereupon from all liability to the extent of such payment.

## **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 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 Register 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 Bond Resolution.

Bonds may be exchanged at the principal corporate trust office of the Paying Agent for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. 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 Resolution, 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 an Interest Payment Date or the date established by the Paying Agent for selection of Bonds for redemption until the close of business on the Interest Payment Date or day on which the applicable notice of redemption is given or (b) with respect to a Bond after such Bond has been selected or called for redemption in whole or in part.

## Defeasance

Any or all of the Bonds may be paid by the District, in whole or in part, in any one or more of the following ways:

- (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 Resolution) to pay or redeem such Bonds; or
- (c) by delivering such Bonds to the Paying Agent for cancellation by it.

Whenever in the Bond Resolution 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 be held by the Paying Agent or by any other fiduciary. Such money or securities may include money or securities held by the Paying Agent in the funds and accounts established under the Bond Resolution 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 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 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), then all liability of 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 for such payment.

**“Federal Securities”** means: (a) any direct general non-callable obligations of the United States of America, including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America; (b) any obligations the timely

payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America or which are secured by obligations described in the preceding clause (a); (c) the interest component of Resolution Funding Corporation strips which have been stripped by request to the Federal Reserve Bank of New York in book-entry form; and (d) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies: (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) participation certificates of the General Services Administration; (iv) Federal Financing Bank bonds and debentures; (v) guaranteed Title XI financings of the U.S. Maritime Administration; (vi) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development; and (vi) obligations of the Federal Home Loan Bank (FHLB).

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## DEBT SERVICE SCHEDULES

**Debt Service for the Bonds.** The following table shows the annual debt service schedule with respect to the Bonds (assuming no optional redemptions).

### SOUTH BAY UNION SCHOOL DISTRICT Bonds Debt Service Schedule

Period Ending August 1	Principal	Interest	Total Debt Service
2023	\$115,000.00	\$122,706.25	\$237,706.25
2024	515,000.00	502,000.00	1,017,000.00
2025	540,000.00	476,250.00	1,016,250.00
2026	565,000.00	449,250.00	1,014,250.00
2027	595,000.00	421,000.00	1,016,000.00
2028	620,000.00	391,250.00	1,011,250.00
2029	655,000.00	360,250.00	1,015,250.00
2030	690,000.00	327,500.00	1,017,500.00
2031	720,000.00	293,000.00	1,013,000.00
2032	755,000.00	257,000.00	1,012,000.00
2033	790,000.00	219,250.00	1,009,250.00
2034	830,000.00	179,750.00	1,009,750.00
2035	880,000.00	138,250.00	1,018,250.00
2036	920,000.00	94,250.00	1,014,250.00
2037	965,000.00	48,250.00	1,013,250.00
<b>Total</b>	<b>\$10,155,000.00</b>	<b>\$4,279,956.25</b>	<b>\$14,434,956.25</b>

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**Combined General Obligation Bonds Debt Service.** The District has other series of general obligation bonds and refunding bonds outstanding. The following table shows the combined debt service schedule with respect to the District’s outstanding general obligation bonds and the Bonds, assuming no optional redemptions. See APPENDIX A under the heading “DISTRICT FINANCIAL INFORMATION – Existing Debt Obligations” for additional information.

**SOUTH BAY UNION SCHOOL DISTRICT  
Combined General Obligation Bonds Debt Service Schedule**

<b>Period Ending August 1</b>	<b>Outstanding GO Bonds Annual Debt Service</b>	<b>The Bonds Annual Debt Service</b>	<b>Aggregate Annual Debt Service</b>
2023	\$3,969,530.83	\$237,706.25	\$4,207,237.08
2024	3,139,774.35	1,017,000.00	4,156,774.35
2025	3,292,012.50	1,016,250.00	4,308,262.50
2026	3,392,612.50	1,014,250.00	4,406,862.50
2027	3,515,762.50	1,016,000.00	4,531,762.50
2028	3,630,512.50	1,011,250.00	4,641,762.50
2029	3,754,162.50	1,015,250.00	4,769,412.50
2030	3,882,462.50	1,017,500.00	4,899,962.50
2031	4,015,387.50	1,013,000.00	5,028,387.50
2032	4,145,737.50	1,012,000.00	5,157,737.50
2033	4,291,775.00	1,009,250.00	5,301,025.00
2034	4,338,100.00	1,009,750.00	5,347,850.00
2035	5,416,100.00	1,018,250.00	6,434,350.00
2036	5,613,100.00	1,014,250.00	6,627,350.00
2037	5,820,350.00	1,013,250.00	6,833,600.00
2038	6,922,600.00	--	6,922,600.00
2039	4,737,600.00	--	4,737,600.00
2040	4,814,100.00	--	4,814,100.00
2041	3,692,350.00	--	3,692,350.00
2042	1,821,600.00	--	1,821,600.00
2043	2,101,600.00	--	2,101,600.00
2044	2,131,600.00	--	2,131,600.00
2045	2,207,600.00	--	2,207,600.00
2046	2,277,600.00	--	2,277,600.00
2047	1,081,600.00	--	1,081,600.00
<b>TOTAL</b>	<b>\$94,005,630.18</b>	<b>\$14,434,956.25</b>	<b>\$108,440,586.43</b>

## SECURITY FOR THE BONDS

### ***Ad Valorem Property 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 in the District and collected by the County. The County is empowered and is obligated to annually levy *ad valorem* property taxes for the payment by the District 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 Bonds Payable from Ad Valorem Property Taxes.*** The District has a number of general obligation bond issues outstanding which are payable from *ad valorem* property taxes on a parity basis. In addition to the general obligation bonds issued by the District, there is other debt issued by entities with jurisdiction in the District, which is payable from *ad valorem* property taxes levied on parcels in the District. See “PROPERTY TAXATION – Typical Tax Rates” and “- Direct and Overlapping Debt” below.

***Levy, Collection and Pledge of Property 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 on the Bonds. Such taxes, when collected, will be deposited into the applicable Debt Service Fund for the Bonds, which is maintained by the County and which is irrevocably pledged by the District for the payment of principal of and interest on the series of 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* property 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* property taxes on real property.

***Statutory Lien on Ad Valorem Property Tax Revenues.*** Pursuant to Senate Bill 222 effective January 1, 2016, 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 for the District 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.

Economic and other factors beyond the District’s control, such as economic recession, outbreak of disease, deflation of property values, 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, drought, fire, or other natural disaster or man-made disaster, could cause a reduction in the assessed

value of taxable property within the District and necessitate a corresponding increase in the annual tax rate. See “PROPERTY TAXATION – Assessed Valuation – Factors Relating to Increases/Decreases in Assessed Value.” See also below under the heading “--Disclosure Relating to COVID-19 Global Pandemic.”

### **Debt Service Fund**

The County will establish the Debt Service Fund, into which will be deposited all taxes levied by the County for the payment by the District of the principal of and interest on the Bonds. The Debt Service Fund is pledged by the District for the payment by it of the principal of and interest on the Bonds when and as the same become due. The County will transfer amounts in the Debt Service Fund to the Paying Agent to the extent necessary to enable the District to pay the principal of and interest on the Bonds as the same becomes due and payable.

### **Not a County Obligation**

No part of any fund or account of the County is pledged or obligated to the payment of the Bonds. The Bonds are payable solely from the proceeds of an *ad valorem* property tax levied and collected by the County, for the payment by the District of principal of 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 (or a pledge of the full faith and credit) of the County.

### **Disclosure Relating to COVID-19 Global Pandemic**

**Background.** Coronavirus disease (“**COVID-19**”) is an infectious disease caused by a virus generally causing respiratory illness and other symptoms which range from mild to fatal. The United States Secretary of Health and Human Services declared a public health emergency on January 31, 2020. In response to COVID-19, then-President Trump proclaimed that as of March 1, 2020 the COVID-19 outbreak constituted a national emergency, and the World Health Organization declared the outbreak of COVID-19 a pandemic on March 11, 2020. Subsequent thereto, actions to slow transmission of COVID-19 were taken by governmental bodies and authorities, including stay-at-home orders, mask mandates, quarantine requirements and travel restrictions, among others. Healthcare systems experienced periods of strain. As quarantine and gathering restrictions were lifted, global economies experienced certain supply chain disruptions and increases in inflation. As of this date, several vaccines and vaccine boosters have been provided approval by federal health authorities for use in the United States, as well as by authorities in other nations, and are generally widely available.

**Federal Responses to COVID-19 Pandemic.** To address the challenges that have arisen due to the COVID-19 pandemic, the federal government adopted several aid packages including:

Coronavirus Preparedness and Response Supplemental Appropriations Act (March 6, 2020): A \$8.3 billion emergency supplemental appropriations package to enhance the national response to COVID-19, including public health funds for preparedness and response and for research.

Families First Coronavirus Response Act (March 18, 2020): A federal relief package (\$100 billion) responding to the COVID-19 outbreak by providing paid sick leave, tax credits, and free COVID-19 testing, expanding food assistance and unemployment benefits, and increasing Medicaid funding.

CARES Act (March 27, 2020): The Coronavirus Aid, Relief, and Economic Security Act (the “**CARES Act**”) provided \$2 trillion in federal spending and loans toward coronavirus relief efforts, representing the largest rescue package in U.S. history. Along with funding a wide range of emergency appropriations, the legislation also allocated hundreds of billions in loans and grants to major industries and small businesses, direct cash payments to taxpayers and significantly expanded unemployment benefits. This funding allocation included approximately \$13.5 billion in formula funding to make grants available to each state’s educational agency in order to facilitate K-12 schools’ responses to the COVID-19 pandemic.

Federal Reserve Programs Implemented (April 9, 2020): The Federal Reserve took actions aimed at providing up to \$2.3 trillion in loans to support the national economy, including supplying liquidity to participating financial institutions in the Small Business Administration’s (“**SBA**”) Paycheck Protection Program (“**PPP**”), purchasing up to \$600 billion in loans through the Main Street Lending Program and offering up to \$500 billion in lending to states and municipalities.

Paycheck Protection Program (April 24, 2020): \$484 billion federal aid package which primarily renewed funding for the PPP, the SBA disaster assistance loans and grant program, hospital grants and funding for a COVID-19 testing program.

Consolidated Appropriations Act (December 27, 2020): The Coronavirus Response and Consolidated Appropriations Act continued many of the programs implemented with the CARES Act as part of a \$900 billion federal relief package. It provided additional direct stimulus payments to individuals and families, extended unemployment benefits, expanded the PPP, and provided approximately \$82 billion in supplemental aid to support the educational needs of states, school districts, and institutions of higher education, among other stimulus measures.

American Rescue Plan (March 11, 2021): The American Rescue Plan Act of 2021 (the “**ARP Act**”), a \$1.9 trillion economic stimulus plan providing additional stimulus checks to individuals and families, extending federal supplemental unemployment benefits, providing more funding for state and local governments, expanding subsidies for healthcare insurance, and provide additional funding for COVID-19 testing, vaccination, and treatment, among several other provisions. With respect to relief for educational agencies, it included grants of \$125.8 billion for states to support statewide and local funding for elementary and secondary schools and public postsecondary institutions. It provides that states that receive the grants cannot reduce their spending levels on education as a proportion of their budgets during fiscal years 2021-22 or 2022-23, compared with the average level from fiscal years 2016-17 through 2018-19.

***State Responses to COVID-19 Pandemic.*** At the State level, to address some of the challenges that have arisen due to the COVID-19 pandemic, legislative actions include:

\$1.1 Billion in Emergency Coronavirus funding (March 16, 2020): The State legislature passed \$1.1 billion in general purpose spending authority providing emergency funds to respond to the pandemic, which was signed by the Governor on March 17, 2020.

\$7.6 Billion Coronavirus Relief Package (February 23, 2021): The Governor signed legislation providing \$7.6 billion in State funding aimed at helping individuals and businesses that were not included in federal aid packages, which included sending rebates to low-income, disabled and undocumented persons when 2020 taxes were filed, \$2 billion in grants for small business, \$35 million for food and diaper banks and \$400 million in subsidies for childcare providers.

***Educational Agencies and the COVID-19 Pandemic.*** Impacts on school districts from the COVID-19 pandemic include:

Remote Learning; Attendance and Enrollment. In-person classroom instruction throughout State schools was generally suspended from March 2020 through the end of the 2019-20 academic year. The 2020-21 academic year included significant amounts of distance learning as opposed to in-person instruction due to State and local restrictions and recommendations. The 2021-22 academic year generally commenced with in-person learning with an independent study option. Impacts of remote learning include difficulty in tracking and maintaining average daily attendance figures. Several school districts also experienced unplanned declines in enrollment, due to home schooling and families moving out of the State, among other reasons.

Senate Bill 117 (March 17, 2020): Legislation which effectively held school districts harmless from funding losses that could result from attendance issues under the State's education funding formula. See Appendix A under the heading "DISTRICT FINANCIAL INFORMATION – Education Funding Generally."

Safe Schools for All Plan (December 30, 2020): The Governor announced a plan aimed at incentivizing schools to offer in-person learning, also implemented with Senate and Assembly Bill 86. The plan provided schools with financial incentives totaling \$2 billion to offer in-person instruction beginning April 1, 2021, and after May 15, eligibility ceased. Funds obtained were primarily to be spent on purposes consistent with providing in-person instruction, including COVID-19 testing, cleaning, personal protective equipment, facility needs, staffing costs, and social and mental health supports provided in conjunction with in-person instruction. Districts were required to continue to offer distance learning options.

State's Fiscal Years 2021-22 and 2022-23 Budgets and Related Legislation: The two most recent State budgets have provided historic levels of funding for educational purposes. Funding is aimed at the expansion of transitional kindergarten, funding of community wellness and student health hubs on campuses, expanded learning programs and increased special education funding, and minimizing the impacts that reductions in average daily attendance resulting from the COVID-19 pandemic might have on a school district's funding entitlement.

For more information on the District's response to the COVID-19 pandemic, see Appendix A under the heading "DISTRICT GENERAL INFORMATION- District's Response to COVID-19 Pandemic."

***Disclaimer Regarding COVID-19 Pandemic.*** Notwithstanding that several vaccines and boosters have been developed for COVID-19 and are generally widely available, investors continue to be cautioned that the District cannot predict the full impacts that the COVID-19

pandemic may have had or will continue to have, either directly or indirectly, on its operations, including its finances, property values and other matters.

**General Obligation Bonds Secured by Ad Valorem Property Tax Revenues.** Notwithstanding the foregoing information regarding the COVID-19 pandemic, the Bonds described herein are voter-approved general obligations of the District payable solely from the levy and collection of *ad valorem* property taxes, unlimited as to rate or amount, levied in the District. The Bonds are not payable from the general fund of the District. The District cannot predict the direct or indirect impacts that the COVID-19 pandemic might have on local property values or tax collections. See “SECURITY FOR THE BONDS – *Ad Valorem* Taxes” and “PROPERTY TAXATION – Property Tax Collection Procedures” and “--Tax Levies and Delinquencies; Teeter Plan” herein.

## PROPERTY TAXATION

### Property Tax Collection Procedures

Generally. In California, property which is subject to *ad valorem* property 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 1-1/2% 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.

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. A bill enacted in 1983, SB813 (Statutes of 1983, Chapter 498), however, 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, SB813 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 1-1/2% 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 superior court 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.

Disclaimer Regarding Property Tax Collection Procedures. The property tax collection procedures described above are subject to amendment based on legislation or executive order which may be enacted by the State legislature or declared by the Governor from time to time. The District cannot predict whether future amendments or orders will occur, and what impact, if any, said future amendments or orders could have on the procedures relating to the levy and collection of property taxes, and related interest and penalties.

### **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 unitary property of regulated railways and 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.

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## Assessed Valuation

**Assessed Valuation History.** The table below shows a recent history of the District's assessed valuation as of the date the equalized assessment tax roll is established in August of each year, excluding any exemptions granted after such date in each year.

### SOUTH BAY UNION SCHOOL DISTRICT Assessed Valuation Fiscal Year 2005-06 through Fiscal Year 2022-23

Fiscal Year	Local Secured	Utility	Unsecured	Total	Percent Change
2005-06	\$2,936,479,438	\$209,404	\$54,808,596	\$2,991,497,438	--
2006-07	3,286,902,016	242,122	55,748,394	3,342,892,532	11.7%
2007-08	3,549,825,066	113,000	62,623,867	3,612,561,933	8.1
2008-09	3,589,965,971	113,000	69,151,785	3,659,230,756	1.3
2009-10	3,300,099,499	113,000	78,006,756	3,378,219,255	(7.7)
2010-11	3,217,597,285	113,000	78,210,445	3,295,807,730	(2.4)
2011-12	3,214,718,688	113,000	55,237,642	3,270,069,330	(0.8)
2012-13	3,308,304,680	113,000	45,474,621	3,353,892,301	2.6
2013-14	3,399,982,999	113,000	47,716,520	3,447,812,519	2.8
2014-15	3,533,772,649	113,000	50,356,328	3,584,241,977	4.0
2015-16	3,803,577,874	113,000	56,440,410	3,860,131,284	7.7
2016-17	4,138,221,320	113,000	57,737,077	4,196,071,397	8.7
2017-18	4,360,561,012	113,000	59,395,942	4,420,069,954	5.3
2018-19	4,802,141,592	138,314	66,096,500	4,868,376,406	10.1
2019-20	5,121,885,480	138,314	85,315,228	5,207,339,022	7.0
2020-21	5,389,574,738	138,314	85,928,166	5,475,641,218	5.1
2021-22	5,619,804,448	138,314	82,861,967	5,702,804,729	4.1
2022-23	6,081,951,657	138,314	104,782,709	6,123,872,680	7.4

Source: California Municipal Statistics, Inc.

**Factors Relating to Increases/Decreases in Assessed Value.** Economic Conditions; Disasters. 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 man-made or natural disasters which include but are not limited to earthquakes, fires/wildfires, floods, drought, mudslides and the consequences of climate change such as heat waves, droughts, sea level rise and floods, which could have an impact on assessed values. The State including the region the District is located has in recent years experienced significant natural disasters such as earthquakes, droughts, mudslides and floods. Public health disasters such as the COVID-19 pandemic could also have direct and indirect impacts on economic conditions and property values.

Future Conditions and Disasters Cannot be Predicted. The District cannot predict or make any representations regarding the effects that any natural or manmade disasters, including health disasters such as the COVID-19 pandemic, and the effects of climate change, and related 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.



**Assessed Valuation by Land Use.** The table below shows the land use of property within the District, as measured by assessed valuation and the number of parcels.

**SOUTH BAY UNION SCHOOL DISTRICT  
Assessed Valuation and Parcels by Land Use  
Fiscal Year 2022-23**

	<b>2022-23 Assessed Valuation(1)</b>	<b>% of Total</b>	<b>No. of Parcels</b>	<b>% of Total</b>
<b>Non-Residential:</b>				
Agricultural	\$ 7,181,882	0.12%	23	0.15%
Commercial	408,130,782	6.78	298	1.93
Vacant Commercial	19,094,326	0.32	70	0.45
Industrial	134,340,158	2.23	70	0.45
Vacant Industrial	541,604	0.01	2	0.01
Recreational	4,219,275	0.07	12	0.08
Government/Social/Institutional	<u>1,967,963</u>	<u>0.03</u>	<u>12</u>	<u>0.08</u>
Subtotal Non-Residential	\$575,475,990	9.56%	487	3.15%
<b>Residential:</b>				
Single Family Residence	\$2,735,075,345	45.44%	8,479	54.89%
Condominium/Townhouse	1,253,382,140	20.82	4,033	26.11
Mobile Home	54,808,227	0.91	838	5.43
Mobile Home Park	74,974,203	1.25	24	0.16
2-4 Residential Units	541,972,395	9.00	1,178	7.63
5+ Residential Units/Apartments	766,933,461	12.74	312	2.02
Miscellaneous Residential	3,850,860	0.06	8	0.05
Vacant Residential	<u>12,479,036</u>	<u>0.21</u>	<u>87</u>	<u>0.56</u>
Subtotal Residential	\$5,443,475,667	90.44%	14,959	96.85%
<b>Total</b>	<b>\$6,018,951,657</b>	<b>100.00%</b>	<b>15,446</b>	<b>100.00%</b>

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

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**Assessed Valuation of Single-Family Residential Parcels.** The table below shows the breakdown of the assessed valuations of improved single-family residential parcels in the District, including the median and average assessed value per parcel.

**SOUTH BAY UNION SCHOOL DISTRICT  
Per Parcel 2022-23 Assessed Valuation of Single-Family Homes**

	<u>No. of Parcels</u>	<u>2022-23 Assessed Valuation</u>	<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>
Single Family Residential	8,479	\$2,735,075,345	\$322,571	\$273,277

<u>2022-23 Assessed Valuation</u>	<u>No. of Parcels(1)</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$0 - \$49,999	122	1.439%	1.439%	\$ 4,285,297	0.157%	0.157%
\$50,000 - \$99,999	1,106	13.044	14.483	82,484,923	3.016	3.172
\$100,000 - \$149,999	634	7.477	21.960	79,457,745	2.905	6.078
\$150,000 - \$199,999	926	10.921	32.881	162,313,619	5.935	12.012
\$200,000 - \$249,999	1,032	12.171	45.052	231,215,514	8.454	20.466
\$250,000 - \$299,999	814	9.600	54.653	222,565,492	8.137	28.603
\$300,000 - \$349,999	637	7.513	62.165	206,023,852	7.533	36.136
\$350,000 - \$399,999	459	5.413	67.579	171,892,967	6.285	42.421
\$400,000 - \$449,999	502	5.921	73.499	213,268,691	7.798	50.218
\$450,000 - \$499,999	509	6.003	79.502	241,370,148	8.825	59.043
\$500,000 - \$549,999	432	5.095	84.597	226,966,789	8.298	67.342
\$550,000 - \$599,999	387	4.564	89.161	222,112,095	8.121	75.463
\$600,000 - \$649,999	296	3.491	92.652	184,563,080	6.748	82.211
\$650,000 - \$699,999	234	2.760	95.412	157,243,639	5.749	87.960
\$700,000 - \$749,999	144	1.698	97.111	103,981,941	3.802	91.761
\$750,000 - \$799,999	72	0.849	97.960	55,437,445	2.027	93.788
\$800,000 - \$849,999	59	0.696	98.656	48,499,891	1.773	95.562
\$850,000 - \$899,999	35	0.413	99.068	30,423,121	1.112	96.674
\$900,000 - \$949,999	24	0.283	99.351	21,979,432	0.804	97.478
\$950,000 - \$999,999	18	0.212	99.564	17,568,991	0.642	98.120
\$1,000,000 and greater	37	0.436	100.000	51,420,673	1.880	100.000
	<u>8,479</u>	<u>100.000%</u>		<u>\$2,735,075,345</u>	<u>100.000%</u>	

(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**

Reassessment or appeals of assessed values 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. Proposition 8 reductions may also be unilaterally applied by the County Assessor.

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 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.

The District cannot predict the changes in assessed values that might result from pending or future appeals by taxpayers or blanket reassessments 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) may be paid.

### Typical Tax Rates

Below are historical typical tax rates in a typical tax rate area within the District for the fiscal years 2018-19 through 2022-23.

**SOUTH BAY UNION SCHOOL DISTRICT**  
**Typical Tax Rates per \$100 of Assessed Valuation**  
**Fiscal Years 2018-19 through 2022-23**  
**TRA 8-035 – 2022-23 Assessed Valuation: \$1,591,066,518**

	2018-19	2019-20	2020-21	2021-22	2022-23
General	\$1.00000	\$1.00000	\$1.00000	\$1.00000	\$1.00000
City of San Diego	.00500	.00500	.00500	.00500	.00500
South Bay Union School District	.06595	.06588	.06337	.06107	.05840
Sweetwater Union High School District	.05283	.05159	.04880	.04611	.06911
Southwestern Community College District	.04671	.04482	.02792	.04854	.04215
Metropolitan Water District	.00350	.00350	.00350	.00350	.00350
<b>Total</b>	<b>\$1.17399</b>	<b>\$1.17079</b>	<b>\$1.14859</b>	<b>\$1.16422</b>	<b>\$1.17816</b>

Source: California Municipal Statistics, Inc.

## Teeter Plan; Property Tax Collections

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* 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.

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 as a result of the spread of COVID-19 or other outbreak of disease or natural or manmade disaster. See “SECURITY FOR THE BONDS – Disclosure Relating to the COVID-19 Global Pandemic.”

Notwithstanding the District's participation in the Teeter Plan, below is a summary of recent tax charges in the District.

**SOUTH BAY UNION SCHOOL DISTRICT  
Secured Tax Charges and Delinquencies  
Fiscal Years 2017-18 through 2021-22**

<b>Fiscal Year</b>	<b>Secured Tax Levy<sup>(1)</sup></b>	<b>Amt. Del. June 30</b>	<b>% Del. June 30</b>
2017-18	\$ 9,355,067.41	(2)	(2)
2018-19	10,114,050.11	(2)	(2)
2019-20	10,394,621.31	(2)	(2)
2020-21	10,780,511.37	(2)	(2)
2021-22	11,146,618.62	(2)	(2)

(1) Levy for 1% general fund apportionment.

(2) The County utilizes the Teeter Plan described above. Delinquency data is not available.

Source: California Municipal Statistics, Inc.

*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.*

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## Major Taxpayers

The following table shows the 20 largest owners of secured taxable property in the District as determined by secured assessed valuation.

The more property (by assessed value) which is owned by a single taxpayer in the District, the greater the amount of tax collections that are exposed to weaknesses in the taxpayer's financial situation and ability or willingness to pay property taxes. 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.

### SOUTH BAY UNION SCHOOL DISTRICT Top Twenty Secured Property Taxpayers Fiscal Year 2022-23

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2022-23 Assessed Valuation</u>	<u>% of Total (1)</u>
1.	Oro Vista Villas LP	Apartments	\$ 47,509,661	0.79%
2.	Summerbrook Apartments LP	Apartments	45,250,569	0.75
3.	Pacific Point LP	Apartments	35,570,106	0.59
4.	Royal Village Apartments LP	Apartments	34,004,884	0.56
5.	Penn LLC	Apartments	31,569,186	0.52
6.	Imperial Strand Holdings LLC	Apartments	27,080,902	0.45
7.	Seacoast Inn LP	Hotel	23,900,000	0.40
8.	Clubhouse at Imperial Beach LP	Apartments	22,663,857	0.38
9.	Del Coronado Villas LLC	Apartments	19,886,576	0.33
10.	IB Villas II LLC	Apartments	18,579,596	0.31
11.	Sab Pacific LLC	Mobile Home Park	18,417,789	0.31
12.	MR Casa Sol LLC	Apartments	16,175,015	0.27
13.	Glenn Goldman Family Trust	Apartments	16,131,742	0.27
14.	Home Depot USA Inc.	Commercial	16,003,124	0.27
15.	Heritage Inn of Imperial Beach LLC	Hotel	15,704,297	0.26
16.	HCA Wintergreen Ltd.	Apartments	15,075,974	0.25
17.	Gershman Properties LLC	Commercial	14,529,316	0.24
18.	Reef Trolley LLC	Industrial	14,296,027	0.24
19.	Laurel Bay LLC	Apartments	11,700,000	0.19
20.	MF Panda NR Owner (CA) LP	Apartments	11,613,194	0.19
			<u>\$455,661,815</u>	<u>7.57%</u>

(1) 2022-23 local secured assessed valuation: \$6,018,951,657.  
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. 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.

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**SOUTH BAY UNION SCHOOL DISTRICT**  
**Statement of Direct and Overlapping Bonded Debt**  
**Dated as of March 1, 2023**

**2022-23 Assessed Valuation:** \$6,123,872,680

<b><u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>	<b><u>% Applicable</u></b>	<b><u>Debt 3/1/23</u></b>
Metropolitan Water District	8.700%	\$ 16,717
Southwestern Community College District	8.509	64,528,797
Sweetwater Union High School District	10.081	62,282,609
<b>South Bay Union School District</b>	<b>100.000</b>	<b>68,553,572(1)</b>
Sweetwater Union High School District Community Facilities District No. 5	31.201	308,527
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$195,690,222</b>

<b><u>OVERLAPPING GENERAL FUND DEBT:</u></b>		
San Diego County General Fund Obligations	0.932	\$ 2,140,618
San Diego County Pension Obligation Bonds	0.932	2,590,867
San Diego County Superintendent of Schools Certificates of Participation	0.932	64,634
Southwestern Community College District General Fund Obligations	8.509	22,123
Sweetwater Union High School District Certificates of Participation	10.081	2,776,307
City of San Diego General Fund Obligations	1.030	5,567,609
<b>TOTAL OVERLAPPING GENERAL FUND DEBT</b>		<b>\$13,162,158</b>

**OVERLAPPING TAX INCREMENT DEBT (Successor Agency):** \$25,580,000

COMBINED TOTAL DEBT \$234,432,380 (2)

**Ratios 2022-23 Assessed Valuation:**

**Direct Debt (\$68,553,572) ..... 1.12%**  
 Total Direct and Overlapping Tax and Assessment Debt..... 3.20%  
 Combined Total Debt..... 3.83%

**Ratios to Redevelopment Incremental Valuation (\$2,188,520,431)**

Overlapping Tax Increment Debt..... 1.17%

(1) Excludes the Bonds to be sold, but 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**

### **Municipal Bond Insurance Policy**

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“**BAM**”) will issue its Municipal Bond Insurance Policy for the Bonds (the “**Policy**”). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an Appendix H to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

### **Build America Mutual Assurance Company**

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: [www.buildamerica.com](http://www.buildamerica.com).

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “AA/Stable” by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“**S&P**”). An explanation of the significance of the rating and current reports may be obtained from S&P at <https://www.spglobal.com/en/>. The rating of BAM should be evaluated independently. The rating reflects the S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

#### *Capitalization of BAM*

BAM’s total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2022 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$490.7 million, \$207.3 million and \$283.4 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at [www.buildamerica.com](http://www.buildamerica.com), is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

*Additional Information Available from BAM*

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at [www.buildamerica.com/videos](http://www.buildamerica.com/videos). (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at [www.buildamerica.com/credit-profiles](http://www.buildamerica.com/credit-profiles). BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds.

Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

## TAX MATTERS

### Tax Exemption

**Federal Tax Status.** In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, 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 "original issue premium" for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium are disregarded.

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, original issue 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 original issue 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 original issue 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.

### **Form of Opinion**

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

## **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 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 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* taxes or to collect other revenues or (iii) contests the District's ability to issue and retire the Bonds.

The District is subject to lawsuits and claims that have arisen and may arise in the normal course of operating the District, including as a result of the COVID-19 pandemic. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under existing lawsuits and claims will not materially affect the financial position or operations of the District. The District cannot predict what types of claims may arise in the future.

### **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 late 2020, the District was the subject of a crypto ransomware attack. The District was able to recover all data from back up sources. The District did not incur a material uninsured financial loss as a result of the event. The District has practices in place to decrease the likelihood of a future event such as maintaining its systems in workable order, running anti-virus software, a firewall, and regular backing up of data and systems. Employees have been trained on cyber security awareness. The District has a policy insuring against liability arising due to cyber attacks.

No assurance can be given that the District's current efforts to manage cyber threats and security will, in all cases, be successful. The District cannot predict what future cyber security events may occur and what impact said events could have on its operations or finances.

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

payments of debt service on the Bonds or timely filings pursuant to the Continuing Disclosure Certificate described below.

### **Compensation of Certain Professionals**

Payment of the fees and expenses of Jones Hall, A Professional Law Corporation, San Francisco, California as Bond Counsel and Disclosure Counsel to the District, Norton Rose Fulbright US LLP, Los Angeles, California, as Underwriter's Counsel, and Dale Scott & Company, Inc., San Francisco, California, as Municipal Advisor to the District, is contingent upon issuance of the Bonds.

## **CONTINUING DISCLOSURE**

The District will execute a Continuing Disclosure Certificate in connection with the issuance of the Bonds in the form attached hereto as APPENDIX E. The District has covenanted therein, for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District to the Municipal Securities Rulemaking Board (an “**Annual Report**”) not later than nine months after the end of the District’s fiscal year (which currently would be March 31), commencing by March 31, 2024 with the report for the 2022-23 Fiscal Year for the Bonds, and to provide notices of the occurrence of certain enumerated events. Such notices will be filed by the District with the Municipal Securities Rulemaking Board (the “**MSRB**”). The specific nature of the information to be contained in an Annual Report or the notices of enumerated events is set forth in “APPENDIX E – FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the Underwriter of the Bonds in complying with S.E.C. Rule 15c2-12(b)(5) (the “**Rule**”).

The District has existing disclosure undertakings that have been made pursuant to the Rule in connection with the issuance of the District’s outstanding general obligation bonds and other indebtedness (see information in APPENDIX A under the heading “DISTRICT FINANCIAL INFORMATION – Existing Debt Obligations”). In the previous five years, the District filed a notice of defeasance late with respect to its 2019 General Obligation Bond Anticipation Notes, which were defeased on June 30, 2022. No other instances of material non-compliance have been identified.

In order to assist in future timely compliance with its disclosure undertakings for its outstanding obligations and the Bonds, the District has contracted with Dale Scott & Company, Inc. to serve as dissemination agent for the Bonds and the outstanding obligations of the District.

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

## VERIFICATION OF MATHEMATICAL ACCURACY

The Verification Agent, upon delivery of the 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 Bonds and other funds available to pay, when due, the principal and interest requirements of the Refunded Bonds and (b) the “yields” on the amount of proceeds held and invested prior to redemption of the Refunded Bonds and on the Bonds considered by Bond Counsel in connection with the opinion rendered by Bond Counsel that the Bonds are not “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended. See “THE REFINANCING PLAN.”

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.

## RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC (“**S&P**”), is expected to assign its rating of “AA” to the Bonds, based on the understanding that the Bond Insurer will deliver its Policy with respect to the Bonds upon delivery. See “BOND INSURANCE.”

In addition, S&P has assigned an underlying rating of “A+” to the Bonds.

The District has provided certain additional information and materials to S&P (some of which has been determined not to be material to making an investment decision in the Bonds and does not appear in this Official Statement). Such ratings reflect only the views of S&P and explanations of the significance of such ratings may be obtained only from S&P. There is no assurance that any credit rating given to the Bonds will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely by S&P if, in S&P's 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.

## UNDERWRITING

The Bonds are being purchased by Barclays Capital Inc. (the “**Underwriter**”). The Underwriter has agreed to purchase the Bonds at the price of \$11,841,300.84 (representing the aggregate principal amount of the Bonds of \$10,155,000.00, plus original issue premium of \$1,736,760.50, less Underwriter's discount of \$50,459.66).

The purchase contract relating to the Bonds provides that the Underwriter will purchase all of the Bonds (if any are purchased) and provides that the Underwriter's obligation to purchase is subject to certain terms and conditions, including the approval of certain legal matters by counsel.

The Underwriter may offer and sell Bonds to certain securities dealers and others at prices lower than the offering prices stated on the inside cover pages hereof. The offering prices may be changed by the Underwriter.

### **ADDITIONAL INFORMATION**

The discussions herein about the Bond Resolution, the Escrow Agreement 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 the documents mentioned are available from the District and following delivery of the Bonds will be on file at the offices of the Paying Agent in Los Angeles, California.

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.

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## APPENDIX A

### GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT

*The information in this and other sections concerning South Bay Union School District (the “District”) 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 and interest on the Bonds is payable from the general fund of the District. The Bonds are payable from the proceeds of an ad valorem tax required to be levied by the County in an amount sufficient for the payment thereof by the District. See "SECURITY FOR THE BONDS" in the front half of the Official Statement.*

### DISTRICT GENERAL INFORMATION

#### General Information

The District, which is the most southwesterly school district in the United States, consists of an area of approximately 14.4 square miles in the County of San Diego (the “County”), serving the City of Imperial Beach (the “City”), and southern portions of the City of San Diego including portions of the community known as San Ysidro. The District provides an educational program for pre-kindergarten through eighth grade students. The District currently operates twelve schools, including two dependent charter schools and one preschool, and has an enrollment of approximately 4,045 students in fiscal year 2022-23 (excluding charter school enrollment). See also APPENDIX C hereto for demographic and other statistical information regarding the City and the County.

#### Administration

**Board of Trustees.** The District is governed by a five-member Board of Trustees, with each member elected to a four-year term. Elections for positions to the Board of Trustees are held every two years, alternating between two and three available positions. The Board of Trustees is charged with the responsibility for the general policy and direction of education in the District based on State of California and Federal Constitutions and laws, and State Board of Education rules and regulations. The Board of Trustees acts as a committee of the whole for all matters concerning the District. All actions taken by the Board of Trustees are done in an appropriately noticed public meeting.

Current members of the Board of Trustees, together with their office and the date their term expires, are listed below.

#### BOARD OF TRUSTEES South Bay Union School District

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Melanie Ellsworth (Area 4)	President	November 2026
Jannet Medina (Area 5)	Vice President	November 2024
Cheryl Quinones (Area 3)	Clerk	November 2024
Kelly Leiker (Area 1)	Member	November 2026
Jose Lopez Eguino (Area 2)	Member	November 2026

**Superintendent and Administrative Personnel.** The Superintendent of the District, appointed by the Board of Trustees (the “**Board**”), is responsible for management of the day-to-day operations and supervises the work of other District administrators. Jose Espinoza is currently the Superintendent of the District and Rigo Lara is the Assistant Superintendent of Business Services.

**Recent Enrollment and ADA Trends**

The following table shows recent enrollment and the average daily attendance (“**ADA**”) history for the District.

**ANNUAL ENROLLMENT AND ADA  
Fiscal Years 2014-15 through 2022-23 (Projected) <sup>(1)</sup>  
South Bay Union School District**

<b>Fiscal Year</b>	<b>Enrollment</b>	<b>Percent Change</b>	<b>ADA</b>	<b>Percent Change</b>
2014-15	5,790	--%	5,454	--%
2015-16	5,733	(1.0)	5,387	(1.2)
2016-17	5,569	(2.9)	5,271	(2.2)
2017-18	5,474	(1.7)	5,174	(1.8)
2018-19	5,273	(3.7)	4,968	(4.0)
2019-20	4,948	(6.2)	4,662 <sup>(2)</sup>	(6.2)
2020-21	4,576	(7.5)	4,662 <sup>(2)</sup>	0.0
2021-22	4,283	(6.4)	3,808	(18.3)
2022-23 <sup>(3)</sup>	4,045	(5.6)	3,849	1.0

(1) Excludes Charter School ADA and enrollment.

(2) Modified due to hold harmless provisions resulting from COVID-19 pandemic relief legislation.

(3) Second Interim figures. Under State law ADA for budgeting purposes can be higher of current year, prior year, or an average of the prior three years of ADA.

Source: California Department of Education; South Bay Union School District.

The District sponsors two dependent charter schools: Nestor Language Academy Charter, and Imperial Beach Charter. Both charters are included in the District's financial statements. The combined ADA for the charter schools in fiscal year 2022-23 is approximately 1,679 students.

The District works with a demographer to help plan programs and facilities needs given declines in enrollment.

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## Employee Relations

In fiscal year 2022-23 the District has 373 full time equivalent (“FTE”) certificated employees, 249 FTE classified employees and 40 management/Supervisor/Confidential FTE employees. District employees are represented by employee bargaining units as follows:

### BARGAINING UNIT CONTRACTS South Bay Union School District

<u>Name of Bargaining Unit</u>	<u>Current Contract Expiration Date</u>
Southwest Teachers Association	June 30, 2024
California School Employees Association-125	June 30, 2023

*Source: South Bay Union School District.*

Settlement of compensation re-openers for fiscal year 2022-23 will be reflected in the District’s 2022-23 estimated actuals presented to the Board in June 2023 because settlement occurred in February 2023, after the second interim reporting period ended on January 30, 2023.

## Joint Powers Agreement and Joint Ventures; Risk Management

The District participates in four joint ventures under joint powers authorities (“JPAs”), the San Diego County Schools Risk Management (“SDCSR”), the Southern California Regional Liability Excess Fund (“SCRLEF”), the Protected Insurance Program for Schools (“PIPS”), and the California Qualified School Bond Joint Powers Authority for its insurance coverages, which includes standard coverage for cyber incidents. The relationship between the District and the JPA's is such that the JPA's are not component units of the District.

The JPAs arrange for and/or provide coverage or services for its members. The JPAs are governed by a board consisting of a representative from each member district. Each board controls the operations of their JPAs, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage or service requested and shares surpluses and deficits proportionately to their participation in the JPAs. The JPAs are audited on an annual basis. Audited financial statements can be obtained by contacting each JPA’s management.

## District’s Response to COVID-19 Pandemic

The COVID-19 pandemic commenced in approximately March 2020 and caused a health emergency which resulted in shelter in place orders and remote learning, among other consequences, throughout the State. The District took all required actions based on State-wide and local orders, as well as pursuant to recommendations of the County Office of Education. The District has resumed all in-person learning with independent study options, including for the 2022-23 academic year.

Federal and State legislation was enacted providing additional funding for educational agencies in order to respond to the additional costs and services required as a result of the COVID-19 pandemic. The District has received and/or been allocated a total combined amount of approximately \$38.5 million from such programs, which includes State grant for music and arts

and also emergency recovery funds. These funds will be spent in accordance with applicable guidelines, generally by no later than September 30, 2024, but by approximately 2028 for the State music and arts and emergency recovery funds.

The District will continue, when and if needed, to make adjustments to its programs to respond to mandates and directions from governing authorities with respect to the COVID-19 pandemic and any other health issue that may arise. The District cannot predict all of the direct and indirect impacts the COVID-19 pandemic may have had or could continue to have on its operations, including its finances, property values and other matters.

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## DISTRICT FINANCIAL INFORMATION

*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 tax required to be levied by the County in an amount sufficient for the payment thereof.*

### Education Funding Generally

School districts in California (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 affect a school district’s revenues and operations.

From 1973-74 to 2012-13, California school districts operated under general purpose revenue limits established by the State Legislature. In general, revenue limits were calculated for each school district by multiplying (1) the ADA for such district by (2) a base revenue limit per unit of ADA. The revenue limit calculations were adjusted annually in accordance with a number of factors designated primarily to provide cost of living increases and to equalize revenues among all California school districts of the same type. Funding of a district's revenue limit was provided by a mix of local property taxes and State apportionments of basic and equalization aid. Generally, the State apportionments amounted to the difference between the District's revenue limit and its local property tax revenues. Districts which had local property tax revenues that exceeded their revenue limit entitlements were deemed a “Basic Aid District” and received full funding from local property tax revenues, and were entitled to keep those tax revenues which exceeded their revenue limit funding entitlement. A district which was not a Basic Aid District was known as a “Revenue Limit District.”

The fiscal year 2013-14 State budget replaced the previous K-12 finance system with a new formula known as the Local Control Funding Formula (the “**LCFF**”). Under the LCFF, revenue limits and most state categorical programs were eliminated. School districts instead 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 ADA, which varies with respect to different grade spans. The base grant is \$2,375 more than the average revenue limit provided prior to LCFF implementation. The base grants will be 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. The legislation implementing LCFF also included a “hold harmless” provision which provided that a district or charter school would maintain total revenue limit and categorical funding at least equal to its fiscal year 2012-13 level, unadjusted for changes in ADA or cost of living adjustments.

Funding levels used in the LCFF entitlement calculations for fiscal year 2022-23 are set forth in the following table.

**BASE GRANT FUNDING\* UNDER LCFF BY GRADE SPAN  
Fiscal Year 2022-23**

Entitlement Factor	TK/K-3	4-6	7-8	9-12
A. 2021-22 Base Grant per ADA	\$8,093	\$8,215	\$8,458	\$9,802
B. Base Grant Adjustment (A x 6.70%)	\$542	\$550	\$567	\$657
C. 2022-23 COLA for LCFF (A x 6.56%)	\$531	\$539	\$555	\$643
D. 2022-23 Base Grant per ADA before Grade Span Adjustments (A+B+C)	\$9,166	\$9,304	\$9,580	\$11,102
E. Grade Span Adjustments (K-3: D x 10.4%; 9-12: D x 2.6%)	\$953	Not applicable	Not applicable	\$289
F. 2022-23 Base Grant/Adjusted Base Grant per ADA (D + E)	\$10,119	\$9,304	\$9,580	\$11,391

\*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 \$2,813 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.

Basic Aid or Community Supported districts are school districts which have local property tax revenues which exceed such district's funding entitlement under LCFF. As such, in lieu of State funding under LCFF, Basic Aid districts are entitled to keep the full share of local property tax revenues, even the amount which exceeds its funding entitlement under LCFF. The District's funding formula is currently determined pursuant to LCFF, and not as 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.

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 June 30, 2022 Audited Financial Statements were prepared by Christy White Inc., San Diego, California and are attached hereto 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 Superintendent's Office at 601 Elm Ave, Imperial Beach, California 91932; telephone (619) 628-1600. 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. Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to the District. The District may impose a charge for copying, mailing and handling.

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**General Fund Revenues, Expenditures and Changes in Fund Balance.** The District's general fund is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund. The following tables show the audited income and expense statements for the District for fiscal years 2017-18 through 2021-22. Note that the District has two dependent charter schools, the funds for which are accounted for outside of the General Fund, in its Charter School Funds. Due to a change in auditor the information is presented in two tables.

**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**Fiscal Year 2017-18 (Audited)**  
**South Bay Union School District**

<u>Revenues</u>	<b>Audited 2017-18</b>
<u>LCFF Sources:</u>	
State Apportionment or State Aid	\$34,926,770
Education Protection Account Funds	6,893,004
Local Sources	10,342,108
Federal Revenue	4,693,182
Other State Revenue	5,159,101
Other Local Revenue	12,019,797
<b>Total Revenues</b>	<b>74,033,962</b>
 <u>Expenditures</u>	
<u>Current:</u>	
Instruction	51,126,252
Instruction – Related Services	7,175,489
Pupil Services	4,594,681
Community Services	6,964
General Administration	5,860,994
Plant Services	6,088,192
Other Outgo	32,686
Capital Outlay	1,426,039
<u>Debt Service:</u>	
Principal	152,906
Interest	25,407
<b>Total Expenditures</b>	<b>76,489,610</b>
 Excess of Revenues Over/(Under) Expenditures	 (2,455,648)
 <u>Other Financing Sources (Uses)</u>	
Transfers in	658,661
Transfers out	--
Other Sources	--
<b>Total Other Financing Sources (Uses)</b>	<b>658,661</b>
 Net change in fund balance	 (1,796,987)
 Fund Balance, July 1	 28,134,716
<b>Fund Balance, June 30</b>	<b>\$26,337,729</b>

*Source: South Bay Union School District, Audited Financial Statements.*

**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**Fiscal Years 2018-19 and 2021-22 (Audited)\***  
**South Bay Union School District**

<u>Revenues</u>	<b>Audited 2018-19</b>	<b>Audited 2019-20</b>	<b>Audited 2020-21</b>	<b>Audited 2021-22</b>
LCFF Sources	\$55,887,947	\$53,984,955	\$51,431,414	\$54,813,038
Federal Revenue	4,162,000	3,922,987	11,287,221	17,837,758
Other State Revenue	8,911,798	8,344,060	7,313,929	12,643,829
Other Local Revenue	15,074,495	14,867,936	14,129,830	14,941,076
<b>Total Revenues</b>	<b>84,036,240</b>	<b>81,119,938</b>	<b>84,162,394</b>	<b>100,235,701</b>
 <u>Expenditures</u>				
Current:				
Instruction	51,370,450	52,161,948	49,888,809	54,451,299
Instruction – Related Services				
Instructional supervision and administration	4,084,301	2,965,710	3,099,008	3,755,653
Instructional library, media and technology	768,499	728,727	710,018	695,073
School site administration	4,079,664	3,591,617	3,465,295	3,782,583
Pupil Services				
Home to school transportation	2,506,975	2,091,651	1,674,714	2,049,388
Food services	64,882	28,321	28,198	5,143
All other pupil services	3,095,779	3,312,483	5,361,917	6,462,608
General Administration				
Centralized data processing	1,664,449	1,916,078	2,033,419	1,820,820
All other general administration	4,798,429	4,820,994	4,679,696	5,402,329
Plant Services	7,032,384	6,412,994	6,042,376	8,906,009
Facilities acquisition and maintenance	2,420,460	2,109,262	1,026,305	1,004,454
Ancillary services	--	--	--	--
Community services	3,714	3,348	2,403	2,919
Transfers to other agencies	34,235	--	33,825	79,259
Debt Service:				
Principal	152,906	157,807	166,947	171,908
Interest	25,407	20,506	11,366	6,405
<b>Total Expenditures</b>	<b>82,102,534</b>	<b>80,321,446</b>	<b>78,224,296</b>	<b>88,595,850</b>
 Excess of Revenues Over/(Under) Expenditures	 1,933,706	 798,492	 5,938,098	 11,639,851
 <u>Other Financing Sources (Uses)</u>				
Transfers in	975,993	6,777,265	1,239,534	154,608
Transfers out	(250,000)	(653,081)	(148,173)	--
<b>Total Other Financing Sources (Uses)</b>	<b>725,993</b>	<b>6,124,184</b>	<b>1,091,361</b>	<b>154,608</b>
 Net change in fund balance	 2,659,699	 6,922,676	 7,029,459	 11,794,459
 Fund Balance, July 1	 27,079,244	 29,738,943	 36,661,619	 43,691,078
<b>Fund Balance, June 30</b>	<b>\$29,738,943</b>	<b>\$36,661,619</b>	<b>\$43,691,078</b>	<b>\$55,485,537</b>

\*Audited financial statement for preceding year appear in the previous table, because the audit was prepared using different formats.

Source: South Bay Union School District, Audited Financial Statements.

## District Budget and Interim Financial Reporting

***District Budget Process.*** 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 board of trustees 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 San Diego County Superintendent of Schools (the “**County Superintendent**”), which is a separate office independent of the County.

The County Superintendent must review and approve or disapprove the budget no later than August 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 board of trustees 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 board of trustees 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 fiscal year. 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 Approval/Disapproval and Certification History.*** In the past five years, each of the District's interim reports has been certified as positive, except, however, the second interim report for fiscal year 2019-20 and the first interim and second interim reports for fiscal year 2020-21 were each certified as qualified. The fiscal year 2022-23 Budget has been approved by the County Superintendent and the District's second interim report for fiscal year 2022-23 was certified as positive on March 9, 2023.

Copies of the District's budget, interim reports and certifications may be obtained upon request from the Superintendent's Office at 601 Elm Ave, Imperial Beach, California 91932; telephone (619) 628-1600. Financial reports are also available online at the District's web site: [www.SBUSD.org](http://www.SBUSD.org). The contents of the District's web site are not incorporated herein by reference.

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**District's Fiscal Year Fiscal Year 2022-23 Adopted Budget and Second Interim Projections.** The following table shows the income and expense statements for the District for fiscal year 2022-23 (adopted budget and second interim projections).

**SOUTH BAY UNION SCHOOL DISTRICT  
General Fund - Revenues, Expenses and Changes in Fund Balance  
Restricted and Unrestricted  
Fiscal Year 2022-23 (Adopted Budget and Second Interim Projections)<sup>(1)</sup>**

<b>Revenues</b>	<b>Adopted Budget 2022-23</b>	<b>Second Interim 2022-23</b>
LCFF Sources	\$55,040,873	\$59,516,298
Federal Revenues	11,226,901	17,217,867
Other State Revenues	10,374,654	25,152,538
Other Local Revenues	15,516,549	16,603,483
<b>Total Revenues</b>	<b>92,158,977</b>	<b>118,490,186</b>
<b>Expenditures</b>		
Certificated Salaries	32,298,262	34,585,210
Classified Salaries	13,457,222	15,986,915
Employee Benefits	24,883,211	26,153,291
Books and Supplies	5,492,029	15,279,521
Services and Other Operating Expenditures	8,581,292	27,731,447
Capital Outlay	4,041,241	6,550,435
Other Outgo (Excluding Indirect Costs)	89,157	154,032
Other Outgo – Transfers of Indirect Costs	(178,642)	(660,630)
<b>Total Expenditures</b>	<b>88,663,772</b>	<b>125,780,221</b>
<b>Excess of Revenues Over/(Under) Expenditures</b>	<b>3,495,205</b>	<b>(7,290,035)</b>
<b>Other Financing Sources (Uses)</b>		
Operating Transfers In	730,000	939,922
Operating Transfers Out	(280,000)	1,275,206
<b>Total Other Financing Sources (Uses)</b>	<b>450,000</b>	<b>(335,284)</b>
<b>Net Change In Fund Balance</b>	<b>3,945,205</b>	<b>(7,625,319)</b>
Fund Balance, July 1	45,399,152	45,399,152
Other restatements	--	1,987
Adjusted Beginning Balance	--	45,401,139
<b>Fund Balance, June 30</b>	<b>\$49,344,357</b>	<b>\$37,775,820</b>

(1) Columns may not add to totals due to rounding. The beginning balance shown in the above table does not correspond to the audited ending fund balance for fiscal year 2021-22 which is set forth on the previous table, because budgeting and interim reporting documents account for reserves separately by fund number/type.

Source: South Bay Union 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%, plus any other allocation or reserve which might be approved as an expenditure by the District in the future. The District maintains an unrestricted reserve which meets the State's minimum requirements. See also above discussion under the heading "DISTRICT FINANCIAL INFORMATION - District Budget and Interim Financial Reporting - District's Budget Approval/Disapproval and Certification History."

Under State law (California Education Code Section 42127.01), there are certain restrictions on the amount of reserves that can be maintained 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 shall 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 a fiscal year 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, multiyear 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 been triggered for fiscal year 2022-23 and as such, for school districts to which it applies, the cap must be taken into account in its budgeting documents or an exemption must be sought. The District has taken into account the reserve cap as part of its budgeting process for fiscal year 2022-23.

### Attendance - LCFF Funding

**Funding Trends.** As previously described, prior to fiscal year 2013-14, school districts in the State derived most State funding based on a formula which considered a revenue limit per unit of ADA. With the implementation of the LCFF, commencing in fiscal year 2013-14, 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 education funding trends in the District for fiscal years 2017-18 through 2022-23 (projected), not including other sources such as federal and local sources.

**ADA AND LCFF AID FUNDING TRENDS  
Fiscal Years 2017-18 through 2022-23 (Projected)  
South Bay Union School District**

<u>Fiscal Year</u>	<u>ADA</u>	<u>Total LCFF Funding</u>
2017-18	5,174	\$52,161,882
2018-19	4,968	55,887,947
2019-20	4,662	53,984,955
2020-21	4,662	51,431,414
2021-22	3,808	54,813,038
2022-23 <sup>(1)</sup>	3,849	59,516,298

(1) Second Interim Projection.

Source: California Department of Education; South Bay Union School District.

**Unduplicated Count.** The District has a Target Student unduplicated count of approximately 82%. As such, the District qualifies for both supplemental and concentration grant funding under LCFF.



## 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 fiscal year 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. California Education Code Section 42238.03(c) itemizes the local revenues that are subtracted from the base entitlement to determine the amount of the State apportionment of funding.

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

**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 revenue limit and its property tax revenues. In addition to such apportionment revenue, the District receives substantial 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. Lottery revenues generally comprise approximately 2% of general fund revenues. Moreover, State Proposition 20 approved in March 2000 requires that 50% of the increase in Lottery revenues over fiscal year 1997-98 levels must be restricted to use on instruction material.

For additional discussion of State aid to school districts, see "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS - State Funding of Education" below.

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

## 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 Underwriter.*

**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 (the “**2014 Liability**”), within 32 years, by increasing contribution rates of members, K-14 school district employers, and the State. Under AB 1469, employer contributions were steadily increased 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 pursuant to the following schedule:

**STRS EMPLOYER CONTRIBUTION RATES**  
**Effective Dates of July 1, 2014 through July 1, 2022**

Effective Date	Employer Contribution Rate
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.45
July 1, 2018	16.28
July 1, 2019*	17.10*
July 1, 2020	16.15*
July 1, 2021	16.92*
July 1, 2022	19.10

\*The contribution rates identified in AB 1469 were subsequently reduced by the State legislature in certain years. Noted rates represent the reduced contribution rate.  
Source: AB 1469.

The State also continues to contribute to STRS, and its contribution rate in fiscal year 2022-23 is 8.338%.

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 EMPLOYER CONTRIBUTIONS**  
**South Bay Union School District**  
**Fiscal Years 2017-18 through 2022-23 (Projected)**

Fiscal Year	Amount
2017-18	\$7,991,189
2018-19	6,428,657
2019-20	6,652,741
2020-21	6,176,183
2021-22	6,697,184
2022-23 <sup>(1)</sup>	9,901,530

(1) Second Interim Projection.  
Source: South Bay Union School District.

The STRS defined benefit program continues to have an unfunded actuarial liability estimated at approximately \$89.7 billion as of June 30, 2021, 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, the PERS program 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 2022-23<sup>(1)</sup>**

Fiscal Year	Employer Contribution Rate <sup>(1)</sup>
2019-20	19.721%
2020-21	20.700
2021-22	22.910
2022-23	25.370

(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  
South Bay Union School District  
Fiscal Years 2017-18 through 2022-23 (Projected)**

Fiscal Year	Amount
2017-18	\$1,568,918
2018-19	2,294,550
2019-20	2,454,767
2020-21	2,455,776
2021-22	2,833,805
2022-23 <sup>(1)</sup>	3,311,048

(1) Second Interim Projection.  
Source: South Bay Union School District.

PERS continues to have an unfunded liability which, on a market value of assets basis, was approximately \$24.0 billion as of June 30, 2021, 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 11 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](http://www.calstrs.com) and [www.calpers.ca.gov](http://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 Underwriter for accuracy or completeness.*

### **Other Post-Employment Retirement Benefits**

**The Plan Generally.** The District's other post-employment retirement benefits ("OPEB") plan, South Bay Union School District Retiree Benefit Plan (the "**Plan**") is described below. The Plan is a single-employer defined benefit plan administered by the District. As of fiscal year 2021-22, no assets had been accumulated in a trust. However, in fiscal year 2022-23, the District established an irrevocable trust for OPEB liabilities, and made an initial deposit of \$11 million.

Membership of the Plan consists of 78 retirees and beneficiaries currently receiving benefits and 552 active plan members as of the June 30, 2021 valuation date.

**Benefits Provided.** The District will contribute health and welfare benefits to eligible retirees, their spouses and dependents until the employee becomes eligible for other health and welfare benefits. See "APPENDIX B - AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDING JUNE 30, 2022 - Note 10 - Other Post Employment Benefits."

**Contributions.** The District's contribution requirements for covered employees are established and may be amended by the Board. Retirees participating in the group insurance plans offered by the District are required to contribute 100% of active premiums. In future years, contributions are assumed to increase at the same rate as premiums. The District's premium rates being charged to these retirees are lower than the expected cost for a retiree population under age 65. Thus, an implicit subsidy exists as a result of this difference between the actual cost and the true retiree cost. For fiscal year 2021-22, the District contributed \$1,184,600 to the Plan, all of which was used for current premiums. Employees are not required to contribute to the OPEB plan.

**Total OPEB Liability.** The District's total OPEB liability of \$19,894,379 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that same date.

**Changes in OPEB Liability of the District.** The changes in OPEB liability of the District as of June 30, 2022 is shown in the following table:

**CHANGES IN NET OPEB LIABILITY  
South Bay Union School District  
Fiscal Year 2021-22**

<b>Total OPEB Liability</b>	<b>June 30, 2022</b>
Service Cost	\$963,370
Interest on total OPEB liability	661,576
Difference between expected and actual experience	(1,000,386)
Changes of assumptions	(4,527,461)
Benefit payments	<u>(1,184,600)</u>
Net changes	(5,087,501)
Total OPEB liability - beginning	<u>24,981,880</u>
Total OPEB liability - ending	<u>\$19,894,379</u>
Covered-employee payroll	\$51,317,178
 District's total OPEB liability as a percentage of covered-employee payroll	 38.77%

*Source: District Audit Report.*

**OPEB Expense.** For the fiscal year ended June 30, 2022, the District recognized an OPEB expense of \$1,611,579.

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.

## Existing Debt Obligations

In addition to the District's ongoing obligations with respect to retirement plans and OPEB described above, the District has outstanding voter-approved general obligation bond indebtedness, as summarized below.

**General Obligation Bonds.** The following table summarizes outstanding bonded indebtedness of the District.

### Summary of Outstanding General Obligation Bond Debt South Bay Union School District

Date of Issue (Issue)	Date Issued	Final Maturity	Original Issue Amount	Outstanding April 1, 2023
<b>2008 Election GO Bonds</b>				
Series B	8/17/2016	08/01/2035	\$6,000,000	\$5,380,000
Series C	10/13/2022	08/01/2041	11,398,304	11,398,304
<b>2012 Election GO Bonds</b>				
Series A	5/23/2013	08/01/2037	17,000,000	12,160,000
Series B	8/17/2016	08/01/2038	8,995,268	8,445,268
<b>Refunding GO Bonds</b>				
(2008 Series A Refunding)	7/28/2016	08/01/2033	15,205,000	13,170,000
<b>2018 Election Bonds</b>				
Series A	6/30/2022	08/01/2047	18,000,000	18,000,000
	--	--	<b>Total Outstanding:</b>	<b>\$68,553,572</b>

**Capital Leases.** In October 2014, the District entered into an agreement with Capital One Public Financing, LLC to refinance Creative Fleet Leasing for two school buses along with the purchase of additional school buses. The agreement was issued for \$1,262,438 and requires 16 semi-annual payments of \$89,157 which includes interest at a rate of 2.95%. Upon final payment, the agreement contains a bargain purchase option of \$1 to transfer ownership of the buses to the District. The buses have been included in capital assets. The final payment of \$96,727 will be made in the fiscal year ending June 30, 2023.

**Compensated Absences.** Total unpaid employee compensated absences as of June 30, 2022 amounted to \$384,453. This amount is included as part of long-term liabilities in the government-wide financial statements.

## Investment of District Funds

In accordance with California Government Code Section 53600 *et seq.*, the San Diego 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 hereto for a copy of the County's 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.

## **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 Underwriter nor the County is responsible for the information provided in this section.*

### **State Budgeting for 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 “DISTRICT 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 most 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 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 (the “**Governor’s Budget**”). Under State law, the annual proposed Governor’s Budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior fiscal years. Following the submission of the Governor’s 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.

### **Available Public Resources**

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](http://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](http://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](http://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 Underwriter. Such information is not incorporated herein by reference.*

### **The 2022-23 State Budget**

On June 30, 2022, the Governor signed the fiscal year 2022-23 State Budget (the “**2022-23 State Budget**”), a \$308 billion spending plan, including \$234.4 billion in general fund spending, and a historic \$100 billion budget surplus. The 2022-23 State Budget includes significant general fund investments, provides for tax rebates to millions of taxpayers, and provides for a \$37.2 billion reserve.

A central component of the 2022-23 State Budget is an over \$17 billion broad-based inflation relief package, which includes tax rebates of up to \$1,050 based on income level and the size of household. The relief package also includes increased grants for the State’s lowest income families and individuals, and additional funding for food banks.

Other highlights of the 2022-23 State Budget include funding to address impacts of climate change and drought, provide for wildfire support, and address electricity rates and accelerate clean energy projects. Total funding of \$128.6 billion is provided for K-12 education, reflecting \$22,893 per pupil (\$16,993 K-12 Proposition 98 guarantee), further details of which are set forth below. The 2022-23 State Budget includes funding aimed at addressing higher education needs, health care including universal access, funding for infrastructure including for transportation, energy innovation and reliability, housing for homeless individuals, and increasing broadband connectivity. Funding in the amount of \$14.8 billion is provided for regional transit and rail projects, the continued development of a first-in-the-nation, electrified high-speed rail system in the State and other climate adaptation projects. The 2022-23 State Budget includes an additional \$2 billion over two years to accelerate the development of affordable housing, and \$3.4 billion over three years to continue the State's efforts to address homelessness by investing in immediate behavioral health housing and treatment, as well as encampment cleanup grants. Funding is provided to address COVID-19 health issues including testing and vaccinations, and funding for local law enforcement and highway patrols aimed at increasing public safety. The 2022-23 State Budget is projected to be balanced in fiscal year 2025-26, the last year in the multi-year forecast.

With respect to K-12 education, the 2022-23 State Budget provides total funding of \$128.6 billion (\$78.6 billion general fund and \$50 billion other funds) for all K-12 education programs. The 2022-23 State Budget reflects a Proposition 98 funding level of \$110.4 billion in fiscal year 2022-23, representing a three-year increase in the minimum Proposition 98 guarantee of \$35.8 billion over the level funded in the fiscal year 2020-21 State budget. A payment of approximately \$2.2 billion is provided for the Public School System Stabilization Account, for a balance of more than \$9.5 billion at the end of fiscal year 2022-23.

Under State law, there is a cap of 10 percent on school district reserves in fiscal years immediately succeeding those in which the balance in the Stabilization Account is equal to or greater than 3 percent of the total K-12 share of the Proposition 98 guaranteed funding. The balance of \$7.1 billion in fiscal year 2021-22 has triggered the school district reserve cap beginning in fiscal year 2022-23.

The 2022-23 State Budget includes an LCFF cost-of-living adjustment of 6.56 percent, the largest in the history of LCFF. Additionally, to help school districts and charter schools address ongoing fiscal pressures, staffing shortages, and other operational needs, the 2022-23 State Budget includes \$4.32 billion ongoing Proposition 98 general fund to increase LCFF base funding by an additional 6.28 percent.

To support fiscal stability and to address declining enrollment, the 2022-23 State Budget allows school districts to use the greater of the current year or prior year average daily attendance or an average of the three prior years' average daily attendance to calculate LCFF funding. Further, to minimize reductions in LCFF funding that would otherwise occur due to increased absences in fiscal year 2021-22, the 2022-23 State Budget enables all classroom-based local educational agencies that can demonstrate they provided independent study offerings to students in fiscal year 2021-22 to be funded at the greater of their current year average daily attendance or their current year enrollment adjusted for pre-COVID-19 absence rates in fiscal year 2021-22.

Other highlights of the 2022-23 State Budget relating to K-12 education include:

Establishes the Learning Recovery Emergency Fund: \$7.9 billion one-time Proposition 98 general fund to support the Learning Recovery Emergency Block Grant which will support local educational agencies in establishing learning

recovery initiatives through the 2027–28 school year. Funds can be used to increase instructional time, close learning gaps such as tutoring or small group learning, support students with health, counseling or mental health services, create additional access to instructions to support graduations and increase college eligibility, and provide additional academic services to students.

Block Grant for Arts, Music and Other Programs: Establishes the Arts, Music and Instructional Materials Block Grant, funded at \$3.6 billion for a variety of purposes.

Supporting Community Schools: \$1.1 billion in one-time Proposition 98 funding supporting access to the community schools grant.

Support for Educator Workforce: \$48.1 million general fund for educator workforce purposes.

Funding for Residency Programs: \$250 million one-time Proposition 98 general fund to expand residency slots for teachers and school counselors.

Funding for STEM Purposes: \$85 million one-time Proposition 98 general fund to create Pre-K through 12 grade educator resources and professional learning to implement the Next Generation Science Standards, the California Math Framework, the California Computer Science Standards, and the math and science domains of the California Preschool Learning Foundations.

Support for State Preschools: \$312.7 million Proposition 98 general fund and \$172.3 million general fund to increase State Preschool Program adjustment factors for students with disabilities, dual language learners, and childhood mental health and adds an adjustment factor for three-year-olds. Funding is also provided for inclusive early education, waiver of certain costs for children in the State Preschool Program, and in fiscal year 2022-23 reimbursing preschool providers for certain hours of authorized care.

Support for Transitional Kindergarten: \$614 million ongoing Proposition 98 general fund to, beginning in the 2022-23 school year, to support the first year of expanded eligibility for transitional kindergarten. Additionally, the 2022-23 State Budget provides \$383 million Proposition 98 general fund to add one additional certificated or classified staff person to every transitional kindergarten class, reducing student-to-adult ratios to more closely align with the State Preschool Program.

Expanded Learning Opportunities Program: \$1 billion ongoing and \$753 million one-time Proposition 98 general fund in the first year of a multi-year investment plan to implement expanded-day, full-year instruction and enrichment for all elementary school students, with a focus on local educational agencies with the highest concentrations of low-income students, English language learners, and youth in foster care. Local educational agencies with the highest concentrations of these students will be required to offer expanded learning opportunities to all elementary students. The 2022-23 State Budget continues to assume that full fiscal implementation of the program will take place by 2025-26.

Early Literacy: Includes \$250 million one-time Proposition 98 general fund, available over five years, for grants to high-needs schools to train and hire literacy

coaches and reading specialists to guide productive classroom instruction and to offer one-on-one and small group intervention for struggling readers.

Community Engagement Initiative: First funded in 2018, an additional \$100 million one-time Proposition 98 general fund to expand the reach of the program to hundreds of additional local educational agencies.

Special Education: \$500 million ongoing Proposition 98 general fund for the special education funding formula, paired with several policy changes to further the State's commitment to improving special education instruction and services.

College and Career Pathways: Includes \$500 million one-time Proposition 98 general fund over seven years to support the development of pathway programs focused on technology, health care, education, and climate-related fields, and \$200 million one-time Proposition 98 general fund, available over five years, to strengthen and expand student access and participation in dual enrollment opportunities.

Home-To-School Transportation: \$637 million ongoing Proposition 98 general fund to reimburse local educational agencies for up to 60 percent of their transportation costs in the prior year. Additionally, commencing in fiscal year 2023-24, the 2022-23 State Budget reflects the application of an ongoing cost-of-living adjustment to the current LCFF Home-to-School transportation add-on. In addition, \$1.5 billion one-time Proposition 98 general fund, available over five years, to support greening school bus fleets through programs that will be operated by the California Air Resources Board and the California Energy Commission.

Nutrition: \$596 million Proposition 98 general fund to fund universal access to subsidized school meals, an additional \$611.8 million to augment the state meal reimbursement rate sufficient to maintain meal reimbursement rates beginning in fiscal year 2022-23, and \$600 million one-time, available over three years, for school kitchen infrastructure upgrades and equipment, food service employee training, and compensation for work related to serving universal meals using more fresh, minimally processed foods.

Farm to School Program: \$30 million one-time general fund to establish additional farm to school demonstration projects with priority towards high-need schools, and \$3 million ongoing general fund to expand the regional California Farm to School Network.

K-12 Facilities: The 2022-23 State Budget allocates the remaining Proposition 51 bond funds to support school construction projects, and provides \$100 million one-time general fund with fiscal year 2021-22 funds and \$550 million in fiscal year 2023-24 to support the California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program. This program's grant funds may be used to construct new school facilities or retrofit existing school facilities for the purpose of providing transitional kindergarten, full-day kindergarten, or preschool classrooms.

For the full text of the 2022-23 State Budget, see the DOF website at [www.dof.ca.gov](http://www.dof.ca.gov). However, the information included in such website is not incorporated herein by reference.

## The 2023-24 State Budget: LAO Fiscal Outlook Report and 2023-24 Proposed Budget

LAO Fiscal Outlook Report as of November 2022 for Fiscal Year 2023-24 Budget. The LAO released a report on the State's fiscal outlook dated November 2022 to provide guidance to the State legislature in the crafting of the fiscal year 2023-24 budget. The LAO outlook identifies a budget deficit of \$25 billion in fiscal year 2023-24. This deficit is largely attributed to lower revenue estimates, which it notes are lower than projections across fiscal years 2021-22 through 2023-24 by \$41 billion. Over the subsequent years of the LAO's forecast, annual revenue deficits decline from \$17 billion to \$8 billion over the multi-year period by fiscal year 2026-27. The LAO notes that under its estimates, the State can afford to maintain its existing school and community college programs, and provide a cost-of-living adjustment of up to 8.38 percent in fiscal year 2023-24. The extent to which programs across the remainder of the budget are adjusted for inflation varies considerably. The LAO notes that its outlook reflects the current law and policy of the State legislature and as such only incorporates the effects of inflation on budgetary spending when there are existing policy mechanisms for doing so. The \$25 billion budget deficit could be understated in inflation-adjusted terms. The LAO's lower revenue estimate incorporates the risk of a recession but do not reflect a recession scenario. A recession which occurs soon could result in revenues \$30 to \$50 billion below the LAO's revenue outlook that was in the budget window. The LAO notes that recent and sizeable ongoing augmentations to certain programs in light of inflation and flat revenue growth place pressure on the out-year condition of the budget. The LAO recommends that the State legislature begin planning the fiscal year 2023-24 budget without using general purpose reserves, reserving such funds for a recession. For the full report, see: [www.lao.ca.gov](http://www.lao.ca.gov), under the link to "Publications." The information on such web site is not incorporated herein by reference.

The 2023-24 Proposed State Budget. On January 10, 2023, the Governor presented a proposed budget for fiscal year 2023-24 to the State legislature (the "**2023-24 Proposed State Budget**"). The State is facing an estimated budget gap of \$22.5 billion, forecasting general fund revenues at \$22.5 billion below the fiscal year 2022-23 budget act projections. The \$297 billion budget proposes a variety of methods, including \$7.4 billion in funding delays, \$5.7 billion in reductions and pullbacks, \$4.3 billion in fund shifts, \$3.9 billion in trigger reductions and \$1.2 billion in limited revenue generation and borrowing, to address the projected shortfall. The 2023-24 Proposed State Budget includes \$108.8 billion for Proposition 98 funding for K-12, reflecting a Proposition 98 general fund decrease of \$153 million in fiscal year 2022-23 and \$1.3 billion in fiscal year 2023-24 for school district and county offices of education as a result of increased offsetting property taxes.

Funding for the LCFF is projected at \$80.1 billion in 2023-24, reflecting a 2.2% decline in ADA. The 2023-24 Proposed State Budget proposes an LCFF cost of living adjustment of 8.13%, the highest adjustment in recent memory, resulting in an increase of \$4.2 billion in discretionary funds for local educational agencies. In order to fund this adjustment, the 2023-24 Proposed State Budget provides for approximately \$613 million in one-time funding for fiscal year 2022-23 and approximately \$1.4 billion in one-time funding for fiscal year 2023-24.

The 2023-24 Proposed State Budget allocates \$35.6 billion in total reserves, including \$22.4 billion in the State's Budget Stabilization Account, fulfilling the constitutional minimum mandatory deposit and requiring \$951 million to be dedicated to infrastructure investments in fiscal year 2023-24. Other proposed reserves include \$8.5 billion in the Public Schools System Stabilization Account, which is a decrease from the \$9.5 billion previously projected, which continues to trigger school district reserve caps in fiscal year 2023-24, \$900 million in the Safety

Net Reserve, and \$3.8 billion in the State's operating reserve. The 2023-24 Proposed State Budget accelerates paydown of State retirement liabilities, with \$1.9 billion in additional payments in fiscal year 2023-24 and approximately \$5.3 billion projected to be paid over the next three years. In addition to addressing the \$22.5 billion budget shortfall, the 2023-24 Proposed State Budget utilizes a number of resiliency measures to close shortfalls projected in the coming years.

Other highlights of the 2023-24 Proposed State Budget include:

- to implement the second year of the expansion of transitional kindergarten, \$690 million, allowing approximately 46,000 children access to the program, and \$165 million to support the addition of staff to support those additional students, with full implementation of universal transitional kindergarten expected in fiscal year 2025-26;
- over \$2 billion, annualized, to expand subsidized childcare;
- funding for universal access to subsidized school meals and the additional enhanced meal rate by allocating over \$1.4 billion to reimburse school meals and ensure students who want a meal will have access to two free meals each day;
- approximately \$48 billion to advance the State's climate agenda, but given the projected declines in general fund revenues, there are reductions across several climate programs, which are partially offset with shifts to other funds;
- over \$1 billion annually to provide increased cash assistance to individuals with disabilities, older adults in the SSI/SSP programs, and low-income children and families in the CalWORK's program;
- more than \$8 billion across various departments to expand the continuum of behavioral health treatment and infrastructure capacity;
- invests over \$200 million to provide reproductive health services, including grants to health care providers to offset the cost of care to uninsured or underinsured individuals, for clinical infrastructure and to provide scholarships and loan repayments to providers that commit to providing reproductive health care services;
- a multi-year commitment of \$44 billion for various statewide infrastructure investment, including modernizing the State's transportation system, providing greater access to broadband connectivity, reducing wildfire risk to communities, and supporting drought and resiliency;
- reductions related to housing production incentive programs that were included as part of the 2022-23 State Budget of \$350 million;

- approximately \$2.2 billion to create additional apprenticeships, provide training to mitigate the effects of climate change, provide job training and other assistance to the justice-involved population; and
- \$564.4 million over three years to bolster local law enforcement efforts to reduce retail theft and other crimes.

LAO Overview of Fiscal Year 2023-24 Proposed Budget. The LAO projects that the State faces a manageable budget problem in fiscal year 2023-24, and that the Governor addresses the budget problem primarily with spending-related solutions. The LAO notes that the Governor does not propose using any reserves, which is prudent given the downside risk to revenues posed by the current heightened risk of recession. The LAO recommends that the Legislature maintain this approach during its own planning process.

LAO estimates suggest that there is a good chance that revenues will be lower than the administration's projections for the budget window, particularly in fiscal years 2022-23 and 2023-24. Given this risk, the LAO recommends that the Legislature: (1) plan for a larger budget problem and (2) address that larger problem by reducing more one-time and temporary spending. Taking these steps would allow the state to mitigate the heightened risk of revenue shortfalls. The LAO observes that the Legislature need not adopt the Governor's spending solutions. Recent budgets have allocated or planned tens of billions of dollars for one-time or temporary spending purposes in fiscal years 2021-22, 2022-23, and 2023-24. The Legislature can select an entirely different set of spending solutions to address budget problems. To develop its budget, the LAO recommends the Legislature evaluate recently approved augmentations and only maintain those augmentations that meet certain criteria.

While the Governor's budget is balanced under the administration's estimates for fiscal year 2023-24, the LAO observes that this is not the case for future years. Specifically, the administration forecasts operating deficits ranging from \$4 billion to \$9 billion over the multiyear period. The LAO recommends the Legislature avoid enacting a budget that plans for future deficits. To maintain budget balance, the LAO notes that the Legislature could convert some spending-related delays to reductions instead. Alternatively, the Legislature could add new out-year trigger reductions, in which spending triggers off under certain conditions, or by using other budget solutions, such as revenue increases or cost shifts.

### **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 2022-23 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 Underwriter 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 Underwriter 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* property 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* property tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* property taxes may be levied to pay debt service on (a) indebtedness approved by the voters prior to July 1, 1978, (b) (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 (c) (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 a district, but only if certain accountability measures are included in the proposition. Article XIII A defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership 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.

**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 State Board of Equalization 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 State Board of Equalization ("**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 XIIC 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 XIIC to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (a) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (b) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (c) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (d) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (e) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (f) a charge imposed as a condition of property development; and (g) assessments and property-related fees imposed in accordance with the provisions of Article 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 XIII B 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 (a) 40.9% of State general fund revenues (the “**first test**”) or (b) 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 (a) the first test, (b) the second test, or (c) 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 (a) 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 (b) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. 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 this proposition 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 (a) any local government debts approved by the voters prior to July 1, 1978 or (b) 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: (a) 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; (b) 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 (c) 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 this proposition 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 (a) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (b) shift property taxes from local governments to schools or community colleges, (c) change how property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature or (d) 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: (a) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (b) 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 for such period the marginal personal income tax rate by: (a) 1% for taxable income over \$250,000 but less than \$300,000 for single filers (over \$340,000 but less than \$408,000 for head of household filers and over \$500,000 but less than \$600,000 for joint filers), (b) 2% for taxable income over \$300,000 but less than \$500,000 for single filers (over \$408,000 but less than \$680,000 for head of household filers and over \$600,000 but less than \$1,000,000 for joint filers), and (c) 3% for taxable income over \$500,000 for single filers (over \$680,000 for head of household filers and over \$1,000,000 for joint filers). Proposition 55 (described below) extended said increases to personal income rates through the end of 2030.

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 the end of 2030, instead of the scheduled expiration date of December 31, 2018. The extensions did not apply to the sales tax and excise taxes imposed by Proposition 30. Tax revenue received under Proposition 55 is to be allocated 89% to K-12 schools and 11% to community colleges.

### **California Senate Bill 222**

Senate Bill 222 (“**SB 222**”) was signed by the California Governor on July 13, 2015, and became effective on January 1, 2016. SB 222 amended Section 15251 of the California Education Code and added Section 52515 to the California Government Code to provide that voter approved general obligation bonds which are secured by *ad valorem* property tax collections 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 shall attach automatically and is valid and binding from the time the bonds are executed and delivered. The lien is enforceable against the issuer, 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. The effect of SB 222 is the treatment of general obligation bonds, such as the Bonds, as secured debt in bankruptcy due to the existence of a statutory lien.

### **Proposition 19**

On November 3, 2020, State voters approved Proposition 19, a legislatively referred constitutional amendment (“**Proposition 19**”), which amends 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) narrows as of February 16, 2021 existing special rules for the valuation of inherited real property due to a transfer between family members, and (iii) allocates 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.

### **Future Initiatives**

Article XIII A, Article XIII B, Article XIII C and Article XIII D of the California Constitution and Propositions 98, 22, 26, 30 and 39 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**

**AUDITED FINANCIAL STATEMENTS OF THE DISTRICT  
FOR FISCAL YEAR ENDING JUNE 30, 2022**

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# **SOUTH BAY UNION SCHOOL DISTRICT**

**AUDIT REPORT  
JUNE 30, 2022**



**South Bay Union School District**

A community dedicated to achievement for all

**SOUTH BAY UNION SCHOOL DISTRICT  
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JUNE 30, 2022**

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## **FINANCIAL SECTION**

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**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**Independent Auditors' Report

Governing Board  
South Bay Union School District  
Imperial Beach, California

**Report on the Audit of the Financial Statements*****Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the South Bay Union School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the South Bay Union School District's basic financial statements as listed in the table of contents.

In our opinion, the 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 the South Bay Union School District, as of June 30, 2022, and the respective changes in financial position and 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the South Bay Union School 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 South Bay Union School 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 generally accepted auditing standards 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 judgement made by a reasonable user of the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement 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 South Bay Union School 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the South Bay Union School 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 required supplementary information, such as management's discussion and analysis, budgetary comparison information, schedule of changes in total OPEB liability and related ratios, schedules of proportionate share of net pension liability, and schedules of district contributions for pensions be presented to supplement the basic financial statements. Such information, although not 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 appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the South Bay Union School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2022 on our consideration of the South Bay Union School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the South Bay Union School 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 South Bay Union School District's internal control over financial reporting and compliance.



San Diego, California  
December 5, 2022

# SOUTH BAY UNION SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

## INTRODUCTION

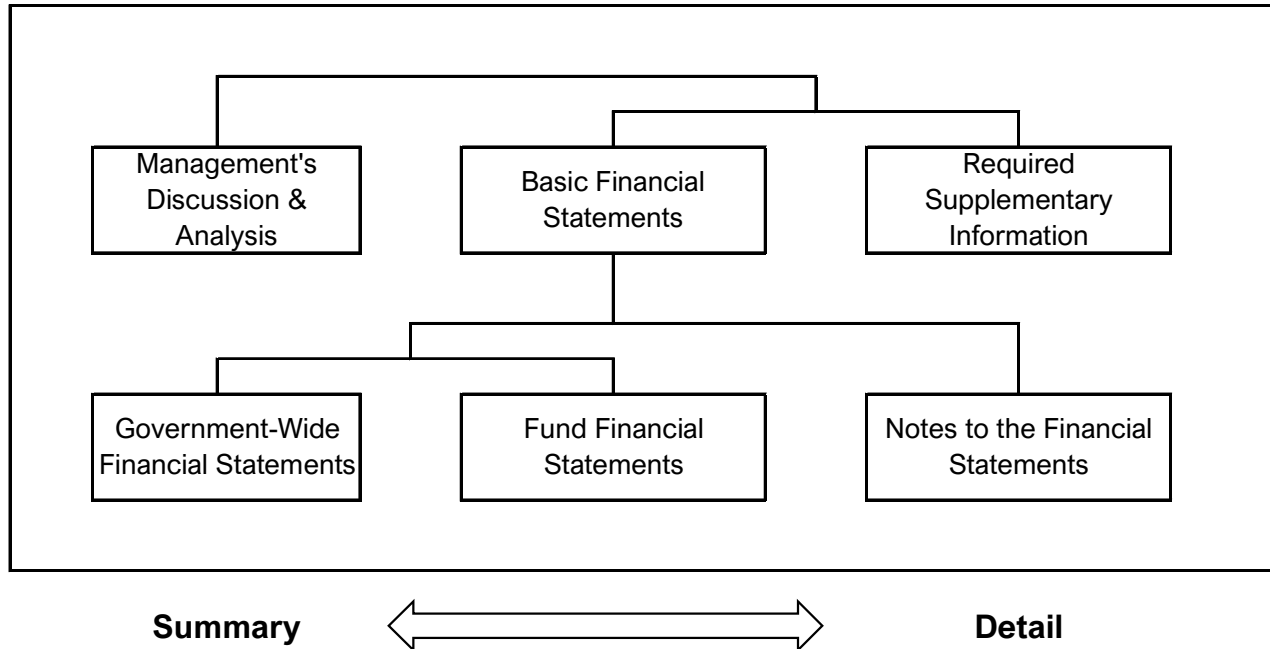
Our discussion and analysis of South Bay Union School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2022. It should be read in conjunction with the District's financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

- The District's net position was \$13,987,620 at June 30, 2022. This was an increase of \$20,323,383 from the prior year.
- Overall revenues were \$126,574,130 which exceeded expenses of \$106,250,747.

## OVERVIEW OF FINANCIAL STATEMENTS

### Components of the Financial Section



**SOUTH BAY UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2022**

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**OVERVIEW OF FINANCIAL STATEMENTS (continued)**

**Components of the Financial Section (continued)**

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- ▶ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
  
- ▶ **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
  - ▶ **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

**Government-Wide Statements**

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Local control formula funding and federal and state grants finance most of these activities.

**SOUTH BAY UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2022**

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**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE**

**Net Position**

The District's net position was \$13,987,620 at June 30, 2022, as reflected in the table below. Of this amount, \$(58,573,385) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limits the Governing Board's ability to use that net position for day-to-day operations.

	<b>Governmental Activities</b>		
	<b>2022</b>	<b>2021</b>	<b>Net Change</b>
<b>ASSETS</b>			
Current and other assets	\$ 80,050,202	\$ 70,681,507	\$ 9,368,695
Capital assets	103,210,829	105,175,074	(1,964,245)
<b>Total Assets</b>	<b>183,261,031</b>	<b>175,856,581</b>	<b>7,404,450</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>21,516,259</b>	<b>27,631,642</b>	<b>(6,115,383)</b>
<b>LIABILITIES</b>			
Current liabilities	28,002,032	12,674,604	15,327,428
Long-term liabilities	114,163,175	187,088,932	(72,925,757)
<b>Total Liabilities</b>	<b>142,165,207</b>	<b>199,763,536</b>	<b>(57,598,329)</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>48,624,463</b>	<b>10,060,450</b>	<b>38,564,013</b>
<b>NET POSITION</b>			
Net investment in capital assets	44,642,821	47,119,729	(2,476,908)
Restricted	27,918,184	19,702,712	8,215,472
Unrestricted	(58,573,385)	(73,158,204)	14,584,819
<b>Total Net Position</b>	<b>\$ 13,987,620</b>	<b>\$ (6,335,763)</b>	<b>\$ 20,323,383</b>

**SOUTH BAY UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2022**

**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)**

**Changes in Net Position**

The results of this year's operations for the District as a whole are reported in the Statement of Activities. The table below takes the information from the Statement and rearranges it, so you can see our total revenues and expenses for the year.

	<b>Governmental Activities</b>		
	<b>2022</b>	<b>2021</b>	<b>Net Change</b>
<b>REVENUES</b>			
Program revenues			
Charges for services	\$ 2,845,554	\$ 1,153,578	\$ 1,691,976
Operating grants and contributions	37,403,966	25,831,070	11,572,896
General revenues			
Property taxes	22,610,778	21,832,194	778,584
Unrestricted federal and state aid	57,874,730	55,379,645	2,495,085
Other	5,839,102	8,407,205	(2,568,103)
<b>Total Revenues</b>	<b>126,574,130</b>	<b>112,603,692</b>	<b>13,970,438</b>
<b>EXPENSES</b>			
Instruction	61,933,179	68,128,750	(6,195,571)
Instruction-related services	8,745,933	9,335,120	(589,187)
Pupil services	11,652,594	10,222,166	1,430,428
General administration	6,772,961	7,058,683	(285,722)
Plant services	15,418,143	12,903,364	2,514,779
Ancillary and community services	61,034	6,777	54,257
Debt service	1,587,644	2,528,214	(940,570)
Other outgo	79,259	172,948	(93,689)
<b>Total Expenses</b>	<b>106,250,747</b>	<b>110,356,022</b>	<b>(4,105,275)</b>
<b>Change in net position</b>	<b>20,323,383</b>	<b>2,247,670</b>	<b>18,075,713</b>
<b>Net Position - Beginning</b>	<b>(6,335,763)</b>	<b>(8,583,433)</b>	<b>2,247,670</b>
<b>Net Position - Ending</b>	<b>\$ 13,987,620</b>	<b>\$ (6,335,763)</b>	<b>\$ 20,323,383</b>

The cost of all our governmental activities this year was \$106,250,747 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was only \$22,610,778 because a portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

**SOUTH BAY UNION SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2022**

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**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)**

**Changes in Net Position (continued)**

In the table below, we have presented the net cost of each of the District’s functions. 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.

	<b>Net Cost of Services</b>	
	<b>2022</b>	<b>2021</b>
Instruction	\$ 37,286,561	\$ 49,272,784
Instruction-related services	6,067,992	7,931,073
Pupil services	3,180,748	5,537,680
General administration	4,963,288	6,346,617
Plant services	12,880,931	12,658,123
Ancillary and community services	4,709	1,094
Debt service	1,587,644	2,528,214
Transfers to other agencies	29,354	(904,211)
<b>Total</b>	<b>\$ 66,001,227</b>	<b>\$ 83,371,374</b>

**FINANCIAL ANALYSIS OF THE DISTRICT’S MAJOR FUNDS**

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$72,886,434, which is more than this year’s beginning fund balance of \$61,425,701. The District’s General Fund had \$11,639,851 more in operating revenues than expenditures for the year ended June 30, 2022. The District’s Charter Schools Fund had \$1,260,595 more in operating revenues than expenditures for the year ended June 30, 2022.

**CURRENT YEAR BUDGET 2021-2022**

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a regular basis to reflect changes to both revenues and expenditures that become known during the year. In addition, the Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the District’s financial projections and current budget based on State and local financial information.

**SOUTH BAY UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2022**

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**CAPITAL ASSETS AND LONG-TERM LIABILITIES**

**Capital Assets**

By the end of 2021-2022 the District had invested \$103,210,829 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2022	2021	Net Change
<b>CAPITAL ASSETS</b>			
Land	\$ 12,154,198	\$ 12,154,198	\$ -
Construction in progress	406,481	11,273,939	(10,867,458)
Land improvements	14,194,040	13,243,000	951,040
Buildings & improvements	133,118,767	120,704,217	12,414,550
Furniture & equipment	12,856,028	13,752,129	(896,101)
Less: Accumulated depreciation	(69,518,685)	(65,952,409)	(3,566,276)
<b>Total Capital Assets</b>	<b>\$ 103,210,829</b>	<b>\$ 105,175,074</b>	<b>\$ (1,964,245)</b>

**Long-Term Liabilities**

At year-end, the District had \$114,163,175 in long-term liabilities, a decrease of 38.98% from last year – as shown in the table below. More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.

	Governmental Activities		
	2022	2021	Net Change
<b>LONG-TERM LIABILITIES</b>			
Total general obligation bonds	\$ 64,989,875	\$ 67,154,255	\$ (2,164,380)
Financed purchases	96,727	268,635	(171,908)
Compensated absences	384,453	398,812	(14,359)
Total OPEB liability	19,894,379	24,981,880	(5,087,501)
Net pension liability	48,727,141	96,453,817	(47,726,676)
Less: current portion of long-term liabilities	(19,929,400)	(2,168,467)	(17,760,933)
<b>Total Long-term Liabilities</b>	<b>\$ 114,163,175</b>	<b>\$ 187,088,932</b>	<b>\$ (72,925,757)</b>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health.

In its September 2022 quarterly report, the UCLA Anderson Forecast stated the U.S. economy was likely to muddle along with below-trend growth and continued high inflation over the next twelve months. No recession is forecast at this time; however, the possibility still exists that persistent inflation and aggressive interest rate policy will lead to a hard landing of the economy, potentially triggering a recession. In California, defense spending and technology demands will likely keep the economy growing.

**SOUTH BAY UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2022**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)**

Fiscal policy for the funding of public education changes annually based on fluctuations in State revenues. The May 2022 Budget Revision includes total funding of \$128.3 billion (\$78.4 billion General Fund and \$49.9 billion other funds) for all K-12 education programs, additionally, the revised spending plan further accelerates the implementation of the "California for All Kids" plan, which is a whole-child support framework designed to target inequities in educational outcomes among students from different demographic backgrounds and empower parents and families with more options and services. The Proposition 98 Guarantee continues to be in Test 1 for 2021-22 and 2022-23. To accommodate enrollment increases related to the expansion of transitional kindergarten, the Governor's Budget proposed re-benching the Test 1 percentage to increase the percentage of General Fund revenues due to the Guarantee, from 38.03 percent to approximately 38.4 percent. The May Revision updates the increased Test 1 percentage from approximately 38.4 percent to approximately 38.3 percent. At May Revision, the 2022-23 cost-of-living adjustment (COLA) is updated to 6.56 percent, the largest COLA in the history of LCFF.

The District participates in state employee pensions plans, California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2022. The amount of the liability is material to the financial position of the District. The CalSTRS projected employer contribution rate for 2022-23 is 19.10 percent. The CalPERS projected employer contribution rate for 2022-23 is 25.37 percent. The projected increased pension costs to school employers remain a significant fiscal factor.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, inter-district transfers in or out, economic conditions and housing values. Losses in enrollment will cause a school district to lose operating revenues without necessarily permitting the district to make adjustments in fixed operating costs.

All of these factors were considered in preparing the District's budget for the 2022-23 fiscal year.

**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 the Business Office, South Bay Union School District, 601 Elm Avenue, Imperial Beach, CA 91932.



**SOUTH BAY UNION SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2022**

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	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 65,320,020
Accounts receivable	14,430,530
Inventory	299,652
Capital assets, not depreciated	12,560,679
Capital assets, net of accumulated depreciation	90,650,150
<b>Total Assets</b>	<b>183,261,031</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	16,491,652
Deferred outflows related to OPEB	3,317,136
Deferred amount on refunding	1,707,471
<b>Total Deferred Outflows of Resources</b>	<b>21,516,259</b>
<b>LIABILITIES</b>	
Accrued liabilities	7,255,310
Unearned revenue	817,322
Long-term liabilities, current portion	19,929,400
Long-term liabilities, non-current portion	114,163,175
<b>Total Liabilities</b>	<b>142,165,207</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	43,341,089
Deferred inflows related to OPEB	5,283,374
<b>Total Deferred Inflows of Resources</b>	<b>48,624,463</b>
<b>NET POSITION</b>	
Net investment in capital assets	44,642,821
Restricted:	
Capital projects	1,589,798
Debt service	3,181,814
Educational programs	21,716,610
Food service	1,310,720
Associated student body	119,242
Unrestricted	(58,573,385)
<b>Total Net Position</b>	<b>\$ 13,987,620</b>

The accompanying notes are an integral part of these financial statements.

**SOUTH BAY UNION SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

Function/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>GOVERNMENTAL ACTIVITIES</b>				
Instruction	\$ 61,933,179	\$ 1,329,978	\$ 23,316,640	\$ (37,286,561)
Instruction-related services				
Instructional supervision and administration	3,252,860	581,124	1,458,286	(1,213,450)
Instructional library, media, and technology	825,681	-	20,408	(805,273)
School site administration	4,667,392	35,671	582,452	(4,049,269)
Pupil services				
Home-to-school transportation	1,918,090	-	192,081	(1,726,009)
Food services	3,634,792	2,349	4,568,242	935,799
All other pupil services	6,099,712	68,447	3,640,727	(2,390,538)
General administration				
Centralized data processing	1,610,043	-	19,088	(1,590,955)
All other general administration	5,162,918	80	1,790,505	(3,372,333)
Plant services	15,418,143	825,938	1,711,274	(12,880,931)
Ancillary services	60,188	-	53,650	(6,538)
Community services	846	1,967	708	1,829
Interest on long-term debt	1,587,644	-	-	(1,587,644)
Other outgo	79,259	-	49,905	(29,354)
<b>Total Governmental Activities</b>	<b>\$ 106,250,747</b>	<b>\$ 2,845,554</b>	<b>\$ 37,403,966</b>	<b>(66,001,227)</b>
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				17,072,388
Property taxes, levied for debt service				4,117,799
Property taxes, levied for other specific purposes				1,420,591
Federal and state aid not restricted for specific purposes				57,874,730
Interest and investment earnings				(1,137,661)
Interagency revenues				5,764,534
Miscellaneous				1,212,229
<b>Subtotal, General Revenue</b>				<b>86,324,610</b>
<b>CHANGE IN NET POSITION</b>				<b>20,323,383</b>
<b>Net Position - Beginning</b>				<b>(6,335,763)</b>
<b>Net Position - Ending</b>				<b>\$ 13,987,620</b>

The accompanying notes are an integral part of these financial statements.

**SOUTH BAY UNION SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2022**

	General Fund	Charter Schools Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 45,494,077	\$ 11,048,133	\$ 8,777,810	\$ 65,320,020
Accounts receivable	12,388,827	1,130,765	910,938	14,430,530
Due from other funds	6,129,279	3,990,950	7,669	10,127,898
Stores inventory	123,113	-	176,539	299,652
<b>Total Assets</b>	<b>\$ 64,135,296</b>	<b>\$ 16,169,848</b>	<b>\$ 9,872,956</b>	<b>\$ 90,178,100</b>
<b>LIABILITIES</b>				
Accrued liabilities	\$ 4,094,804	\$ 1,934,341	\$ 317,301	\$ 6,346,446
Due to other funds	3,998,619	5,870,333	258,946	10,127,898
Unearned revenue	556,336	183,383	77,603	817,322
<b>Total Liabilities</b>	<b>8,649,759</b>	<b>7,988,057</b>	<b>653,850</b>	<b>17,291,666</b>
<b>FUND BALANCES</b>				
Nonspendable	184,552	-	176,539	361,091
Restricted	13,297,847	8,181,791	9,042,567	30,522,205
Assigned	38,186,718	-	-	38,186,718
Unassigned	3,816,420	-	-	3,816,420
<b>Total Fund Balances</b>	<b>55,485,537</b>	<b>8,181,791</b>	<b>9,219,106</b>	<b>72,886,434</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 64,135,296</b>	<b>\$ 16,169,848</b>	<b>\$ 9,872,956</b>	<b>\$ 90,178,100</b>

The accompanying notes are an integral part of these financial statements.

**SOUTH BAY UNION SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET  
POSITION  
JUNE 30, 2022**

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**Total Fund Balance - Governmental Funds** \$ 72,886,434

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:

Capital assets	\$ 172,729,514	
Accumulated depreciation	<u>(69,518,685)</u>	103,210,829

Deferred amount on refunding:

In governmental funds, the net effect of refunding bonds is recognized when debt is issued, whereas this amount is deferred and amortized in the government-wide financial statements: 1,707,471

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmaturing interest owing at the end of the period was: (908,864)

Long-term liabilities:

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Total general obligation bonds	\$ 64,989,875	
Financed purchases	96,727	
Compensated absences	384,453	
Total OPEB liability	19,894,379	
Net pension liability	<u>48,727,141</u>	(134,092,575)

Deferred outflows and inflows of resources relating to pensions:

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred outflows of resources related to pensions	\$ 16,491,652	
Deferred inflows of resources related to pensions	<u>(43,341,089)</u>	(26,849,437)

Deferred outflows and inflows of resources relating to OPEB:

In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.

Deferred outflows of resources related to OPEB	\$ 3,317,136	
Deferred inflows of resources related to OPEB	<u>(5,283,374)</u>	(1,966,238)

**Total Net Position - Governmental Activities** \$ 13,987,620

The accompanying notes are an integral part of these financial statements.

**SOUTH BAY UNION SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund	Charter Schools Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
LCFF sources	\$ 54,813,038	\$ 18,609,159	\$ -	\$ 73,422,197
Federal sources	17,837,758	646,081	5,431,129	23,914,968
Other state sources	12,643,829	2,726,599	2,341,106	17,711,534
Other local sources	14,941,076	(191,348)	4,189,300	18,939,028
<b>Total Revenues</b>	<b>100,235,701</b>	<b>21,790,491</b>	<b>11,961,535</b>	<b>133,987,727</b>
<b>EXPENDITURES</b>				
Current				
Instruction	54,451,299	12,398,503	1,771,776	68,621,578
Instruction-related services				
Instructional supervision and administration	3,755,653	-	-	3,755,653
Instructional library, media, and technology	695,073	197,799	-	892,872
School site administration	3,782,583	1,285,700	516,352	5,584,635
Pupil services				
Home-to-school transportation	2,049,388	-	-	2,049,388
Food services	5,143	-	3,745,731	3,750,874
All other pupil services	6,462,608	4,041	-	6,466,649
General administration				
Centralized data processing	1,820,820	-	-	1,820,820
All other general administration	5,402,329	32,189	240,938	5,675,456
Plant services				
Facilities acquisition and construction	8,906,009	6,377,312	389,257	15,672,578
Ancillary services	-	-	60,188	60,188
Community services	2,919	-	-	2,919
Transfers to other agencies	79,259	-	-	79,259
Debt service				
Principal	171,908	-	1,770,318	1,942,226
Interest and other	6,405	-	2,177,645	2,184,050
<b>Total Expenditures</b>	<b>88,595,850</b>	<b>20,529,896</b>	<b>13,401,248</b>	<b>122,526,994</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>11,639,851</b>	<b>1,260,595</b>	<b>(1,439,713)</b>	<b>11,460,733</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	154,608	-	-	154,608
Transfers out	-	(154,608)	-	(154,608)
<b>Net Financing Sources (Uses)</b>	<b>154,608</b>	<b>(154,608)</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>11,794,459</b>	<b>1,105,987</b>	<b>(1,439,713)</b>	<b>11,460,733</b>
<b>Fund Balance - Beginning</b>	<b>43,691,078</b>	<b>7,075,804</b>	<b>10,658,819</b>	<b>61,425,701</b>
<b>Fund Balance - Ending</b>	<b>\$ 55,485,537</b>	<b>\$ 8,181,791</b>	<b>\$ 9,219,106</b>	<b>\$ 72,886,434</b>

The accompanying notes are an integral part of these financial statements.

**SOUTH BAY UNION SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

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**Net Change in Fund Balances - Governmental Funds** \$ 11,460,733

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Capital outlay:

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay:	\$	4,172,276	
Depreciation expense:		<u>(6,136,521)</u>	(1,964,245)

Debt service:

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were: 1,942,226

Deferred amounts on refunding:

In governmental funds, deferred amounts on refunding are recognized in the period they are incurred. In the government-wide statements, the deferred amounts on refunding are amortized over the life of the debt. The net effect of the deferred amounts on refunding during the period was: (139,123)

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was: 341,467

Accreted interest on long-term debt:

In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period. 174,227

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was: 14,359

(Continued on next page)

**SOUTH BAY UNION SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, continued  
FOR THE YEAR ENDED JUNE 30, 2022**

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Postemployment benefits other than pensions (OPEB):

In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was: (400,189)

Pensions:

In governmental funds, pension costs are recognized when employer contributions are made. In the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was: 8,674,093

Amortization of debt issuance premium or discount:

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is: 219,835

**Change in Net Position of Governmental Activities**

\$ 20,323,383

**SOUTH BAY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Reporting Entity**

The South Bay Union School District (the “District”) accounts for its financial transactions in accordance with the policies and procedures of the Department of Education’s *California School Accounting Manual*. The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

The District operates under a locally elected Board form of government and provides educational services to grades K-8 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

**B. 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. The District has no such component units.

**C. Basis of Presentation**

**Government-Wide Statements.** The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of 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.

**Fund Financial Statements.** The fund financial statements provide information about the District’s funds, including its proprietary funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.



**SOUTH BAY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Basis of Presentation (continued)**

**Major Governmental Funds**

**General Fund:** The General Fund is the main operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of the District's activities are reported in the General Fund unless there is a compelling reason to account for an activity in another fund. A District may have only one General Fund.

**Charter Schools Fund:** This fund may be used by authorizing District's to account separately for the activities of District-operated charter schools that would otherwise be reported in the authorizing District's General Fund.

**Non-Major Governmental Funds**

**Special Revenue Funds:** Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following special revenue funds:

**Student Activity Fund:** This fund may be used to account for student body activities that do not meet the fiduciary criteria established in GASB Statement No. 84.

**Child Development Fund:** This fund is used to account separately for federal, state, and local revenues to operate child development programs. All moneys received by the District for, or from the operation of, child development services covered under the Child Care and Development Services Act (*Education Code Section 8200 et seq.*) shall be deposited into this fund. The moneys may be used only for expenditures for the operation of child development programs. The costs incurred in the maintenance and operation of child development services shall be paid from this fund, with accounting to reflect specific funding sources (*Education Code Section 8328*).

**Cafeteria Fund:** This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code Sections 38090–38093*). The Cafeteria Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code Sections 38091 and 38100*).

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

**Building Fund:** This 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. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code Section 17462*) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code Section 41003*).

**SOUTH BAY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Basis of Presentation (continued)**

**Non-Major Governmental Funds (continued)**

**Capital Project Funds (continued):**

**Capital Facilities Fund:** This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code Sections 17620–17626*). The authority for these levies may be county/city ordinances (*Government Code Sections 65970–65981*) or private agreements between the District and the developer. Interest earned in the Capital Facilities Fund is restricted to that fund (*Government Code Section 66006*).

**County School Facilities Fund:** This 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), or the 2004 State School Facilities Fund (Proposition 55) 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 et seq.*).

**Special Reserve Fund for Capital Outlay Projects:** This fund exists primarily to provide for the accumulation of General Fund moneys for capital outlay purposes (*Education Code Section 42840*).

**Debt Service Funds:** Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

**Bond Interest and Redemption Fund:** This fund is used for the repayment of bonds issued for the District (*Education Code Sections 15125–15262*). The board of supervisors of the county issues the bonds. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the District. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the District. The county auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller.

**D. Basis of Accounting – Measurement Focus**

**Government-Wide and Proprietary Fund Financial Statements**

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

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The net position should be reported as restricted when constraints placed on its use 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 results from special revenue funds and the restrictions on their use.

**SOUTH BAY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Basis of Accounting – Measurement Focus (continued)**

**Governmental Funds**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Governmental funds use the modified accrual basis of accounting.

**Revenues – Exchange and Non-Exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under 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 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. Generally, “available” means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from the grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**Unearned Revenue**

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

**Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

**SOUTH BAY UNION SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position**

**Cash and Cash Equivalents**

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

**Investments**

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

**Inventories**

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time the individual inventory items are requisitioned. Inventories are valued at historical cost and consist of expendable supplies held for consumption.

**Capital Assets**

The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not own any infrastructure as defined in GASB Statement No. 34. 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. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	20-50 years
Furniture and Equipment	5-15 years
Vehicles	5-15 years

**Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds/Due to other funds." These amounts are eliminated in the governmental activities columns of the statement of net position.

**SOUTH BAY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)**

**Compensated Absences**

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. 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 resource. These amounts are recorded in the fund from which the employees who have accumulated leave are paid.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken because such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

**Accrued Liabilities and Long-Term Obligations**

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

**Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

**Premiums and Discounts**

In the government-wide and proprietary fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

**SOUTH BAY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)**

**Deferred Outflows/Deferred Inflows of Resources**

In addition to assets, the District will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the District will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

**Pensions**

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

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, lease receivables (net of related deferred inflows), prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

*Restricted* - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

*Committed* - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

**SOUTH BAY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)**

**Fund Balance (continued)**

*Assigned* - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

*Unassigned* - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**F. Interfund Activity**

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

**G. 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.

**SOUTH BAY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**H. Budgetary Data**

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. 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. For purposes of the budget, on-behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

**I. 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 Auditor-Controller bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

**J. New Accounting Pronouncements**

**GASB Statement No. 87** – In June 2017, GASB issued Statement No. 87, *Leases*. This standard's primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after June 15, 2021. The District has implemented this Statement as of June 30, 2022.

**GASB Statement No. 91** – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. This standard's primary objectives are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2021. The District has not yet determined the impact on the financial statements.

**GASB Statement No. 92** – In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. This standard's primary objectives are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. A portion of this statement was effective upon issuance, while the majority of this statement was postponed by GASB Statement No. 95 and is effective for periods beginning after June 15, 2021. The District has fully implemented this Statement as of June 30, 2022.



**SOUTH BAY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. New Accounting Pronouncements (continued)**

**GASB Statement No. 96** – In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. This statement defines a SBITA; establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The statement is effective for periods beginning after June 15, 2022. The District has not yet determined the impact on the financial statements.

**GASB Statement No. 97** – In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. This standard's primary objectives are to increase consistency and comparability related to reporting fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; to mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and to enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The statement is effective for periods beginning after June 15, 2021. The District has implemented this Statement as of June 30, 2022.

**GASB Statement No. 99** – In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The statement addresses various practice issues, including: (a) clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives, (b) disclosures related to nonmonetary transactions; clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements, (c) terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and (d) terminology used in Statement 53 to refer to resource flows statements. A portion of this statement was effective upon issuance, while the remaining portions of this statement were effective for periods beginning after June 15, 2022 and for periods beginning after June 15, 2023. The District has implemented the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

**SOUTH BAY UNION SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. New Accounting Pronouncements (continued)**

**GASB Statement No. 100** – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for periods beginning after June 15, 2023. The District has not yet determined the impact on the financial statements.

**GASB Statement No. 101** – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023. The District has not yet determined the impact on the financial statements.

**NOTE 2 – CASH AND INVESTMENTS**

**A. Summary of Cash and Investments**

	<b>Governmental Activities</b>
Investment in county treasury	\$ 66,568,010
Fair market value adjustment	(1,644,781)
Cash on hand and in banks	335,352
Cash in revolving fund	61,439
<b>Total</b>	<b>\$ 65,320,020</b>

**B. 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; collateralized mortgage obligations; and the County Investment Pool.

**Investment in County Treasury** – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The San Diego County Treasurer’s pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County’s investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District’s investment in the pool is 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.

**SOUTH BAY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

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**NOTE 2 – CASH AND INVESTMENTS (continued)**

**C. General Authorizations**

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

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

**D. 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 manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately \$64,923,229. The average weighted maturity for this pool is 551 days.

**E. 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. The investments in the County Treasury are not required to be rated. As of June 30, 2022, the pooled investments in the County Treasury were rated AA+.

**SOUTH BAY UNION SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2022**

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**NOTE 2 – CASH AND INVESTMENTS (continued)**

**F. 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. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2022, the District's bank balance was not exposed to custodial credit risk.

**G. Fair Value**

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

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

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

Uncategorized - Investments in the San Diego County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

The District's fair value measurements at June 30, 2022 were as follows:

	<b>Uncategorized</b>
Investment in county treasury	<u>\$ 64,923,229</u>
<b>Total</b>	<u>\$ 64,923,229</u>

**SOUTH BAY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2022 consisted of the following:

	<b>General Fund</b>	<b>Charter Schools Fund</b>	<b>Governmental Activities</b>
Federal Government			
Categorical aid	\$ 9,898,832	\$ -	\$ 10,636,863
State Government			
Apportionment	1,940	935,045	974,945
Categorical aid	1,098,936	60,212	1,160,861
Lottery	276,657	113,924	390,581
Local Government			
Other local sources	1,112,462	21,584	1,267,280
<b>Total</b>	<b>\$ 12,388,827</b>	<b>\$ 1,130,765</b>	<b>\$ 14,430,530</b>

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2022 was as follows:

	<b>Balance July 01, 2021</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2022</b>
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 12,154,198	\$ -	\$ -	\$ 12,154,198
Construction in progress	11,273,939	3,862,759	14,730,217	406,481
Total capital assets not being depreciated	23,428,137	3,862,759	14,730,217	12,560,679
Capital assets being depreciated				
Land improvements	13,243,000	951,040	-	14,194,040
Buildings & improvements	120,704,217	13,779,177	1,364,627	133,118,767
Furniture & equipment	13,752,129	309,517	1,205,618	12,856,028
Total capital assets being depreciated	147,699,346	15,039,734	2,570,245	160,168,835
Less accumulated depreciation				
Land improvements	6,088,124	598,235	-	6,686,359
Buildings & improvements	48,979,947	4,913,254	811,368	53,081,833
Furniture & equipment	10,884,338	625,032	1,758,877	9,750,493
Total accumulated depreciation	65,952,409	6,136,521	2,570,245	69,518,685
<b>Governmental Activities Capital Assets, net</b>	<b>\$ 105,175,074</b>	<b>\$ 12,765,972</b>	<b>\$ 14,730,217</b>	<b>\$ 103,210,829</b>

Depreciation expense was allocated by function as follows:

Instruction	\$ 5,617,572
Instructional supervision and administration	35,945
All other pupil services	398,744
Plant services	84,260
<b>Total</b>	<b>\$ 6,136,521</b>

**SOUTH BAY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

**NOTE 5 – INTERFUND TRANSACTIONS**

**A. Interfund Receivables/Payables (Due From/Due To)**

Individual interfund receivable and payable balances at June 30, 2022 were as follows:

<u>Due To Other Funds</u>	<u>Due From Other Funds</u>			
	<u>General Fund</u>	<u>Charter Schools Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
General Fund	\$ -	\$ 3,990,950	\$ 7,669	\$ 3,998,619
Charter Schools Fund	5,870,333	-	-	5,870,333
Non-Major Governmental Funds	258,946	-	-	258,946
<b>Total</b>	<b>\$ 6,129,279</b>	<b>\$ 3,990,950</b>	<b>\$ 7,669</b>	<b>\$ 10,127,898</b>

Due from the General Fund to the Charter Schools Fund for in-lieu property taxes.	\$ 3,990,950
Due from the Charter Schools Fund to the General Fund for reimbursement of expenses.	5,870,333
Due from the Child Development Fund to the General Fund for payday loan.	133,331
Due from the Cafeteria Fund to the General Fund for allocation of indirect costs.	125,615
Due from the General Fund to the Child Development Fund for reimbursement of expenses.	6,500
Due from the General Fund to the Cafeteria Fund for reimbursement of expenses.	1,169
<b>Total</b>	<b>\$ 10,127,898</b>

**B. Operating Transfers**

Individual interfund transfers for the year ended June 30, 2022 consisted of \$154,608 transferred from the Charter Schools Fund to the General Fund for reimbursement of expenses.

**NOTE 6 – ACCRUED LIABILITIES**

Accrued liabilities at June 30, 2022 consisted of the following:

	<u>General Fund</u>	<u>Charter Schools Fund</u>	<u>Non-Major Governmental Funds</u>	<u>District-Wide</u>	<u>Governmental Activities</u>
Payroll	\$ 837,482	\$ 35,566	\$ 21,918	\$ -	\$ 894,966
Construction	-	-	3,524	-	3,524
Vendors payable	2,595,611	1,898,775	291,859	-	4,786,245
Unmatured interest	-	-	-	908,864	908,864
Other liabilities	661,711	-	-	-	661,711
<b>Total</b>	<b>\$ 4,094,804</b>	<b>\$ 1,934,341</b>	<b>\$ 317,301</b>	<b>\$ 908,864</b>	<b>\$ 7,255,310</b>

**SOUTH BAY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

**NOTE 7 – UNEARNED REVENUE**

Unearned revenue at June 30, 2022 consisted of the following:

	<b>General Fund</b>	<b>Charter Schools Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Governmental Activities</b>
Federal sources	\$ 358,503	\$ -	\$ 77,603	\$ 436,106
State categorical sources	197,833	183,383	-	381,216
<b>Total</b>	<b>\$ 556,336</b>	<b>\$ 183,383</b>	<b>\$ 77,603</b>	<b>\$ 817,322</b>

**NOTE 8 – LONG-TERM LIABILITIES**

A schedule of changes in long-term liabilities for the year ended June 30, 2022 consisted of the following:

	<b>Balance July 01, 2021</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2022</b>	<b>Balance Due In One Year</b>
<b>Governmental Activities</b>					
General obligation bonds	\$ 60,643,497	\$ -	\$ 1,770,318	\$ 58,873,179	\$ 17,795,748
Unamortized premium	3,198,050	-	219,835	2,978,215	219,835
Accreted interest	3,312,708	660,456	834,683	3,138,481	1,817,090
Total general obligation bonds	<u>67,154,255</u>	<u>660,456</u>	<u>2,824,836</u>	<u>64,989,875</u>	<u>19,832,673</u>
Financed purchases	268,635	-	171,908	96,727	96,727
Compensated absences	398,812	-	14,359	384,453	-
Total OPEB liability	24,981,880	-	5,087,501	19,894,379	-
Net pension liability	96,453,817	-	47,726,676	48,727,141	-
<b>Total</b>	<b>\$ 189,257,399</b>	<b>\$ 660,456</b>	<b>\$ 55,825,280</b>	<b>\$ 134,092,575</b>	<b>\$ 19,929,400</b>

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments for financed purchases are made in the General Fund.
- Payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds.

**A. Compensated Absences**

Total unpaid employee compensated absences as of June 30, 2022 amounted to \$384,453. This amount is included as part of long-term liabilities in the government-wide financial statements.

**B. Financed Purchases**

In October 2014, the District entered into an agreement with Capital One Public Financing, LLC to refinance Creative Fleet Leasing for two school buses along with the purchase of additional school buses. The agreement was issued for \$1,262,438 and requires 16 semi-annual payments of \$89,157 which includes interest at a rate of 2.95%. Upon final payment, the agreement contains a bargain purchase option of \$1 to transfer ownership of the buses to the District. The buses have been included in capital assets. The final payment of \$96,727 will be made in the fiscal year ending June 30, 2023.

**SOUTH BAY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

**NOTE 8 – LONG-TERM LIABILITIES (continued)**

**C. General Obligation Bonds**

In the November 2008 election, the citizens of the District approved the issuance and sale of not more than \$59,400,000 of general obligation bonds to finance the construction, improvement, equipping and furnishing of various capital facilities of the District. In the November 2012 election, the citizens of the District approved the reissuance and sale of not more than \$26,000,000 of 2012 general obligation bonds to finance the construction, improvement, equipping and furnishing of various capital facilities of the District. In addition, in the November 2016 election, the citizens of the District approved the reissuance and sale of not more than \$4,000,000 of 2016 general obligation bonds to modernize, replace, renovate, expand, construct, acquire, equip, furnish and otherwise improve the classrooms and school facilities of the District. Under such voters' authorization, there have been seven bond issuances with terms summarized as follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2021	Additions	Deductions	Bonds Outstanding June 30, 2022
1997 Election Series A	6/19/1997	7/1/2022	3.00-6.00%	\$ 8,496,918	\$ 582,481	\$ -	\$ 290,318	\$ 292,163
2012 Election Series A	5/5/2013	8/1/2037	2.00-5.00%	17,000,000	13,335,000	-	575,000	12,760,000
2016 Refunding	7/28/2016	8/1/2033	2.00-5.00%	15,205,000	14,475,000	-	615,000	13,860,000
2008 Election Series B	8/18/2016	8/1/2035	2.00-4.00%	6,000,000	5,635,000	-	125,000	5,510,000
2012 Election Series B	8/18/2019	8/1/2038	3.03-3.60%	8,995,268	8,820,268	-	165,000	8,655,268
2019 Bond Anticipation Notes	7/9/2019	8/1/2022	1.60%	17,795,748	17,795,748	-	-	17,795,748
					\$ 60,643,497	\$ -	\$ 1,770,318	\$ 58,873,179

Debt service payments are made from property tax levy authorized by the voters. The annual requirements to amortize these bonds and the remaining outstanding balance are as follows:

Year Ended June 30,	Principal	Interest	Total
2023	\$ 19,717,911	\$ 2,181,273	\$ 21,899,184
2024	1,800,000	2,165,614	3,965,614
2025	1,975,000	1,157,037	3,132,037
2026	2,165,000	1,078,587	3,243,587
2027	2,355,000	1,002,262	3,357,262
2028 - 2032	14,194,327	4,395,421	18,589,748
2033 - 2037	13,878,004	3,946,990	17,824,994
2038 - 2042	2,787,937	2,036,064	4,824,001
Accretion	3,138,481	(3,138,481)	-
<b>Total</b>	<b>\$ 62,011,660</b>	<b>\$ 14,824,767</b>	<b>\$ 76,836,427</b>

**D. Other Postemployment Benefits**

The District's beginning total OPEB liability was \$24,981,880 and decreased by \$5,087,501 during the year ended June 30, 2022. The ending total OPEB liability at June 30, 2022 was \$19,894,379. See Note 10 for additional information regarding the total OPEB liability.

**E. Net Pension Liability**

The District's beginning net pension liability was \$96,453,817 and decreased by \$47,726,676 during the year ended June 30, 2022. The ending net pension liability at June 30, 2022 was \$48,727,141. See Note 11 for additional information regarding the net pension liability.



**SOUTH BAY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

**NOTE 9 – FUND BALANCES**

Fund balances were composed of the following elements at June 30, 2022:

	General Fund	Charter Schools Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable				
Revolving cash	\$ 61,439	\$ -	\$ -	\$ 61,439
Stores inventory	123,113	-	176,539	299,652
Total non-spendable	184,552	-	176,539	361,091
Restricted				
Educational programs	13,297,847	8,181,791	356,214	21,835,852
Food service	-	-	1,310,720	1,310,720
Associated student body	-	-	119,242	119,242
Capital projects	-	-	3,165,713	3,165,713
Debt service	-	-	4,090,678	4,090,678
Total restricted	13,297,847	8,181,791	9,042,567	30,522,205
Assigned				
Special reserve for post-employment benefits	11,130,814	-	-	11,130,814
Technology refresh	2,000,000	-	-	2,000,000
Supplemental carryover	1,000,000	-	-	1,000,000
Curriculum/textbooks	4,809,735	-	-	4,809,735
Safety and security	2,500,000	-	-	2,500,000
Budget contingencies	10,863,075	-	-	10,863,075
Sixth grade camp and instruments	2,000,000	-	-	2,000,000
2% additional DEU	1,777,789	-	-	1,777,789
Special reserve for other than capital outlay projects	105,305	-	-	105,305
Equipment replacement	2,000,000	-	-	2,000,000
Total assigned	38,186,718	-	-	38,186,718
Unassigned	3,816,420	-	-	3,816,420
<b>Total Fund Balance</b>	<b>\$ 55,485,537</b>	<b>\$ 8,181,791</b>	<b>\$ 9,219,106</b>	<b>\$ 72,886,434</b>

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than 3 percent of General Fund expenditures and other financing uses.

**NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**A. Plan Description**

The South Bay Union School District's defined benefit OPEB plan, South Bay Union School District Retiree Benefit Plan (the Plan) is described below. The Plan is a single-employer defined benefit plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

**B. Benefits Provided**

Employees who retire at age 55 or older with at least 15 years of equivalent full-time service and are covered under District health benefits are eligible to receive District paid retiree medical benefits for the retiree only to age 65. Part-time employees earn a portion of full-time credits toward the 15 year requirement. Post-65 coverage, spouse medical coverage, dependent medical coverage and any dental and vision coverage is available to the retiree on a self-pay basis only.

**SOUTH BAY UNION SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2022**

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**NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

**B. Benefits Provided (continued)**

The Plan provides the following benefits to retirees:

	<u>Certificated/ Classified/ Management</u>
Benefit types provided	Medical,life, prescription dental and visior
Duration of Benefits	To age 65
Required Service	15 years
Minimum Age	55
Dependent Coverage	No
District Contribution %	100%

**C. Contributions**

For the measurement period, the District contributed \$1,184,600 to the Plan, all of which was used for current premiums.

**D. Plan Membership**

Membership of the Plan consisted of the following:

	<u>Number of participants</u>
Inactive employees receiving benefits	78
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	<u>552</u>
<b>Total number of participants**</b>	<b><u>630</u></b>

\*Information not provided

\*\*As of the June 30, 2021 valuation date

**E. Total OPEB Liability**

The South Bay Union School District’s total OPEB liability of \$19,894,379 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that same date.

**F. Actuarial Assumptions and Other Inputs**

The total OPEB liability measured as of June 30, 2021 was determined by an actuarial valuation as of that same date, using the following actuarial assumptions and other inputs, applied to all periods included in the measurement.

**Economic assumptions:**

Inflation	2.50%
Salary increases	2.75%
Discount rate	2.16%
Healthcare cost trend rates	4.00%

**SOUTH BAY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

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**NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

**F. Actuarial Assumptions and Other Inputs (continued)**

**Non-economic assumptions:**

Mortality rates are based on the most recent rates used by CalPERS and CalSTRS for pension valuations. The CalPERS mortality table was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB. The CalSTRS mortality table was developed based on CalSTRS specific data. The table includes mortality improvements set at 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2020) table, issued by the Society of Actuaries.

The discount rate used in valuing OPEB liabilities for unfunded plans as of the Measurement Date must be based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA /Aa or higher (or equivalent quality on another rating scale).

**G. Changes in Total OPEB Liability**

	<u>June 30, 2022</u>
<b>Total OPEB Liability</b>	
Service cost	\$ 963,370
Interest on total OPEB liability	661,576
Difference between expected and actual experience	(1,000,386)
Changes of assumptions	(4,527,461)
Benefits payments	(1,184,600)
Net change in total OPEB liability	(5,087,501)
Total OPEB liability - beginning	24,981,880
Total OPEB liability - ending	<u>\$ 19,894,379</u>
Covered-employee payroll	\$ 51,317,178
District's total OPEB liability as a percentage of covered-employee payroll	38.77%

**H. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

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

	<u>1% Decrease</u>	<u>Valuation Discount Rate</u>	<u>1% Increase</u>
	<u>(1.16%)</u>	<u>(2.16%)</u>	<u>(3.16%)</u>
Total OPEB liability	\$ 21,046,454	\$ 19,894,379	\$ 18,763,662

**SOUTH BAY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

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**NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

**I. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate**

The following presents the total OPEB liability of the South Bay Union School 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 percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	<b>1% Decrease (3.00%)</b>	<b>Valuation Trend Rate (4.00%)</b>	<b>1% Increase (5.00%)</b>
Total OPEB liability	\$ 18,014,294	\$ 19,894,379	\$ 22,057,372

**J. OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2022, the South Bay Union School District recognized OPEB expense of \$1,611,579. At June 30, 2022, the South Bay Union School District reported deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,559,299	\$ 1,069,615
Changes in assumptions	1,074,005	4,213,759
District contributions subsequent to the measurement date	683,832	-
<b>Total</b>	<b>\$ 3,317,136</b>	<b>\$ 5,283,374</b>

The \$683,832 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ended June 30,</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
2023	\$ 568,827	\$ 582,194
2024	568,827	582,194
2025	568,827	582,193
2026	568,822	561,895
2027	179,001	548,764
Thereafter	179,000	2,426,134
<b>Total</b>	<b>\$ 2,633,304</b>	<b>\$ 5,283,374</b>

**SOUTH BAY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

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**NOTE 11 – PENSION PLANS**

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

	<u>Net pension liability</u>	<u>Deferred outflows related to pensions</u>	<u>Deferred inflows related to pensions</u>	<u>Pension expense</u>
STRS Pension	\$ 32,370,362	\$ 13,169,555	\$ 35,403,071	\$ (302,885)
PERS Pension	16,356,779	3,322,097	7,938,018	1,159,781
<b>Total</b>	<u>\$ 48,727,141</u>	<u>\$ 16,491,652</u>	<u>\$ 43,341,089</u>	<u>\$ 856,896</u>

**A. California State Teachers' Retirement System (CalSTRS)**

**Plan Description**

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

**Benefits Provided**

The CalSTRS defined benefit plan has two benefit formulas:

1. CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.
2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

**SOUTH BAY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

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**NOTE 11 – PENSION PLANS (continued)**

**A. California State Teachers’ Retirement System (CalSTRS) (continued)**

**Contributions**

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2022, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2022 16.92% of annual payroll. Contributions to the plan from the District were \$6,697,184 for the year ended June 30, 2022.

**On-Behalf Payments**

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$4,574,641 to CalSTRS.

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

At June 30, 2022, 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:

District's proportionate share of the net pension liability	\$ 32,370,362
State's proportionate share of the net pension liability associated with the District	16,287,849
<b>Total</b>	<u>\$ 48,658,211</u>

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2021. 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. At June 30, 2021, the District’s proportion was 0.071 percent, which was a decrease of 0.001 percent from its proportion measured as of June 30, 2020.

**SOUTH BAY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

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**NOTE 11 – PENSION PLANS (continued)**

**A. California State Teachers’ Retirement System (CalSTRS) (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

For the year ended June 30, 2022, the District recognized pension expense of \$(302,885). In addition, the District recognized pension expense and revenue of \$(2,838,956) for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 25,605,790
Differences between expected and actual experience	81,089	3,444,881
Changes in assumptions	4,586,536	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,804,746	6,352,400
District contributions subsequent to the measurement date	6,697,184	-
<b>Total</b>	<u>\$ 13,169,555</u>	<u>\$ 35,403,071</u>

The \$6,697,184 reported as 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 year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2023	\$ 2,898,645	\$ 9,501,386
2024	2,909,584	8,149,584
2025	288,597	8,354,464
2026	288,595	8,038,649
2027	86,950	789,672
2028	-	569,316
<b>Total</b>	<u>\$ 6,472,371</u>	<u>\$ 35,403,071</u>

**SOUTH BAY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

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**NOTE 11 – PENSION PLANS (continued)**

**A. California State Teachers’ Retirement System (CalSTRS) (continued)**

**Actuarial Assumptions**

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Rate of Return*	7.10%
Wage Inflation	3.50%

\* Net of investment expenses, but gross of administrative expenses.

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2016 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2018.

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 (Pension Consulting Alliance–PCA) 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 valuation, 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 as of June 30, 2021, are summarized in the following table:

<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Long-Term Expected Real Rate of Return*</b>
Public Equity	42%	4.80%
Real Estate	15%	3.60%
Private Equity	13%	6.30%
Fixed Income	12%	1.30%
Risk Mitigating Strategies	10%	1.80%
Inflation Sensitive	6%	3.30%
Cash/Liquidity	2%	-0.40%
	100%	

\*20-year geometric average



**SOUTH BAY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

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**NOTE 11 – PENSION PLANS (continued)**

**A. California State Teachers’ Retirement System (CalSTRS) (continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the Plan’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 the total pension liability.

**Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	<b>1% Decrease (6.10%)</b>	<b>Current Discount Rate (7.10%)</b>	<b>1% Increase (8.10%)</b>
District's proportionate share of the net pension liability	\$ 65,894,471	\$ 32,370,362	\$ 4,545,992

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalSTRS financial report.

**SOUTH BAY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

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**NOTE 11 – PENSION PLANS (continued)**

**B. California Public Employees' Retirement System (CalPERS)**

**Plan Description**

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

**Benefits Provided**

The benefits for the defined benefit plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

**Contributions**

Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 7.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2022 was 22.91% of annual payroll. Contributions to the plan from the District were \$2,833,805 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of \$16,356,779 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2021. 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. At June 30, 2021, the District's proportion was 0.080 percent, which was a decrease of 0.006 percent from its proportion measured as of June 30, 2020.

**SOUTH BAY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

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**NOTE 11 – PENSION PLANS (continued)**

**B. California Public Employees’ Retirement System (CalPERS) (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

For the year ended June 30, 2022, the District recognized pension expense of \$1,159,781. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 6,277,245
Differences between expected and actual experience	488,292	38,560
Changes in proportion and differences between District contributions and proportionate share of contributions	-	1,622,213
District contributions subsequent to the measurement date	2,833,805	-
<b>Total</b>	<u>\$ 3,322,097</u>	<u>\$ 7,938,018</u>

The \$2,833,805 reported as 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 year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2023	\$ 363,202	\$ 2,234,079
2024	116,213	2,082,108
2025	8,877	1,876,007
2026	-	1,745,824
<b>Total</b>	<u>\$ 488,292</u>	<u>\$ 7,938,018</u>

**SOUTH BAY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

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**NOTE 11 – PENSION PLANS (continued)**

**B. California Public Employees’ Retirement System (CalPERS) (continued)**

**Actuarial Assumptions**

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Discount Rate	7.15%
Salary Increases	Varies by Entry Age and Service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS’ membership data for all funds. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016.

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from 1997 to 2015.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Real Return Years 1 – 10*</b>	<b>Real Return Years 11+**</b>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.0%	-0.92%
	100.0%		

\*An expected inflation of 2.00% used for this period.

\*\*An expected inflation of 2.92% used for this period.

**SOUTH BAY UNION SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2022**

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**NOTE 11 – PENSION PLANS (continued)**

**B. California Public Employees’ Retirement System (CalPERS) (continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.15 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS’ website.

**Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	<b>1% Decrease (6.15%)</b>	<b>Current Discount Rate (7.15%)</b>	<b>1% Increase (8.15%)</b>
District's proportionate share of the net pension liability	\$ 27,579,827	\$ 16,356,779	\$ 7,039,242

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report.

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

**A. 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, 2022.

**B. 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, 2022.

**C. Construction Commitments**

As of June 30, 2022, the District had \$845,468 in commitments with respect to unfinished capital projects.

**SOUTH BAY UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

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**NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES**

The District participates in four joint ventures under joint powers authorities (JPAs), the San Diego County Schools Risk Management (SDCSR), the Southern California Regional Liability Excess Fund (SCRLEF), the Protected Insurance Program for Schools (PIPS), and the California Qualified School Bond Joint Powers Authority. The relationship between the District and the JPA's is such that the JPA's are not component units of the District.

The JPAs 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 JPAs and the District are included in these statements. The audited financial statements are generally available from the respective entities.

**NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

**A. Refunded Debt**

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the District recognized deferred outflows or inflows of resources in the District-wide financial statements. The deferred outflow of resources pertains to the difference in the carrying value of the refunded debt and its reacquisition price (deferred amount on refunding). Previous financial reporting standards require this to be presented as part of the District's long-term debt. This deferred outflow of resources is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the new debt, whichever is shorter. At June 30, 2022, the deferred amount on refunding was \$1,707,471.

**B. Pension Plans**

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 11. At June 30, 2022, total deferred outflows related to pensions was \$16,491,652 and total deferred inflows related to pensions was \$43,341,089.

**C. Other Postemployment Benefits**

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 10. At June 30, 2022, total deferred outflows related to other postemployment benefits was \$3,317,136 and total deferred inflows related to other postemployment benefits was \$5,283,374.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**SOUTH BAY UNION SCHOOL DISTRICT  
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
<b>REVENUES</b>				
LCFF sources	\$ 52,483,391	\$ 55,201,718	\$ 55,048,356	\$ (153,362)
Federal sources	10,387,122	19,742,774	17,837,758	(1,905,016)
Other state sources	4,761,825	5,686,646	12,643,829	6,957,183
Other local sources	13,723,180	15,582,858	15,752,847	169,989
<b>Total Revenues</b>	<b>81,355,518</b>	<b>96,213,996</b>	<b>101,282,790</b>	<b>5,068,794</b>
<b>EXPENDITURES</b>				
Certificated salaries	30,676,027	34,031,565	32,814,904	1,216,661
Classified salaries	12,197,758	13,930,094	12,630,274	1,299,820
Employee benefits	22,266,679	23,192,351	22,218,718	973,633
Books and supplies	4,201,881	9,775,818	6,529,410	3,246,408
Services and other operating expenditures	13,209,725	12,952,491	12,972,767	(20,276)
Capital outlay	4,261,839	4,186,239	1,445,331	2,740,908
Other outgo				
Excluding transfers of indirect costs	198,314	247,318	257,572	(10,254)
Transfers of indirect costs	(234,763)	(279,029)	(273,127)	(5,902)
<b>Total Expenditures</b>	<b>86,777,460</b>	<b>98,036,847</b>	<b>88,595,849</b>	<b>9,440,998</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(5,421,942)</b>	<b>(1,822,851)</b>	<b>12,686,941</b>	<b>14,509,792</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	730,000	730,000	838,151	108,151
Transfers out	-	(280,000)	(293,597)	(13,597)
<b>Net Financing Sources (Uses)</b>	<b>730,000</b>	<b>450,000</b>	<b>544,554</b>	<b>94,554</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(4,691,942)</b>	<b>(1,372,851)</b>	<b>13,231,495</b>	<b>14,604,346</b>
<b>Fund Balance - Beginning</b>	<b>32,167,659</b>	<b>32,167,658</b>	<b>32,167,658</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 27,475,717</b>	<b>\$ 30,794,807</b>	<b>\$ 45,399,153</b>	<b>\$ 14,604,346</b>

\* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the following reasons:

- Actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Other than Capital Outlay Projects and Special Reserve Fund for Postemployment Benefits in accordance with the fund type definitions promulgated by GASB Statement No. 54.
- The schedule above does not reflect the fair value adjustments made in relation to GASB Statement No. 31.



**SOUTH BAY UNION SCHOOL DISTRICT  
 CHARTER SCHOOLS FUND – BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
<b>REVENUES</b>				
LCFF sources	\$ 17,871,886	\$ 18,678,116	\$ 18,609,159	\$ (68,957)
Federal sources	296,987	1,368,995	646,081	(722,914)
Other state sources	1,187,561	2,302,268	2,726,599	424,331
Other local sources	50,000	60,702	(191,348)	(252,050)
<b>Total Revenues</b>	<b>19,406,434</b>	<b>22,410,081</b>	<b>21,790,491</b>	<b>(619,590)</b>
<b>EXPENDITURES</b>				
Certificated salaries	8,101,173	9,371,573	8,385,611	985,962
Classified salaries	1,057,205	1,295,434	1,018,806	276,628
Employee benefits	4,600,756	4,748,419	4,614,835	133,584
Books and supplies	349,257	1,146,359	364,636	781,723
Services and other operating expenditures	7,744,367	7,485,282	5,847,596	1,637,686
Capital outlay	-	369,000	231,714	137,286
Other outgo				
Transfers of indirect costs	20,898	65,164	32,189	32,975
<b>Total Expenditures</b>	<b>21,873,656</b>	<b>24,481,231</b>	<b>20,495,387</b>	<b>3,985,844</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(2,467,222)</b>	<b>(2,071,150)</b>	<b>1,295,104</b>	<b>3,366,254</b>
<b>Other Financing Sources (Uses):</b>				
Transfers out	-	-	(154,608)	(154,608)
<b>Net Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(154,608)</b>	<b>(154,608)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,467,222)</b>	<b>(2,071,150)</b>	<b>1,140,496</b>	<b>3,211,646</b>
<b>Fund Balance - Beginning</b>	<b>7,075,804</b>	<b>7,075,804</b>	<b>7,075,804</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 4,608,582</b>	<b>\$ 5,004,654</b>	<b>\$ 8,216,300</b>	<b>\$ 3,211,646</b>

See accompanying notes to required supplementary information.

**SOUTH BAY UNION SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<b>Total OPEB Liability</b>					
Service cost	\$ 963,370	\$ 937,586	\$ 809,087	\$ 800,084	\$ 773,776
Interest on total OPEB liability	661,576	824,651	710,096	679,358	662,931
Difference between expected and actual experience	(1,000,386)	(218,142)	2,728,777	-	-
Changes of assumptions	(4,527,461)	1,432,007	(91,914)	(142,094)	-
Benefits payments	(1,184,600)	(1,092,528)	(1,074,217)	(1,003,782)	(955,983)
Net change in total OPEB liability	(5,087,501)	1,883,574	3,081,829	333,566	480,724
Total OPEB liability - beginning	24,981,880	23,098,306	20,016,477	19,682,911	19,202,187
Total OPEB liability - ending	<u>\$ 19,894,379</u>	<u>\$ 24,981,880</u>	<u>\$ 23,098,306</u>	<u>\$ 20,016,477</u>	<u>\$ 19,682,911</u>
Covered-employee payroll	\$ 51,317,178	\$ 51,708,938	\$ 50,325,000	\$ 45,693,003	\$ 45,693,003
District's total OPEB liability as a percentage of covered-employee payroll	38.77%	48.31%	45.90%	43.81%	43.08%

See accompanying notes to required supplementary information.

**SOUTH BAY UNION SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.071%	0.072%	0.073%	0.069%	0.075%	0.070%	0.078%	0.076%
District's proportionate share of the net pension liability	\$ 32,370,362	\$ 70,044,685	\$ 66,049,585	\$ 63,845,507	\$ 69,710,685	\$ 56,784,034	\$ 52,325,679	\$ 44,625,845
State's proportionate share of the net pension liability associated with the District	<u>16,287,849</u>	<u>36,107,751</u>	<u>36,034,749</u>	<u>36,554,718</u>	<u>41,396,931</u>	<u>36,558,304</u>	<u>30,767,028</u>	<u>28,400,298</u>
<b>Total</b>	<u>\$ 48,658,211</u>	<u>\$ 106,152,436</u>	<u>\$ 102,084,334</u>	<u>\$ 100,400,225</u>	<u>\$ 111,107,616</u>	<u>\$ 93,342,338</u>	<u>\$ 83,092,707</u>	<u>\$ 73,026,143</u>
District's covered payroll	\$ 42,566,973	\$ 39,243,785	\$ 39,609,954	\$ 38,218,533	\$ 39,855,318	\$ 34,881,194	\$ 35,916,892	\$ 33,838,303
District's proportionate share of the net pension liability as a percentage of its covered payroll	76.0%	178.5%	166.7%	167.1%	174.9%	162.8%	145.7%	131.9%
Plan fiduciary net position as a percentage of the total pension liability	87.2%	71.8%	72.6%	71.0%	69.5%	70.0%	74.0%	76.5%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

**SOUTH BAY UNION SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.080%	0.086%	0.090%	0.088%	0.085%	0.086%	0.097%	0.098%
District's proportionate share of the net pension liability	\$ 16,356,779	\$ 26,409,132	\$ 26,208,949	\$ 23,563,746	\$ 20,997,657	\$ 17,481,401	\$ 14,268,203	\$ 11,084,333
District's covered payroll	\$ 11,577,400	\$ 12,476,455	\$ 12,538,006	\$ 11,761,805	\$ 11,296,933	\$ 10,718,647	\$ 10,764,633	\$ 10,266,203
District's proportionate share of the net pension liability as a percentage of its covered payroll	141.3%	211.7%	209.0%	200.3%	185.9%	163.1%	132.5%	108.0%
Plan fiduciary net position as a percentage of the total pension liability	81.0%	70.0%	70.0%	70.8%	71.9%	73.9%	79.4%	83.4%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

**SOUTH BAY UNION SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 6,697,184	\$ 6,176,183	\$ 6,652,741	\$ 6,428,657	\$ 5,514,934	\$ 5,013,799	\$ 3,742,752	\$ 3,189,420
Contributions in relation to the contractually required contribution*	(6,697,184)	(6,176,183)	(6,652,741)	(6,428,657)	(5,514,934)	(5,013,799)	(3,742,752)	(3,189,420)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 39,006,562	\$ 42,566,973	\$ 39,243,785	\$ 39,609,954	\$ 38,218,533	\$ 39,855,318	\$ 34,881,193	\$ 35,916,892
Contributions as a percentage of covered payroll	17.17%	14.51%	16.95%	16.23%	14.43%	12.58%	10.73%	8.88%

\*Amounts do not include on-behalf contributions

**SOUTH BAY UNION SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 2,833,805	\$ 2,455,776	\$ 2,454,767	\$ 2,294,550	\$ 1,826,726	\$ 1,568,918	\$ 1,269,838	\$ 1,267,105
Contributions in relation to the contractually required contribution*	(2,833,805)	(2,455,776)	(2,454,767)	(2,294,550)	(1,826,726)	(1,568,918)	(1,269,838)	(1,267,105)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 12,310,616	\$ 11,577,400	\$ 12,476,455	\$ 12,538,006	\$ 11,761,805	\$ 11,761,805	\$ 11,296,933	\$ 10,764,633
Contributions as a percentage of covered payroll	23.02%	21.21%	19.68%	18.30%	15.53%	13.34%	11.24%	11.77%

\*Amounts do not include on-behalf contributions

**SOUTH BAY UNION SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 1 – PURPOSE OF SCHEDULES**

**Budgetary Comparison Schedule**

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

**Schedule of Changes in Total OPEB Liability and Related Ratios**

This 10-year schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable. The schedule presents the sources of change in the total OPEB liability, and the components of the total OPEB liability and related ratios and the total OPEB liability as a percentage of covered-employee payroll.

**Changes in Benefit Terms**

There were no changes in benefit terms since the previous valuations for OPEB.

**Changes in Assumptions**

The discount rate changed from 2.66% to 2.16%. Assumed rates of retirement, termination, and mortality have been updated to align with those currently being used by the statewide pension systems. The medical trend assumption changed from 6.50% tiered down by 0.25% per year to 4.50% in all future years to 4.00% in all future years since the previous measurement.

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

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

**Changes in Benefit Terms**

There were no changes in benefit terms since the previous valuations for CalSTRS and CalPERS.

**Changes in Assumptions**

There were no changes in economic assumptions since the previous valuations for CalSTRS and CalPERS.

**Schedule of District Contributions**

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered payroll.

**SOUTH BAY UNION SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued  
FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2022, the District incurred an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code as follows:

	<b>Expenditures and Other Uses</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Excess</b>
General Fund			
Services and other operating expenditures	\$ 12,952,491	\$ 12,972,767	\$ 20,276
Other outgo			
Excluding transfers of indirect costs	\$ 247,318	\$ 257,572	\$ 10,254
Transfers of indirect costs	\$ (279,029)	\$ (273,127)	\$ 5,902



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## **SUPPLEMENTARY INFORMATION**

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**SOUTH BAY UNION SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster</u>	<u>AL Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 2,865,859
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	261,148
Title III, English Learner Student Program	84.365	14346	260,896
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	1,482,730
ARP IDEA Part B, Sec 611, Local Assistance Entitlement	84.027	15638	313,872
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	78,243
ARP IDEA Part B, Sec 619, Preschool Grants	84.173	15639	65,592
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	93,266
IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	1,909
Subtotal Special Education Cluster			<u>2,035,612</u>
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants:			
Governor's Emergency Education Relief (GEER) Fund	84.425C	15517	339,892
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425	15536	24,204
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425	15547	5,299,117
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425	15559	5,487,257
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	105,454
Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425	15618	764,244
Expanded Learning Opportunities (ELO) Grant GEER II	84.425	15619	175,400
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425	15621	858,808
Subtotal Education Stabilization Fund Discretionary Grants			<u>13,054,376</u>
<b>Total U. S. Department of Education</b>			<u><u>18,477,891</u></u>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
COVID-19 Emergency Acts Funding/Extending Summer Food Service Program and SSO:			
Child Nutrition Cluster			
School Breakfast Program - Basic	10.553	13525	45,588
School Breakfast Program - Needy	10.553	13526	495,378
National School Lunch Program	10.555	13391	3,201,440
USDA Commodities	10.555	*	266,320
Summer Food Service Program for Children	10.559	13004	374,662
Subtotal Child Nutrition Cluster			<u>4,383,388</u>
Pandemic EBT Local Administrative Grant	10.649	15644	5,814
Forest Reserve Funds	10.665	10044	5,946
SNP COVID-19 Emergency Operational			4,234
<i>Passed through California Department of Social Services:</i>			
CACFP Claims - Centers and Family Day Care	10.558	13393	329,723
<b>Total U. S. Department of Agriculture</b>			<u><u>4,729,105</u></u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
<i>Passed through California Department of Education:</i>			
Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act- One-time Stipend	93.575	15555	113,400
Head Start	93.600	10016	594,572
<b>Total U. S. Department of Health &amp; Human Services</b>			<u>707,972</u>
<b>Total Federal Expenditures</b>			<u><u>\$ 23,914,968</u></u>

\* - Pass-Through Entity Identifying Number not available or not applicable

**SOUTH BAY UNION SCHOOL DISTRICT  
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)  
FOR THE YEAR ENDED JUNE 30, 2022**

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**South Bay Union School District**

	<b>Second Period Report</b>	<b>Annual Report</b>
SCHOOL DISTRICT		
TK/K through Third		
Regular ADA	2,009.98	2,022.94
Extended Year Special Education	0.33	0.33
Total TK/K through Third	2,010.31	2,023.27
Fourth through Sixth		
Regular ADA	1,797.82	1,804.83
Extended Year Special Education	0.27	0.27
Special Education - Nonpublic Schools	0.45	0.36
Total Fourth through Sixth	1,798.54	1,805.46
TOTAL SCHOOL DISTRICT	3,808.85	3,828.73

**Imperial Beach Charter**

	<b>Second Period Report</b>	<b>Annual Report</b>
CLASSROOM-BASED CHARTER SCHOOL		
Classroom-based TK/K through Third		
Regular ADA	274.49	276.37
Total Classroom-based TK/K through Third	274.49	276.37
Classroom-based Fourth through Sixth		
Regular ADA	230.78	231.47
Special Education - Nonpublic Schools	0.13	0.11
Total Classroom-based Fourth through Sixth	230.91	231.58
Classroom-based Seventh through Eighth		
Regular ADA	215.18	211.93
Special Education - Nonpublic Schools	0.44	0.85
Total Classroom-based Seventh through Eighth	215.62	212.78
TOTAL CLASSROOM-BASED CHARTER SCHOOL	721.02	720.73

**Nestor Language Academy Charter**

	<b>Second Period Report</b>	<b>Annual Report</b>
CLASSROOM-BASED CHARTER SCHOOL		
Classroom-based TK/K through Third		
Regular ADA	423.28	426.41
Classroom-based Fourth through Sixth		
Regular ADA	314.58	317.88
Classroom-based Seventh through Eighth		
Regular ADA	211.23	211.79
TOTAL CLASSROOM-BASED CHARTER SCHOOL	949.09	956.08

See accompanying note to supplementary information.

**SOUTH BAY UNION SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2022**

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**South Bay Union School District**

<b>Grade Level</b>	<b>Minutes Requirement</b>	<b>2021-22 Actual Minutes</b>	<b>Number of Days</b>	<b>Status</b>
Kindergarten	36,000	50,940	180	Complied
Grade 1	50,400	55,440	180	Complied
Grade 2	50,400	55,440	180	Complied
Grade 3	50,400	55,440	180	Complied
Grade 4	54,000	55,440	180	Complied
Grade 5	54,000	55,440	180	Complied
Grade 6	54,000	55,440	180	Complied

**Imperial Beach Charter**

<b>Grade Level</b>	<b>Minutes Requirement</b>	<b>2021-22 Actual Minutes</b>	<b>Number of Days</b>	<b>Status</b>
Kindergarten	36,000	50,940	180	Complied
Grade 1	50,400	55,440	180	Complied
Grade 2	50,400	55,440	180	Complied
Grade 3	50,400	55,440	180	Complied
Grade 4	54,000	55,440	180	Complied
Grade 5	54,000	55,440	180	Complied
Grade 6	54,000	55,440	180	Complied
Grade 7	54,000	55,440	180	Complied
Grade 8	54,000	55,440	180	Complied

**Nestor Language Academy Charter**

<b>Grade Level</b>	<b>Minutes Requirement</b>	<b>2021-22 Actual Minutes</b>	<b>Number of Days</b>	<b>Status</b>
Kindergarten	36,000	50,940	180	Complied
Grade 1	50,400	55,440	180	Complied
Grade 2	50,400	55,440	180	Complied
Grade 3	50,400	55,440	180	Complied
Grade 4	54,000	55,440	180	Complied
Grade 5	54,000	55,440	180	Complied
Grade 6	54,000	55,440	180	Complied
Grade 7	54,000	55,440	180	Complied
Grade 8	54,000	55,440	180	Complied

**SOUTH BAY UNION SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

	<b>2023 (Budget)</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 92,888,977	\$ 102,120,941	\$ 86,038,348	\$ 80,425,851
Expenditures And Other Financing Uses	88,943,772	88,833,455	78,715,936	79,890,860
Net change in Fund Balance	\$ 3,945,205	\$ 13,287,486	\$ 7,322,412	\$ 534,991
Ending Fund Balance	\$ 49,400,349	\$ 45,455,144	\$ 32,167,658	\$ 24,781,566
Available Reserves*	\$ 2,668,314	\$ 3,816,420	\$ 2,361,477	\$ 2,396,726
Available Reserves As A Percentage Of Outgo	3.00%	4.30%	3.00%	3.00%
Long-term Liabilities	\$ 114,163,175	\$ 134,092,575	\$ 189,257,399	\$ 185,065,833
Average Daily Attendance At P-2***	5,479	5,479	6,581	6,581

The General Fund ending fund balance has increased by \$20,673,578 over the past two years. The fiscal year 2022-23 budget projects a further increase of \$3,945,205. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years and anticipates incurring an operating surplus during the 2022-23 fiscal year. Total long-term obligations have decreased by \$50,973,258 over the past two years.

Average daily attendance for the District and Charters combined has decreased by 1,102 ADA over the past two years. No change in ADA is anticipated during the 2022-23 fiscal year.

\*Available reserves consist of all unassigned fund balance within the General Fund.

\*\*The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Other Than Capital Outlay Projects and Special Reserve Fund for Postemployment Benefits, in accordance with the fund type definitions promulgated by GASB Statement No. 54. In addition, the schedule above does not reflect the fair value adjustments made in relation to GASB Statement No. 31.

\*\*\*Due to the COVID-19 pandemic, Average Daily Attendance at P-2 was not reported in 2021. Funding was based on Average Daily Attendance at P-2 as reported in 2020.

**SOUTH BAY UNION SCHOOL DISTRICT  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL  
STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

	<b>General Fund</b>	<b>Charter Schools Fund</b>	<b>Child Development Fund</b>	<b>Cafeteria Fund</b>
June 30, 2022, annual financial and budget report fund balance	\$ 45,399,153	\$ 8,461,687	\$ 372,830	\$ 1,502,161
Adjustments and reclassifications:				
Increase (decrease) in total fund balances:				
Fair value adjustment to cash in county treasury	(1,149,735)	(279,896)	(16,616)	(14,902)
Fund balance transfer (GASB 54)	11,236,119	-	-	-
Net adjustments and reclassifications	10,086,384	(279,896)	(16,616)	(14,902)
June 30, 2022, audited financial statement fund balance	\$ 55,485,537	\$ 8,181,791	\$ 356,214	\$ 1,487,259

	<b>Special Reserve Fund for Other Than Capital Fund</b>	<b>Special Reserve Fund for Postemployment Fund</b>	<b>Building Fund</b>	<b>Capital Facilities Fund</b>
June 30, 2022, annual financial and budget report fund balance	\$ 105,305	\$ 11,130,814	\$ 1,615,747	\$ 519,204
Adjustments and reclassifications:				
Increase (decrease) in total fund balances:				
Fair value adjustment to cash in county treasury	-	-	(39,832)	(12,699)
Fund balance transfer (GASB 54)	(105,305)	(11,130,814)	-	-
Net adjustments and reclassifications	(105,305)	(11,130,814)	(39,832)	(12,699)
June 30, 2022, audited financial statement fund balance	\$ -	\$ -	\$ 1,575,915	\$ 506,505

	<b>County School Facilities Fund</b>	<b>Special Reserve Fund for Capital Outlay Projects</b>	<b>Bond Interest and Redemption Fund</b>
June 30, 2022, annual financial and budget report fund balance	\$ 90,353	\$ 1,020,407	\$ 4,194,312
Adjustments and reclassifications:			
Increase (decrease) in total fund balances:			
Fair value adjustment to cash in county treasury	(2,227)	(25,240)	(103,634)
Net adjustments and reclassifications	(2,227)	(25,240)	(103,634)
June 30, 2022, audited financial statement fund balance	\$ 88,126	\$ 995,167	\$ 4,090,678

**SOUTH BAY UNION SCHOOL DISTRICT  
SCHEDULE OF CHARTER SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2022**

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<b>Charter #</b>	<b>Charter School</b>	<b>Status</b>	<b>Included in Audit Report</b>
1252	Nestor Language Academy Charter	Active	Yes
1418	Imperial Beach Charter	Active	Yes

**SOUTH BAY UNION SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
JUNE 30, 2022**

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds
<b>ASSETS</b>									
Cash and investments	\$ 119,242	\$ 655,852	\$ 754,326	\$ 1,572,252	\$ 501,241	\$ 87,923	\$ 996,296	\$ 4,090,678	\$ 8,777,810
Accounts receivable	-	176,380	723,033	3,663	5,264	203	2,395	-	910,938
Due from other funds	-	6,500	1,169	-	-	-	-	-	7,669
Stores inventory	-	-	176,539	-	-	-	-	-	176,539
<b>Total Assets</b>	<b>\$ 119,242</b>	<b>\$ 838,732</b>	<b>\$ 1,655,067</b>	<b>\$ 1,575,915</b>	<b>\$ 506,505</b>	<b>\$ 88,126</b>	<b>\$ 998,691</b>	<b>\$ 4,090,678</b>	<b>\$ 9,872,956</b>
<b>LIABILITIES</b>									
Accrued liabilities	\$ -	\$ 271,584	\$ 42,193	\$ -	\$ -	\$ -	\$ 3,524	\$ -	\$ 317,301
Due to other funds	-	133,331	125,615	-	-	-	-	-	258,946
Unearned revenue	-	77,603	-	-	-	-	-	-	77,603
<b>Total Liabilities</b>	<b>-</b>	<b>482,518</b>	<b>167,808</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,524</b>	<b>-</b>	<b>653,850</b>
<b>FUND BALANCES</b>									
Non-spendable	-	-	176,539	-	-	-	-	-	176,539
Restricted	119,242	356,214	1,310,720	1,575,915	506,505	88,126	995,167	4,090,678	9,042,567
<b>Total Fund Balances</b>	<b>119,242</b>	<b>356,214</b>	<b>1,487,259</b>	<b>1,575,915</b>	<b>506,505</b>	<b>88,126</b>	<b>995,167</b>	<b>4,090,678</b>	<b>9,219,106</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 119,242</b>	<b>\$ 838,732</b>	<b>\$ 1,655,067</b>	<b>\$ 1,575,915</b>	<b>\$ 506,505</b>	<b>\$ 88,126</b>	<b>\$ 998,691</b>	<b>\$ 4,090,678</b>	<b>\$ 9,872,956</b>

See accompanying note to supplementary information.



**SOUTH BAY UNION SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2022**

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds
<b>REVENUES</b>									
Federal sources	\$ -	\$ 707,972	\$ 4,723,157	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,431,129
Other state sources	-	1,868,234	442,066	-	-	-	-	30,806	2,341,106
Other local sources	53,650	43,399	(6,138)	(4,927)	117,282	(1,426)	(14,744)	4,002,204	4,189,300
<b>Total Revenues</b>	<b>53,650</b>	<b>2,619,605</b>	<b>5,159,085</b>	<b>(4,927)</b>	<b>117,282</b>	<b>(1,426)</b>	<b>(14,744)</b>	<b>4,033,010</b>	<b>11,961,535</b>
<b>EXPENDITURES</b>									
Current									
Instruction	-	1,771,776	-	-	-	-	-	-	1,771,776
Instruction-related services									
School site administration	-	516,352	-	-	-	-	-	-	516,352
Pupil services									
Food services	-	-	3,745,731	-	-	-	-	-	3,745,731
General administration									
All other general administration	-	123,405	117,533	-	-	-	-	-	240,938
Plant services	-	187,588	-	23,633	24,000	-	154,036	-	389,257
Facilities acquisition and construction	-	-	-	2,603,768	-	-	125,275	-	2,729,043
Ancillary services	60,188	-	-	-	-	-	-	-	60,188
Debt service									
Principal	-	-	-	-	-	-	-	1,770,318	1,770,318
Interest and other	-	-	-	-	-	-	-	2,177,645	2,177,645
<b>Total Expenditures</b>	<b>60,188</b>	<b>2,599,121</b>	<b>3,863,264</b>	<b>2,627,401</b>	<b>24,000</b>	<b>-</b>	<b>279,311</b>	<b>3,947,963</b>	<b>13,401,248</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(6,538)</b>	<b>20,484</b>	<b>1,295,821</b>	<b>(2,632,328)</b>	<b>93,282</b>	<b>(1,426)</b>	<b>(294,055)</b>	<b>85,047</b>	<b>(1,439,713)</b>
<b>Fund Balance - Beginning</b>	<b>125,780</b>	<b>335,730</b>	<b>191,438</b>	<b>4,208,243</b>	<b>413,223</b>	<b>89,552</b>	<b>1,289,222</b>	<b>4,005,631</b>	<b>10,658,819</b>
<b>Fund Balance - Ending</b>	<b>\$ 119,242</b>	<b>\$ 356,214</b>	<b>\$ 1,487,259</b>	<b>\$ 1,575,915</b>	<b>\$ 506,505</b>	<b>\$ 88,126</b>	<b>\$ 995,167</b>	<b>\$ 4,090,678</b>	<b>\$ 9,219,106</b>

See accompanying note to supplementary information.

**SOUTH BAY UNION SCHOOL DISTRICT  
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE  
 JUNE 30, 2022**

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The South Bay Union School District was established in 1869 and became a Union District in 1920 serving students in the cities of Imperial Beach and parts of San Diego. There were no changes in the boundaries of the district during the current year. The district is currently operating eleven elementary schools, grades kindergarten through grade six, and one pre-school. Beginning with the 2010-11 fiscal year, Nestor Elementary School began operating as Nestor Language Academy Charter School with grades kindergarten through grade eight. Beginning with the 2012-13 fiscal year, Imperial Beach and West View Elementary Schools combined to form the Imperial Beach Charter School which began operating with grades kindergarten through grade eight.

**GOVERNING BOARD**

<b>Member</b>	<b>Office</b>	<b>Term Expires</b>
Marco Amaral	President	November 2022
Cheryl Quinones	Vice President	November 2024
Janet Medina	Clerk	November 2024
Mary Doyle	Member	November 2022
Melanie Ellsworth	Member	November 2022

**DISTRICT ADMINISTRATORS**

José Espinoza  
*Superintendent*

Pamela Reichert-Montiel  
*Assistant Superintendent, Educational Leadership*

Melissa Griffith  
*Executive Director, Human Resources*

Rigo Lara  
*Assistant Superintendent, Business Services*

**SOUTH BAY UNION SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2022**

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**NOTE 1 – PURPOSE OF SCHEDULES**

**Schedule of Expenditures of Federal Awards**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The District has not elected to use the 10 percent de minimis indirect cost rate.

**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**

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with article 8 (commencing with section 46200) of chapter 2 of part 26 of the *Education Code*.

**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.

**Reconciliation of Annual Financial and Budget Report with Audited Financial Statements**

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Annual Financial and Budget Report Unaudited Actuals to the audited financial statements.

**Schedule of Charter Schools**

This schedule lists all charter schools chartered by the District and displays information for each charter school on whether or not the charter school is included in the District audit.

**Combining Statements – Non-Major Funds**

These statements provide information on the District's non-major funds.

**Local Education Agency Organization Structure**

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

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**OTHER INDEPENDENT AUDITORS' REPORTS**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**Independent Auditors' Report

Governing Board  
South Bay Union School District  
Imperial Beach, California

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of South Bay Union School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the South Bay Union School District's basic financial statements, and have issued our report thereon dated December 5, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered South Bay Union School 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 South Bay Union School District's internal control. Accordingly, we do not express an opinion on the effectiveness of South Bay Union School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether South Bay Union School 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 statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Christy White, Inc". The signature is written in a cursive, flowing style.

San Diego, California  
December 5, 2022

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**Independent Auditors' Report

Governing Board  
South Bay Union School District  
Imperial Beach, California

**Report on Compliance for Each Major Federal Program*****Opinion on Each Major Federal Program***

We have audited South Bay Union School District's 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 South Bay Union School District's major federal programs for the year ended June 30, 2022. South Bay Union School 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, South Bay Union School District complied, in all material respects, with the types of 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, 2022.

***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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) 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 South Bay Union School 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 audit opinion on compliance for each major federal program. Our audit does not provide a legal determination of South Bay Union School 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 the laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to South Bay Union School District's federal programs.

## **Auditor's Responsibilities for the Audit for 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 South Bay Union School 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance 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. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user of the report on compliance about South Bay Union School District's compliance with the requirements of each major federal program as a whole.

## **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 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.



San Diego, California  
December 5, 2022



**REPORT ON STATE COMPLIANCE**Independent Auditors' Report

Governing Board  
South Bay Union School District  
Imperial Beach, California

**Report on State Compliance*****Opinion on State Compliance***

We have audited South Bay Union School District's compliance with the types of compliance requirements described in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810, that could have a direct and material effect on each of South Bay Union School District's state programs for the fiscal year ended June 30, 2022, as identified below.

In our opinion, South Bay Union School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the applicable state programs for the year ended June 30, 2022.

***Basis for Opinion on State Compliance***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810 as regulations (the K-12 Audit Guide). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

We are required to be independent of South Bay Union School 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 audit opinion on state compliance. Our audit does not provide a legal determination of South Bay Union School 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 the laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to South Bay Union School District's state programs.

**Auditor’s Responsibilities for the Audit of State Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the state compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on South Bay Union School 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 generally accepted auditing standards, *Government Auditing Standards*, and the K-12 Audit Guide will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance 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. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user of the report on compliance about South Bay Union School District's compliance with the requirements of the applicable state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the K-12 Audit Guide, we:

- Exercise professional judgement 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 South Bay Union School District's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of South Bay Union School 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 K-12 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of South Bay Union School District's internal control over compliance. Accordingly, no such opinion is expressed.
- Select and test transactions and records to determine South Bay Union School District's compliance with the state laws and regulations related to the following items:

<u>PROGRAM NAME</u>	<u>PROCEDURES PERFORMED</u>
<b>Local Education Agencies Other Than Charter Schools</b>	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
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	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable

**Auditor’s Responsibilities for the Audit of State Compliance (continued)**

<b>PROGRAM NAME</b>	<b>PROCEDURES PERFORMED</b>
<b>School Districts, County Offices of Education, and Charter Schools</b>	
California Clean Energy Jobs Act	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	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not Applicable
In-Person Instruction Grant	Yes
<b>Charter Schools</b>	
Attendance; for charter schools	Yes
Mode of Instruction; for charter schools	Yes
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Annual Instructional Minutes - Classroom Based	Yes
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 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 or 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 state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 state 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 state 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 State Compliance section 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. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

***Report on Internal Control Over Compliance (continued)***

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 K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

*Christy White, Inc*

San Diego, California  
December 5, 2022

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## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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**SOUTH BAY UNION SCHOOL DISTRICT  
SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	<u>No</u>
Identification of major programs:	

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010</u>	<u>Title I, Part A, Basic Grants Low-Income and Neglected</u>
<u>84.425, 84.425C, 84.425U</u>	<u>Education Stabilization Fund Discretionary Grants</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

**STATE AWARDS**

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Any audit findings disclosed that are required to be reported in accordance with 2021-22 Guide for Annual Audits of California K-12 Local Education Agencies?	<u>No</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**SOUTH BAY UNION SCHOOL DISTRICT  
FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2022**

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**FIVE DIGIT CODE**

20000  
30000

**AB 3627 FINDING TYPE**

Inventory of Equipment  
Internal Control

There were no financial statement findings for the year ended June 30, 2022.

**SOUTH BAY UNION SCHOOL DISTRICT  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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**FIVE DIGIT CODE**

50000

**AB 3627 FINDING TYPE**

Federal Compliance

There were no federal award findings or questioned costs for the year ended June 30, 2022.



**SOUTH BAY UNION SCHOOL DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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**FIVE DIGIT CODE**

10000  
40000  
42000  
43000  
60000  
61000  
62000  
70000  
71000  
72000

**AB 3627 FINDING TYPE**

Attendance  
State Compliance  
Charter School Facilities Programs  
Apprenticeship: Related and Supplemental Instruction  
Miscellaneous  
Classroom Teacher Salaries  
Local Control Accountability Plan  
Instructional Materials  
Teacher Misassignments  
School Accountability Report Card

There were no state award findings or questioned costs for the year ended June 30, 2022.

**SOUTH BAY UNION SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2022**

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There were no findings or questioned costs for the year ended June 30, 2021.

## APPENDIX C

### GENERAL INFORMATION ABOUT THE CITY OF IMPERIAL BEACH AND THE SAN DIEGO COUNTY

*The following information concerning San Diego County (the “County”) and the City of Imperial Beach (the “City”) is included only for the purpose of supplying general information regarding the area of the District. The Bonds are not a debt (or a pledge of the full faith and credit) of the City, the County, the State of California (the “State”) or any of its political subdivisions, other than the District, and neither the City, the County, the State nor any of its political subdivisions, other than the District, is liable therefor.*

*The historical data and results presented in the tables that follow may differ materially from future results as a result of economic or other factors. For more information on the impact of the COVID-19 pandemic, see “SECURITY FOR THE BONDS – Disclosure Relating to COVID-19 Global Pandemic” in the front section of this Official Statement. See also references to COVID-19 in the section entitled “PROPERTY TAXATION”, and in APPENDIX A under the heading “DISTRICT GENERAL INFORMATION” and “STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS.”*

#### **General**

**The City.** The City is the most southwesterly city in the continental United States, and is flanked by the Pacific Ocean and South San Diego Bay.

**The County.** The County is the southernmost major metropolitan area in the State. The County covers 4,255 square miles, extending 70 miles along the Pacific Coast from the border with Mexico to Orange County, and inland 75 miles to Imperial County. The County is approximately the size of the state of Connecticut.

The County possesses a diverse economic base consisting of electronics manufacturing and shipbuilding, tourism, biotech and software development, and defense-related industries. The County is also growing as a center for culture and education. Over 30 recognized art organizations including the San Diego Opera, the Old Globe Theater productions, the La Jolla Chamber Orchestra, as well as museums and art galleries, are located in the County.

The County was incorporated on February 18, 1850 and functions under a charter adopted in 1933, and is amended from time to time. The County is governed by a five-member Board of Supervisors elected to four-year terms in district nonpartisan elections. The Board of Supervisors appoints the Chief Administrative Officer and the County Counsel. Elected officials include the Assessor/County Clerk/Recorder, District Attorney, Sheriff and Treasurer/Tax Collector.

## Population

The most recent estimate of the County's population at January 1, 2022 was 3,287,306 persons according to the State Department of Finance. The City has an estimated population of 26,243 persons at January 1, 2022. The table below shows population estimates for the cities in the County for the last five years, as of January 1.

**SAN DIEGO COUNTY**  
**Population Estimates**  
**Calendar Years 2018 through 2022**  
**(As of January 1<sup>st</sup>)**

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Carlsbad	113,994	113,986	114,708	115,680	115,585
Chula Vista	268,588	271,362	274,365	276,922	276,785
Coronado	21,416	23,880	23,578	22,611	22,277
Del Mar	4,289	4,288	3,941	3,957	3,929
El Cajon	103,954	103,741	106,171	106,447	105,638
Encinitas	62,394	62,296	61,346	61,724	61,515
Escondido	151,068	151,311	150,861	151,389	150,679
<b>Imperial Beach</b>	<b>27,599</b>	<b>27,869</b>	<b>26,508</b>	<b>26,448</b>	<b>26,243</b>
La Mesa	60,057	59,833	60,481	60,608	60,472
Lemon Grove	26,575	26,515	27,315	27,422	27,242
National City	62,673	62,701	61,330	61,755	61,471
Oceanside	176,569	177,365	172,831	173,932	173,048
Poway	49,518	49,343	48,655	48,850	48,759
San Diego	1,416,956	1,421,675	1,380,448	1,371,832	1,374,790
San Marcos	95,032	96,865	94,118	92,958	93,585
Santee	56,450	57,308	59,340	59,146	59,015
Solana Beach	13,866	13,876	12,897	12,909	12,812
Vista	102,498	102,277	98,439	99,536	100,291
Balance Of County	507,622	506,828	521,302	514,377	513,170
<b>Total</b>	<b>3,321,118</b>	<b>3,333,319</b>	<b>3,298,634</b>	<b>3,288,503</b>	<b>3,287,306</b>

Source: State Department of Finance estimates.

## Employment and Industry

The District is included in the San Diego-Carlsbad Metropolitan Statistical Area (“MSA”), which includes all of San Diego County. The unemployment rate in the San Diego County was 3.7% in February 2023, unchanged from a revised 3.7% in January 2023, and below the year-ago estimate of 4.1%. This compares with an unadjusted unemployment rate of 4.8% for California and 3.9% for the nation during the same period.

The table below provides information about employment rates and employment by industry type for the County for calendar years 2017 through 2021.

**SAN DIEGO-CARLSBAD MSA  
(San Diego County)  
Annual Averages Civilian Labor Force, Employment and Unemployment,  
Employment by Industry  
(March 2021 Benchmark)**

	2017	2018	2019	2020	2021
Civilian Labor Force <sup>(1)</sup>	1,570,800	1,579,600	1,582,900	1,542,000	1,543,700
Employment	1,507,200	1,526,100	1,531,000	1,395,700	1,443,800
Unemployment	63,600	53,500	51,800	146,200	99,900
Unemployment Rate	4.0%	3.4%	3.3%	9.5%	6.5%
<u>Wage and Salary Employment:</u> <sup>(2)</sup>					
Agriculture	8,700	9,300	9,700	9,200	8,800
Mining and Logging	300	400	400	300	300
Construction	79,500	83,700	84,000	81,300	83,400
Manufacturing	109,400	112,300	115,700	113,800	114,100
Wholesale Trade	43,800	43,800	44,000	41,300	41,700
Retail Trade	148,900	147,900	145,600	133,200	137,800
Transportation, Warehousing, Utilities	32,000	33,300	34,300	33,300	36,800
Information	23,400	23,600	23,500	22,100	22,200
Finance and Insurance	46,300	46,700	46,400	46,200	46,500
Real Estate and Rental and Leasing	28,400	29,300	30,200	28,600	28,900
Professional and Business Services	239,100	249,000	255,800	248,300	264,900
Educational and Health Services	204,300	208,900	216,600	210,900	215,700
Leisure and Hospitality	195,600	199,600	201,700	144,800	161,600
Other Services	55,000	55,500	56,400	44,800	47,300
Federal Government	46,900	47,100	47,600	48,600	47,700
State Government	49,300	50,700	50,400	48,200	50,300
Local Government	150,100	150,300	150,600	140,200	139,400
Total, All Industries <sup>(3)</sup>	1,460,900	1,491,400	1,512,800	1,394,900	1,447,300

(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 shows the major employers in the County as of March 2023, in alphabetical order without regard to the number of employees.

### SAN DIEGO COUNTY Major Employers (Listed Alphabetically)

<b>Employer Name</b>	<b>Location</b>	<b>Industry</b>
32nd St Naval Station	San Diego	Federal Government-National Security
Ceasar Entertainment	Valley Center	Restaurants
General Dynamics NASSCO	San Diego	Ship Builders & Repairers (mfrs)
Illumina Inc	San Diego	Biotechnology Products & Services
Kaiser Permanente Vandever Med	San Diego	Physicians & Surgeons
MCCS MCRD SN DIEGO-MRNE CORPS	San Diego	Military Bases
Merchants Building Maintenance	San Diego	Janitor Service
Page One Seo	San Diego	Mental Health Services
Palomar Pomerado Health Rehab	Escondido	Rehabilitation Services
Rady Children's Hospital	San Diego	Hospitals
San Diego Community College	San Diego	Junior-Community College-Tech Institutes
San Diego County Sheriff	Santee	Police Departments
Scripps Mercy Hosp Sn Diego	San Diego	Hospitals
Scripps Research Institute	La Jolla	Laboratories-Research & Development
SDG & E	San Diego	Gas Companies
Seaworld San Diego	San Diego	Water Parks
Sharp Grossmont Hospital	La Mesa	Hospitals
Sharp Grossmont Rehab Ctr	La Mesa	Rehabilitation Services
Sharp Mary Birch Hosp	San Diego	Hospitals
Sharp Memorial Hospital	San Diego	Hospitals
Sony Electronics	San Diego	Electronic Equipment & Supplies-Retail
UC San Diego Health	San Diego	Health Care Management
Ucsd-Neural Computation	La Jolla	University-College Dept/Facility/Office
University of California	La Jolla	University-College Dept/Facility/Office
University-California Sn Diego	La Jolla	Schools-Universities & Colleges Academic

*Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2023 1st 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 median household effective buying income for the City, the County, the State, and the United States for the years 2019 through 2023.

**CITY OF IMPERIAL BEACH, SAN DIEGO COUNTY, THE STATE OF CALIFORNIA  
AND THE UNITED STATES  
Median Household Effective Buying Income  
as of January 1, 2019 through January 1, 2023**

Year	Area	Total Effective Buying Income (000’s Omitted)	Median Household Effective Buying Income
2019	City of Imperial Beach	\$577,657	\$48,046
	San Diego County	102,896,146	65,279
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841
2020	City of Imperial Beach	\$642,895	\$50,844
	San Diego County	108,796,519	68,543
	California	1,243,564,816	65,870
	United States	9,487,165,436	55,303
2021	City of Imperial Beach	\$616,928	\$51,119
	San Diego County	111,133,834	70,396
	California	1,290,894,604	67,956
	United States	9,809,944,764	56,790
2022	City of Imperial Beach	\$677,544	\$57,237
	San Diego County	127,272,831	80,233
	California	1,452,426,153	77,058
	United States	11,208,582,541	64,448
2023	City of Imperial Beach	\$724,945	\$61,183
	San Diego County	125,765,628	80,101
	California	1,461,799,662	77,175
	United States	11,454,846,397	65,326

Source: Claritas, LLC.

## Commercial Activity

A summary of historic taxable sales within the City during the past five years in which data is available is shown in the following table.

Total taxable sales during the first three quarters of calendar year 2022 in the City were reported to be \$119,249,481, a 19.04% increase over the total taxable sales of \$100,177,138 reported during the first three quarters of calendar year 2021.

**CITY OF IMPERIAL BEACH**  
**Annual Taxable Transactions**  
**Number of Permits and Valuation of Taxable Transactions**  
**(Dollars in Thousands)**

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2017	340	\$82,708	481	\$89,601
2018	354	97,339	500	104,609
2019	357	104,307	514	113,550
2020	395	90,081	590	97,574
2021	368	116,530	544	136,793

*Source: State Department of Tax and Fee Administration.*

Total taxable sales during the first three quarters of calendar year 2022 in the County were reported to be \$58,738,049,800, a 13.29% increase over the total taxable sales of \$51,845,492,506 reported during the first three quarters of calendar year 2021.

**SAN DIEGO COUNTY**  
**Annual Taxable Transactions**  
**Number of Permits and Valuation of Taxable Transactions**  
**(Dollars in Thousands)**

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2017	59,798	\$39,814,505	97,412	\$56,993,548
2018	59,836	41,886,825	100,674	59,041,042
2019	59,447	42,748,210	101,901	61,106,480
2020	62,897	40,893,921	109,428	58,183,067
2021	55,683	49,891,084	98,392	71,714,655

*Source: State Department of Tax and Fee Administration.*



## Construction Activity

Provided below are the building permits and valuations for the City and County for calendar years 2017 through 2021.

### CITY OF IMPERIAL BEACH Total Building Permit Valuations (Valuations in Thousands) Calendar Years 2017 through 2021

	2017	2018	2019	2020	2021
<b><u>Permit Valuation</u></b>					
New Single-family	\$868.2	\$5,631.6	\$2,461.3	\$4,277.8	\$6,558.2
New Multi-family	14,815.6	8,372.8	0.0	0.0	2,141.3
Res. Alterations/Additions	<u>6,131.7</u>	<u>2,315.8</u>	<u>1,537.6</u>	<u>2,353.3</u>	<u>3,032.7</u>
Total Residential	21,815.5	16,320.2	3,998.9	6,631.1	11,732.2
New Commercial	0.0	3,721.3	172.7	149.5	195.0
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	111.9	1,617.1	2,104.9	198.7	1,347.1
Com. Alterations/Additions	<u>1,794.2</u>	<u>728.9</u>	<u>1,195.6</u>	<u>165.3</u>	<u>675.4</u>
Total Nonresidential	1,906.1	6,067.3	3,473.2	513.5	2,217.5
<b><u>New Dwelling Units</u></b>					
Single Family	6	36	18	34	29
Multiple Family	<u>112</u>	<u>60</u>	<u>0</u>	<u>0</u>	<u>16</u>
TOTAL	118	96	18	34	45

Source: Construction Industry Research Board, Building Permit Summary

### SAN DIEGO COUNTY Total Building Permit Valuations (Valuations in Thousands) Calendar Years 2017 through 2021

	2017	2018	2019	2020	2021
<b><u>Permit Valuation</u></b>					
New Single-family	\$1,378,079.4	\$1,201,187.4	\$1,022,156.9	\$880,186.3	\$973,581.3
New Multi-family	912,036.6	992,359.0	668,849.0	1,131,395.7	1,359,647.5
Res. Alterations/Additions	<u>342,709.7</u>	<u>480,327.0</u>	<u>393,649.1</u>	<u>636,336.6</u>	<u>277,526.0</u>
Total Residential	2,632,825.7	2,673,873.4	2,084,655.0	2,647,918.6	2,610,754.8
New Commercial	770,075.8	510,108.1	861,274.4	614,392.2	667,257.7
New Industrial	68,351.7	25,882.0	40,892.2	39,461.0	125,420.1
New Other	443,191.1	239,647.3	223,176.2	348,381.2	351,379.6
Com. Alterations/Additions	<u>1,089,684.1</u>	<u>1,126,206.0</u>	<u>1,234,198.2</u>	<u>971,565.6</u>	<u>1,361,364.4</u>
Total Nonresidential	2,371,302.7	1,901,843.4	2,359,541.0	1,973,800.0	2,505,421.8
<b><u>New Dwelling Units</u></b>					
Single Family	3,960	3,438	3,045	3,160	3,546
Multiple Family	<u>6,056</u>	<u>6,132</u>	<u>4,405</u>	<u>6,326</u>	<u>6,646</u>
TOTAL	10,016	9,570	7,450	9,486	10,192

Source: Construction Industry Research Board, Building Permit Summary.

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## APPENDIX D

### PROPOSED FORM OF OPINION OF BOND COUNSEL

May 4, 2023

Board of Trustees  
South Bay Union School District  
601 Elm Avenue  
Imperial Beach, California 91932

**OPINION:** \$10,155,000 South Bay Union School District  
(San Diego County, California)  
2023 Refunding General Obligation Bonds

Members of the Board of Trustees:

We have acted as bond counsel to the South Bay Union School District (the "District") in connection with the issuance by the District of the bonds captioned above, dated the date hereof (the "Bonds"). In such capacity, we have examined the 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, and pursuant to a resolution (the "Bond Resolution") of the Board of Trustees of the District (the "Board") adopted on March 9, 2023.

Regarding questions of fact material to our opinion, we have relied upon certified proceedings and other certifications and opinions of public officials and others furnished to us, without undertaking to verify such facts by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The District is a duly established and validly existing school district with the power to issue the Bonds, and to perform its obligations under the Bond Resolution and 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 in accordance with its terms.
3. The Bonds have been duly authorized, executed and delivered by the District, and are valid and binding general obligations of the District.
4. The Board of Supervisors of San Diego County is required under the laws of the State of California to levy an *ad valorem* property tax upon the property in the District which is subject to taxation, unlimited as to rate or amount, for the payment of principal 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, relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. 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.

Respectfully submitted,

*Jones Hall,*  
A Professional Law Corporation

## APPENDIX E

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

**\$10,155,000**  
**SOUTH BAY UNION SCHOOL DISTRICT**  
(San Diego County, California)  
**2023 Refunding General Obligation Bonds**

#### **CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (this “**Disclosure Certificate**”) is executed and delivered by the South Bay Union School District (the “**District**”) in connection with the issuance and delivery of the captioned bonds (the “**Bonds**”). The Bonds are being issued pursuant to a resolution adopted by the Board of Trustees of the District on March 9, 2023 (the “**Resolution**”). The County Treasurer-Tax Collector, through its agent, 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 this 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 Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” 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 (currently March 31).

“*Dissemination Agent*” means, initially, Dale Scott & Company, Inc., 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, Los Angeles, California, as agent for the County Treasurer-Tax Collector, or any successor thereto.

“*Participating Underwriter*” means the original Underwriter 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 not later than March 31, 2024 with the report for the 2022-23 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. 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(c). 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 in a timely manner shall provide (or cause the Dissemination Agent to provide) notice to the MSRB in an electronic format as prescribed by the MSRB, with a copy to the Paying Agent and Participating Underwriter.

(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 prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District’s audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement,

and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the following information with respect to the most recently completed fiscal year or, if available at the time of filing, the then-current fiscal year:

- (i) assessed valuation of taxable properties in the District for the most recently completed fiscal year;
- (ii) assessed valuation of properties of the top twenty taxpayers for the most recently completed fiscal year to the extent available from the County;
- (iii) if the District's levy for general obligation bonds is not included on the County's Teeter Plan, property tax collection delinquencies for the District for the most recently completed fiscal year but only if available from the County at the time of the filing of the Annual Report, for the prior fiscal year,
- (iv) the most recently adopted budget or recently Board-approved interim report available at the time of filing the Annual Report which contains budgeted and projected figures, for the fiscal year in which the Annual Report is filed, and
- (v) such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(c) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission.

#### **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 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 (a)(16), the term “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 this 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(c).

**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. 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 Resolution for amendments to the Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

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(c).

**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 Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

**Section 12. Duties, Immunities and Liabilities of Dissemination Agent.**

(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: May 4, 2023

**SOUTH BAY UNION 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 each series 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](http://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**

**SAN DIEGO COUNTY INVESTMENT POOL  
INVESTMENT POLICY AND INVESTMENT REPORT**

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**SAN DIEGO COUNTY TREASURER'S  
POOLED MONEY FUND  
INVESTMENT POLICY**

**January 1, 2023**

The Investment Policy and practices of the County Treasurer are based on prudent money management principles and California State Law, specifically Government Code Sections 27000.1 - 27000.5, 27130 - 27137, and 53600 - 53686. Section 53635 shall apply to a local agency that is a county or other local agency that pools money in deposits or investments with other local agencies, including local agencies that have the same governing body. However, Section 53601 shall apply to all local agencies that pool money in deposits or investments exclusively with local agencies that have the same governing body.

The practices of this office will always comply with the legal authority and limitations placed on it by the governing legislative bodies. The implementation of these laws, allowing for the dynamics of the money markets, will be the focus of this policy statement. All matters contained in this policy are to be read and applied pursuant to and consistent with state law. Where this Investment Policy specifies a percentage limitation, compliance will be measured as of the date of purchase. When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing the Pooled Money Fund (the "Fund") the objectives of this office shall be as follows.

- 1. The primary objective shall be to safeguard the principal of the funds under the County Treasurer's control.**
- 2. The secondary objective shall be to meet the liquidity needs of the participants.**
- 3. The third objective shall be to achieve an investment return on the funds under control of the County Treasurer within the parameters of prudent risk management.**

The Fund is an actively managed portfolio. By this, it is meant that the County Treasurer and staff will observe, review, and adjust to changing conditions that affect the Fund. This shall be viewed as a full-time responsibility by the County Treasurer and staff. The authority to execute investment transactions that will affect the Fund will be limited to:

**County Treasurer-Tax Collector  
Assistant Treasurer-Tax Collector  
Chief Deputy Treasurer  
Chief Investment Officer  
Investment Officers**

The County Treasurer-Tax Collector (the "County Treasurer") and the above staff will meet on a regular basis to discuss current market conditions and future trends and how each of these affects the Fund.

Government Code Sections 27000.3 and Section 53600.3 provide that the "prudent investor" standard is to be used by the County Treasurer as a fiduciary of public funds. This standard provides that when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the County Treasurer and their staff 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. Within the limitations of this policy and considering individual investments as part of an overall investment strategy, investments may be acquired as authorized by law. The County Treasurer and their staff shall act in accordance with written procedures and the Investment Policy, exercise due diligence, report in a timely fashion, and implement appropriate controls to mitigate adverse developments.

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**2023 SAN DIEGO COUNTY TREASURER'S  
POOLED MONEY FUND INVESTMENT POLICY**

The purpose of the County Treasurer's Investment Policy is to implement the legislated parameters of the investment authority of the Fund. As an elected official of the County of San Diego, the County Treasurer must manage public monies in a way that is consistent with its objectives, investment oversight, and sound investment practices and not solely to maximize returns. The basic concept of investment return is based on a risk/reward relationship: the higher the risk, the higher the expected return. Risk management must be an integral part of any investment policy. Risk management must include adequate internal controls so that Fund depositors and the public have confidence that public monies are secure. The policy stated below will concern itself with risk management.

1. **SECURITY OF PRINCIPAL POLICY** - The policy issues directed to protecting the principal entrusted to this office are:
  - A. Limiting the Fund's exposure to each type of security.
  - B. Limiting the Fund's exposure to each issuer of debt.
  - C. Determining the minimum credit requirement for each type of security.
2. **LIQUIDITY POLICY** - The policy issues directed to provide the necessary liquidity to the participants are:
  - A. Limiting the length of maturity for securities in the Fund.
  - B. Limiting the Fund's exposure to Moderately Liquid and Illiquid securities.
3. **RETURN POLICY** - The policy issues directed to achieving a return are:
  - A. Attaining a market rate of return, while taking into account the investment risk constraints and liquidity needs.
  - B. Limiting a majority of the investments to low-risk securities in anticipation of earning a fair return relative to the risk being taken.
4. **MATURITY POLICY**
  - A. The maximum maturity allowed by the California Government Code is 5 years, with shorter limitations specified for certain types of securities. The guidelines for maturities of investments and duration of the Fund, as established under this Policy, shall be:
    - At least 35% of the Fund maturing within 1 year
    - At least 15% of the Fund maturing within 90 days, and
    - A maximum effective duration of 2.0 years

- B. The Fund will be considered in compliance with the maturity policy if it meets the maturity targets above. In the event that the Fund distribution does not comply with the table above, until such time as the Fund is within maturity targets, all securities purchased shall be of a maturity or duration that will lower the maturity and or duration of the Fund. In the event a compliance violation has occurred, a variance report shall be made to the County Treasury Oversight Committee as part of the normal public monthly reporting.

5. **GENERAL STRATEGY**

The County Treasurer will generally use a buy and hold investment strategy, where securities are purchased with the intent of holding them to maturity. The investment staff will update the County Treasury Oversight Committee on its asset allocation and investment strategy at its regularly scheduled public meetings. Securities may be sold prior to maturity when deemed prudent. Reasons for selling include, but are not limited to:

- Disposing of a security with declining credit quality
- A financially advantageous sale and replacement of a security that improves the quality, yield, or target duration of the portfolio
- Meeting the liquidity needs of the portfolio
- Portfolio rebalancing to bring the portfolio back into compliance

6. **ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) CONSIDERATIONS**

While Safety, Liquidity, and Yield remain the Fund's primary investment objectives, all else being equal and acting under statutory investment limitations, the County Treasurer affirms their commitment to the consideration of ESG criteria in evaluating securities. Investments in entities that promote environmental stewardship by considering climate change, carbon emissions, pollution, biodiversity, deforestation, and food and water waste are encouraged. The County Treasurer also advocates investments in entities that support labor fairness and equality while opposing discrimination related to sex, race, age, disability, sexual orientation, color, religion, veteran status, genetic information, and other protected classes. Additionally, the County shall not purchase any investments issued directly by a corporation, classified under the Standard Industrial Classification (SIC) codes listed in Appendix C, that engages in the exploration, production, drilling, or refining of coal, petroleum, or natural gas.

7. **PROHIBITED SECURITIES**

The California Government Code prohibits a local agency from investing in any of the following derivative notes:

- Inverse Floaters
- Range Notes
- Interest-only strips derived from a pool of mortgages
- Any security that could result in zero interest accrual, except for securities

issued by, or backed by, the United States government that could result in zero-  
or negative-interest accrual if held to maturity, in the event of, and for the  
duration of, a period of negative market interest rates

**8. CREDIT RATING POLICY**

- A.** This Investment Policy sets forth minimum credit ratings for each type of security. These credit limits apply to the initial purchase of a security and do not automatically force the sale of a security if the credit ratings of the security fall below the policy limits.
- B.** Minimum credit ratings:
  - a. For securities with maturities of 13 months or less, the rating must be in the highest short-term rating category (without regard to qualification of such rating symbol such as "+" or "-") by at least one nationally recognized statistical rating organization (the "NRSRO").
  - b. For securities with maturities greater than 13 months, the rating must be "A" or higher by at least one NRSRO.

The monitoring of credit ratings consists of the following procedures:

1. When a credit rating downgrade occurs which results in a rating below the minimum credit requirement, the County Treasurer and staff will analyze and evaluate the credit to determine whether to hold or sell the security.
2. In the event a security in the Fund receives a credit rating downgrade which results in a rating below the minimum credit requirement, the County Treasurer will report the rating change to the County Treasury Oversight Committee in the monthly public report. In the same manner, the County Treasury Oversight Committee will be informed on the decision to hold or sell a downgraded security.
3. The Investment Group shall meet at least quarterly to review and update the approved list of securities and establish credit criteria for each category of security.

To ensure that the Fund maintains the highest overall credit rating with the contracted NRSRO, the asset allocation and portfolio holdings will be provided to the contracted NRSRO on a monthly basis.

**9. INTERNAL CONTROLS**

- A.** The Chief Deputy Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the entity are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that:
  1. The cost of a control should not exceed the benefits likely to be derived; and

2. The valuation of costs and benefits requires estimates and judgments by management.
- B.** Accordingly, the Chief Deputy Treasurer shall establish and maintain internal controls that shall address the following points:
1. Control of Collusion - Collusion is a situation where two or more employees are working in conjunction to defraud their employer. To achieve a segregation of duties, individuals who authorize investment transactions shall not also record or reconcile said transactions.
  2. Clear Delegation of Authority to Subordinate Staff Members - Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.
  3. Delivery-Versus-Payment (DVP) - All investment transactions shall be conducted on a delivery-versus-payment basis.
  4. Safekeeping and Custody - Securities purchased from any bank or dealer, including appropriate collateral (as defined by California Government Code), that are not insured by the FDIC, shall be placed with an independent third party for custodial safekeeping. To protect against potential losses due to failure of individual securities dealers, and to enhance access to securities, interest payments and maturity proceeds, all cash and securities in the County's portfolio shall be held in safekeeping in the County's name by a third-party custodian, acting as agent for the County under the terms of a custody agreement executed by the bank and the County. All investment transactions will require a safekeeping receipt or acknowledgment generated from the trade. A monthly report will be received by the County from the custodian listing all securities held in safekeeping with current market data and other information. The only exceptions to the foregoing shall be depository accounts and securities purchases made with: (i) local government investment pools; (ii) time certificates of deposit, (iii) Local Agency Investment Fund, and (iv) mutual funds and money market mutual funds, since these securities are not deliverable.
  5. Avoidance of Physical Delivered Bearer Securities - Book entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Bearer securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with such securities.
  6. Written Confirmation of Telephone Wire Transfers - Due to the potential for error and improprieties arising from telephone transactions, all telephone transactions should be supported by written or electronic communications and approved by the appropriate person.



Development of a Wire Transfer Agreement with the Lead Bank or Third-Party

7. Custodian - This agreement should outline the various controls, security provisions, and responsibilities of each party making and receiving wire transfers.
8. A treasury operations manual, as overseen by the Chief Deputy Treasurer, will be reviewed and updated by the treasury staff every two years or on as needed basis.

10. **ANNUAL AUDIT** - The County Treasury Oversight Committee shall cause an independent audit to be conducted annually on a fiscal year basis by an external auditor to determine if the County Treasury is in compliance with the Investment Policy, other internal policies and procedures, and the California Government Code.
11. **PERMISSIBLE INVESTMENTS** - Government Codes 53601, 53601.1, 53601.2, 53601.8, 53635, 53635.8, 53637, 53638, 53651, 53652, and 53653 address permissible investments. These investment categories are addressed individually in sections 12-29 below.
12. **GOVERNMENT OBLIGATIONS** - The Fund invests in two categories of Government Obligations: U.S. Treasury and Agency obligations. Both are issued at the Federal level. U.S. Treasury obligations are bills, notes, and bonds issued by the Treasury and are direct obligations of the Federal Government. Agency obligations are notes and bonds of federal agencies and government sponsored enterprises, including:

Federal Agricultural Mortgage Corporation (Farmer Mac)  
Federal National Mortgage Association (FNMA, or Fannie Mae)  
Federal Home Loan Bank (FHLB)  
Federal Farm Credit Bank (FFCB)  
Federal Home Loan Mortgage Corporation (FHLMC, or Freddie Mac)  
Government National Mortgage Corporation (GNMA, or Ginnie Mae)  
Tennessee Valley Authority (TVA)

- A. Maximum Maturity - The maximum maturity of a security shall be 5 years from the settlement date.
- B. Maximum Exposure of Fund - The maximum exposure to the Fund for this category is unlimited.
- C. Maximum Exposure Per Issuer - The maximum exposure to the Fund for an individual issuer shall be:
1. Treasury - Unlimited
  2. Agency - No more than 35% of the Fund value shall be invested in any single issuer.
- D. Minimum Credit Requirement - None

E. Liquidity Category - Liquid

13. **LOCAL AGENCY AND STATE OBLIGATIONS** -These include registered state warrants or treasury notes or bonds of the state of California and registered bonds of any of the other 49 states, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state and bonds, notes, warrants, or other evidences of indebtedness of a local agency within the state of California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

A. Maximum Maturity - The maximum maturity of a security shall be 5 years from the settlement date.

B. Maximum Exposure of Fund - The maximum exposure to the Fund for this category shall be 30%.

C. Maximum Exposure Per Issuer - The maximum exposure to a single issuer shall be 10% of the Fund value.

D. Minimum Credit Requirement - Issuers must be at or above the following ratings:

a. For securities with maturities of 13 months or less, the rating must be in the highest short-term rating category (without regard to qualification of such rating symbol such as "+" or "-") by at least one NRSRO.

b. For securities with maturities greater than 13 months, the rating must be "A" or higher by at least one NRSRO.

E. Liquidity Category - Moderately Liquid

14. **BANKER'S ACCEPTANCES** - This is a draft or bill of exchange accepted by a bank or trust company and brokered to investors in a secondary market. The purpose of the Banker's Acceptance (BA) is to facilitate trade and provide liquidity to the import-export markets. Acceptances are collateralized by the pledge of documents such as invoices, trust receipts, and other documents evidencing ownership and insurance of the goods financed. Since their inception in 1914, there has been no known loss of principal to investors holding Banker's Acceptances.

A. Maximum Maturity - The maximum maturity of a security shall be 180 days from the settlement date.

B. Maximum Exposure of Fund - The maximum exposure to the Fund for this category shall be 40%.

C. Maximum Exposure Per Issuer - The maximum exposure to a single issuer shall be 5% of the Fund value.



- b. For securities with maturities greater than 13 months, the rating must be "A" or higher by at least one NRSRO.

**E. Liquidity Category - Liquid**

17. **NEGOTIABLE CERTIFICATES OF DEPOSIT** - These are issued by commercial banks and thrift institutions against funds deposited for specified periods of time, and they earn specified or variable rates of interest. Negotiable certificates of deposit ("NCD") differ from other certificates of deposit by their liquidity. NCD's are traded actively in secondary markets.

**A. Maximum Maturity**

- 1. The maximum maturity of an NCD security shall be 5 years from the settlement date.
- 2. The maximum maturity of any FDIC insured CDs, whether directly placed or placed through a private sector entity, shall be 13 months.

**B. Maximum Exposure of Fund** - The maximum exposure to the Fund for this category shall be 30%.

**C. Maximum Exposure per Issuer** - The maximum exposure to a single issuer shall be 10% of the Fund value, inclusive of any other non-NCD investments with said issuer

**D. Minimum Credit Requirement** – Issuers must be at or above the following ratings:

- a. For securities with maturities of 13 months or less, the rating must be in the highest short-term rating category (without regard to qualification of such rating symbol such as "+" or "-") by at least one NRSRO.
- b. For securities with maturities greater than 13 months, the rating must be "A" or higher by at least one NRSRO.

**E. Liquidity Category - Liquid**

18. **REPURCHASE AGREEMENTS** - A repurchase agreement (RP) consists of two simultaneous transactions. One is the purchase of securities by an investor (the Fund); 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-upon future date.

**A. Maximum Maturity** - The maximum maturity of repurchase agreements shall be one year.

**B. Maximum Exposure of Fund** - The maximum exposure to the Fund for this category shall be 40%.

**C. Maximum Exposure Per Broker/Dealer** - The maximum exposure to a single broker/dealer shall be 10% of the Fund when the dollar-weighted average maturity is greater than 5 days or 15% of the Fund when the dollar-weighted average maturity is

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5 days or less.

- D. Eligible Broker/Dealers - Broker/Dealers shall sign a PSA Master Repurchase Agreement or a Tri-Party Repurchase Agreement. The Agreement must specify a minimum margin percentage of 102% and also provide for daily mark-to-market of the collateral by the custodian bank.
  - E. Eligible Collateral - The securities eligible for repurchase agreement transactions shall be securities authorized in Section 53601 of the California Government Code. Collateral eligible for repurchase agreements maturing from 7 days to 1 year shall be Treasury and Agency obligations.
  - F. Delivery of Collateral - Broker/Dealers shall deliver the underlying securities to the County's safekeeping bank, a mutually agreed-upon third party custodian bank, or a counterparty bank's customer book-entry account. When a third-party custodian is used, it will be the custodian's responsibility to transfer funds and securities between the broker/dealer and the Fund in accordance with the terms of the repurchase agreement.
  - G. Liquidity Category - Liquid
19. **REVERSE REPURCHASE AGREEMENTS** - Reverse repurchase agreements (RRPs) are essentially the mirror image of RPs. In this instance, the Fund is the seller of securities, and the broker or bank is the investor.

Due to the nature of RRP, the policy regarding this instrument is different from the above RP policy.

- A. Maximum Maturity - The maximum maturity of a securities lending loan shall be 92 days unless the agreement includes a written guarantee of a minimum earning or spread for the entire period of the RRP.
- B. Maximum Exposure of Fund - No more than 20% of the Fund shall be exposed to RRP and/or securities lending at any one time.
- C. Maximum Exposure Per Broker/Dealer - No more than 10% of the Fund shall be invested in RRP with any one broker/dealer at any one time.
- D. Purpose of RRP - The uses of RRP shall be to invest the proceeds from the agreement into permissible securities that are in the highest short-term rating category; to supplement the yield on securities owned; or to provide funds for the immediate payment of an obligation. The maturity of the RRP and the maturity of the security purchased shall be the same.
- E. Eligible Securities - A RRP may only be entered into with a security authorized in California Government Code 53601 which has been owned and paid for 30 days prior

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to the settlement of the RRP.

- F. Eligible Broker/Dealer - Broker/Dealers shall be primary broker/dealers of the Federal Reserve Bank of New York.
  - G. Liquidity Category - Liquid
20. **SECURITIES LENDING** - This is a program conducted by an agent authorized to execute securities lending under the guidelines listed under RRP's and as detailed in the "Services for Securities Lending Agreement." A securities lending transaction is when the Fund 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. The loans must be secured continuously by cash collateral or securities and maintained at a value of at least equal to 102 % of the market value of the securities loaned. During the term of the loan, the Fund will continue to receive the equivalent of the interest paid by the issuer of the securities loaned. The Fund will have the right to call the loan and receive the securities loaned at any time with one day's notice.
- A. Maximum Maturity - The maximum maturity of a securities lending loan shall be 92 days.
  - B. Maximum Exposure of Fund - No more than 20% of the Fund shall be exposed to securities lending and/or RRP's at any one time.
  - C. Maximum Exposure Per Counterparty - No more than 10% of the Fund shall be on loan with any single counterparty at any one time.
  - D. Proceeds shall be invested in securities authorized by California Government Code and this Investment Policy.
21. **COLLATERALIZED CERTIFICATES OF DEPOSIT** - This is the deposit of funds in state or national banks, state or federal savings and loan associations, federal credit unions, or FDIC-insured industrial loan companies in California per California Government Code Section 53652. The deposit of the funds will be made under the following conditions:
- A. The deposit may not exceed the total of the paid-in capital and surplus of a depository.
  - B. The depository must maintain securities with a market value of at least 10% in excess of the total amount of the Fund's deposits. These securities will be placed in the institution's pooled collateral account and monitored by the State Treasurer of California or a mutually agreed-upon third party custodian bank.
  - C. The County Treasurer may waive the first \$250,000 of collateral for each depository, so long as that amount is insured by an agency of the Federal Government. The documents listed below in D will not be required for deposits of \$250,000 or less.

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- D. Each institution that receives Fund deposits must provide the County Treasurer with an up-to-date Contract, Annual Report, Affirmative Action Policy, Community Reinvestment Act Statement, and EEO-1 Form.
  - E. Maximum Maturity – The maximum maturity of a collateralized CD shall be 13 months.
  - F. Maximum Exposure of Fund – The maximum exposure to the Fund for this category shall be 5%.
  - G. Maximum Exposure Per Issuer - The maximum exposure to a single issuer shall be 5% of the Fund value.
  - H. Institutions at or above the highest short-term rating category (without regard to qualification of such rating symbol such as “+” or “-”) by at least one NRSRO may pledge mortgage-based collateral for County deposits.
  - I. Liquidity Category - Illiquid
22. **FDIC & NCUA INSURED DEPOSIT ACCOUNTS** – This is the deposit of funds in a nationally or state chartered commercial bank, savings bank, savings and loan association, or credit union in this state per California Government Code Section 53635.8. The deposit of funds will be made under the following conditions:
- A. The deposit of funds may be placed directly with a selected depository institution, not to exceed the issuance limit from the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA).
  - B. A selected depository may use a private sector entity to help place deposits with one or more commercial bank, savings bank, savings and loan association, or credit union located in the United States.
  - C. The full amount of each deposit and the interest that may accrue on each such deposit shall at all times be insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA).
  - D. Maximum Maturity - The maximum maturity of an FDIC or NCUA Insured Deposit Account shall be 13 months.
  - E. Maximum Exposure of Fund - The maximum exposure to the Fund for this category shall be 5%.
  - F. Maximum Exposure Per Issuer - The maximum exposure to a single issuer shall be 5% of the Fund value.
  - G. Minimum Credit Requirement - There is no minimum credit requirement for FDIC or NCUA insured deposit accounts whether directly placed or placed through a private sector entity.

- H.** Liquidity Category - Illiquid
23. **COVERED CALL OPTION/PUT OPTION** - An option is the right to buy or sell a specific security within a specific time period at a specific price.
- A.** A covered call is when the County Treasurer sells the option to another party giving them the right to buy an existing security in the Fund at a specific price within a specific time period.
  - B.** A put option is when the County Treasurer sells the option to another party giving them the right to sell to the County Treasurer a security at a specific price within a specific time period.
  - C.** The seller of a covered call option/put option is paid at the time of the sale of the option. At the end of the option period, if the option is not exercised, the right to buy or sell the security is canceled.
  - D.** The County Treasurer will act only as a seller of covered call and put options with the following exception: County Treasurer may buy an option to offset an existing open option position.
  - E.** Securities subject to covered calls shall not be used for Reverse Repurchase Agreements.
  - F.** Cash sufficient to pay for outstanding puts shall be invested in securities maturing on or before the expiration date of the options.
  - G.** Maximum Maturity - The maximum maturity of a covered call option/put option shall be 90 days.
  - H.** Maximum Exposure of Fund - No more than 10% of the Fund may have options written against it at any given time.
  - I.** Counterparty Risk - Options shall only be written with primary broker/dealers of the Federal Reserve Bank of New York.
  - J.** Liquidity Category - Liquid
24. **MONEY MARKET MUTUAL FUND** – These investments consist of shares of beneficial interest issued by management companies. Such shares represent ownership of a diversified portfolio of securities, which are redeemable at their net asset value. The Government Code allows for purchases of many types of mutual funds, but the Fund will limit use to money market mutual funds managed to maintain a stable NAV.



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- A. Maximum Exposure - The maximum exposure to the Fund for this category shall be 20%.
  - B. Maximum Exposure Per Fund - The maximum exposure to a single mutual fund shall be 10% of the Fund value.
  - C. Purchase Price - The purchase price of the mutual fund shall not include any commission.
  - D. Minimum Credit Requirement - Mutual fund ratings must be in the highest rating category by at least two NRSROs or retain an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years of experience in managing money market mutual funds and with assets under management in excess of five hundred million dollars.
  - E. Liquidity Category - Liquid
25. **LOCAL GOVERNMENT INVESTMENT POOLS (LGIPs)** – These investments consist of shares of beneficial interest issued by a joint powers authority (JPA) organized pursuant to Government Code Section 6509.7 and authorized by Government Code Section 53601(p). The Fund shall only invest in LGIPs that comply with the California Government Code and all relevant sections of this Investment Policy and are managed to maintain a stable NAV.
- A. Maximum Exposure - The maximum exposure to the Fund for this category shall be 5%.
  - B. Minimum Credit Requirement – LGIP ratings must be in the highest rating category by at least one NRSRO.
  - C. Liquidity Category – Liquid
26. **LOCAL AGENCY INVESTMENT FUND (LAIF)** – This fund was established by Government Code Section 16429.1 for use by local agencies in California and operates similarly to a LGIP. It is managed by the Treasurer of the State of California, who may invest money in the fund in securities prescribed in Government Code Section 16430 or elect to have the money of the fund invested through the State's Surplus Money Investment Fund.
- A. Maximum Exposure - The maximum exposure to the Fund for this category shall be 5%.
  - B. Minimum Credit Requirement – LAIF is an unrated fund.
  - C. Liquidity Category – Liquid

27. **PASS-THROUGH SECURITIES** - These will be limited to equipment lease-backed certificates, consumer receivable pass-through certificates, or consumer receivable-backed bonds.
- A. Maximum Maturity - The maximum maturity of a security shall be 5 years from the settlement date.
  - B. Maximum Exposure - The maximum exposure to the Fund for this category shall be 20%.
  - C. Maximum Exposure Per Issuer - The maximum exposure to a single issuer shall be 10% of the Fund value.
  - D. Minimum Credit Requirement - The security must be rated "AA" or higher by at least one NRSRO.
  - E. Liquidity Category - Liquid
28. **WHEN-ISSUED SECURITIES** - The Fund may invest in new issues of Government Obligations offered on a when-issued basis; that is, delivery and payment take place after the date of the commitment to purchase, normally within 15 days. Both price and interest rate are fixed at the time of commitment. This allows the Fund to lock in an interest rate that may not be available on the issue date. The Fund does not earn interest on the securities until settlement, and the market value of the securities may fluctuate between purchase and settlement. Such securities can be sold before settlement.
29. **SUPRANATIONALS** – The fund may invest in United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by multinational organizations, including:
- Inter-American Development Bank (IADB)
  - International Bank for Reconstruction and Development (IBRD)
  - International Finance Corporation (IFC)
- A. Maximum Maturity - The maximum maturity of a security shall be 5 years from the settlement date.
  - B. Maximum Exposure of Fund - The maximum exposure to the Fund for this category shall be 30%.
  - C. Maximum Exposure Per Issuer - The maximum exposure to a single issuer shall be 10% of the Fund value.
  - D. Minimum Credit Requirement - The issuer must be rated "AA" or higher by at least one NRSRO.

- E. Liquidity Category - Liquid
30. **QUALIFIED BROKERS AND DEALERS** - In order to minimize risk in executing security transactions under this Investment Policy, all transactions will be made only through qualified dealers.
- A. A qualified dealer must be a bank, savings and loan association, or an investment securities dealer. Commercial Paper and Certificate of Deposit issuers may be considered qualified dealers for direct issuance of their paper.
  - B. Any dealer entering into a new business relationship to conduct security transactions with the County Treasurer is required to make application to the County Treasurer.
  - C. The dealer must ensure that its staff is aware of the County Treasurer's Investment Policy and the California Government Code Sections 53601 and 53635.
  - D. Investment securities dealers for Reverse Repurchase Agreements must be primary dealers regularly reporting to the Federal Reserve Bank.
  - E. The dealer is required to have net capital in excess of \$10 million with liquidity lines of \$50 million or more.
  - F. The dealer is required to maintain an active secondary market for securities sold to the County and must be competitive in price for bids and offers.
  - G. The dealer will be monitored by the Chief Investment Officer and staff to ensure the services the County requires are delivered in a timely and efficient manner.
  - H. The primary account representative must be in the institutional or middle market fixed income division with 5 years or more experience covering large municipalities.
  - I. A qualified dealer must not have made any political contributions to the County Treasurer, any member of the Board of Supervisors, or any candidate for these offices within any consecutive 48-month period following January 1996. The exception is if the broker/dealer is entitled to vote for any of these offices, in which case the contributions shall not be in excess of \$250 to each official per election.
  - J. Each dealer, at minimum every three years, or more frequently if requested, will be required to respond to the County's Request for Information (RFI) providing the County with up-to-date financial and investment experience information in order to continue in its role.
31. **DELEGATION OF INVESTMENT AUTHORITY TO THE COUNTY TREASURER** - The State of California gives the Board of Supervisors the ability to delegate investment authority to the County Treasurer for a one-year period in accordance with Section 53607 of the California Government Code. The delegation will require renewal each year.

**32. SAFEKEEPING AUTHORITY**

- A.** The State of California gives the Board of Supervisors the ability to delegate the deposit for safekeeping authority to the County Treasurer in accordance with Section 53608 of the California Government Code. Board Resolution 109 adopted September 29, 1959 delegated this authority to the County Treasurer.
- B.** In exercising this safekeeping function, the County Treasurer will require depositories to provide evidence that they are taking reasonable measures to prevent unauthorized access to the depository's electronic data files.
- C.** The County Treasurer's Continuity of Operations Plan (COOP) addresses contingency plans in the event that a disaster, natural or otherwise, disrupts normal operations. Contingency plans vary depending upon the severity and expected longevity of the disruption.

**33. EXTERNAL OVERSIGHT** - The County Treasurer shall retain an independent third-party investment advisor to provide oversight and compliance monitoring.

The County Treasurer will also retain an NRSRO to provide a rating for the Fund and will have in place an internal system to provide credit and compliance monitoring.

**34. COUNTY TREASURY OVERSIGHT COMMITTEE** - The Board of Supervisors has established a County Treasury Oversight Committee pursuant to Sections 27130-27137 of the California Government Code. The County Treasurer shall annually prepare an investment policy that will be reviewed and monitored by the County Treasury Oversight Committee and shall be reviewed and approved at a public hearing by the Board of Supervisors.

**35. RULES GOVERNING THE ACCEPTANCE OF HONORARIA, GIFTS, AND GRATUITIES:**

- A.** The County Treasury Oversight Committee:
  - 1. Gifts and Gratuity Limits: - Members may not accept a gift or gifts aggregating more than the Fair Political Practices Commission (FPPC) guidelines in a calendar year from an advisor, broker, dealer, banker, or other persons with whom the County Treasurer conducts business.
  - 2. Honorarium Limits - Members may not accept any honorarium from advisors, brokers, dealers, bankers, or other persons with whom the County Treasurer conducts business.
  - 3. Employment - A member may not be employed by an entity that has contributed to the campaign of a candidate for the office of the County Treasurer or a candidate for a legislative body of a local agency that has deposited funds in the County Treasury in the previous three years or during the period the employee is a member of the County Treasury Oversight Committee. A member may not secure employment with bond underwriters, bond counsel, security brokers or

services firms during the period that the person is a member of the Committee or for one year after leaving the County Treasury Oversight Committee.

4. Contributions - A member may not directly or indirectly raise money for a candidate for County Treasurer or a member of the governing board of any local agency that has deposited funds in the County Treasury while a member of the County Treasury Oversight Committee.

**B. The County Treasurer and Designated Employees:**

1. Gifts and Gratuity Limits - The County Treasurer and designated employees may not accept a gift or gifts aggregating more than the Fair Political Practices Commission (FPPC) guidelines in a calendar year from a single source that does business with the County Treasurer's Office.
2. Honorarium Limits - The County Treasurer and designated employees may not accept any honorarium.
3. Form 700 "Statement of Economic Interests" - The County Treasurer and designated employees are required to file a Form 700 annually.

36. **REPORTING** - The County Treasurer shall prepare an investment report monthly to be posted on the County Treasurer Tax-Collector's public website.

**A. The report will be available to the following officials:**

1. Board of Supervisors
2. County Treasury Oversight Committee
3. Chief Administrative Officer
4. Auditor & Controller
5. Pool Participants

**B. The report will include the following:**

1. A summary of Fund statistics
2. The type of investment, issuer, maturity date, par value, and dollar amount invested for all securities, investments, and monies held by the Fund
3. A description of any of the Fund's investments or programs that are under management of contracted parties, including the securities lending program
4. Current market value and the source of the valuation as of the date of the report for all securities held by the Fund

5. Securities lending portfolio, if applicable
6. Pool purchases, sales, and maturities
7. Statement denoting the Fund's ability to meet expenditure requirements for the next six months
8. Statement of compliance with the Investment Policy

**37. COSTS AND EARNINGS APPORTIONMENT**

- A.** Prior to quarterly interest apportionment, investment costs incurred by the County Treasurer will be deducted from the interest earnings of the pool and Dedicated Portfolios based on an equitable distribution formula. The costs, which are authorized by Government Code Section 27013, are made up of direct costs (salaries, banking services, computer services, and supplies) and indirect costs (department overhead and external overhead).
- B.** The Pool earnings distributed to each participant are proportionate to the average daily balance of the amounts on deposit by the participant. The County Auditor & Controller conducts the apportionment process based on the net earnings of the Fund each quarter.
- C.** In the event there is a negative balance in a participant's fund at any time, it shall reduce the average daily balance for the fund. If at quarter-end there is a negative average daily balance in a participant's fund, that fund will be charged the higher of the pool's earning rate for the quarter or a proxy TRAns cost.
- D.** The apportionment rate is set approximately ten business days after each calendar quarter end. Apportionments are not paid out by warrants; all earnings are credited to the participant's fund balance.

**38. TERMS AND CONDITIONS FOR DEPOSITING FUNDS BY VOLUNTARY PARTICIPANTS -**

California Government Code Section 53684 allows local agencies, upon adoption of a resolution by the governing body of the agency, the option of depositing excess funds in the County Treasury for the purpose of investment by the County Treasurer.

- A.** The County, in its regional role to assist and aid other local agencies, adopted Board Resolution 11 on March 24, 1987, to allow agencies to deposit excess funds with the County Treasurer for investment. The limitation on acceptance of voluntary deposits and this Investment Policy are structured to help to ensure that, pursuant to Section 27133 of the California Government Code, the County Treasurer shall be able to find that all proposed deposits/withdrawals will not adversely affect the interests of the other depositors in the Fund.
- B.** The policy for the acceptance of local agency deposits is:
  1. The local agency must sign an Investment Management Agreement.

2. The local agency may be asked to provide cash flows on a quarterly basis indicating projected withdrawals from the Fund.

C. Before any deposits for new accounts from Voluntary Participants can be accepted by the County Treasurer, the local agency must perform the following:

1. Provide a resolution adopted by the Board or governing body that authorizes the local agency to deposit excess funds in the County Treasury for the purpose of investment by the County Treasurer. The resolution must:

a. be signed by an authorized official

b. indicate the resolution number and date passed by the Board or governing

body,

c. indicate the persons authorized to initiate deposits to and instruct withdrawals from the Fund and,

d. bear the seal of the local agency, if the local agency has a seal.

2. Provide wire/ACH transfer instructions for cash withdrawals from the Fund. All withdrawals will be paid by electronic funds transfer.

3. Establish a trust account through the County Auditor & Controller's General Accounting Division.

39. **CRITERIA FOR WITHDRAWAL OF MONIES FROM THE FUND BY VOLUNTARY PARTICIPANTS**

A. Before a local agency withdraws monies from the Fund, it must submit a withdrawal request a minimum of 2 working days prior to the desired withdrawal date. Although not encouraged, shorter notice may be honored at the discretion of the County Treasurer's Office if the withdrawal does not cause the Fund to fall out of compliance with its maturity policy or jeopardize its ability to meet cash flow requirements.

B. When monies are requested for withdrawal, the County Treasurer's Office must find that the withdrawal will not adversely affect the interests of all other depositors in the Fund.

40. **GRANDFATHERED AGENCIES**

A. Grandfathered agencies that use the services of the County to keep their records and/or issue warrants/wires for the agency can continue to function in this manner and will be treated as a mandatory participant (assuming the agency continues to make deposits into the Fund).

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**B.** These agencies can also opt to be treated as Voluntary Participants and elect to

withdraw funds in the same fashion as the other Voluntary Participants. However, any agency so opting shall be subject to all restrictions placed upon the other Voluntary Participants.



## GLOSSARY OF TERMS

**BID** - The price offered by a buyer of securities.

**CREDIT RATING** - The alphanumeric score which provides an assessment of the credit opinion of one of the Nationally Recognized Statistical Rating Organizations for a particular investment or issuing entity.

**DEDICATED PORTFOLIO** - Any assets, besides those held in the Fund, invested by the County Treasurer on behalf of any San Diego County agency.

**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** - A measure of the price volatility of a portfolio that reflects an estimate of the projected increase or decrease in the value of a portfolio based upon a decrease or increase in the interest rates. A duration of 1.0 means that for every 1.0 percent increase in interest rates, the market value of a portfolio would decrease by 1.0 percent.

**EARNINGS APPORTIONMENT** - The quarterly interest distribution to the Pool Participants after the actual investment costs incurred by the County Treasurer are deducted from the interest earnings of the Fund.

**EFFECTIVE DURATION OR OPTION-ADJUSTED DURATION** - The approximate percentage price change of a bond for a 100 basis point parallel shift in the yield curve, allowing for the cash flow to change as a result of the change in yield.

**GRANDFATHERED AGENCIES**- Some fire districts and other agencies that use the County's banking and accounting services.

**ILLIQUID** – Investments for which 1) the secondary market is non-existent or thinly traded, 2) it is not possible to access funds prior to maturity, or 3) One cannot liquidate at the cost of principal.

**ISSUER** - The entity identified as the counterparty or obligator related to a security trade.

**INVESTMENT GROUP** - Group consisting of the County Treasurer-Tax Collector, Assistant Treasurer-Tax Collector, Chief Deputy Treasurer, Chief Investment Officer, and Investment Officers.

**INVESTMENT MANAGEMENT AGREEMENT** - An agreement between a voluntary participant and the San Diego County Treasurer-Tax Collector. The agreement addresses the terms and conditions of local agencies' deposits of funds for investment into the Fund.

**LIQUID** – Term for securities that can be converted to cash quickly.

**MODERATELY LIQUID** - Securities that can be converted to cash quickly with the potential for minimum loss of principal.

**NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO)** - A credit rating agency that issues credit ratings that the U.S. Securities and Exchange Commission (SEC) permits other financial firms to use for certain regulatory purposes.

**OFFER** - The price at which a holder of a security would be willing to sell the security.

**PORTFOLIO VALUE** - The total book value of all the securities held in the Fund.

**PRUDENT RISK** - An investment system in which the investor will invest conservatively to receive a stable income with little risk.

**SAFEKEEPING** - A custodian bank's action to store and protect an investor's securities by segregating and identifying the securities.

**SELECTED DEPOSITORY INSTITUTION** - A nationally or state chartered commercial bank, savings bank, savings and loan association, or credit union in the state of California.

**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.

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**Appendix A**  
**Approved Broker/Dealers**

[Link to approved broker/dealers](#)

**APPENDIX B - POLICY GUIDELINES**

Investment Type	Maximum Maturity	Maximum % of Portfolio	Maximum % With One Issuer	Minimum Rating
US Treasury Obligations	5 years	No Limit	No Limit	No Limit
Agency Obligations	5 years	No Limit	35%	No Limit
Local Agency Obligations	5 years	30%	10%	A
Banker’s Acceptances	180 days	40%	5%	A-1
Commercial Paper (1)	270 days	40%	10% (2)	A-1
Medium Term Notes	5 years	30%	10% (2)	A
Negotiable Certificate of Deposits	5 years	30%	10% (2)	A-1/A
Repurchase Agreements	1 year	40%	Note (3)	No Limit
Reverse Repurchase Agreements	92 days	20%	10%	No Limit
Collateralized Certificates of Deposit	13 months	5%	5%	No Limit
FDIC & NCUA Insured Deposit Accounts	13 months	5%	5%	No Limit
Money Market Funds	N/A	20%	10%	AAAm
Local Government Investment Pools (LGIPs)	N/A	5%	5%	AAAm
Local Agency Investment Fund (LAIF)	N/A	5%	N/A	N/A
Pass-Through Securities	5 years	20%	10%	AA
Supranationals	5 years	30%	10%	AA

(1) Government Code Section 53635(a) (1-2) specifies percentage limitations for this security type for county investment pools.

(2) 10% issuer limit includes CP, MTN, and NCD exposure combined, if applicable.

(3) Maximum exposure per issue – The maximum exposure to a single Repurchase Agreement (RP) issue shall be 10% of the portfolio value for RPs with maturities greater than 5 days and 15% of the portfolio for RPs maturing in 5 days or less. The maximum exposure to a single broker/dealer of RPs shall be 10% of the portfolio value for maturities greater than 5 days and 15% of the portfolio value for maturities of 5 days or less.

**APPENDIX C – STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODES**

CATEGORIES	
<div style="display: flex; align-items: center; justify-content: space-between;"> <span>GENERAL</span> <span>SPECIFIC</span> </div>	
3-DIGITS	4-DIGITS
131 - Crude Petroleum and Natural Gas >	1311 - Crude Petroleum and Natural Gas >
132 - Natural Gas Liquids >	1321 - Natural Gas Liquids >
138 - Oil and Gas Field Services >	1381 - Drilling Oil and Gas Wells >
	1382 - Oil and Gas Field Exploration Services >
	1389 - Oil and Gas Field Services, Not Elsewhere Classified >
122 - Bituminous Coal and Lignite Mining >	1221 - Bituminous Coal and Lignite Surface Mining >
	1222 - Bituminous Coal Underground Mining >
123 - Anthracite Mining >	1231 - Anthracite Mining >
124 - Coal Mining Services >	1241 - Coal Mining Services >
291 - Petroleum Refining >	2911 - Petroleum Refining >
295 - Asphalt Paving and Roofing Materials >	2951 - Asphalt Paving Mixtures and Blocks >
	2952 - Asphalt Felts and Coatings >
299 - Miscellaneous Products of Petroleum and Coal >	2992 - Lubricating Oils and Greases >
	2999 - Products of Petroleum and Coal, Not Elsewhere Classified >
492 - Gas Production and Distribution >	4922 - Natural Gas Transmission >
	4923 - Natural Gas Transmission and Distribution >
	4924 - Natural Gas Distribution >
	4925 - Mixed, Manufactured, or Liquefied Petroleum Gas Production and/or Distribution >





**COUNTY OF SAN DIEGO INVESTMENT POOL**  
**TREASURY INVESTMENT RESULTS**

**Mar**  
**2023**

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Note: The Information provided, including all charts, tables, graphs and numerical representations, are provided to readers solely as a general overview of the economic and market conditions which the Treasurer utilizes in making investment decisions.

# SUMMARY PORTFOLIO STATISTICS

## County of San Diego Pooled Money Fund

As of March 31, 2023

Investment Type	Par Value	Book Value	Market Value	% of Portfolio	Market Price	Days To Maturity	YTM	Accrued Interest	Unrealized Gain/Loss
<b>ABS</b>	815,896,288	814,687,763	799,715,520	5.51%	98.02	1343	3.21%	1,097,572	(14,972,242)
<b>Agency</b>	3,335,993,000	3,334,380,588	3,142,591,152	21.69%	94.20	818	1.21%	9,353,785	(191,789,436)
<b>Bank Deposit</b>	12,911,808	12,911,808	12,911,808	0.09%	100.00	0	3.23%	-	-
<b>Commercial Paper</b>	2,703,000,000	2,665,177,394	2,665,177,394	18.34%	98.60	99	5.08%	-	-
<b>Corporate</b>	485,682,000	486,688,432	467,956,724	3.24%	96.35	726	2.33%	2,839,010	(18,731,709)
<b>LAIF</b>	2,097	2,097	2,097	0.00%	100.00	0	2.88%	13	-
<b>Local Gov Investment Pool</b>	443,000,000	443,000,000	443,000,000	3.05%	100.00	0	4.92%	-	-
<b>Money Market Fund FI</b>	67,500,000	67,500,000	67,500,000	0.46%	100.00	0	4.75%	-	-
<b>Municipal Bonds</b>	527,090,000	526,685,947	504,307,013	3.49%	95.68	840	1.97%	2,529,176	(22,378,934)
<b>Negotiable CD</b>	4,030,000,000	4,030,000,000	4,026,102,203	28.27%	99.90	88	4.71%	82,178,921	(3,897,797)
<b>Supranationals</b>	962,008,000	963,490,633	916,551,327	6.33%	95.27	650	1.51%	3,046,456	(46,939,306)
<b>US Treasury</b>	1,483,000,000	1,472,856,017	1,382,128,077	9.53%	93.20	865	1.14%	2,817,898	(90,727,940)
<b>Total for March 2023</b>	14,866,083,193	14,817,380,680	14,427,943,316	100%	97.05	471	3.17%	103,862,832	(389,437,364)
<b>Total for February 2023</b>	14,629,695,451	14,594,159,451	14,098,546,409	100%	96.37	482	3.05%	90,449,824	(495,613,042)
<b>Change from Prior Month</b>	236,387,742	223,221,229	329,396,907		0.68	(11)	0.12%	13,413,008	106,175,678
<b>Portfolio Effective Duration</b>	1.11								
<b>Return Information</b>	<b>Monthly Return</b>	<b>Annualized</b>	<b>Fiscal Year To Date Return</b>	<b>Annualized</b>	<b>Calendar YTD Return</b>	<b>Annualized</b>			
Book Value	0.26%	3.16%	1.83%	2.44%	0.77%	3.08%			

### Notes

Yield to maturity (YTM) is the estimated rate of return on a bond given its purchase price, assuming all coupon payments are made on a timely basis and reinvested at this same rate of return to the maturity date. Weighted Days to Maturity is average time it takes for securities in a portfolio to mature, weighted in proportion to the dollar amount that is invested in the portfolio. Yields for the portfolio are aggregated based on the book value of each security.

Monthly Investment Returns are reported gross of fees. Administration fees since fiscal year 17-18 have averaged approximately 7 basis points per annum. \*\*All Investments held during the month of March 2023 were in compliance with the Investment Policy dated January 1, 2023. The County Treasurer believes the Treasury Investment Pool contains sufficient cash flow from liquid and maturing securities, bank deposits, and incoming cash to meet the next six months of expected expenditures.

While Safety, Liquidity, and Yield remain the Fund's primary investment objectives, all else being equal and acting under statutory investment limitations, the County Treasurer affirms his/her commitment to the consideration of ESG criteria in evaluating securities. Sustainalytics, a Morningstar Company, provides high-quality, analytical environmental, social and governance (ESG) research, ratings and data to institutional investors and companies. Using Sustainalytics scoring, which is available on Bloomberg, the Pool had a weighted average MTN/CP/CD score of 21.58 as of 03/31/23, placing it in the "Medium Risk" category. Sustainalytics' ratings categories are: negligible (0-9.99), low (10-19.99), medium (20-29.99), high (30-39.99) and severe (40+).



# PARTICIPANT CASH BALANCES

## County of San Diego Pooled Money Fund

As of March 31, 2023

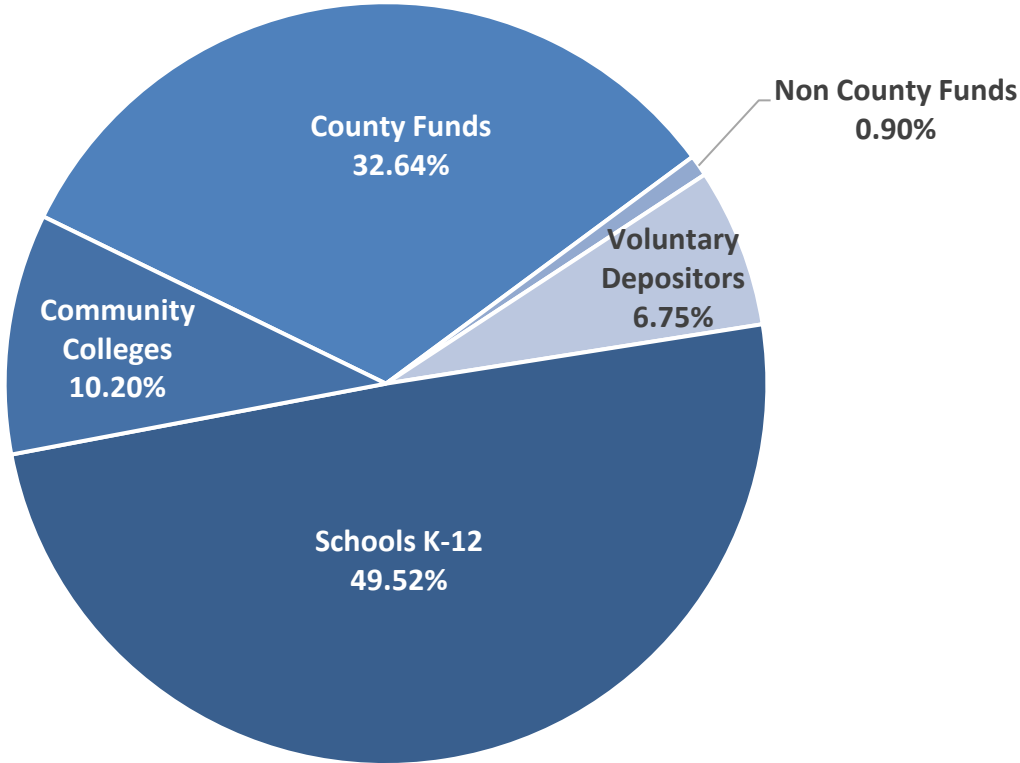
(\$000)

PARTICIPANT	FMV 01/31/23	FMV 02/28/23	FMV 03/31/23	% of Total	PARTICIPANT	FMV 01/31/23	FMV 02/28/23	FMV 03/31/23	% of Total
<b>COUNTY</b>	1,736,991	1,786,050	2,173,777	15.07%	Lakeside FPD	12,253	13,914	16,682	0.12%
<b>COUNTY - SPECIAL TRUST FUNDS</b>	2,639,605	2,620,564	2,535,503	17.57%	Leucadia Wastewater District	1,014	1,017	4	0.00%
<b>NON-COUNTY INVESTMENT FUNDS</b>	107,768	105,672	129,314	0.90%	Lower Sweetwater FPD	751	579	594	0.00%
<b>SCHOOLS - (K THRU 12)</b>	7,334,401	7,140,084	7,144,058	49.52%	Metropolitan Transit System	92,224	106,440	118,404	0.82%
					Mission Resource Conservation District	117	118	121	0.00%
<b>COMMUNITY COLLEGES</b>					North County Transit District	32,450	34,478	34,860	0.24%
San Diego	290,817	258,282	253,038	1.76%	North County Cemetery District	9,387	9,444	9,626	0.07%
Grossmont-Cuyamaca	234,450	230,223	224,722	1.56%	North County Dispatch	7,240	6,905	6,454	0.04%
MiraCosta	372,475	355,383	344,064	2.38%	North County FPD	8,347	7,830	7,219	0.05%
Palomar	296,249	282,772	283,876	1.97%	Otay Water District	14,525	14,570	14,804	0.10%
Southwestern	385,909	368,268	365,514	2.53%	Palomar Health	0	0	1	0.00%
<b>Total Community Colleges</b>	<b>1,579,900</b>	<b>1,494,927</b>	<b>1,471,214</b>	<b>10.20%</b>	Pomerado Cemetery District	2,409	2,392	2,411	0.02%
<b>FIRST 5 COMMISSION</b>	37,735	41,689	42,487	0.29%	Public Agencies Self-Insurance System	3,418	3,429	3,468	0.02%
<b>SDCERA</b>	2,065	7,669	7,293	0.05%	Ramona Cemetery District	1,136	1,103	1,094	0.01%
<b>CITIES</b>					Rancho Santa Fe FPD	13,112	11,354	11,109	0.08%
Chula Vista	31,136	31,231	31,585	0.22%	Resource Conservation District of Greater SD*	0	0	0	0.00%
Coronado	93,379	93,665	94,691	0.66%	Rincon del Diablo Municipal Water District	3,787	3,798	3,850	0.03%
Del Mar	2,707	2,716	2,746	0.02%	SANDAG	22,985	17,354	18,157	0.13%
Encinitas	1,191	1,194	1,208	0.01%	SD County Regional Airport Authority	279,810	280,668	285,778	1.98%
National City	35,517	35,625	36,028	0.25%	San Diego Housing Commission	21,636	21,702	21,947	0.15%
Oceanside*	0	0	0	0.00%	San Diego Geographic Information Source	130	385	484	0.00%
Solana Beach*	0	0	0	0.00%	San Diego Law Library	6,851	6,850	6,826	0.05%
Vista	81	82	83	0.00%	San Diego Local Agency Formation Comm	2,269	2,160	2,055	0.01%
<b>INDEPENDENT AGENCIES</b>					San Diego Regional Training Center	1,095	1,290	1,199	0.01%
Air Pollution Control District	95,791	94,642	93,428	0.65%	San Dieguito River Park	686	1,110	945	0.01%
Alpine FPD	3,243	3,415	3,413	0.02%	San Marcos FPD	1	1	1	0.00%
Bonita-Sunnyside FPD	6,414	6,568	6,198	0.04%	San Miguel Consolidated FPD	25,642	25,004	24,293	0.17%
Borrego Springs FPD	1,395	1,453	1,192	0.01%	Santa Fe Irrigation District	4,405	4,418	4,468	0.03%
Canebrake County Water District	53	54	54	0.00%	Upper San Luis Rey Resource Conserv Dist	10	10	11	0.00%
Deer Springs FPD	16,049	14,993	20,203	0.14%	Vallecitos Water District	5,410	5,427	5,488	0.04%
Grossmont Healthcare District	2	2	2	0.00%	Valley Center FPD	2,252	2,159	2,050	0.01%
Julian-Cuyamaca FPD	0	0	0	0.00%	Valley Center Cemetery District	484	487	493	0.00%
Lake Cuyamaca Rec & Park District	81	82	83	0.00%	Valley Center Water District	25,113	23,927	22,129	0.15%
					Vista FPD	5,680	5,847	6,356	0.04%
					Whispering Palms Community Services District*	0	0	0	0.00%
					<b>Total Voluntary Participants</b>	<b>933,470</b>	<b>951,250</b>	<b>974,077</b>	<b>6.75%</b>
					<b>Pooled Money Fund Total</b>	<b>\$ 14,332,136</b>	<b>\$ 14,098,546</b>	<b>\$ 14,427,943</b>	<b>100.00%</b>

\* Footnote: The Oracle ending balances for these pool participants are under \$500. Due to rounding, the FMV will show as zero even though there is an Oracle balance.

# INVESTMENT FUND PARTICIPANTS

**County of San Diego Pooled Money Fund**  
As of March 31, 2023

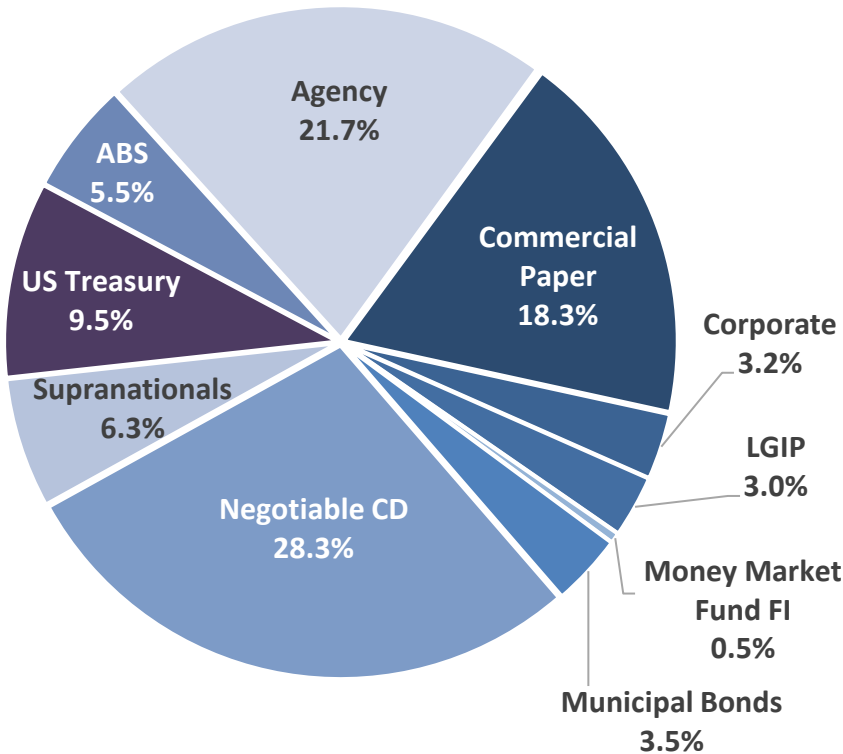


\*Totals may not add to 100% due to rounding

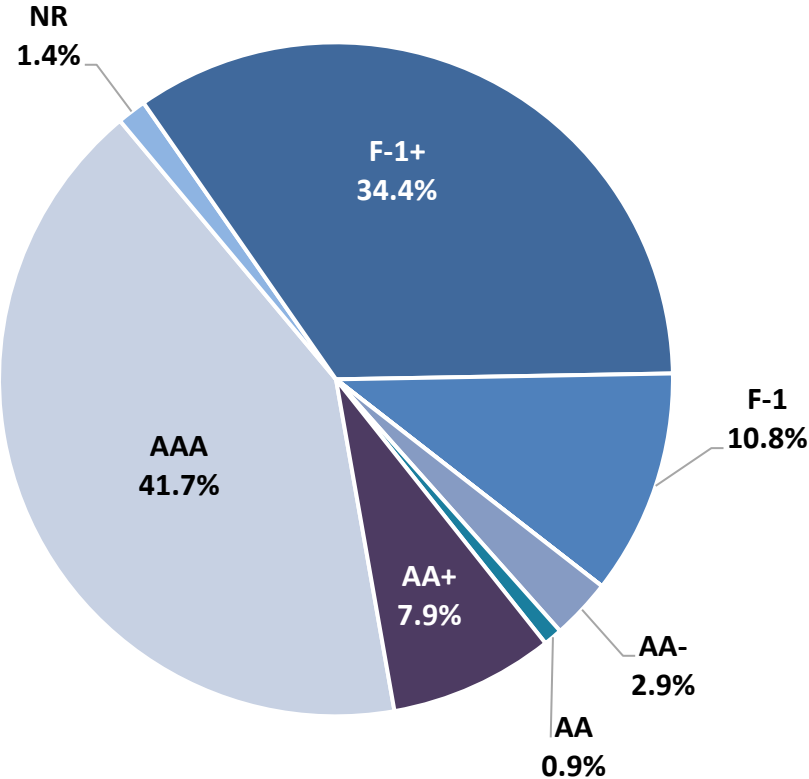
# INVESTMENT FUND OVERVIEW

## County of San Diego Pooled Money Fund As of March 31, 2023

**ASSET ALLOCATION**



**CREDIT QUALITY\*\***



Note: Totals in both charts may not add to 100% due to rounding.

\*\*If a security is not rated by Fitch, the report uses the lowest rating provided by either Moody's or Standard and Poor's using the Fitch scale.



# APPENDIX





# INVESTMENT POLICY COMPLIANCE REPORT

## County of San Diego Pooled Money Fund As of March 31, 2023

Category	Standard	Comment
U.S. Treasury Issues	No limitations; Issued at the Federal level; Obligations are bills, notes, and bonds issued by the Treasury and are direct obligations of the Federal Government	Complies
Federal Agencies	35% max per Agency issuer; Issued at the Federal level; Agency obligations are notes and bonds of the federal agencies and government sponsored enterprise, including: FNMA, FHLB, FFCB, FHLMC, GNMA, TVA	Complies
Supranational Obligations	30% max; 10% max per issuer; "AA" rated or higher by at least one NRSRO; USD denominated senior unsecured unsubordinated obligations; Issued or unconditionally guaranteed by IBRD, IFC, or IADB	Complies
Municipal Securities (Local Agency & State Obligations)	30% max; 10% max per issuer; Minimum Credit Requirements: a) For securities with maturities 13 months or less, the rating must be in the highest short-term rating category by at least one NRSRO; b) For securities with maturities greater than 13 months, the rating must be "A" or higher by at least one NRSRO	Complies
Corporate Medium Term Notes	30% max; 10% max per issuer (inclusive of any other non-MTN investments with said issuer); Minimum Credit Requirements: a) For securities with maturities 13 months or less, the rating must be in the highest short-term rating category by at least one NRSRO; b) For securities with maturities greater than 13 months, the ratings must be "A" or higher by at least one NRSRO	Complies
Pass-Through Securities	20% max; 10% max per issuer; "AA" rated or higher by at least one NRSRO; Limited to equipment lease-backed certificates, consumer receivable pass-through certificates, or consumer receivable-backed bonds	Complies
Negotiable Certificates of Deposit (NCD)	30% max; 10% max per issuer (inclusive of any other non-NCD investments with said issuer); Minimum Credit Requirements: a) For securities with maturities 13 months or less, the rating must be in the highest short-term rating category by at least one NRSRO; b) For securities with maturities greater than 13 months, the ratings must be "A" or higher by at least one NRSRO; 5 years max maturity of an NCD Security; 13 months max maturity of any FDIC insured CDs	Complies
FDIC & NCUA Insured Deposits	5% max; 5 max per issuer; 13 months max maturity; There is no minimum credit requirement of FDIC or NCUA insured deposit accounts whether directly placed or placed through a private sector entity; The full amount of deposit and the interest that may accrue on each deposit shall at all times be insured by the FDIC or NCUA	Complies
Collateralized Certificates of Deposit	5% max; 5 max per issuer; 13 months max maturity; Deposit may not exceed the total of the paid-in capital and surplus of a depository; The depository must maintain securities with a market value of at least 10% in excess of the total amount of the Fund's deposits; The County Treasurer may waive the first \$250,000 of collateral for each depository, so long as the amount is insured by an agency of the Federal Government; Institutions at or above the highest short-term rating category by at least one NRSRO may pledge mortgage-based collateral for County deposits	Complies
Banker's Acceptances	40% max; 5% max per issuer; 180 days max maturity; Highest short-term rating category by at least one NRSRO	Complies
Commercial Paper	40% max; 10% max per issuer (inclusive of any other non-CP investments with said issuer); 270 days max maturity; Highest short-term rating category by at least one NRSRO	Complies
Money Market Mutual Funds	20% max; 10% max per fund; Highest rating category by at least two NRSROs; or Retained an investment adviser registered or exempt from SEC registration with > 5 years experience managing money market mutual funds with AUM >\$500 million; The purchase price of the mutual fund shall not include any commission	Complies
Local Government Investment Pool (LGIP)	5% max; Highest rating category by at least one NRSRO; Investments consist of (i) shares of beneficial interest issued by a joint powers authority (JPA) or (ii) the Local Agency investment Fund (LAIF); Invest in LGIPs that comply with California Government Code and all relevant sections of the Investment Policy and are managed to maintain a stable NAV.	Complies
Repurchase Agreements	40% max; 10% max exposure per broker-dealer when the dollar-weighted average maturity is >5 days or 15% of the fund when the dollar-weighted average maturity is 5 days or less; 1 year max maturity; Collateral eligible for repurchase agreements maturing from 7 days to 1 year shall be Treasury and Agency Obligations	Complies
Reverse Repurchase Agreements	20% max; 10% max per broker/dealer; 92 days max maturity if a securities lending loan, unless the agreement includes a written guarantee of a minimum earning or spread for the entire period of the RFP	Complies
Securities Lending	20% max exposed to securities lending and/or Reverse Repurchase Agreements; 10% max per loan with a single counterparty at any one time; 92 days max maturity; Loans must be secured by cash collateral or securities and maintained at a value of at least equal to 102% of the market value of the securities loan	Complies
Covered Call Option/Put Option	10% max; 90 days max maturity	Complies
Prohibited	Inverse floaters; Ranges notes, Interest-only strips from pool of mortgages; Any security that could result in zero interest accrual	Complies
Credit Rating Policy	For securities with maturities 13 months or less, the rating must be in the highest short-term rating category by at least one NRSRO; For securities with maturities greater than 13 months, the ratings must be "A" or higher by at least one NRSRO	Complies
Duration	2 years maximum effective duration	Complies
Maturity	5 years maximum maturity with shorter limitations specified for certain types of securities; At least 35% of the Fund maturing within 1 year; At least 15% of the Fund maturing within 90 days	Complies

\*Complied at time of purchase

# INVESTMENT INVENTORY – MARKET VALUE

## County of San Diego Pooled Money Fund As of March 31, 2023

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>ABS</b>									
43813VAC2	Honda Auto Receivables 2019-4 A3 1.830% Due 01/18/2024	197,254.04	11/26/2019 1.84%	197,218.89 197,254.04	99.84 6.14%	196,930.54 130.35	0.00% (323.50)	NR / AAA AAA	0.80 0.04
43813RAC1	Honda Auto Receivables 2020-1 A3 1.610% Due 04/22/2024	1,948,336.23	02/26/2020 1.62%	1,947,954.35 1,948,238.81	99.50 5.14%	1,938,656.88 871.34	0.01% (9,581.93)	Aaa / NR AAA	1.06 0.14
89239BAB7	Toyota Auto Receivables Trust 2021-C A2 0.200% Due 05/15/2024	2,197,294.15	09/27/2021 0.21%	2,197,128.04 2,197,223.28	99.69 5.86%	2,190,555.05 195.32	0.02% (6,668.23)	Aaa / AAA NR	1.13 0.05
47789QAB6	John Deere Owner Trust 2021-B A2 0.250% Due 06/17/2024	958,645.71	07/13/2021 0.25%	958,624.04 958,644.27	99.81 6.46%	956,857.84 106.52	0.01% (1,786.43)	Aaa / NR AAA	1.22 0.03
65479JAD5	Nissan Auto Receivables Owner 2019-C A3 1.930% Due 07/15/2024	294,573.64	10/23/2019 1.94%	294,558.08 294,569.40	99.86 6.61%	294,161.84 252.68	0.00% (407.56)	Aaa / AAA NR	1.29 0.03
47789KAC7	John Deere Owner Trust 2020-A A3 1.100% Due 08/15/2024	1,228,704.14	03/11/2020 1.11%	1,228,629.08 1,228,680.85	99.57 5.28%	1,223,367.93 600.70	0.01% (5,312.92)	Aaa / NR AAA	1.38 0.10
345286AB4	Ford Credit Auto Owner Trust 2022-A A2 0.730% Due 09/15/2024	2,820,887.33	01/20/2022 0.74%	2,820,683.67 2,820,847.51	99.28 5.20%	2,800,672.85 915.22	0.02% (20,174.66)	NR / AAA AAA	1.46 0.16
36258NAC6	GM Financial Securitized Auto 2020-1 A3 1.840% Due 09/16/2024	816,722.10	01/15/2020 1.86%	816,529.76 816,722.10	99.71 5.76%	814,315.22 626.15	0.01% (2,406.88)	Aaa / AAA NR	1.47 0.07
44935FAB0	Hyundai Auto Receivables Trust 2021-C A2A 0.360% Due 10/15/2024	5,641,264.10	11/17/2021 0.37%	5,640,935.78 5,641,221.28	99.30 5.56%	5,601,555.24 902.60	0.04% (39,666.04)	NR / AAA AAA	1.55 0.13
362554AB3	GM Financial Securitized Term 2021-4 A2 0.280% Due 11/18/2024	1,647,011.78	10/21/2021 0.29%	1,646,907.52 1,646,994.32	99.35 5.85%	1,636,250.11 192.15	0.01% (10,744.21)	Aaa / AAA NR	1.64 0.12
89236XAC0	Toyota Auto Receivables 2020-DA3 0.350% Due 01/15/2025	2,336,673.85	10/13/2020 0.36%	2,336,238.53 2,336,490.48	98.39 5.80%	2,299,142.12 363.48	0.02% (37,348.36)	NR / AAA AAA	1.80 0.29
89238FAB9	Toyota Auto Receivables OT 2022-B A2A 2.350% Due 01/15/2025	3,857,345.23	04/13/2022 2.37%	3,857,177.05 3,857,279.23	99.12 4.88%	3,823,365.88 4,028.78	0.03% (33,913.35)	Aaa / AAA NR	1.80 0.35
43813GAC5	Honda Auto Receivables Trust 2021-1 A3 0.270% Due 04/21/2025	7,278,150.43	02/24/2021 0.27%	7,278,017.24 7,278,108.25	97.27 5.87%	7,079,544.19 545.86	0.05% (198,564.06)	Aaa / NR AAA	2.06 0.48
41284YAB2	Harley-Davidson Motorcycle 2022-A A2a 2.450% Due 05/15/2025	1,544,053.38	04/20/2022 2.46%	1,544,046.74 1,544,050.54	99.31 5.25%	1,533,362.35 1,681.30	0.01% (10,688.19)	Aaa / AAA NR	2.13 0.25
362585AB7	GM Financial Securitized ART 2022-2 A2 2.520% Due 05/16/2025	5,596,245.91	04/13/2022 2.54%	5,596,080.82 5,596,176.04	98.90 5.46%	5,534,614.45 5,876.06	0.04% (61,561.59)	Aaa / AAA NR	2.13 0.37
34532NAC9	Ford Credit Auto Owners Trust 2021-A A3 0.300% Due 08/15/2025	14,025,636.89	02/17/2021 0.30%	14,024,454.52 14,025,245.51	97.27 5.36%	13,642,161.95 1,870.08	0.09% (383,083.56)	Aaa / AAA NR	2.38 0.54
36260KAC8	GM Financial Securitized Auto 2020-4 A3 0.380% Due 08/18/2025	3,400,895.17	10/14/2020 0.39%	3,400,168.41 3,400,691.51	97.69 5.62%	3,322,273.28 538.48	0.02% (78,418.23)	NR / AAA AAA	2.39 0.44

# INVESTMENT INVENTORY – MARKET VALUE

## County of San Diego Pooled Money Fund

As of March 31, 2023

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
47788UAC6	John Deere Owner Trust 2021-A A3 0.360% Due 09/15/2025	2,827,727.56	03/10/2021 0.37%	2,827,184.07 2,827,494.87	96.78 5.63%	2,736,669.11 452.44	0.02% (90,825.76)	Aaa / NR AAA	2.46 0.61
44933LAC7	Hyundai Auto Receivables Trust 2021-A A3 0.380% Due 09/15/2025	8,378,866.48	04/28/2021 0.38%	8,377,985.02 8,378,541.77	97.24 5.26%	8,147,643.28 1,415.10	0.06% (230,898.49)	NR / AAA AAA	2.46 0.56
43815EAC8	Honda Auto Receivables 2021-3 A3 0.410% Due 11/18/2025	10,500,000.00	08/25/2021 0.41%	10,499,846.70 10,499,922.51	96.28 5.48%	10,109,253.00 1,554.58	0.07% (390,669.51)	NR / AAA AAA	2.64 0.73
89239BAC5	Toyota Auto Receivables Trust 2021-C A3 0.430% Due 01/15/2026	24,000,000.00	09/27/2021 0.43%	23,998,087.20 23,999,007.68	95.78 5.52%	22,988,112.00 4,586.67	0.16% (1,010,895.68)	Aaa / AAA NR	2.80 0.83
43815GAC3	Honda Auto Receivables Trust 2021-4 A3 0.880% Due 01/21/2026	15,500,000.00	11/24/2021 0.89%	15,496,732.60 15,498,091.95	95.51 5.26%	14,804,019.00 3,788.89	0.10% (694,072.95)	Aaa / NR AAA	2.81 1.03
47789QAC4	John Deere Owner Trust 2021-B A3 0.520% Due 03/16/2026	7,000,000.00	07/13/2021 0.52%	6,999,375.60 6,999,665.55	95.67 5.59%	6,696,655.00 1,617.78	0.05% (303,010.55)	Aaa / NR AAA	2.96 0.86
89238JAC9	Toyota Auto Receivables Trust 2021-D A3 0.710% Due 04/15/2026	8,500,000.00	11/15/2021 0.71%	8,499,818.95 8,499,895.45	95.33 5.42%	8,103,058.50 2,682.22	0.06% (396,836.95)	NR / AAA AAA	3.04 1.00
44935FAD6	Hyundai Auto Receivables Trust 2021-C A3 0.740% Due 05/15/2026	11,000,000.00	11/17/2021 0.75%	10,997,544.80 10,998,607.66	95.40 5.49%	10,494,209.11 3,617.78	0.07% (504,398.55)	NR / AAA AAA	3.13 0.97
43815BAC4	Honda Auto Receivables Trust 2022-1 A3 1.880% Due 05/15/2026	21,000,000.00	02/23/2022 1.89%	20,996,841.60 20,997,920.34	95.88 4.95%	20,134,002.00 17,546.67	0.14% (863,918.34)	Aaa / AAA NR	3.13 1.36
345286AC2	Ford Credit Auto Owner Trust 2022-A A3 1.290% Due 06/15/2026	3,500,000.00	01/20/2022 1.30%	3,499,584.20 3,499,744.87	95.76 5.40%	3,351,719.00 2,006.67	0.02% (148,025.87)	NR / AAA AAA	3.21 1.04
43815PAC3	Honda Auto Receivables 2022-2 A3 3.730% Due 07/20/2026	6,100,000.00	08/24/2022 3.76%	6,099,636.44 6,099,707.79	98.17 4.83%	5,988,230.25 8,216.36	0.04% (111,477.54)	NR / AAA AAA	3.31 1.72
65479QAC1	Nissan Auto Receivables Trust 2022-A A3 1.860% Due 08/17/2026	17,300,000.00	02/23/2022 1.88%	17,296,607.47 17,297,441.09	95.43 5.27%	16,510,133.90 14,301.33	0.11% (787,307.19)	Aaa / AAA NR	3.38 1.36
05602RAD3	BMW Vehicle Owner Trust 2022-A A3 3.210% Due 08/25/2026	7,000,000.00	05/18/2022 3.23%	6,999,636.00 6,999,738.07	97.71 4.90%	6,840,001.00 3,745.00	0.05% (159,737.07)	Aaa / AAA NR	3.41 1.38
254683CP8	Discover Card Execution Trust 2021-A1 A1 0.580% Due 09/15/2026	17,000,000.00	09/27/2021 0.59%	16,996,360.30 16,998,210.37	93.96 4.96%	15,973,149.00 4,382.22	0.11% (1,025,061.37)	Aaa / AAA NR	3.46 1.41
89238FAD5	Toyota Auto Receivables OT 2022-B A3 2.930% Due 09/15/2026	9,000,000.00	04/13/2022 2.95%	8,999,789.40 8,999,851.92	97.02 4.97%	8,731,845.00 11,720.00	0.06% (268,006.92)	Aaa / AAA NR	3.46 1.48
34534LAD9	Ford Credit Auto Owners Trust 2022-B A3 3.740% Due 09/15/2026	18,250,000.00	06/27/2022 3.77%	18,249,012.68 18,249,273.34	98.27 4.98%	17,933,818.75 30,335.56	0.12% (315,454.59)	Aaa / NR AAA	3.46 1.43
362554AC1	GM Financial Securitized Term 2021-4 A3 0.680% Due 09/16/2026	6,000,000.00	10/21/2021 0.68%	5,999,847.00 5,999,911.92	94.86 5.77%	5,691,852.00 1,700.00	0.04% (308,059.92)	Aaa / AAA NR	3.47 1.02
47787JAC2	John Deere Owner Trust 2022-A A3 2.320% Due 09/16/2026	13,500,000.00	03/16/2022 2.34%	13,497,013.80 13,497,903.36	96.65 5.05%	13,048,168.50 13,920.00	0.09% (449,734.86)	Aaa / NR AAA	3.47 1.24

# INVESTMENT INVENTORY – MARKET VALUE

## County of San Diego Pooled Money Fund As of March 31, 2023

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
448977AD0	Hyundai Auto Receivables Trust 2022-A A3 2.220% Due 10/15/2026	22,500,000.00	03/16/2022 2.23%	22,499,133.75 22,499,411.80	96.14 5.00%	21,630,600.00 22,200.00	0.15% (868,811.80)	NR / AAA AAA	3.55 1.41
02582JIR2	American Express 2021-1 A 0.900% Due 11/15/2026	65,000,000.00	Various 2.03%	63,277,033.05 63,844,288.98	93.99 4.82%	61,093,760.00 26,000.00	0.42% (2,750,528.98)	Aaa / NR AAA	3.63 1.56
380146AC4	GM Financial Auto Receivables 2022-1 A3 1.260% Due 11/16/2026	5,250,000.00	01/19/2022 1.27%	5,249,543.78 5,249,708.14	95.01 5.68%	4,988,182.50 2,756.25	0.03% (261,525.64)	NR / AAA AAA	3.63 1.14
44918MAD2	Hyundai Auto Receivables 2022-B A3 3.720% Due 11/16/2026	22,500,000.00	07/20/2022 3.75%	22,499,991.00 22,499,993.05	98.27 4.78%	22,110,187.50 37,200.00	0.15% (389,805.55)	NR / AAA AAA	3.63 1.69
90291UAC6	USAA Auto Owner Trust 22-A A3 4.860% Due 11/16/2026	40,000,000.00	10/11/2022 4.91%	39,998,104.00 39,998,427.52	99.92 4.97%	39,968,440.00 86,400.00	0.28% (29,987.52)	Aaa / AAA NR	3.63 1.25
34535AAD2	Ford Credit Auto Owner Trust 22-C A3 4.480% Due 12/15/2026	20,000,000.00	09/23/2022 4.52%	19,998,844.00 19,999,045.88	99.44 4.88%	19,888,180.00 39,822.22	0.14% (110,865.88)	Aaa / AAA NR	3.71 1.58
41284YAD8	Harley-Davidson Motorcycle 2022-A A3 3.060% Due 02/15/2027	15,000,000.00	04/20/2022 3.09%	14,997,502.50 14,998,233.58	97.47 5.20%	14,620,875.00 20,400.00	0.10% (377,358.58)	Aaa / AAA NR	3.88 1.20
362585AC5	GM Financial Securitized ART 2022-2 A3 3.100% Due 02/16/2027	8,750,000.00	04/13/2022 3.13%	8,748,171.25 8,748,686.86	96.84 5.16%	8,473,193.75 11,302.08	0.06% (275,493.11)	Aaa / AAA NR	3.88 1.56
47800AAC4	John Deere Owner Trust 2022-B A3 3.740% Due 02/16/2027	17,250,000.00	07/20/2022 3.77%	17,248,352.63 17,248,674.28	98.07 4.89%	16,917,558.00 28,673.33	0.12% (331,116.28)	Aaa / NR AAA	3.88 1.72
89231CAD9	Toyota Auto Receivables Owner 2022-C A3 3.760% Due 04/15/2027	10,000,000.00	08/16/2022 3.80%	9,998,329.00 9,998,642.06	98.05 4.83%	9,805,250.00 16,711.11	0.07% (193,392.06)	NR / AAA AAA	4.04 1.89
36265WAD5	GM Financial Securitized Auto 2022-3 A3 3.640% Due 04/16/2027	16,000,000.00	07/13/2022 3.67%	15,999,889.60 15,999,914.51	98.00 4.83%	15,679,889.12 24,266.67	0.11% (320,025.39)	Aaa / NR AAA	4.05 1.73
254683CS2	Discover Card Execution Trust 2022-A2 3.320% Due 05/15/2027	14,500,000.00	05/26/2022 3.35%	14,498,821.15 14,499,157.96	97.31 4.71%	14,109,326.50 21,395.56	0.10% (389,831.46)	Aaa / NR AAA	4.13 1.99
02582JIT8	American Express Credit Trust 2022-2 A 3.390% Due 05/17/2027	16,000,000.00	05/24/2022 3.42%	15,996,460.80 15,997,476.65	97.66 4.60%	15,625,120.00 24,106.67	0.11% (372,356.65)	NR / AAA AAA	4.13 1.99
65480JAC4	Nissan Auto Receivables 2022-B A3 4.460% Due 05/17/2027	21,000,000.00	09/28/2022 4.51%	20,995,655.10 20,996,292.54	99.31 4.86%	20,856,087.00 41,626.67	0.14% (140,205.54)	Aaa / AAA NR	4.13 1.94
345295AD1	Ford Credit Auto Owner Trust 2022-D A3 5.270% Due 05/17/2027	14,500,000.00	11/22/2022 5.33%	14,497,948.25 14,498,174.10	101.12 4.80%	14,662,922.00 33,962.22	0.10% 164,747.90	Aaa / NR AAA	4.13 2.11
47800BAC2	John Deere Owner Trust 2022-C A3 5.090% Due 06/15/2027	23,500,000.00	10/19/2022 5.15%	23,498,176.40 23,498,400.42	100.81 4.74%	23,690,749.50 53,162.22	0.16% 192,349.08	Aaa / NR AAA	4.21 1.98
44933DAD3	Hyundai Auto Receivables Trust 22-C A3 5.390% Due 06/15/2027	48,500,000.00	11/09/2022 5.45%	48,499,767.20 48,499,795.08	101.20 4.86%	49,082,873.00 116,184.44	0.34% 583,077.92	NR / AAA AAA	4.21 2.02
254683CW3	Discover Card Execution Trust 2022-A3 A3 3.560% Due 07/15/2027	25,000,000.00	08/09/2022 3.59%	24,996,897.50 24,997,578.25	97.71 4.67%	24,426,425.00 39,555.56	0.17% (571,153.25)	Aaa / AAA NR	4.29 2.14



# INVESTMENT INVENTORY – MARKET VALUE

## County of San Diego Pooled Money Fund

As of March 31, 2023

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
02582JIV3	American Express Credit Trust 2022-3 A 3.750% Due 08/16/2027	26,000,000.00	08/16/2022 3.78%	25,999,584.00 25,999,635.94	98.22 4.59%	25,537,642.00 40,625.00	0.18% (461,993.94)	Aaa / NR AAA	4.38 2.21
36265QAD8	GM Financial Securitized 22-4 A3 4.820% Due 08/16/2027	35,500,000.00	10/12/2022 4.88%	35,494,181.55 35,495,016.24	100.32 4.71%	35,614,061.50 71,295.83	0.25% 119,045.26	NR / AAA AAA	4.38 1.97
161571HS6	Chase Issuance Trust 22-A1 A 3.970% Due 09/15/2027	15,000,000.00	09/15/2022 4.00%	14,997,496.50 14,997,948.36	98.64 4.60%	14,796,270.00 26,466.67	0.10% (201,678.36)	NR / AAA AAA	4.46 2.28
89239HAD0	Toyota Auto Receivables Owner 20222-D A3 5.300% Due 09/15/2027	47,000,000.00	11/01/2022 5.36%	46,995,361.10 46,995,881.35	101.46 4.71%	47,685,589.00 110,711.11	0.33% 689,707.65	Aaa / NR AAA	4.46 2.22
02582JIX9	American Express Credit Trust 2022-4 A 4.950% Due 10/15/2027	12,000,000.00	10/27/2022 5.00%	11,999,404.80 11,999,487.14	100.95 4.60%	12,113,832.00 26,400.00	0.08% 114,344.86	NR / AAA AAA	4.55 2.33
254683CX1	Discover Card Execution Trust 2022-A4 A 5.030% Due 10/15/2027	13,000,000.00	11/28/2022 5.09%	12,998,326.90 12,998,524.11	101.29 4.53%	13,168,181.00 29,062.22	0.09% 169,656.89	NR / AAA AAA	4.55 2.32
<b>TOTAL ABS</b>		<b>815,896,288.12</b>	<b>3.21%</b>	<b>814,099,232.16</b> <b>814,687,762.73</b>	<b>4.95%</b>	<b>799,715,520.49</b> <b>1,097,572.17</b>	<b>5.51%</b> <b>(14,972,242.24)</b>	<b>Aaa / AAA</b> <b>AAA</b>	<b>3.68</b> <b>1.57</b>

Agency									
3133834G3	FHLB Note 2.125% Due 06/09/2023	48,500,000.00	06/28/2019 1.83%	49,049,505.00 48,526,293.93	99.46 4.99%	48,237,130.00 320,638.89	0.33% (289,163.93)	Aaa / AA+ NR	0.19 0.19
3133EEW71	FFCB Note 2.520% Due 06/15/2023	11,008,000.00	07/03/2019 1.82%	11,300,702.72 11,023,213.24	99.54 4.76%	10,956,977.92 81,679.36	0.08% (66,235.32)	Aaa / AA+ AAA	0.21 0.20
3133EKS7	FFCB Note 1.770% Due 06/26/2023	35,675,000.00	Various 1.82%	35,608,544.50 35,671,085.88	99.25 4.97%	35,406,331.58 166,631.98	0.24% (264,754.30)	Aaa / AA+ AAA	0.24 0.23
3137EAE54	FHLMC Note 0.250% Due 06/26/2023	100,000,000.00	08/27/2020 0.28%	99,910,500.00 99,992,548.89	99.00 4.55%	98,995,300.00 65,972.22	0.68% (997,248.89)	NR / AA+ AAA	0.24 0.23
3137EAEV7	FHLMC Note 0.250% Due 08/24/2023	90,000,000.00	Various 0.28%	89,909,200.00 89,987,972.83	98.22 4.81%	88,401,060.00 23,125.00	0.61% (1,586,912.83)	Aaa / AA+ AAA	0.40 0.39
3137EAEW5	FHLMC Note 0.250% Due 09/08/2023	65,000,000.00	09/04/2020 0.26%	64,978,550.00 64,996,877.16	98.02 4.89%	63,711,895.00 10,381.94	0.44% (1,284,982.16)	Aaa / AA+ AAA	0.44 0.43
3135G0U43	FNMA Note 2.875% Due 09/12/2023	35,000,000.00	Various 2.00%	36,232,250.00 35,130,564.04	99.10 4.93%	34,683,915.00 53,107.64	0.24% (446,649.04)	Aaa / AA+ AAA	0.45 0.44
3133EMBS0	FFCB Note 0.200% Due 10/02/2023	25,000,000.00	10/02/2020 0.24%	24,968,750.00 24,994,748.86	97.77 4.74%	24,442,450.00 24,861.11	0.17% (552,298.86)	Aaa / AA+ AAA	0.51 0.49
3133EKUB0	FFCB Note 1.880% Due 11/01/2023	50,000,000.00	07/03/2019 1.88%	50,006,500.00 50,000,879.27	98.38 4.73%	49,188,600.00 391,666.67	0.34% (812,279.27)	Aaa / AA+ AAA	0.59 0.57

# INVESTMENT INVENTORY – MARKET VALUE

## County of San Diego Pooled Money Fund

As of March 31, 2023

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
3134GXCA0	FHLMC Callable Note Qtrly 11/24/2021 0.320% Due 11/24/2023	25,000,000.00	11/25/2020 0.33%	24,990,000.00 24,997,833.64	97.02 5.06%	24,254,700.00 28,222.22	0.17% (743,133.64)	Aaa / NR AAA	0.65 0.63
3135G06H1	FNMA Note 0.250% Due 11/27/2023	25,000,000.00	11/25/2020 0.29%	24,971,500.00 24,993,764.81	97.11 4.78%	24,277,950.00 21,527.78	0.17% (715,814.81)	Aaa / AA+ AAA	0.66 0.64
3137EAF2	FHLMC Note 0.250% Due 12/04/2023	25,000,000.00	12/02/2020 0.28%	24,975,250.00 24,994,417.12	96.98 4.85%	24,244,850.00 20,312.50	0.17% (749,567.12)	Aaa / AA+ AAA	0.68 0.66
3130AFW94	FHLB Note 2.500% Due 02/13/2024	15,000,000.00	02/15/2019 2.58%	14,946,900.00 14,990,742.43	98.06 4.81%	14,709,330.00 50,000.00	0.10% (281,412.43)	Aaa / AA+ AAA	0.87 0.84
3133EKM1	FFCB Note 2.230% Due 02/23/2024	50,000,000.00	07/08/2019 1.94%	50,629,500.00 50,122,102.90	97.84 4.73%	48,918,600.00 117,694.44	0.34% (1,203,502.90)	Aaa / AA+ AAA	0.90 0.87
3136G4G80	FNMA Callable Note Qtrly 8/26/2022 0.375% Due 02/26/2024	15,455,000.00	08/27/2020 0.38%	15,455,000.00 15,455,000.00	96.08 4.87%	14,848,437.62 5,634.64	0.10% (606,562.38)	Aaa / AA+ AAA	0.91 0.88
3130ARHG9	FHLB Note 2.125% Due 02/28/2024	15,000,000.00	03/25/2022 2.19%	14,982,900.00 14,991,922.98	97.72 4.71%	14,657,445.00 29,218.75	0.10% (334,477.98)	Aaa / AA+ NR	0.92 0.88
3134GWE44	FHLMC Callable Note Qtrly 9/8/2022 0.375% Due 03/08/2024	50,000,000.00	09/08/2020 0.38%	50,000,000.00 50,000,000.00	95.94 4.87%	47,969,050.00 11,979.17	0.33% (2,030,950.00)	Aaa / NR AAA	0.94 0.91
3133EKQU3	FFCB Note 1.950% Due 06/13/2024	120,350,000.00	Various 1.89%	120,672,926.30 120,428,242.78	96.94 4.60%	116,666,447.55 704,047.50	0.81% (3,761,795.23)	Aaa / AA+ AAA	1.21 1.16
3130AQHT3	FHLB Callable Note Qtrly 04/26/2022 1.020% Due 07/26/2024	10,000,000.00	01/26/2022 1.02%	10,000,000.00 10,000,000.00	95.43 4.63%	9,542,900.00 18,416.67	0.07% (457,100.00)	Aaa / AA+ NR	1.32 1.28
3136G4H22	FNMA Callable Note Annual 8/12/2022 0.410% Due 08/12/2024	50,000,000.00	08/12/2020 0.42%	49,975,000.00 49,991,461.33	94.53 4.60%	47,262,550.00 27,902.78	0.33% (2,728,911.33)	Aaa / AA+ AAA	1.37 1.33
3133EL5S9	FFCB Callable Note Cont 9/3/2021 0.480% Due 09/03/2024	25,000,000.00	09/03/2020 0.48%	25,000,000.00 25,000,000.00	94.44 4.56%	23,609,800.00 9,333.33	0.16% (1,390,200.00)	Aaa / AA+ AAA	1.43 1.39
3130A2UW4	FHLB Note 2.875% Due 09/13/2024	66,555,000.00	Various 1.70%	70,171,868.25 67,637,640.54	98.07 4.26%	65,271,420.27 95,672.81	0.45% (2,366,220.27)	Aaa / AA+ AAA	1.46 1.40
3133EKP75	FFCB Note 1.600% Due 09/17/2024	25,000,000.00	09/17/2019 1.68%	24,906,620.00 24,972,655.56	96.15 4.35%	24,037,375.00 15,555.55	0.17% (935,280.56)	Aaa / AA+ AAA	1.47 1.42
3134GWVM5	FHLMC Callable Note 1X 9/30/2022 0.350% Due 09/30/2024	25,000,000.00	09/30/2020 0.35%	25,000,000.00 25,000,000.00	94.11 4.45%	23,528,325.00 243.06	0.16% (1,471,675.00)	Aaa / NR AAA	1.50 1.46
3134GWY8	FHLMC Callable Note Qtrly 9/30/2022 0.375% Due 09/30/2024	25,000,000.00	09/30/2020 0.38%	25,000,000.00 25,000,000.00	94.06 4.51%	23,515,925.00 260.42	0.16% (1,484,075.00)	Aaa / NR AAA	1.50 1.46
3130APPQ2	FHLB Callable Note Qtrly 2/8/2022 0.900% Due 11/08/2024	25,000,000.00	11/08/2021 0.90%	25,000,000.00 25,000,000.00	94.61 4.42%	23,652,725.00 89,375.00	0.16% (1,347,275.00)	Aaa / AA+ NR	1.61 1.55
3134GXD24	FHLMC Callable Note Qtrly 11/25/2022 0.450% Due 11/25/2024	50,000,000.00	11/25/2020 0.45%	50,000,000.00 50,000,000.00	93.79 4.39%	46,895,500.00 78,750.00	0.32% (3,104,500.00)	Aaa / NR AAA	1.66 1.61

# INVESTMENT INVENTORY – MARKET VALUE

## County of San Diego Pooled Money Fund

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CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
3134GWC38	FHLMC Callable Note Qtrly 9/2/2022 0.480% Due 12/02/2024	50,000,000.00	09/02/2020 0.48%	50,000,000.00 50,000,000.00	93.83 4.35%	46,914,450.00 19,333.33	0.32% (3,085,550.00)	Aaa / NR AAA	1.68 1.63
3130APXJ9	FHLB Callable Note Qtrly 03/10/2022 1.100% Due 12/10/2024	25,000,000.00	12/10/2021 1.10%	25,000,000.00 25,000,000.00	94.76 4.34%	23,690,700.00 84,791.67	0.16% (1,309,300.00)	Aaa / AA+ NR	1.70 1.64
3135G0X24	FNMA Note 1.625% Due 01/07/2025	50,000,000.00	01/10/2020 1.69%	49,840,500.00 49,943,422.97	95.59 4.24%	47,796,700.00 189,583.33	0.33% (2,146,722.97)	Aaa / AA+ AAA	1.78 1.71
3130ARDS7	FHLB Callable Note Qtrly 06/28/2022 2.200% Due 03/28/2025	25,000,000.00	03/28/2022 2.20%	25,000,000.00 25,000,000.00	96.02 4.31%	24,005,175.00 4,583.33	0.17% (994,825.00)	Aaa / AA+ NR	1.99 1.92
3133ENTK6	FFCB Note 2.510% Due 04/01/2025	25,000,000.00	04/01/2022 2.56%	24,964,750.00 24,976,489.28	95.94 4.66%	23,984,325.00 313,750.00	0.17% (992,164.28)	Aaa / AA+ AAA	2.01 1.89
3133EMVS8	FFCB Callable Note Cont 4/14/2023 0.690% Due 04/14/2025	25,000,000.00	04/14/2021 0.69%	25,000,000.00 25,000,000.00	93.15 4.24%	23,287,050.00 80,020.83	0.16% (1,712,950.00)	Aaa / AA+ AAA	2.04 1.98
3134GVU55	FHLMC Callable Note Qtrly 5/19/2021 0.750% Due 05/19/2025	25,000,000.00	05/19/2020 0.75%	25,000,000.00 25,000,000.00	93.03 4.20%	23,257,450.00 68,750.00	0.16% (1,742,550.00)	Aaa / NR AAA	2.14 2.07
3130APVB8	FHLB Callable Note Qtrly 11/22/2022 1.000% Due 05/22/2025	35,000,000.00	11/22/2021 1.00%	35,000,000.00 35,000,000.00	93.51 4.20%	32,728,850.00 125,416.66	0.23% (2,271,150.00)	Aaa / AA+ NR	2.15 2.07
3134GVB31	FHLMC Callable Note Qtrly 5/28/2021 0.750% Due 05/28/2025	75,000,000.00	Various 0.75%	74,995,000.00 74,997,836.35	92.71 4.32%	69,536,175.00 192,187.50	0.48% (5,461,661.35)	Aaa / NR AAA	2.16 2.09
3136G4WV1	FNMA Callable Note Qtrly 6/16/2022 0.750% Due 06/16/2025	50,000,000.00	06/16/2020 0.75%	50,000,000.00 50,000,000.00	92.91 4.14%	46,456,250.00 109,375.00	0.32% (3,543,750.00)	Aaa / AA+ AAA	2.21 2.14
3136G4YU1	FNMA Callable Note Qtrly 7/15/2021 0.730% Due 07/15/2025	30,000,000.00	07/15/2020 0.73%	30,000,000.00 30,000,000.00	92.68 4.11%	27,803,610.00 46,233.33	0.19% (2,196,390.00)	NR / AA+ AAA	2.29 2.22
3136G4A37	FNMA Callable Note Qtrly 1/28/2022 0.670% Due 07/28/2025	20,000,000.00	07/28/2020 0.67%	20,000,000.00 20,000,000.00	92.46 4.10%	18,491,920.00 23,450.00	0.13% (1,508,080.00)	Aaa / AA+ AAA	2.33 2.26
3136G4D75	FNMA Callable Note Qtrly 7/29/2022 0.600% Due 07/29/2025	50,000,000.00	07/29/2020 0.60%	50,000,000.00 50,000,000.00	92.30 4.10%	46,149,850.00 51,666.66	0.32% (3,850,150.00)	Aaa / NR AAA	2.33 2.27
3136G4B77	FNMA Callable Note Qtrly 8/4/2021 0.700% Due 08/04/2025	25,000,000.00	08/04/2020 0.70%	25,000,000.00 25,000,000.00	92.47 4.10%	23,118,550.00 27,708.33	0.16% (1,881,450.00)	Aaa / AA+ AAA	2.35 2.28
3136G4J46	FNMA Callable Note Qtrly 8/12/2022 0.570% Due 08/12/2025	25,000,000.00	08/12/2020 0.57%	25,000,000.00 25,000,000.00	92.13 4.09%	23,033,500.00 19,395.83	0.16% (1,966,500.00)	Aaa / AA+ AAA	2.37 2.30
3136G4H63	FNMA Callable Note Annual 8/19/2022 0.550% Due 08/19/2025	25,000,000.00	08/19/2020 0.55%	25,000,000.00 25,000,000.00	92.04 4.09%	23,010,775.00 16,041.67	0.16% (1,989,225.00)	Aaa / AA+ AAA	2.39 2.32
3136G4V34	FNMA Callable Note 1X 8/26/2022 0.550% Due 08/26/2025	25,000,000.00	08/26/2020 0.55%	25,000,000.00 25,000,000.00	92.03 4.06%	23,008,025.00 13,368.06	0.16% (1,991,975.00)	Aaa / AA+ AAA	2.41 2.34
3136G4S53	FNMA Callable Note Qtrly 8/27/2021 0.650% Due 08/27/2025	25,000,000.00	08/27/2020 0.65%	25,000,000.00 25,000,000.00	92.21 4.08%	23,051,400.00 15,347.22	0.16% (1,948,600.00)	Aaa / AA+ AAA	2.41 2.34

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3130AK5E2	FHLB Note 0.375% Due 09/04/2025	5,000,000.00	09/11/2020 0.44%	4,985,000.00 4,992,685.54	91.87 3.92%	4,593,395.00 1,406.25	0.03% (399,290.54)	Aaa / AA+ AAA	2.43 2.37
3133EMAU6	FFCB Callable Note Cont 9/22/2022 0.500% Due 09/22/2025	40,000,000.00	09/24/2020 0.50%	40,000,000.00 40,000,000.00	91.66 4.08%	36,664,680.00 5,000.00	0.25% (3,335,320.00)	Aaa / AA+ AAA	2.48 2.41
3137EAEX3	FHLMC Note 0.375% Due 09/23/2025	10,000,000.00	11/04/2020 0.51%	9,936,300.00 9,967,650.11	91.36 4.08%	9,136,050.00 833.33	0.06% (831,600.11)	Aaa / AA+ AAA	2.48 2.42
3136G43L5	FNMA Callable Note Annual 9/30/2022 0.550% Due 09/30/2025	38,400,000.00	09/30/2020 0.55%	38,400,000.00 38,400,000.00	91.73 4.06%	35,222,630.40 586.66	0.24% (3,177,369.60)	Aaa / AA+ AAA	2.50 2.44
3134GWYS9	FHLMC Callable Note Qtrly 4/15/2021 0.600% Due 10/15/2025	56,000,000.00	Various 0.82%	55,515,500.00 55,686,678.75	91.73 4.06%	51,370,312.00 154,933.33	0.35% (4,316,366.75)	Aaa / NR AAA	2.55 2.47
3135G06A6	FNMA Callable Note Qtrly 10/20/2021 0.580% Due 10/20/2025	25,000,000.00	10/20/2020 0.58%	25,000,000.00 25,000,000.00	91.65 4.05%	22,913,150.00 64,847.22	0.16% (2,086,850.00)	Aaa / AA+ AAA	2.56 2.48
3134GW5H5	FHLMC Callable Note Qtrly 7/28/2022 0.530% Due 10/28/2025	25,000,000.00	10/28/2020 0.53%	25,000,000.00 25,000,000.00	91.48 4.05%	22,870,150.00 23,187.50	0.16% (2,129,850.00)	Aaa / NR AAA	2.58 2.53
3136G46N8	FNMA Callable Note Qtrly 10/29/2021 0.600% Due 10/29/2025	25,000,000.00	10/29/2020 0.60%	25,000,000.00 25,000,000.00	91.64 4.05%	22,908,775.00 63,333.33	0.16% (2,091,225.00)	Aaa / AA+ AAA	2.58 2.50
3133EMFS6	FFCB Note 0.460% Due 11/03/2025	16,450,000.00	11/04/2020 0.53%	16,391,602.50 16,419,697.30	91.44 3.97%	15,042,422.85 31,108.78	0.10% (1,377,274.45)	Aaa / AA+ AAA	2.60 2.52
3135G06G3	FNMA Note 0.500% Due 11/07/2025	23,000,000.00	11/12/2020 0.57%	22,917,660.00 22,956,998.71	91.49 3.98%	21,042,907.00 46,000.00	0.15% (1,914,091.71)	Aaa / AA+ AAA	2.61 2.53
3135GA3X7	FNMA Callable Note 1X 11/17/2022 0.570% Due 11/17/2025	50,000,000.00	11/17/2020 0.57%	50,000,000.00 50,000,000.00	91.51 4.01%	45,752,650.00 106,083.33	0.32% (4,247,350.00)	Aaa / AA+ AAA	2.64 2.55
3134GXFA7	FHLMC Callable Note Qtrly 11/26/2021 0.650% Due 11/26/2025	25,000,000.00	11/30/2020 0.65%	25,000,000.00 25,000,000.00	91.64 4.00%	22,909,425.00 56,423.61	0.16% (2,090,575.00)	Aaa / NR AAA	2.66 2.58
3134GXDM3	FHLMC Callable Note Qtrly 12/1/2021 0.620% Due 12/01/2025	25,000,000.00	11/20/2020 0.62%	25,000,000.00 25,000,000.00	91.27 4.11%	22,818,300.00 51,666.67	0.16% (2,181,700.00)	Aaa / NR AAA	2.67 2.59
3135G06J7	FNMA Callable Note Qtrly 6/10/2021 0.650% Due 12/10/2025	25,000,000.00	12/09/2020 0.65%	25,000,000.00 25,000,000.00	91.29 4.10%	22,822,550.00 50,104.17	0.16% (2,177,450.00)	Aaa / AA+ AAA	2.70 2.61
3130AQ6B4	FHLB Callable Note Qtrly 12/15/2022 1.220% Due 12/15/2025	25,000,000.00	12/15/2021 1.22%	25,000,000.00 25,000,000.00	92.67 4.11%	23,167,675.00 89,805.56	0.16% (1,832,325.00)	Aaa / AA+ NR	2.71 2.60
3135G06K4	FNMA Callable Note Qtrly 12/17/2021 0.650% Due 12/17/2025	75,000,000.00	12/02/2020 0.65%	75,000,000.00 75,000,000.00	91.24 4.10%	68,428,425.00 140,833.32	0.47% (6,571,575.00)	Aaa / AA+ AAA	2.72 2.63
3130AKMZ6	FHLB Callable Note Qtrly 1/14/2022 0.510% Due 01/14/2026	25,000,000.00	01/06/2021 0.51%	25,000,000.00 25,000,000.00	90.62 4.11%	22,655,975.00 27,270.83	0.16% (2,344,025.00)	Aaa / AA+ NR	2.79 2.71
3130AKMY9	FHLB Callable Note Qtrly 7/15/2021 0.550% Due 01/15/2026	25,000,000.00	01/06/2021 0.55%	25,000,000.00 25,000,000.00	90.72 4.11%	22,680,200.00 29,027.78	0.16% (2,319,800.00)	Aaa / AA+ NR	2.80 2.71

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3130AKQ74	FHLB Callable Note Qtrly 7/22/2021 0.625% Due 01/22/2026	25,000,000.00	01/22/2021 0.63%	25,000,000.00 25,000,000.00	90.87 4.10%	22,717,525.00 29,947.92	0.16% (2,282,475.00)	Aaa / AA+ NR	2.82 2.73
3130AKQX7	FHLB Callable Note Qtrly 4/28/2021 0.700% Due 01/28/2026	25,000,000.00	01/28/2021 0.70%	25,000,000.00 25,000,000.00	91.03 4.10%	22,757,125.00 30,625.00	0.16% (2,242,875.00)	Aaa / AA+ NR	2.83 2.74
3130AKPL4	FHLB Callable Note 1X 1/28/2022 0.550% Due 01/28/2026	50,000,000.00	01/28/2021 0.55%	50,000,000.00 50,000,000.00	91.04 3.93%	45,517,650.00 48,125.00	0.31% (4,482,350.00)	Aaa / AA+ NR	2.83 2.75
3130AL7M0	FHLB Callable Note Qtrly 8/24/2021 0.625% Due 02/24/2026	25,000,000.00	02/24/2021 0.63%	25,000,000.00 25,000,000.00	90.58 4.11%	22,644,475.00 16,059.03	0.16% (2,355,525.00)	Aaa / AA+ NR	2.91 2.81
3130ALCV4	FHLB Callable Note Qtrly 5/24/2021 0.750% Due 02/24/2026	50,000,000.00	02/24/2021 0.75%	50,000,000.00 50,000,000.00	90.91 4.11%	45,456,100.00 38,541.67	0.31% (4,543,900.00)	NR / AA+ NR	2.91 2.81
3130ALB94	FHLB Callable Note Qtrly 8/26/2021 0.630% Due 02/26/2026	50,000,000.00	02/26/2021 0.63%	50,000,000.00 50,000,000.00	90.58 4.11%	45,288,900.00 30,625.00	0.31% (4,711,100.00)	Aaa / AA+ NR	2.91 2.82
3133EMSU7	FFCB Callable Note Cont 3/9/2023 0.800% Due 03/09/2026	25,000,000.00	03/09/2021 0.80%	25,000,000.00 25,000,000.00	90.93 4.11%	22,732,525.00 12,222.22	0.16% (2,267,475.00)	Aaa / AA+ AAA	2.94 2.85
3133ENS03	FFCB Callable Note Cont 03/18/2024 2.150% Due 03/18/2026	25,000,000.00	03/18/2022 2.15%	25,000,000.00 25,000,000.00	94.40 4.18%	23,599,900.00 19,409.72	0.16% (1,400,100.00)	Aaa / AA+ AAA	2.97 2.82
3130ALYT5	FHLB Callable Note Qtrly 10/29/2021 1.100% Due 04/29/2026	25,000,000.00	04/29/2021 1.10%	25,000,000.00 25,000,000.00	91.23 4.16%	22,807,850.00 116,111.11	0.16% (2,192,150.00)	Aaa / AA+ NR	3.08 2.96
3130AMME9	FHLB Callable Note Qtrly 11/26/2021 1.000% Due 05/26/2026	4,600,000.00	05/26/2021 1.00%	4,600,000.00 4,600,000.00	91.03 4.06%	4,187,495.00 15,972.22	0.03% (412,505.00)	Aaa / AA+ NR	3.16 3.04
3133EMB76	FFCB Callable Note Cont 11/26/2021 0.950% Due 05/26/2026	20,000,000.00	05/26/2021 0.97%	19,980,000.00 19,987,393.21	90.89 4.06%	18,177,760.00 65,972.22	0.13% (1,809,633.21)	Aaa / AA+ AAA	3.16 3.04
3130AMSA1	FHLB Callable Note Annua 6/24/2022 0.915% Due 06/24/2026	25,000,000.00	06/24/2021 0.92%	25,000,000.00 25,000,000.00	90.41 4.11%	22,602,750.00 61,635.42	0.16% (2,397,250.00)	Aaa / AA+ AAA	3.24 3.12
3130AMU75	FHLB Callable Note Monthly 07/26/21 1.000% Due 06/26/2026	50,000,000.00	06/30/2021 1.00%	50,000,000.00 50,000,000.00	90.64 4.12%	45,320,050.00 131,944.44	0.31% (4,679,950.00)	Aaa / AA+ NR	3.24 3.12
3130AMYJ5	FHLB Callable Note Qtrly 06/30/2022 1.000% Due 06/30/2026	25,000,000.00	06/30/2021 1.00%	25,000,000.00 25,000,000.00	90.62 4.11%	22,654,750.00 63,194.44	0.16% (2,345,250.00)	Aaa / AA+ NR	3.25 3.13
3130AN4U1	FHLB Callable Note Annual 7/22/2022 1.000% Due 07/22/2026	25,000,000.00	07/22/2021 1.00%	25,000,000.00 25,000,000.00	90.64 4.05%	22,659,650.00 47,916.67	0.16% (2,340,350.00)	Aaa / AA+ NR	3.31 3.19
3130ANCM0	FHLB Callable Note Qtrly 07/29/2022 0.950% Due 07/29/2026	25,000,000.00	07/14/2021 0.95%	25,000,000.00 25,000,000.00	90.43 4.05%	22,608,500.00 40,902.78	0.16% (2,391,500.00)	Aaa / AA+ NR	3.33 3.21
3130ANLZ1	FHLB Callable Note Annual 8/26/2022 0.900% Due 08/26/2026	25,000,000.00	08/26/2021 0.90%	25,000,000.00 25,000,000.00	90.08 4.05%	22,521,225.00 21,875.00	0.16% (2,478,775.00)	Aaa / AA+ AAA	3.41 3.29
3130ANV64	FHLB Callable Note Qtrly 9/16/2022 0.960% Due 09/16/2026	25,000,000.00	09/16/2021 0.96%	25,000,000.00 25,000,000.00	90.09 4.06%	22,522,075.00 10,000.00	0.16% (2,477,925.00)	Aaa / AA+ NR	3.47 3.34

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3133EM6E7	FFCB Callable Note Cont 09/28/2022 0.940% Due 09/28/2026	50,000,000.00	09/28/2021 0.94%	50,000,000.00 50,000,000.00	89.95 4.06%	44,974,700.00 3,916.66	0.31% (5,025,300.00)	Aaa / AA+ AAA	3.50 3.37
3130APM28	FHLB Callable Note Qrty 01/28/2022 1.320% Due 10/28/2026	25,000,000.00	10/28/2021 1.32%	25,000,000.00 25,000,000.00	90.96 4.06%	22,741,025.00 140,250.00	0.16% (2,258,975.00)	Aaa / AA+ AAA	3.58 3.41
3133ENCQ1	FFCB Callable Note Cont 11/02/2023 1.270% Due 11/02/2026	25,000,000.00	11/02/2021 1.27%	25,000,000.00 25,000,000.00	90.55 4.13%	22,638,600.00 131,409.72	0.16% (2,361,400.00)	Aaa / AA+ AAA	3.59 3.42
3130APN92	FHLB Callable Note Qrty 02/09/2022 1.340% Due 11/09/2026	25,000,000.00	11/09/2021 1.34%	25,000,000.00 25,000,000.00	90.74 4.13%	22,684,675.00 132,138.89	0.16% (2,315,325.00)	Aaa / AA+ NR	3.61 3.44
3133ENEM8	FFCB Callable Note Cont 11/23/2022 1.430% Due 11/23/2026	25,000,000.00	11/23/2021 1.43%	25,000,000.00 25,000,000.00	90.94 4.13%	22,735,250.00 127,111.11	0.16% (2,264,750.00)	Aaa / AA+ AAA	3.65 3.47
3133ENHA1	FFCB Callable Note Cont 12/14/2022 1.500% Due 12/14/2026	25,000,000.00	12/14/2021 1.50%	25,000,000.00 25,000,000.00	91.18 4.09%	22,793,900.00 111,458.33	0.16% (2,206,100.00)	Aaa / AA+ AAA	3.71 3.52
3130AL5A8	FHLB Callable Note Qtrly 11/26/2026 0.900% Due 02/26/2027	25,000,000.00	06/24/2022 3.41%	22,312,675.00 22,754,793.46	88.98 3.98%	22,245,225.00 21,875.00	0.15% (509,568.46)	Aaa / AA+ NR	3.91 3.76
3133ENQD5	FFCB Callable Note Cont 03/01/2024 2.170% Due 03/01/2027	25,000,000.00	03/01/2022 2.17%	25,000,000.00 25,000,000.00	93.26 4.05%	23,314,125.00 45,208.33	0.16% (1,685,875.00)	Aaa / AA+ AAA	3.92 3.69
3130ARGC9	FHLB Callable Note 1x 03/25/2024 2.550% Due 03/25/2027	25,000,000.00	03/25/2022 2.55%	25,000,000.00 25,000,000.00	94.69 4.01%	23,672,025.00 10,625.00	0.16% (1,327,975.00)	Aaa / AA+ NR	3.99 3.36
3130ARJZ5	FHLB Callable Note 1X 4/19/2024 2.950% Due 04/19/2027	25,000,000.00	04/19/2022 2.95%	25,000,000.00 25,000,000.00	95.83 4.08%	23,958,300.00 331,875.00	0.17% (1,041,700.00)	Aaa / AA+ NR	4.05 3.12
3130ARQV6	FHLB Callable Note Qrtly 4/26/2024 3.150% Due 04/26/2027	25,000,000.00	04/26/2022 3.15%	25,000,000.00 25,000,000.00	95.90 4.26%	23,974,150.00 339,062.50	0.17% (1,025,850.00)	Aaa / AA+ NR	4.07 2.88
3133ENXL9	FFCB Callable Note Cont 5/24/2023 3.530% Due 05/24/2027	25,000,000.00	05/24/2022 3.53%	25,000,000.00 25,000,000.00	96.68 4.41%	24,171,100.00 311,326.39	0.17% (828,900.00)	Aaa / AA+ AAA	4.15 2.58
3130ASER6	FHLB Callable Note Qrtly 06/16/2027 3.640% Due 06/16/2027	40,000,000.00	06/16/2022 3.64%	40,000,000.00 40,000,000.00	96.89 4.46%	38,754,920.00 424,666.67	0.27% (1,245,080.00)	Aaa / AA+ NR	4.21 2.53
3130ASES4	FHLB Callable Note 1X 6/28/2024 3.390% Due 06/28/2027	45,000,000.00	06/28/2022 3.39%	45,000,000.00 45,000,000.00	96.75 4.23%	43,537,185.00 394,087.50	0.30% (1,462,815.00)	Aaa / AA+ NR	4.25 2.96
31422XV90	FAMCA Note 3.770% Due 07/30/2027	100,000,000.00	01/25/2023 3.77%	100,000,000.00 100,000,000.00	99.57 3.88%	99,569,500.00 617,861.11	0.69% (430,500.00)	NR / NR NR	4.33 3.94
31422XK92	FAMCA Callable Note S/A 10/12/2023 5.125% Due 10/12/2027	25,000,000.00	10/12/2022 5.13%	25,000,000.00 25,000,000.00	99.42 5.27%	24,855,075.00 601,475.69	0.18% (144,925.00)	Aaa / AA+ AAA	4.54 1.21

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CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
880591EZ1	Tennessee Valley Authority Note 3.875% Due 03/15/2028	25,000,000.00	03/30/2023 4.06%	24,796,750.00 24,796,974.34	99.93 3.89%	24,983,675.00 2,690.97	0.17% 186,700.66	Aaa / AA+ AAA	4.96 4.47
<b>TOTAL Agency</b>		<b>3,335,993,000.00</b>	<b>1.21%</b>	<b>3,334,380,588.21</b>	<b>4.32%</b>	<b>3,142,591,152.19</b> <b>9,353,784.58</b>	<b>21.69%</b> <b>(191,789,436.02)</b>	<b>Aaa / AA+ AAA</b>	<b>2.24 2.06</b>
<b>Cash</b>									
90JPMC\$03	JP Morgan Chase Bank Deposit	12,911,808.07	Various 3.23%	12,911,808.07 12,911,808.07	1.00 3.23%	12,911,808.07 0.00	0.09% 0.00	NR / NR NR	0.00 0.00
<b>TOTAL Cash</b>		<b>12,911,808.07</b>	<b>3.23%</b>	<b>12,911,808.07</b>	<b>3.23%</b>	<b>12,911,808.07</b> <b>0.00</b>	<b>0.09%</b> <b>0.00</b>	<b>NR / NR NR</b>	<b>0.00 0.00</b>
<b>Commercial Paper</b>									
22533URH8	Credit Agricole CIB Discount CP 4.590% Due 04/17/2023	60,000,000.00	12/21/2022 4.72%	59,104,950.00 59,877,600.00	99.80 4.72%	59,877,600.00 0.00	0.41% 0.00	P-1 / A-1 F-1	0.05 0.05
21687BRK9	Rabobank Nederland NV NY Discount CP 4.250% Due 04/19/2023	130,000,000.00	10/04/2022 4.40%	126,976,597.22 129,723,750.00	99.79 4.40%	129,723,750.00 0.00	0.89% 0.00	P-1 / A-1 NR	0.05 0.05
87019WGG4	SWEDBANK Discount CP 4.910% Due 04/19/2023	34,000,000.00	11/30/2022 0.05%	33,993,514.00 33,999,166.09	100.00 0.05%	33,999,166.09 0.00	0.23% 0.00	P-1 / A-1 NR	0.05 0.05
22533URK1	Credit Agricole CIB Discount CP 4.590% Due 04/19/2023	50,000,000.00	12/21/2022 4.73%	49,241,375.00 49,885,250.00	99.77 4.73%	49,885,250.00 0.00	0.34% 0.00	P-1 / A-1 F-1+	0.05 0.05
22533URU9	Credit Agricole CIB Discount CP 4.640% Due 04/28/2023	65,000,000.00	12/21/2022 4.78%	63,927,644.44 64,773,800.00	99.65 4.78%	64,773,800.00 0.00	0.45% 0.00	P-1 / A-1 F-1+	0.08 0.07
06366HRU3	Bank of Montreal Chicago Discount CP 4.710% Due 04/28/2023	45,000,000.00	01/03/2023 4.85%	44,322,937.50 44,841,037.50	99.65 4.85%	44,841,037.50 0.00	0.31% 0.00	P-1 / A-1 NR	0.08 0.07
63873KS16	Natixis NY Branch Discount CP 4.960% Due 05/01/2023	97,000,000.00	10/27/2022 5.16%	94,514,213.33 96,599,066.67	99.59 5.16%	96,599,066.67 0.00	0.66% 0.00	P-1 / A-1 F-1	0.08 0.08
63873KS24	Natixis NY Branch Discount CP 5.000% Due 05/02/2023	26,000,000.00	10/28/2022 5.20%	25,328,333.33 25,888,055.56	99.57 5.20%	25,888,055.56 0.00	0.18% 0.00	P-1 / A-1 F-1	0.09 0.09
63873KS57	Natixis NY Branch Discount CP 5.130% Due 05/05/2023	75,000,000.00	11/03/2022 5.34%	73,044,187.50 74,636,625.00	99.52 5.34%	74,636,625.00 0.00	0.51% 0.00	P-1 / A-1 F-1	0.10 0.09
63873KSC2	Natixis NY Branch Discount CP 4.810% Due 05/12/2023	34,000,000.00	01/04/2023 4.96%	33,418,524.44 33,813,746.11	99.45 4.96%	33,813,746.11 0.00	0.23% 0.00	P-1 / A-1 F-1	0.12 0.11
09659CSF6	BNP Paribas Discount CP 4.920% Due 05/15/2023	37,000,000.00	11/16/2022 5.11%	36,089,800.00 36,777,506.67	99.40 5.11%	36,777,506.67 0.00	0.25% 0.00	P-1 / A-1 F-1+	0.12 0.12



# INVESTMENT INVENTORY – MARKET VALUE

## County of San Diego Pooled Money Fund

As of March 31, 2023

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
89233HSR6	Toyota Motor Credit Discount CP 2.906% Due 05/25/2023	170,000,000.00	Various 5.10%	166,199,697.23 168,745,550.00	99.26 5.10%	168,745,550.00 0.00	1.16% 0.00	P-1 / A-1+ F-1	0.15 0.15
63873KSX6	Natixis NY Branch Discount CP 5.090% Due 05/31/2023	46,000,000.00	12/01/2022 5.30%	44,822,796.11 45,609,766.67	99.15 5.30%	45,609,766.67 0.00	0.31% 0.00	P-1 / A-1 F-1	0.17 0.16
22533USX2	Credit Agricole CIB Discount CP 4.860% Due 05/31/2023	70,000,000.00	12/09/2022 5.05%	68,365,150.00 69,433,000.00	99.19 5.05%	69,433,000.00 0.00	0.48% 0.00	P-1 / A-1 F-1+	0.17 0.16
06366HSX6	Bank of Montreal Chicago Discount CP 4.820% Due 05/31/2023	30,000,000.00	01/03/2023 4.99%	29,405,533.33 29,759,000.00	99.20 4.99%	29,759,000.00 0.00	0.20% 0.00	P-1 / A-1 NR	0.17 0.16
22533UT11	Credit Agricole CIB Discount CP 4.870% Due 06/01/2023	70,000,000.00	12/09/2022 5.06%	68,352,316.67 69,422,363.89	99.17 5.06%	69,422,363.89 0.00	0.48% 0.00	P-1 / A-1 F-1+	0.17 0.17
22533UT29	Credit Agricole CIB Discount CP 4.870% Due 06/02/2023	40,000,000.00	12/09/2022 5.06%	39,053,055.56 39,664,511.11	99.16 5.06%	39,664,511.11 0.00	0.27% 0.00	P-1 / A-1 F-1+	0.17 0.17
22533UT78	Credit Agricole CIB Discount CP 4.910% Due 06/07/2023	55,000,000.00	12/09/2022 5.10%	53,649,750.00 54,497,406.94	99.09 5.10%	54,497,406.94 0.00	0.38% 0.00	P-1 / A-1 F-1+	0.19 0.18
22533UTC7	Credit Agricole CIB Discount CP 4.930% Due 06/12/2023	40,000,000.00	12/09/2022 5.13%	38,986,611.11 39,605,600.00	99.01 5.13%	39,605,600.00 0.00	0.27% 0.00	P-1 / A-1 F-1+	0.20 0.20
22533UTD5	Credit Agricole CIB Discount CP 4.930% Due 06/13/2023	20,000,000.00	12/09/2022 5.13%	19,490,566.67 19,800,061.11	99.00 5.13%	19,800,061.11 0.00	0.14% 0.00	P-1 / A-1 F-1+	0.20 0.20
22533UTE3	Credit Agricole CIB Discount CP 4.930% Due 06/14/2023	50,000,000.00	12/09/2022 5.13%	48,719,569.44 49,493,305.55	98.99 5.13%	49,493,305.55 0.00	0.34% 0.00	P-1 / A-1 F-1+	0.21 0.20
22533UTM5	Credit Agricole CIB Discount CP 4.940% Due 06/21/2023	60,000,000.00	12/09/2022 5.14%	58,402,733.33 59,333,100.00	98.89 5.14%	59,333,100.00 0.00	0.41% 0.00	P-1 / A-1 F-1+	0.22 0.22
63873KTW7	Natixis NY Branch Discount CP 5.090% Due 06/30/2023	100,000,000.00	12/12/2022 5.30%	97,172,222.22 98,727,500.00	98.73 5.30%	98,727,500.00 0.00	0.68% 0.00	P-1 / A-1 F-1	0.25 0.24
22533UUA9	Credit Agricole CIB Discount CP 4.960% Due 07/10/2023	20,000,000.00	12/09/2022 5.16%	19,413,066.67 19,724,444.45	98.62 5.16%	19,724,444.45 0.00	0.14% 0.00	P-1 / A-1 F-1+	0.28 0.27
63873KUD7	Natixis NY Branch Discount CP 4.940% Due 07/13/2023	25,000,000.00	01/17/2023 5.13%	24,392,791.67 24,646,652.78	98.59 5.13%	24,646,652.78 0.00	0.17% 0.00	P-1 / A-1 F-1	0.28 0.28
63873KUE5	Natixis NY Branch Discount CP 4.940% Due 07/14/2023	30,000,000.00	01/17/2023 5.13%	29,267,233.33 29,571,866.66	98.57 5.13%	29,571,866.66 0.00	0.20% 0.00	P-1 / A-1 F-1	0.29 0.28
63873KUX3	Natixis NY Branch Discount CP 4.950% Due 07/31/2023	100,000,000.00	03/24/2023 5.11%	98,226,250.00 98,336,250.00	98.34 5.11%	98,336,250.00 0.00	0.68% 0.00	P-1 / A-1 F-1	0.33 0.33
09659CV13	BNP Paribas Discount CP 5.230% Due 08/01/2023	15,000,000.00	03/08/2023 5.42%	14,681,841.67 14,734,141.67	98.23 5.42%	14,734,141.67 0.00	0.10% 0.00	P-1 / A-1 F-1+	0.34 0.33
63873KV20	Natixis NY Branch Discount CP 4.950% Due 08/02/2023	35,000,000.00	01/25/2023 5.15%	34,090,437.50 34,408,062.50	98.31 5.15%	34,408,062.50 0.00	0.24% 0.00	P-1 / A-1 F-1	0.34 0.33



# INVESTMENT INVENTORY – MARKET VALUE

## County of San Diego Pooled Money Fund

As of March 31, 2023

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
89233HV35	Toyota Motor Credit Discount CP 5.050% Due 08/03/2023	35,000,000.00	02/28/2023 5.23%	34,234,083.33 34,391,194.44	98.26 5.23%	34,391,194.44 0.00	0.24% 0.00	P-1 / A-1+ F-1	0.34 0.33
09659CV70	BNP Paribas Discount CP 4.870% Due 08/07/2023	40,000,000.00	01/26/2023 5.06%	38,955,655.56 39,307,377.78	98.27 5.06%	39,307,377.78 0.00	0.27% 0.00	P-1 / A-1 F-1+	0.35 0.34
89233HV76	Toyota Motor Credit Discount CP 4.850% Due 08/07/2023	45,000,000.00	02/06/2023 5.04%	43,896,625.00 44,224,000.00	98.28 5.04%	44,224,000.00 0.00	0.30% 0.00	P-1 / A-1+ F-1	0.35 0.34
09659CV88	BNP Paribas Discount CP 5.260% Due 08/08/2023	20,000,000.00	03/08/2023 5.46%	19,552,900.00 19,623,033.33	98.12 5.46%	19,623,033.33 0.00	0.14% 0.00	P-1 / A-1 F-1+	0.36 0.35
63873KVB0	Natixis NY Branch Discount CP 5.090% Due 08/11/2023	39,000,000.00	02/24/2023 5.29%	38,073,620.00 38,272,130.00	98.13 5.29%	38,272,130.00 0.00	0.26% 0.00	P-1 / A-1 F-1	0.36 0.36
89233HVB7	Toyota Motor Credit Discount CP 5.060% Due 08/11/2023	50,000,000.00	02/27/2023 5.25%	48,840,416.67 49,072,333.34	98.14 5.25%	49,072,333.34 0.00	0.34% 0.00	P-1 / A-1+ F-1	0.36 0.36
89233HVE1	Toyota Motor Credit Discount CP 5.060% Due 08/14/2023	50,000,000.00	02/27/2023 5.25%	48,819,333.33 49,051,250.00	98.10 5.25%	49,051,250.00 0.00	0.34% 0.00	P-1 / A-1+ F-1	0.37 0.36
89233HVJ0	Toyota Motor Credit Discount CP 4.870% Due 08/18/2023	50,000,000.00	02/06/2023 5.06%	48,694,569.44 49,059,819.44	98.12 5.06%	49,059,819.44 0.00	0.34% 0.00	P-1 / A-1+ F-1	0.38 0.37
09659CVX3	BNP Paribas Discount CP 5.171% Due 08/31/2023	166,000,000.00	Various 5.36%	162,265,246.66 162,375,813.32	97.82 5.36%	162,375,813.32 0.00	1.12% 0.00	P-1 / A-1 F-1+	0.42 0.41
09659CW53	BNP Paribas Discount CP 4.950% Due 09/05/2023	40,000,000.00	03/24/2023 5.14%	39,092,500.00 39,136,500.00	97.84 5.14%	39,136,500.00 0.00	0.27% 0.00	P-1 / A-1 F-1+	0.43 0.42
89233HWE0	Toyota Motor Credit Discount CP 5.130% Due 09/14/2023	30,000,000.00	03/23/2023 5.33%	29,251,875.00 29,290,350.00	97.63 5.33%	29,290,350.00 0.00	0.20% 0.00	P-1 / A-1+ F-1	0.46 0.45
89233HWF7	Toyota Motor Credit Discount CP 5.130% Due 09/15/2023	65,000,000.00	03/23/2023 5.34%	63,369,800.00 63,453,162.50	97.62 5.34%	63,453,162.50 0.00	0.44% 0.00	P-1 / A-1+ F-1	0.46 0.45
89233HWV2	Toyota Motor Credit Discount CP 5.130% Due 09/29/2023	65,000,000.00	03/23/2023 5.34%	63,240,125.00 63,323,487.50	97.42 5.34%	63,323,487.50 0.00	0.44% 0.00	P-1 / A-1+ F-1	0.50 0.49
09659CWV6	BNP Paribas Discount CP 5.220% Due 09/29/2023	216,000,000.00	03/28/2023 5.44%	210,205,800.00 210,331,080.00	97.38 5.44%	210,331,080.00 0.00	1.45% 0.00	P-1 / A-1 F-1+	0.50 0.49
09659CX60	BNP Paribas Discount CP 5.200% Due 10/06/2023	70,000,000.00	03/28/2023 5.42%	68,058,666.67 68,099,111.11	97.28 5.42%	68,099,111.11 0.00	0.47% 0.00	P-1 / A-1 F-1+	0.52 0.50
13609CYA3	Canadian Imperial Holdings Discount CP 5.140% Due 11/10/2023	26,000,000.00	03/29/2023 5.36%	25,161,037.78 25,172,174.45	96.82 5.36%	25,172,174.45 0.00	0.17% 0.00	P-1 / A-1 NR	0.61 0.60

# INVESTMENT INVENTORY – MARKET VALUE

## County of San Diego Pooled Money Fund

As of March 31, 2023

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
06366HYW1	Bank of Montreal Chicago Discount CP 5.160% Due 11/30/2023	67,000,000.00	03/31/2023 5.38%	64,656,786.67 64,666,390.00	96.52 5.38%	64,666,390.00 0.00	0.44% 0.00	P-1 / A-1 NR	0.67 0.65
				<b>2,639,022,740.38</b>		<b>2,665,177,394.14</b>	<b>18.34%</b>	<b>P-1 / A-1</b>	<b>0.27</b>
<b>TOTAL Commercial Paper</b>		<b>2,703,000,000.00</b>	<b>5.08%</b>	<b>2,665,177,394.14</b>	<b>5.08%</b>	<b>0.00</b>	<b>0.00</b>	<b>F-1+</b>	<b>0.27</b>
<b>Corporate</b>									
46625HRL6	JP Morgan Chase Callable Note Cont 3/18/2023 2.700% Due 05/18/2023	16,848,000.00	05/28/2020 2.70%	17,627,556.96 16,848,000.00	99.68 5.13%	16,793,783.14 168,058.80	0.12% (54,216.86)	A1 / A- AA-	0.13 0.13
023135CD6	Amazon.com Inc Note 2.730% Due 04/13/2024	10,000,000.00	04/13/2022 2.73%	10,000,000.00 10,000,000.00	98.00 4.73%	9,800,360.00 127,400.00	0.07% (199,640.00)	A1 / AA AA-	1.04 0.99
037833AS9	Apple Inc Note 3.450% Due 05/06/2024	28,689,000.00	04/29/2022 2.68%	29,122,490.79 28,924,541.74	98.83 4.55%	28,353,883.79 398,657.56	0.20% (570,657.95)	Aaa / AA+ NR	1.10 1.05
48130UXY6	JPMorgan Chase Callable Note 2X 8/17/2022 0.700% Due 08/16/2024	50,000,000.00	08/17/2021 0.70%	50,000,000.00 50,000,000.00	93.65 5.55%	46,826,000.00 42,777.78	0.32% (3,174,000.00)	A1 / A- AA-	1.38 1.33
48130UYC3	JPMorgan Chase Callable Note 2X 9/1/2022 1.000% Due 08/30/2024	50,000,000.00	09/01/2021 1.00%	50,000,000.00 50,000,000.00	93.52 5.84%	46,760,750.00 41,666.67	0.32% (3,239,250.00)	A1 / A- AA-	1.42 1.37
48130UZB4	JPMorgan Chase Callable Note Cont 11/15/2023 0.950% Due 11/15/2024	50,000,000.00	11/15/2021 0.95%	50,000,000.00 50,000,000.00	93.00 5.52%	46,501,050.00 179,444.44	0.32% (3,498,950.00)	A1 / A- AA-	1.63 1.56
46625HKC3	JP Morgan Chase Callable Note Cont 10/23/2024 3.125% Due 01/23/2025	40,145,000.00	01/28/2022 1.73%	41,641,204.15 41,000,187.76	96.80 4.99%	38,862,206.67 236,967.01	0.27% (2,137,981.09)	A1 / A- AA-	1.82 1.72
48130UZW8	JPMorgan Chase Callable Note Cont 1/24/2024 1.530% Due 01/24/2025	50,000,000.00	01/20/2022 1.53%	50,000,000.00 50,000,000.00	93.93 5.07%	46,967,050.00 142,375.00	0.32% (3,032,950.00)	A1 / A- AA-	1.82 1.75
48130UB61	JPMorgan Chase Callable Note Cont 08/10/2024 1.863% Due 02/10/2025	50,000,000.00	02/10/2022 1.86%	50,000,000.00 50,000,000.00	94.38 5.07%	47,190,100.00 131,927.08	0.33% (2,809,900.00)	A1 / A- AA-	1.87 1.78
023135CE4	Amazon.com Inc Note 3.000% Due 04/13/2025	10,000,000.00	04/13/2022 3.06%	9,984,100.00 9,989,221.08	97.54 4.28%	9,753,720.00 140,000.00	0.07% (235,501.08)	A1 / AA AA-	2.04 1.92
931142EW9	Wal-Mart Stores Note 3.900% Due 09/09/2025	30,000,000.00	09/09/2022 3.92%	29,979,000.00 29,982,908.76	99.70 4.03%	29,909,070.00 71,500.00	0.21% (73,838.76)	Aa2 / AA AA	2.45 2.30
48133PAU7	JPMorgan Chase Callable Note SA 11/03/2025 5.610% Due 11/03/2025	25,000,000.00	11/01/2022 5.61%	25,000,000.00 25,000,000.00	100.90 4.03%	25,226,050.00 576,583.33	0.18% 226,050.00	A1 / A- AA-	2.60 0.56
06048W2B5	Bank of America Corp Callable Note 1X 11/03/2023 5.610% Due 11/03/2025	25,000,000.00	11/01/2022 5.61%	25,000,000.00 25,000,000.00	100.22 5.22%	25,054,800.00 576,583.33	0.18% 54,800.00	A2 / A- AA-	2.60 0.56

# INVESTMENT INVENTORY – MARKET VALUE

## County of San Diego Pooled Money Fund

As of March 31, 2023

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
3133EPES0	Tennessee Valley Authority Note 3.650% Due 06/30/2027	50,000,000.00	03/30/2023 3.68%	49,943,500.00 49,943,572.76	99.92 3.67%	49,957,900.00 5,069.44	0.34% 14,327.24	Aaa / AA+ NR	4.25 3.90
<b>TOTAL Corporate</b>		<b>485,682,000.00</b>	<b>2.33%</b>	<b>488,297,851.90</b> <b>486,688,432.10</b>	<b>4.92%</b>	<b>467,956,723.60</b> <b>2,839,010.44</b>	<b>3.24%</b> <b>(18,731,708.50)</b>	<b>A1 / A</b> <b>AA-</b>	<b>1.99</b> <b>1.67</b>
<b>LAIF</b>									
90LAIF\$00	Local Agency Investment Fund State Pool	2,097.03	Various 2.88%	2,097.03 2,097.03	1.00 2.88%	2,097.03 13.46	0.00% 0.00	NR / NR NR	0.00 0.00
<b>TOTAL LAIF</b>		<b>2,097.03</b>	<b>2.88%</b>	<b>2,097.03</b>	<b>2.88%</b>	<b>2,097.03</b> <b>13.46</b>	<b>0.00%</b> <b>0.00</b>	<b>NR / NR</b> <b>NR</b>	<b>0.00</b> <b>0.00</b>
<b>Local Gov Investment Pool</b>									
90CAMP\$00	California Asset Mgmt Program CAMP	443,000,000.00	Various 4.92%	443,000,000.00 443,000,000.00	1.00 4.92%	443,000,000.00 0.00	3.05% 0.00	NR / AAA NR	0.00 0.00
<b>TOTAL Local Gov Investment Pool</b>		<b>443,000,000.00</b>	<b>4.92%</b>	<b>443,000,000.00</b>	<b>4.92%</b>	<b>443,000,000.00</b> <b>0.00</b>	<b>3.05%</b> <b>0.00</b>	<b>NR / AAA</b> <b>NR</b>	<b>0.00</b> <b>0.00</b>
<b>Money Market Fund</b>									
09248U7\$0	Blackrock CalTrust MMF	1,000,000.00	12/01/2020 4.70%	1,000,000.00 1,000,000.00	1.00 4.70%	1,000,000.00 0.00	0.01% 0.00	Aaa / AAA NR	0.00 0.00
09248U700	Blackrock Liquidity FedFund MMF	500,000.00	Various 4.70%	500,000.00 500,000.00	1.00 4.70%	500,000.00 0.00	0.00% 0.00	Aaa / AAA NR	0.00 0.00
61747C707	Morgan Stanley Liq Govt MMKT	1,000,000.00	Various 4.73%	1,000,000.00 1,000,000.00	1.00 4.73%	1,000,000.00 0.00	0.01% 0.00	Aaa / AAA AAA	0.00 0.00
31607A703	Fidelity Institutional Prime Govt INS Mmkt Fund	65,000,000.00	Various 4.75%	65,000,000.00 65,000,000.00	1.00 4.75%	65,000,000.00 0.00	0.45% 0.00	Aaa / AAA NR	0.00 0.00
<b>TOTAL Money Market Fund</b>		<b>67,500,000.00</b>	<b>4.75%</b>	<b>67,500,000.00</b>	<b>4.75%</b>	<b>67,500,000.00</b> <b>0.00</b>	<b>0.46%</b> <b>0.00</b>	<b>Aaa / AAA</b> <b>AAA</b>	<b>0.00</b> <b>0.00</b>
<b>Municipal Bonds</b>									
20772KNU9	State of Connecticut TE-GO 0.309% Due 06/01/2023	5,000,000.00	06/04/2021 0.31%	5,000,000.00 5,000,000.00	99.28 4.67%	4,963,935.00 5,150.00	0.03% (36,065.00)	Aa3 / AA- AA-	0.17 0.17
20772KQF9	State of Connecticut TE-GO 4.250% Due 06/15/2023	1,750,000.00	06/22/2022 2.86%	1,773,397.50 1,754,901.71	99.86 4.87%	1,747,579.75 21,899.31	0.01% (7,321.96)	Aa3 / AA- AA-	0.21 0.20

# INVESTMENT INVENTORY – MARKET VALUE

## County of San Diego Pooled Money Fund

As of March 31, 2023

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
574193TP3	Maryland State STE-GO 0.410% Due 08/01/2023	15,000,000.00	08/05/2020 0.41%	15,000,000.00 15,000,000.00	98.51 4.94%	14,776,965.00 10,250.00	0.10% (223,035.00)	Aaa / AAA AAA	0.34 0.33
13063DRJ9	California State TE-GO 2.400% Due 10/01/2023	26,535,000.00	10/24/2019 1.84%	27,096,480.60 26,606,454.07	98.73 5.01%	26,197,103.31 318,420.00	0.18% (409,350.76)	Aa2 / AA- AA	0.50 0.48
649791PP9	New York St Taxable-GO 2.010% Due 02/15/2024	20,000,000.00	10/30/2019 2.01%	20,000,000.00 20,000,000.00	97.54 4.93%	19,507,380.00 51,366.67	0.13% (492,620.00)	Aa1 / AA+ AA+	0.88 0.85
64990FM76	NY State Dorm Auth Tax Rev GO - REV 1.100% Due 03/15/2024	9,725,000.00	12/17/2021 1.10%	9,725,000.00 9,725,000.00	96.59 4.79%	9,393,426.13 4,754.44	0.06% (331,573.87)	NR / AA+ AA+	0.96 0.93
641462NX0	State of Nevada Taxable GO 2.710% Due 05/01/2024	6,790,000.00	05/10/2022 2.71%	6,790,000.00 6,790,000.00	97.79 4.83%	6,639,662.61 76,670.42	0.05% (150,337.39)	Aa1 / AA+ AA+	1.09 1.04
641462NS1	State of Nevada Taxable GO 2.710% Due 05/01/2024	7,760,000.00	05/10/2022 2.71%	7,760,000.00 7,760,000.00	97.79 4.83%	7,588,185.84 87,623.33	0.05% (171,814.16)	Aa1 / AA+ AA+	1.09 1.04
68609T7D4	State of Oregon STE-GO 2.771% Due 05/01/2024	2,250,000.00	05/17/2022 2.77%	2,250,000.00 2,250,000.00	98.02 4.67%	2,205,344.25 25,978.13	0.02% (44,655.75)	Aa1 / AA+ AA+	1.09 1.04
546417DP8	State of Louisiana STE-GO 0.650% Due 06/01/2024	5,000,000.00	10/14/2020 0.65%	5,000,000.00 5,000,000.00	95.43 4.72%	4,771,590.00 10,833.33	0.03% (228,410.00)	Aa2 / AA- NR	1.17 1.13
20772KNV7	State of Connecticut TE-GO 0.508% Due 06/01/2024	6,000,000.00	06/04/2021 0.51%	6,000,000.00 6,000,000.00	95.26 4.73%	5,715,780.00 10,160.00	0.04% (284,220.00)	Aa3 / AA- AA-	1.17 1.14
20772KQG7	State of Connecticut TE-GO 4.250% Due 06/15/2024	5,000,000.00	06/22/2022 3.01%	5,118,700.00 5,072,302.07	99.42 4.74%	4,971,205.00 62,569.44	0.03% (101,097.07)	Aa3 / AA- AA-	1.21 1.15
574193TQ1	Maryland State STE-GO 0.510% Due 08/01/2024	25,000,000.00	08/05/2020 0.51%	25,000,000.00 25,000,000.00	94.71 4.65%	23,677,900.00 21,250.00	0.16% (1,322,100.00)	Aaa / AAA AAA	1.34 1.30
60412AVT7	Minnesota State Taxable- GO 0.500% Due 08/01/2024	15,000,000.00	08/25/2020 0.48%	15,012,150.00 15,004,126.10	95.07 4.34%	14,260,905.00 12,500.00	0.10% (743,221.10)	Aaa / AAA AAA	1.34 1.30
419792F84	Hawaii State STE-GO 0.713% Due 08/01/2024	15,000,000.00	10/12/2021 0.71%	15,000,000.00 15,000,000.00	94.91 4.69%	14,237,040.00 17,825.00	0.10% (762,960.00)	Aa2 / AA+ AA	1.34 1.30
64990FD43	NY State Dorm Auth Tax Rev TE - REV 0.887% Due 03/15/2025	5,000,000.00	06/23/2021 0.89%	5,000,000.00 5,000,000.00	93.40 4.45%	4,670,075.00 1,971.11	0.03% (329,925.00)	NR / AA+ AA+	1.96 1.90
64990FM84	NY State Dorm Auth Tax Rev GO - REV 1.360% Due 03/15/2025	30,495,000.00	12/17/2021 1.36%	30,495,000.00 30,495,000.00	94.27 4.45%	28,748,886.80 18,432.53	0.20% (1,746,113.20)	NR / AA+ AA+	1.96 1.89
641462NY8	State of Nevada TE-GO 2.940% Due 05/01/2025	6,975,000.00	05/10/2022 2.94%	6,975,000.00 6,975,000.00	96.85 4.54%	6,755,001.53 85,443.75	0.05% (219,998.47)	Aa1 / AA+ AA+	2.09 1.97
641462NT9	State of Nevada TE-GO 2.940% Due 05/01/2025	7,970,000.00	05/10/2022 2.94%	7,970,000.00 7,970,000.00	96.85 4.54%	7,718,618.23 97,632.50	0.05% (251,381.77)	Aa1 / AA+ AA+	2.09 1.97
68609T7E2	State of Oregon STE-GO 3.062% Due 05/01/2025	1,000,000.00	05/17/2022 3.06%	1,000,000.00 1,000,000.00	97.61 4.27%	976,054.00 12,758.33	0.01% (23,946.00)	Aa1 / AA+ AA+	2.09 1.97

# INVESTMENT INVENTORY – MARKET VALUE

## County of San Diego Pooled Money Fund

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CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
546417DQ6	State of Louisiana STE-GO 0.840% Due 06/01/2025	5,000,000.00	10/14/2020 0.84%	5,000,000.00 5,000,000.00	92.76 4.38%	4,637,885.00 14,000.00	0.03% (362,115.00)	Aa2 / AA- NR	2.17 2.10
34153QUD6	Florida State Board of Edu STE-GO 0.550% Due 06/01/2025	40,000,000.00	10/22/2020 0.55%	40,000,000.00 40,000,000.00	92.21 4.36%	36,882,080.00 73,333.33	0.25% (3,117,920.00)	Aaa / AAA AAA	2.17 2.11
9281094C8	Commonwealth of Virginia STE-GO 0.550% Due 06/01/2025	10,860,000.00	11/05/2020 0.55%	10,860,000.00 10,860,000.00	92.21 4.36%	10,013,484.72 19,910.00	0.07% (846,515.28)	Aaa / AAA AAA	2.17 2.11
20772KNW5	State of Connecticut TE-GO 0.923% Due 06/01/2025	5,000,000.00	06/04/2021 0.92%	5,000,000.00 5,000,000.00	92.81 4.44%	4,640,500.00 15,383.33	0.03% (359,500.00)	Aa3 / AA- AA-	2.17 2.10
797646NC6	San Francisco California C&C TE-GO 5.450% Due 06/15/2025	4,605,000.00	03/19/2021 0.95%	5,464,154.85 5,052,048.94	101.86 4.55%	4,690,864.83 73,897.46	0.03% (361,184.11)	Aaa / AAA AA+	2.21 2.03
20772KQH5	State of Connecticut TE-GO 3.292% Due 06/15/2025	2,500,000.00	06/22/2022 3.29%	2,500,000.00 2,500,000.00	97.61 4.44%	2,440,157.50 24,232.78	0.02% (59,842.50)	Aa3 / AA- AA-	2.21 2.08
574193TR9	Maryland State STE-GO 0.660% Due 08/01/2025	25,000,000.00	08/05/2020 0.66%	25,000,000.00 25,000,000.00	91.81 4.39%	22,953,450.00 27,500.00	0.16% (2,046,550.00)	Aaa / AAA AAA	2.34 2.27
419792YQ3	Hawaii State STE-GO 0.670% Due 08/01/2025	5,255,000.00	08/12/2020 0.67%	5,255,000.00 5,255,000.00	91.80 4.41%	4,823,942.86 5,868.08	0.03% (431,057.14)	Aa2 / AA+ AA	2.34 2.27
419792F92	Hawaii State STE-GO 1.033% Due 08/01/2025	10,000,000.00	10/12/2021 1.03%	10,000,000.00 10,000,000.00	92.59 4.41%	9,259,050.00 17,216.67	0.06% (740,950.00)	Aa2 / AA+ AA	2.34 2.26
64990FD50	NY State Dorm Auth Tax Rev TE - REV 1.187% Due 03/15/2026	5,000,000.00	06/23/2021 1.19%	5,000,000.00 5,000,000.00	91.39 4.32%	4,569,620.00 2,637.78	0.03% (430,380.00)	NR / AA+ AA+	2.96 2.85
64990FM92	NY State Dorm Auth Tax Rev GO - REV 1.550% Due 03/15/2026	31,180,000.00	12/17/2021 1.55%	31,180,000.00 31,180,000.00	92.39 4.32%	28,806,141.88 21,479.56	0.20% (2,373,858.12)	NR / AA+ AA+	2.96 2.83
650028ZF3	NY St Twy Auth St Pers TE-REV 3.550% Due 03/15/2026	21,800,000.00	07/28/2022 3.55%	21,800,000.00 21,800,000.00	97.85 4.33%	21,331,278.20 34,395.56	0.15% (468,721.80)	NR / AA+ AA+	2.96 2.77
641462NZ5	State of Nevada Taxable GO 3.080% Due 05/01/2026	7,180,000.00	05/10/2022 3.08%	7,180,000.00 7,180,000.00	96.29 4.38%	6,913,543.02 92,143.33	0.05% (266,456.98)	Aa1 / AA+ AA+	3.09 2.86
641462NU6	State of Nevada Taxable GO 3.080% Due 05/01/2026	8,205,000.00	05/10/2022 3.08%	8,205,000.00 8,205,000.00	96.29 4.38%	7,900,504.25 105,297.50	0.06% (304,495.75)	Aa1 / AA+ AA+	3.09 2.86
68609T7F9	State of Oregon STE-GO 3.215% Due 05/01/2026	1,400,000.00	05/17/2022 3.22%	1,400,000.00 1,400,000.00	96.92 4.29%	1,356,882.80 18,754.17	0.01% (43,117.20)	Aa1 / AA+ AA+	3.09 2.86
20772KNX3	State of Connecticut TE-GO 1.123% Due 06/01/2026	5,600,000.00	06/04/2021 1.12%	5,600,000.00 5,600,000.00	90.77 4.27%	5,083,058.40 20,962.67	0.04% (516,941.60)	Aa3 / AA- AA-	3.17 3.04
20772KQJ1	State of Connecticut TE-GO 3.531% Due 06/15/2026	5,000,000.00	06/22/2022 3.53%	5,000,000.00 5,000,000.00	97.79 4.27%	4,889,510.00 51,984.17	0.03% (110,490.00)	Aa3 / AA- AA-	3.21 2.96
25477GUX1	Dist of Columbia Income Tax TE-REV 3.419% Due 07/01/2026	4,500,000.00	07/27/2022 3.42%	4,500,000.00 4,500,000.00	97.21 4.35%	4,374,283.50 38,463.75	0.03% (125,716.50)	Aa1 / AAA AA+	3.25 3.01

# INVESTMENT INVENTORY – MARKET VALUE

## County of San Diego Pooled Money Fund

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CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
419792G26	Hawaii State STE-GO 1.283% Due 08/01/2026	7,500,000.00	10/12/2021	7,500,000.00	90.80	6,809,880.00	0.05%	Aa2 / AA+	3.34
			1.28%	7,500,000.00	4.27%	16,037.50	(690,120.00)	AA	3.19
798135E96	San Jose Calif Libr & Prks Prj TE-GO 2.500% Due 09/01/2026	10,000,000.00	04/28/2022	9,730,500.00	94.23	9,423,210.00	0.06%	Aa1 / AA+	3.42
			3.17%	9,787,898.24	4.33%	20,833.33	(364,688.24)	AAA	3.22
798189TL0	San Jose Evergreen Com Col Dis TE-GO 4.796% Due 09/01/2026	2,500,000.00	03/01/2023	2,500,000.00	101.50	2,537,400.00	0.02%	Aa1 / AA+	3.42
			4.80%	2,500,000.00	4.32%	5,328.89	37,400.00	NR	3.12
419792J56	Hawaii State STE-GO 4.818% Due 10/01/2026	8,450,000.00	10/20/2022	8,450,000.00	101.80	8,602,438.00	0.06%	Aa2 / AA+	3.51
			4.82%	8,450,000.00	4.26%	168,502.86	152,438.00	NR	3.14
880558QT1	Tennessee St Sch Bond Auth STE-GO 4.730% Due 11/01/2026	3,650,000.00	10/26/2022	3,652,774.00	101.22	3,694,362.10	0.03%	Aa1 / AA+	3.59
			4.71%	3,652,511.36	4.36%	65,221.44	41,850.74	AA+	3.21
57582RK96	Massachusetts ST STE-GO 0.986% Due 11/01/2026	6,710,000.00	10/27/2022	5,823,541.90	89.75	6,022,037.12	0.04%	Aa1 / AA	3.59
			4.64%	5,915,704.44	4.09%	27,566.92	106,332.68	AA+	3.44
13063D3N6	California State STE-GO 4.846% Due 03/01/2027	18,500,000.00	03/15/2023	18,500,000.00	101.95	18,860,565.00	0.13%	Aa2 / AA-	3.92
			4.85%	18,500,000.00	4.30%	39,844.89	360,565.00	AA	3.53
641462NV4	State of Nevada TE-GO 3.180% Due 05/01/2027	8,460,000.00	05/10/2022	8,460,000.00	95.71	8,096,846.04	0.06%	Aa1 / AA+	4.09
			3.18%	8,460,000.00	4.34%	112,095.00	(363,153.96)	AA+	3.72
641462PA8	State of Nevada TE-GO 3.180% Due 05/01/2027	7,400,000.00	05/10/2022	7,400,000.00	95.71	7,082,347.60	0.05%	Aa1 / AA+	4.09
			3.18%	7,400,000.00	4.34%	98,050.00	(317,652.40)	AA+	3.72
68609T7G7	State of Oregon STE-GO 3.315% Due 05/01/2027	1,000,000.00	05/17/2022	1,000,000.00	96.27	962,702.00	0.01%	Aa1 / AA+	4.09
			3.32%	1,000,000.00	4.32%	13,812.50	(37,298.00)	AA+	3.71
68609UBF1	Oregon State TE - GO 4.112% Due 05/01/2027	5,625,000.00	03/23/2023	5,625,000.00	99.22	5,581,012.50	0.04%	Aa1 / AA+	4.09
			4.11%	5,625,000.00	4.32%	5,140.00	(43,987.50)	AA+	3.72
20772KQK8	State of Connecticut TE-GO 3.631% Due 06/15/2027	5,000,000.00	06/22/2022	5,000,000.00	97.67	4,883,270.00	0.03%	Aa3 / AA-	4.21
			3.63%	5,000,000.00	4.24%	53,456.39	(116,730.00)	AA-	3.81
373385KW2	State of Georgia STE-GO 3.430% Due 07/01/2027	8,210,000.00	07/07/2022	8,210,000.00	97.16	7,976,671.80	0.06%	Aaa / AAA	4.25
			3.43%	8,210,000.00	4.17%	70,400.75	(233,328.20)	AAA	3.87
25477GUY9	Dist of Columbia Income Tax TE - REV 3.499% Due 07/01/2027	5,000,000.00	07/27/2022	5,000,000.00	96.78	4,839,055.00	0.03%	Aa1 / AAA	4.25
			3.50%	5,000,000.00	4.34%	43,737.50	(160,945.00)	AA+	3.86
576004HD0	Commonwealth of Massachusetts TE-REV 3.680% Due 07/15/2027	5,000,000.00	08/30/2022	5,000,000.00	97.84	4,892,210.00	0.03%	Aa1 / NR	4.29
			3.68%	5,000,000.00	4.23%	38,844.44	(107,790.00)	AAA	3.89
798189TM8	San Jose Evergreen Com Col Dis TE-GO 4.718% Due 09/01/2027	2,000,000.00	03/01/2023	2,000,000.00	101.39	2,027,700.00	0.01%	Aa1 / AA+	4.42
			4.72%	2,000,000.00	4.37%	4,193.78	27,700.00	NR	3.95

# INVESTMENT INVENTORY – MARKET VALUE

## County of San Diego Pooled Money Fund

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CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
419792J64	Hawaii State STE-GO 4.838% Due 10/01/2027	6,750,000.00	10/20/2022 4.84%	6,750,000.00 6,750,000.00	102.61 4.19%	6,926,431.50 135,161.63	0.05% 176,431.50	Aa2 / AA+ NR	4.51 3.94
				<b>527,511,698.85</b>		<b>504,307,013.07</b>	<b>3.49%</b>	<b>Aa1 / AA+</b>	<b>2.30</b>
<b>TOTAL Municipal Bonds</b>		<b>527,090,000.00</b>	<b>1.97%</b>	<b>526,685,946.93</b>	<b>4.49%</b>	<b>2,529,176.25</b>	<b>(22,378,933.86)</b>	<b>AA+</b>	<b>2.16</b>
<b>Negotiable CD</b>									
06417MJ55	Bank of Nova Scotia Houston Yankee CD 5.050% Due 04/19/2023	61,000,000.00	10/24/2022 5.05%	61,000,000.00 61,000,000.00	100.00 4.87%	61,002,318.00 1,360,554.17	0.43% 2,318.00	P-1 / A-1 F-1+	0.05 0.05
89115B5P1	Toronto Dominion Bank Yankee CD 5.090% Due 04/19/2023	44,000,000.00	10/25/2022 5.09%	44,000,000.00 44,000,000.00	100.01 4.84%	44,003,432.00 976,714.44	0.31% 3,432.00	P-1 / A-1+ F-1+	0.05 0.05
87019WGF6	SWEDBANK Yankee CD 4.960% Due 04/19/2023	116,000,000.00	11/30/2022 4.96%	116,000,000.00 116,000,000.00	100.01 4.76%	116,007,424.00 1,949,831.11	0.81% 7,424.00	P-1 / A-1 F-1+	0.05 0.05
06367CWX1	Bank of Montreal Chicago Yankee CD 3.780% Due 04/20/2023	60,000,000.00	07/14/2022 3.78%	60,000,000.00 60,000,000.00	99.93 4.84%	59,960,460.00 1,644,300.00	0.42% (39,540.00)	P-1 / A-1 F-1+	0.05 0.05
89115BAA8	Toronto Dominion Bank Yankee CD 3.800% Due 04/20/2023	50,000,000.00	07/15/2022 3.80%	50,000,000.00 50,000,000.00	99.94 4.84%	49,967,650.00 1,372,222.22	0.35% (32,350.00)	P-1 / A-1+ F-1+	0.05 0.05
89115BCS7	Toronto Dominion Bank Yankee CD 3.630% Due 04/28/2023	139,000,000.00	07/28/2022 3.63%	139,000,000.00 139,000,000.00	99.90 4.84%	138,856,830.00 3,461,910.83	0.98% (143,170.00)	P-1 / A-1+ F-1+	0.08 0.07
63873QYQ1	Natixis NY Branch Yankee CD 5.100% Due 05/01/2023	40,000,000.00	12/06/2022 5.10%	40,000,000.00 40,000,000.00	100.01 4.85%	40,005,760.00 657,333.33	0.28% 5,760.00	P-1 / A-1 F-1+	0.08 0.08
63873QYR9	Natixis NY Branch Yankee CD 5.100% Due 05/03/2023	20,000,000.00	12/06/2022 5.10%	20,000,000.00 20,000,000.00	100.01 4.86%	20,002,960.00 328,666.67	0.14% 2,960.00	P-1 / A-1 F-1+	0.09 0.09
22536CFJ4	Credit Agricole Yankee CD 4.760% Due 05/08/2023	20,000,000.00	01/24/2022 4.76%	20,000,000.00 20,000,000.00	99.97 4.73%	19,994,960.00 1,142,400.00	0.15% (5,040.00)	P-1 / A-1 F-1	0.10 0.10
63873QYS7	Natixis NY Branch Yankee CD 5.100% Due 05/08/2023	25,000,000.00	12/06/2022 5.10%	25,000,000.00 25,000,000.00	100.02 4.87%	25,003,850.00 410,833.33	0.17% 3,850.00	P-1 / A-1+ F-1+	0.10 0.10
89115BBF6	Toronto Dominion Bank Yankee CD 5.180% Due 05/10/2023	15,000,000.00	10/31/2022 5.18%	15,000,000.00 15,000,000.00	100.02 4.88%	15,003,270.00 328,066.67	0.11% 3,270.00	P-1 / A-1+ F-1+	0.11 0.11
22536CAP5	Credit Agricole Yankee CD 4.850% Due 05/16/2023	21,000,000.00	12/19/2022 4.85%	21,000,000.00 21,000,000.00	99.97 4.98%	20,994,624.00 291,404.17	0.15% (5,376.00)	P-1 / A-1 F-1	0.13 0.12
90275DQX1	UBS Finance Yankee CD 5.220% Due 05/17/2023	61,000,000.00	11/23/2022 5.22%	61,000,000.00 61,000,000.00	100.02 5.04%	61,014,274.00 1,141,005.00	0.43% 14,274.00	P-1 / A-1 F-1+	0.13 0.13
22536CAQ3	Credit Agricole Yankee CD 4.850% Due 05/17/2023	25,000,000.00	12/19/2022 4.85%	25,000,000.00 25,000,000.00	99.97 4.99%	24,993,325.00 346,909.72	0.17% (6,675.00)	P-1 / A-1 F-1	0.13 0.13



# INVESTMENT INVENTORY – MARKET VALUE

## County of San Diego Pooled Money Fund As of March 31, 2023

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
87019WHL2	SWEDBANK Yankee CD 4.780% Due 05/19/2023	10,000,000.00	01/19/2023 4.78%	10,000,000.00 10,000,000.00	99.98 4.85%	9,998,370.00 95,600.00	0.07% (1,630.00)	P-1 / A-1 F-1+	0.13 0.13
87019WHM0	SWEDBANK Yankee CD 4.780% Due 05/23/2023	10,000,000.00	01/19/2023 4.78%	10,000,000.00 10,000,000.00	99.98 4.87%	9,997,940.00 95,600.00	0.07% (2,060.00)	P-1 / A-1 F-1+	0.15 0.14
87019WHN8	SWEDBANK Yankee CD 4.780% Due 05/24/2023	20,000,000.00	01/19/2023 4.78%	20,000,000.00 20,000,000.00	99.98 4.88%	19,995,660.00 191,200.00	0.14% (4,340.00)	P-1 / A-1 F-1+	0.15 0.14
65558UTT9	Nordea Bank APB New York Yankee CD 2.770% Due 05/31/2023	50,000,000.00	05/27/2022 2.77%	50,000,000.00 50,000,000.00	99.61 4.99%	49,803,950.00 1,173,402.78	0.35% (196,050.00)	P-1 / A-1+ F-1+	0.17 0.16
06367CVS3	Bank of Montreal Chicago Yankee CD 3.110% Due 05/31/2023	54,000,000.00	06/10/2022 3.11%	54,000,000.00 54,000,000.00	99.67 4.94%	53,822,340.00 1,376,175.00	0.38% (177,660.00)	P-1 / A-1 F-1+	0.17 0.16
06417MZX4	Bank of Nova Scotia Houston Yankee CD 3.600% Due 05/31/2023	86,000,000.00	06/16/2022 3.60%	86,000,000.00 86,000,000.00	99.75 4.96%	85,782,850.00 2,485,400.00	0.61% (217,150.00)	P-1 / A-1 F-1+	0.17 0.16
89115BMB3	Toronto Dominion Bank Yankee CD 4.830% Due 05/31/2023	50,000,000.00	12/21/2022 4.83%	50,000,000.00 50,000,000.00	99.97 4.96%	49,983,750.00 670,833.33	0.35% (16,250.00)	P-1 / A-1+ F-1+	0.17 0.16
78012U6P5	Royal Bank of Canada Yankee CD 3.020% Due 06/01/2023	60,000,000.00	06/09/2022 3.02%	60,000,000.00 60,000,000.00	99.62 5.12%	59,771,820.00 1,489,866.67	0.42% (228,180.00)	P-1 / A-1+ F-1+	0.17 0.17
06367CVQ7	Bank of Montreal Chicago Yankee CD 3.020% Due 06/01/2023	70,000,000.00	06/09/2022 3.02%	70,000,000.00 70,000,000.00	99.65 4.96%	69,752,970.00 1,738,177.78	0.49% (247,030.00)	P-1 / A-1 F-1+	0.17 0.17
06052TR77	Bank of America Negotiable CD 3.000% Due 06/01/2023	70,000,000.00	06/09/2022 3.00%	70,000,000.00 70,000,000.00	99.63 5.03%	69,742,750.00 1,726,666.67	0.49% (257,250.00)	P-1 / A-1 F-1+	0.17 0.17
65558UUA8	Nordea Bank APB New York Yankee CD 2.900% Due 06/07/2023	42,000,000.00	06/06/2022 2.90%	42,000,000.00 42,000,000.00	99.58 5.04%	41,822,382.00 1,011,616.67	0.29% (177,618.00)	P-1 / A-1+ F-1+	0.19 0.18
65558UUH3	Nordea Bank APB New York Yankee CD 2.950% Due 06/07/2023	35,000,000.00	06/07/2022 2.95%	35,000,000.00 35,000,000.00	99.59 5.04%	34,855,170.00 854,680.56	0.25% (144,830.00)	P-1 / A-1+ F-1+	0.19 0.18
65558UUP5	Nordea Bank APB New York Yankee CD 3.650% Due 06/23/2023	85,000,000.00	06/17/2022 3.65%	85,000,000.00 85,000,000.00	99.66 5.00%	84,707,600.00 2,482,000.00	0.60% (292,400.00)	P-1 / A-1 F-1+	0.23 0.22
89115BXJ4	Toronto Dominion Bank Yankee CD 4.650% Due 06/29/2023	25,000,000.00	09/29/2022 4.65%	25,000,000.00 25,000,000.00	99.84 5.16%	24,961,000.00 594,166.67	0.18% (39,000.00)	P-1 / A-1+ F-1+	0.25 0.24
13606KPR1	Canadian Imperial Bank Yankee CD 5.230% Due 06/29/2023	200,000,000.00	10/27/2022 5.23%	200,000,000.00 200,000,000.00	100.01 5.06%	200,027,600.00 4,532,666.67	1.41% 27,600.00	P-1 / A-1 F-1+	0.25 0.24
89115BKJ8	Toronto Dominion Bank Yankee CD 3.900% Due 06/30/2023	44,000,000.00	08/22/2022 3.90%	44,000,000.00 44,000,000.00	99.65 5.16%	43,847,892.00 1,053,433.33	0.31% (152,108.00)	P-1 / A-1+ F-1+	0.25 0.24
89115BLA6	Toronto Dominion Bank Yankee CD 3.900% Due 06/30/2023	31,000,000.00	08/23/2022 3.90%	31,000,000.00 31,000,000.00	99.65 5.16%	30,892,864.00 742,191.67	0.22% (107,136.00)	P-1 / A-1+ F-1+	0.25 0.24
89115BX21	Toronto Dominion Bank Yankee CD 4.630% Due 06/30/2023	100,000,000.00	09/28/2022 4.63%	100,000,000.00 100,000,000.00	99.84 5.16%	99,836,800.00 2,366,444.44	0.70% (163,200.00)	P-1 / A-1+ F-1+	0.25 0.24



# INVESTMENT INVENTORY – MARKET VALUE

## County of San Diego Pooled Money Fund

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CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
06417MK79	Bank of Nova Scotia Houston Yankee CD 5.500% Due 06/30/2023	100,000,000.00	11/03/2022 5.50%	100,000,000.00 100,000,000.00	100.03 5.25%	100,033,500.00 2,276,388.89	0.70% 33,500.00	P-1 / A-1 F-1+	0.25 0.24
78015JQW0	Royal Bank of Canada Yankee CD 5.100% Due 06/30/2023	35,000,000.00	01/03/2023 5.10%	35,000,000.00 35,000,000.00	99.94 5.28%	34,978,685.00 436,333.33	0.24% (21,315.00)	P-1 / A-1+ F-1+	0.25 0.24
89115B6X3	Toronto Dominion Bank Yankee CD 5.230% Due 07/03/2023	150,000,000.00	10/27/2022 5.23%	150,000,000.00 150,000,000.00	99.99 5.17%	149,978,550.00 3,399,500.00	1.06% (21,450.00)	P-1 / A-1+ F-1+	0.26 0.25
13606KNR3	Canadian Imperial Bank Yankee CD 4.660% Due 07/05/2023	200,000,000.00	10/04/2022 4.66%	200,000,000.00 200,000,000.00	99.86 5.08%	199,716,400.00 4,634,111.11	1.41% (283,600.00)	P-1 / A-1 F-1+	0.26 0.26
89115B4K3	Toronto Dominion Bank Yankee CD 5.340% Due 07/05/2023	50,000,000.00	10/21/2022 5.34%	50,000,000.00 50,000,000.00	100.01 5.17%	50,005,600.00 1,201,500.00	0.35% 5,600.00	P-1 / A-1+ F-1+	0.26 0.26
13606KPP5	Canadian Imperial Bank Yankee CD 5.250% Due 07/05/2023	40,000,000.00	10/26/2022 5.25%	40,000,000.00 40,000,000.00	100.01 5.08%	40,005,520.00 915,833.33	0.28% 5,520.00	P-1 / A-1 F-1+	0.26 0.26
06417MM69	Bank of Nova Scotia Houston Yankee CD 5.300% Due 07/05/2023	210,000,000.00	11/28/2022 5.30%	210,000,000.00 210,000,000.00	99.99 5.23%	209,984,040.00 3,833,666.67	1.47% (15,960.00)	P-1 / A-1 F-1+	0.26 0.26
89115BLB4	Toronto Dominion Bank Yankee CD 5.180% Due 07/05/2023	200,000,000.00	12/09/2022 5.18%	200,000,000.00 200,000,000.00	99.98 5.17%	199,959,200.00 3,251,888.89	1.40% (40,800.00)	P-1 / A-1+ F-1+	0.26 0.26
06052TT91	Bank of America Negotiable CD 5.200% Due 07/05/2023	60,000,000.00	12/27/2022 5.20%	60,000,000.00 60,000,000.00	99.99 5.19%	59,991,120.00 823,333.33	0.42% (8,880.00)	P-1 / A-1 F-1+	0.26 0.26
63873QA38	Natixis NY Branch Yankee CD 5.050% Due 07/05/2023	15,000,000.00	01/18/2023 5.05%	15,000,000.00 15,000,000.00	99.96 5.15%	14,994,075.00 153,604.17	0.10% (5,925.00)	P-1 / A-1 F-1+	0.26 0.26
06052TU24	Bank of America Yankee CD 5.150% Due 07/07/2023	50,000,000.00	01/03/2023 5.14%	50,000,000.00 50,000,000.00	99.97 5.19%	49,985,300.00 708,125.00	0.35% (14,700.00)	P-1 / A-1 F-1+	0.27 0.26
06417MP90	Bank of Nova Scotia Houston Yankee CD 5.250% Due 07/10/2023	100,000,000.00	12/09/2022 5.25%	100,000,000.00 100,000,000.00	99.98 5.22%	99,984,400.00 1,647,916.67	0.70% (15,600.00)	P-1 / A-1 F-1+	0.28 0.27
63873QA46	Natixis NY Branch Yankee CD 5.050% Due 07/11/2023	20,000,000.00	01/18/2023 5.05%	20,000,000.00 20,000,000.00	99.96 5.16%	19,991,180.00 204,805.56	0.14% (8,820.00)	P-1 / A-1 F-1+	0.28 0.27
63873QA79	Natixis NY Branch Yankee CD 5.050% Due 07/12/2023	10,000,000.00	01/18/2023 4.80%	10,000,000.00 10,000,000.00	99.96 4.91%	9,995,510.00 614,416.67	0.07% (4,490.00)	P-1 / A-1 F-1+	0.28 0.28
63873QA87	Natixis NY Branch Yankee CD 5.050% Due 07/17/2023	10,000,000.00	01/18/2023 5.05%	10,000,000.00 10,000,000.00	99.95 5.16%	9,995,090.00 102,402.78	0.07% (4,910.00)	P-1 / A-1 F-1+	0.30 0.29
63873QA53	Natixis NY Branch Yankee CD 5.050% Due 07/18/2023	15,000,000.00	01/18/2023 5.05%	15,000,000.00 15,000,000.00	99.95 5.16%	14,992,530.00 153,604.17	0.10% (7,470.00)	P-1 / A-1 F-1+	0.30 0.29
06417MM28	Bank of Nova Scotia Houston Yankee CD 5.320% Due 07/21/2023	70,000,000.00	11/18/2022 5.32%	70,000,000.00 70,000,000.00	100.01 5.19%	70,005,810.00 1,386,155.56	0.49% 5,810.00	P-1 / A-1 F-1+	0.31 0.30
63873QA61	Natixis NY Branch Yankee CD 5.050% Due 07/24/2023	40,000,000.00	01/18/2023 5.05%	40,000,000.00 40,000,000.00	99.94 5.17%	39,977,960.00 404,000.00	0.28% (22,040.00)	P-1 / A-1 F-1+	0.32 0.31

# INVESTMENT INVENTORY – MARKET VALUE

## County of San Diego Pooled Money Fund

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13606KLD6	Canadian Imperial Bank Yankee CD 3.940% Due 07/31/2023	50,000,000.00	08/03/2022 3.94%	50,000,000.00 50,000,000.00	99.54 5.18%	49,770,850.00 1,318,805.56	0.35% (229,150.00)	P-1 / A-1 F-1+	0.33 0.33
06417ME35	Bank of Nova Scotia Houston Yankee CD 4.000% Due 07/31/2023	86,000,000.00	08/16/2022 4.00%	86,000,000.00 86,000,000.00	99.56 5.18%	85,624,868.00 2,169,111.11	0.60% (375,132.00)	P-1 / A-1 F-1+	0.33 0.33
89115BJ76	Toronto Dominion Bank Yankee CD 5.410% Due 07/31/2023	35,000,000.00	11/30/2022 5.41%	35,000,000.00 35,000,000.00	100.03 5.23%	35,009,660.00 641,686.11	0.25% 9,660.00	P-1 / A-1+ F-1+	0.33 0.33
06417MP66	Bank of Nova Scotia Houston Yankee CD 5.280% Due 07/31/2023	250,000,000.00	12/08/2022 5.28%	250,000,000.00 250,000,000.00	100.01 5.18%	250,012,750.00 4,180,000.00	1.75% 12,750.00	P-1 / A-1 F-1+	0.33 0.33
65558UZN5	Nordea Bank APB New York Yankee CD 4.990% Due 07/31/2023	150,000,000.00	12/14/2022 4.99%	150,000,000.00 150,000,000.00	99.90 5.20%	149,854,050.00 2,245,500.00	1.05% (145,950.00)	P-1 / A-1+ F-1+	0.33 0.33
06052TT34	Bank of America Negotiable CD 5.200% Due 08/01/2023	50,000,000.00	12/13/2022 5.20%	50,000,000.00 50,000,000.00	99.94 5.30%	49,969,000.00 787,222.22	0.35% (31,000.00)	P-1 / A-1 F-1+	0.34 0.33
06417ML86	Bank of Nova Scotia Houston Yankee CD 5.300% Due 08/04/2023	55,000,000.00	11/17/2022 5.30%	55,000,000.00 55,000,000.00	100.00 5.20%	55,000,275.00 1,093,125.00	0.39% 275.00	P-1 / A-1 F-1+	0.35 0.34
06052TT75	Bank of America Yankee CD 5.200% Due 09/01/2023	115,000,000.00	12/22/2022 5.20%	115,000,000.00 115,000,000.00	99.88 5.41%	114,861,310.00 1,661,111.11	0.80% (138,690.00)	P-1 / A-1 F-1+	0.42 0.41
06367D2Z7	Bank of Montreal Chicago Yankee CD 5.360% Due 10/31/2023	125,000,000.00	12/23/2022 5.36%	125,000,000.00 125,000,000.00	100.01 5.27%	125,010,125.00 1,842,500.00	0.87% 10,125.00	P-1 / A-1 F-1+	0.59 0.57
<b>TOTAL Negotiable CD</b>		<b>4,030,000,000.00</b>	<b>4.71%</b>	<b>4,030,000,000.00</b>	<b>5.10%</b>	<b>4,026,102,203.00</b> <b>82,178,921.14</b>	<b>28.27%</b> <b>(3,897,797.00)</b>	<b>Aaa / AA+</b> <b>AAA</b>	<b>0.24</b> <b>0.24</b>
<b>Supranational</b>									
459058GX5	Intl. Bank Recon & Development Note 1.875% Due 06/19/2023	14,750,000.00	12/20/2019 1.72%	14,825,815.00 14,754,690.20	99.37 4.78%	14,657,355.25 78,359.38	0.10% (97,334.95)	Aaa / AAA AAA	0.22 0.21
459058GL1	Intl. Bank Recon & Development Note 3.000% Due 09/27/2023	63,846,000.00	Various 1.86%	66,560,348.76 64,187,887.74	99.12 4.85%	63,282,048.28 21,281.99	0.44% (905,839.46)	Aaa / AAA NR	0.49 0.48
4581X0CC0	Inter-American Dev Bank Note 3.000% Due 10/04/2023	50,000,000.00	Various 2.14%	51,685,788.30 50,210,247.33	99.02 4.98%	49,509,100.00 737,500.00	0.35% (701,147.33)	Aaa / NR AAA	0.51 0.49
45950VTU0	International Finance Corp Note 0.290% Due 11/06/2023	25,000,000.00	11/06/2020 0.29%	25,000,000.00 25,000,000.00	97.25 5.03%	24,311,625.00 29,201.39	0.17% (688,375.00)	Aaa / AAA NR	0.60 0.58
4581X0DF2	Inter-American Dev Bank Note 2.625% Due 01/16/2024	84,750,000.00	Various 2.42%	85,504,800.00 84,877,173.10	98.37 4.75%	83,365,354.50 463,476.56	0.58% (1,511,818.60)	Aaa / AAA AAA	0.80 0.77
45818WCG9	Inter-American Dev Bank Note 2.290% Due 01/31/2024	50,000,000.00	04/02/2019 2.29%	50,000,000.00 50,000,000.00	97.90 4.88%	48,951,750.00 194,013.89	0.34% (1,048,250.00)	Aaa / AA AAA	0.84 0.81

# INVESTMENT INVENTORY – MARKET VALUE

## County of San Diego Pooled Money Fund

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4581X0CF3	Inter-American Dev Bank Note 3.000% Due 02/21/2024	11,869,000.00	10/31/2019 1.75%	12,480,490.88 11,995,649.32	98.41 4.84%	11,680,722.05 39,563.33	0.08% (314,927.27)	Aaa / AAA AAA	0.90 0.86
45818WCH7	Inter-American Dev Bank Note 2.330% Due 02/29/2024	50,000,000.00	04/08/2019 2.33%	50,000,000.00 50,000,000.00	97.92 4.68%	48,958,550.00 106,791.67	0.34% (1,041,450.00)	Aaa / AAA AAA	0.92 0.89
459058GQ0	Intl. Bank Recon & Development Note 2.500% Due 03/19/2024	25,000,000.00	03/19/2019 2.53%	24,959,250.00 24,992,126.57	98.01 4.63%	24,502,800.00 20,833.33	0.17% (489,326.57)	Aaa / AAA AAA	0.97 0.94
459056HV2	Intl. Bank Recon & Development Note 1.500% Due 08/28/2024	25,000,000.00	03/19/2021 0.52%	25,832,500.00 25,340,808.82	96.10 4.38%	24,025,975.00 34,375.00	0.17% (1,314,833.82)	Aaa / AAA AAA	1.41 1.37
4581X0DZ8	Inter-American Dev Bank Note 0.500% Due 09/23/2024	50,000,000.00	09/23/2021 0.52%	49,963,000.00 49,981,736.31	94.54 4.36%	47,269,250.00 5,555.56	0.33% (2,712,486.31)	Aaa / AAA NR	1.48 1.44
45950KCR9	International Finance Corp Note 1.375% Due 10/16/2024	25,000,000.00	10/16/2019 1.44%	24,926,750.00 24,977,387.52	95.56 4.38%	23,889,825.00 157,552.08	0.17% (1,087,562.52)	Aaa / AAA NR	1.55 1.49
45950VTV8	International Finance Corp Note 0.385% Due 11/04/2024	25,000,000.00	11/04/2020 0.39%	25,000,000.00 25,000,000.00	93.63 4.58%	23,407,175.00 39,302.08	0.16% (1,592,825.00)	Aaa / AAA NR	1.60 1.55
4581X0CM8	Inter-American Dev Bank Note 2.125% Due 01/15/2025	23,093,000.00	02/25/2021 0.54%	24,491,743.01 23,740,017.42	96.48 4.19%	22,279,248.87 103,597.76	0.15% (1,460,768.55)	Aaa / AAA AAA	1.80 1.72
45950VPR1	International Finance Corp Note 0.350% Due 02/26/2025	25,000,000.00	02/26/2021 0.40%	24,946,250.00 24,974,357.46	92.67 4.41%	23,166,850.00 8,506.94	0.16% (1,807,507.46)	Aaa / AAA NR	1.91 1.86
459058JB0	Intl. Bank Recon & Development Note 0.625% Due 04/22/2025	50,000,000.00	Various 0.69%	49,857,250.00 49,936,923.83	93.20 4.10%	46,599,050.00 138,020.84	0.32% (3,337,873.83)	Aaa / AAA NR	2.06 2.00
45818WDC7	Inter-American Dev Bank Note 0.775% Due 07/09/2025	50,000,000.00	04/09/2021 0.78%	50,000,000.00 50,000,000.00	92.65 4.20%	46,323,900.00 88,263.89	0.32% (3,676,100.00)	NR / NR NR	2.28 2.21
459058JE4	Intl. Bank Recon & Development Note 0.375% Due 07/28/2025	25,000,000.00	07/28/2020 0.40%	24,966,500.00 24,984,424.15	92.05 3.99%	23,011,600.00 16,406.25	0.16% (1,972,824.15)	Aaa / AAA AAA	2.33 2.27
45818WDP8	Inter-American Dev Bank Note 3.030% Due 08/01/2025	25,000,000.00	05/02/2022 3.03%	25,000,000.00 25,000,000.00	97.45 4.19%	24,362,200.00 126,250.00	0.17% (637,800.00)	NR / NR NR	2.34 2.21
459058JL8	Intl. Bank Recon & Development Note 0.500% Due 10/28/2025	44,000,000.00	Various 0.62%	43,762,370.00 43,869,883.70	91.64 3.95%	40,319,840.00 93,500.00	0.28% (3,550,043.70)	Aaa / AAA AAA	2.58 2.51
45950VPJ9	International Finance Corp Note 0.580% Due 01/15/2026	19,700,000.00	02/12/2021 0.53%	19,748,068.00 19,727,268.83	90.70 4.15%	17,867,033.20 24,121.56	0.12% (1,860,235.63)	Aaa / AAA NR	2.80 2.71
45950VPK6	International Finance Corp Note 0.450% Due 02/05/2026	25,000,000.00	02/05/2021 0.53%	24,907,500.00 24,947,265.88	90.27 4.11%	22,566,875.00 17,500.00	0.16% (2,380,390.88)	NR / NR NR	2.85 2.77
45905U5Y6	Intl. Bank Recon & Development Callable Note 1X 2/18/2022 0.600% Due 02/18/2026	75,000,000.00	02/18/2021 0.60%	74,987,500.00 74,992,784.78	84.96 6.40%	63,718,950.00 53,750.00	0.44% (11,273,834.78)	Aaa / AAA NR	2.89 2.77

# INVESTMENT INVENTORY – MARKET VALUE

## County of San Diego Pooled Money Fund

As of March 31, 2023

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
45906M2P5	International Bank and Recon Callable Note Annual 6/30/2022 0.875% Due 06/30/2026	25,000,000.00	06/30/2021 0.88%	25,000,000.00 25,000,000.00	90.19 4.13%	22,547,175.00 55,295.14	0.16% (2,452,825.00)	Aaa / AAA NR	3.25 3.14
45950VRW8	International Finance Corp Note 3.810% Due 06/30/2027	25,000,000.00	02/07/2023 3.81%	25,000,000.00 25,000,000.00	101.08 3.53%	25,269,225.00 134,937.50	0.17% 269,225.00	Aaa / NR AAA	4.25 3.87
45818WEH5	Inter-American Dev Bank Note 3.960% Due 06/30/2027	50,000,000.00	02/14/2023 3.96%	50,000,000.00 50,000,000.00	101.42 3.60%	50,707,850.00 258,500.00	0.35% 707,850.00	Aaa / AAA NR	4.25 3.86
<b>TOTAL Supranational</b>				<b>969,405,923.95</b>	<b>4.56%</b>	<b>916,551,327.15</b>	<b>6.33%</b>	<b>Aaa / AAA</b>	<b>1.78</b>
		<b>962,008,000.00</b>	<b>1.51%</b>	<b>963,490,632.96</b>		<b>3,046,456.14</b>	<b>(46,939,305.81)</b>	<b>AAA</b>	<b>1.70</b>
<b>US Treasury</b>									
912828S35	US Treasury Note 1.375% Due 06/30/2023	20,000,000.00	Various 1.62%	19,831,054.70 19,988,200.30	99.21 4.55%	19,841,260.00 69,129.84	0.14% (146,940.30)	Aaa / AA+ AAA	0.25 0.25
912828S92	US Treasury Note 1.250% Due 07/31/2023	20,000,000.00	Various 1.46%	19,841,796.88 19,986,385.87	98.84 4.73%	19,768,760.00 41,436.46	0.14% (217,625.87)	Aaa / AA+ AAA	0.33 0.33
912828Y61	US Treasury Note 2.750% Due 07/31/2023	5,000,000.00	10/11/2019 1.58%	5,214,453.10 5,018,681.66	99.34 4.72%	4,966,990.00 22,790.06	0.03% (51,691.66)	Aaa / AA+ AAA	0.33 0.33
912828D1	US Treasury Note 1.375% Due 08/31/2023	40,000,000.00	05/31/2019 1.96%	39,046,875.00 39,906,712.81	98.63 4.73%	39,451,560.00 47,826.09	0.27% (455,152.81)	Aaa / AA+ AAA	0.42 0.41
912828T91	US Treasury Note 1.625% Due 10/31/2023	25,000,000.00	Various 1.39%	25,234,375.01 25,032,876.88	98.23 4.73%	24,558,600.00 170,580.11	0.17% (474,276.88)	Aaa / AA+ AAA	0.59 0.57
912828S29	US Treasury Note 2.500% Due 01/31/2024	10,000,000.00	02/01/2019 2.46%	10,016,406.25 10,002,741.87	98.17 4.75%	9,817,190.00 41,436.46	0.07% (185,551.87)	Aaa / AA+ AAA	0.84 0.81
912828W71	US Treasury Note 2.125% Due 03/31/2024	15,000,000.00	04/02/2019 2.25%	14,913,281.25 14,982,656.25	97.59 4.61%	14,639,070.00 870.90	0.10% (343,586.25)	Aaa / AA+ AAA	1.00 0.97
912828WJ5	US Treasury Note 2.500% Due 05/15/2024	15,000,000.00	06/11/2019 1.91%	15,417,187.50 15,095,026.04	97.80 4.53%	14,669,535.00 141,919.89	0.10% (425,491.04)	Aaa / AA+ AAA	1.13 1.08
912828XX3	US Treasury Note 2.000% Due 06/30/2024	50,000,000.00	Various 1.09%	51,432,617.19 50,556,390.49	97.03 4.46%	48,515,650.00 251,381.22	0.34% (2,040,740.49)	Aaa / AA+ AAA	1.25 1.21
912828Y87	US Treasury Note 1.750% Due 07/31/2024	10,000,000.00	05/04/2020 0.34%	10,594,921.88 10,187,041.29	96.58 4.41%	9,657,810.00 29,005.52	0.07% (529,231.29)	Aaa / AA+ AAA	1.34 1.30
912828D56	US Treasury Note 2.375% Due 08/15/2024	10,000,000.00	08/29/2019 1.39%	10,471,484.38 10,130,548.90	97.34 4.39%	9,733,590.00 29,523.48	0.07% (396,958.90)	Aaa / AA+ AAA	1.38 1.33
912828Z52	US Treasury Note 1.375% Due 01/31/2025	110,000,000.00	Various 1.00%	111,622,070.34 110,736,709.81	95.17 4.13%	104,684,800.00 250,690.61	0.72% (6,051,909.81)	Aaa / AA+ AAA	1.84 1.78

# INVESTMENT INVENTORY – MARKET VALUE

## County of San Diego Pooled Money Fund

As of March 31, 2023

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
912828J27	US Treasury Note 2.000% Due 02/15/2025	20,000,000.00	04/28/2020 0.37%	21,546,875.00 20,604,992.16	96.14 4.16%	19,228,120.00 49,723.76	0.13% (1,376,872.16)	Aaa / AA+ AAA	1.88 1.81
91282CDZ1	US Treasury Note 1.500% Due 02/15/2025	25,000,000.00	04/13/2022 2.49%	24,322,265.63 24,552,525.72	95.27 4.14%	23,816,400.00 46,616.02	0.16% (736,125.72)	Aaa / AA+ AAA	1.88 1.82
912828ZC7	US Treasury Note 1.125% Due 02/28/2025	25,000,000.00	02/25/2022 1.78%	24,521,484.38 24,695,648.39	94.55 4.11%	23,638,675.00 24,456.52	0.16% (1,056,973.39)	Aaa / AA+ AAA	1.92 1.86
912828ZF0	US Treasury Note 0.500% Due 03/31/2025	15,000,000.00	04/13/2020 0.42%	15,059,179.70 15,023,828.56	93.27 4.04%	13,990,425.00 204.92	0.10% (1,033,403.56)	Aaa / AA+ AAA	2.00 1.95
912828ZL7	US Treasury Note 0.375% Due 04/30/2025	15,000,000.00	06/01/2020 0.33%	15,036,328.13 15,015,389.84	92.75 4.04%	13,912,500.00 23,618.78	0.10% (1,102,889.84)	Aaa / AA+ AAA	2.08 2.03
912828ZT0	US Treasury Note 0.250% Due 05/31/2025	50,000,000.00	12/10/2021 1.07%	48,607,421.88 49,131,286.05	92.27 4.01%	46,136,700.00 41,895.60	0.32% (2,994,586.05)	Aaa / AA+ AAA	2.17 2.12
912828ZW3	US Treasury Note 0.250% Due 06/30/2025	200,000,000.00	Various 0.71%	196,323,242.19 197,978,593.43	92.17 3.92%	184,336,000.00 125,690.61	1.27% (13,642,593.43)	Aaa / AA+ AAA	2.25 2.20
91282CAB7	US Treasury Note 0.250% Due 07/31/2025	75,000,000.00	Various 0.78%	73,400,390.62 74,090,593.90	91.83 3.94%	68,874,000.00 31,077.36	0.47% (5,216,593.90)	Aaa / AA+ AAA	2.34 2.29
91282CAM3	US Treasury Note 0.250% Due 09/30/2025	135,000,000.00	Various 0.72%	132,286,328.14 133,431,930.85	91.51 3.84%	123,540,795.00 922.14	0.85% (9,891,135.85)	Aaa / AA+ AAA	2.50 2.45
91282CAT8	US Treasury Note 0.250% Due 10/31/2025	35,000,000.00	05/28/2021 0.67%	34,362,890.63 34,628,057.36	91.18 3.87%	31,911,530.00 36,740.33	0.22% (2,716,527.36)	Aaa / AA+ AAA	2.59 2.52
91282CAZ4	US Treasury Note 0.375% Due 11/30/2025	30,000,000.00	05/28/2021 0.69%	29,587,500.00 29,756,056.47	91.22 3.87%	27,365,640.00 37,706.04	0.19% (2,390,416.47)	Aaa / AA+ AAA	2.67 2.60
91282CBC4	US Treasury Note 0.375% Due 12/31/2025	33,000,000.00	01/27/2021 0.39%	32,971,640.63 32,984,157.22	91.15 3.79%	30,078,972.00 31,108.43	0.21% (2,905,185.22)	Aaa / AA+ AAA	2.76 2.69
91282CBH3	US Treasury Note 0.375% Due 01/31/2026	50,000,000.00	Various 0.98%	48,671,874.99 49,161,391.70	90.78 3.84%	45,388,650.00 31,077.34	0.31% (3,772,741.70)	Aaa / AA+ AAA	2.84 2.77
91282CBQ3	US Treasury Note 0.500% Due 02/28/2026	25,000,000.00	04/12/2021 0.87%	24,554,687.50 24,734,261.08	90.89 3.83%	22,721,675.00 10,869.57	0.16% (2,012,586.08)	Aaa / AA+ AAA	2.92 2.84
91282CBW0	US Treasury Note 0.750% Due 04/30/2026	50,000,000.00	05/26/2021 0.77%	49,945,312.50 49,965,820.31	91.16 3.82%	45,582,050.00 157,458.56	0.31% (4,383,770.31)	Aaa / AA+ AAA	3.08 2.98
91282CCF6	US Treasury Note 0.750% Due 05/31/2026	50,000,000.00	06/09/2021 0.74%	50,015,625.00 50,009,940.84	90.96 3.81%	45,480,450.00 125,686.81	0.31% (4,529,490.84)	Aaa / AA+ AAA	3.17 3.07
9128286X3	US Treasury Note 2.125% Due 05/31/2026	50,000,000.00	Various 1.73%	51,056,640.63 50,591,695.75	95.04 3.80%	47,519,550.00 356,112.64	0.33% (3,072,145.75)	Aaa / AA+ AAA	3.17 3.00

# INVESTMENT INVENTORY – MARKET VALUE

## County of San Diego Pooled Money Fund As of March 31, 2023

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
91282CCJ8	US Treasury Note 0.875% Due 06/30/2026	25,000,000.00	10/05/2021 0.94%	24,924,804.69 24,948,420.11	91.18 3.78%	22,795,900.00 54,989.64	0.16% (2,152,520.11)	Aaa / AA+ AAA	3.25 3.14
91282CCP4	US Treasury Note 0.625% Due 07/31/2026	100,000,000.00	Various 1.06%	98,006,835.88 98,598,300.75	90.20 3.78%	90,203,100.00 103,591.16	0.62% (8,395,200.75)	Aaa / AA+ AAA	3.34 3.24
9128282A7	US Treasury Note 1.500% Due 08/15/2026	25,000,000.00	06/16/2022 3.47%	23,105,468.75 23,465,442.14	92.82 3.78%	23,204,100.00 46,616.02	0.16% (261,342.14)	Aaa / AA+ AAA	3.38 3.24
91282CCW9	US Treasury Note 0.750% Due 08/31/2026	25,000,000.00	09/24/2021 0.90%	24,819,335.94 24,874,878.61	90.38 3.78%	22,593,750.00 16,304.35	0.16% (2,281,128.61)	Aaa / AA+ AAA	3.42 3.31
91282CCZ2	US Treasury Note 0.875% Due 09/30/2026	50,000,000.00	10/13/2021 1.06%	49,564,453.13 49,692,979.10	90.56 3.78%	45,281,250.00 1,195.36	0.31% (4,411,729.10)	Aaa / AA+ AAA	3.50 3.39
91282CEW7	US Treasury Note 3.250% Due 06/30/2027	45,000,000.00	Various 4.24%	43,118,164.04 43,295,854.82	98.27 3.69%	44,223,030.00 367,645.04	0.31% 927,175.18	Aaa / AA+ AAA	4.25 3.90
<b>TOTAL US Treasury</b>		<b>1,483,000,000.00</b>	<b>1.14%</b>	<b>1,469,445,273.46</b> <b>1,472,856,017.33</b>	<b>4.00%</b>	<b>1,382,128,077.00</b> <b>2,817,897.64</b>	<b>9.53%</b> <b>(90,727,940.33)</b>	<b>Aaa / AA+</b> <b>AAA</b>	<b>2.37</b> <b>2.30</b>
<b>TOTAL PORTFOLIO</b>		<b>14,866,083,193.22</b>	<b>3.17%</b>	<b>14,799,474,330.07</b> <b>14,817,380,679.50</b>	<b>4.74%</b>	<b>14,427,943,315.74</b> <b>103,862,831.82</b>	<b>100.00%</b> <b>(389,437,363.76)</b>	<b>Aaa / AA+</b> <b>AAA</b>	<b>1.29</b> <b>1.11</b>
<b>TOTAL MARKET VALUE PLUS ACCRUALS</b>						<b>14,531,806,147.56</b>			

# TRANSACTION ACTIVITY REPORT

## County of San Diego Pooled Money Fund As of March 31, 2023

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
<b>ACQUISITIONS</b>										
Purchase	03/01/2023	90CAMP\$00	1,532,762.03	California Asset Mgmt Program CAMP	1.000	4.75%	1,532,762.03	0.00	1,532,762.03	0.00
Purchase	03/08/2023	09659CV13	15,000,000.00	BNP Paribas Discount CP 5.23% Due: 08/01/2023	97.879	5.42%	14,681,841.67	0.00	14,681,841.67	0.00
Purchase	03/08/2023	09659CV88	20,000,000.00	BNP Paribas Discount CP 5.26% Due: 08/08/2023	97.765	5.46%	19,552,900.00	0.00	19,552,900.00	0.00
Purchase	03/15/2023	13063D3N6	18,500,000.00	California State STE-GO 4.846% Due: 03/01/2027	100.000	4.85%	18,500,000.00	0.00	18,500,000.00	0.00
Purchase	03/15/2023	798189TLO	2,500,000.00	San Jose Evergreen Com Col Dis TE-GO 4.796% Due: 09/01/2026	100.000	4.80%	2,500,000.00	0.00	2,500,000.00	0.00
Purchase	03/15/2023	798189TM8	2,000,000.00	San Jose Evergreen Com Col Dis TE-GO 4.718% Due: 09/01/2027	100.000	4.72%	2,000,000.00	0.00	2,000,000.00	0.00
Purchase	03/23/2023	68609UBF1	5,625,000.00	Oregon State TE - GO 4.112% Due: 05/01/2027	100.000	4.11%	5,625,000.00	0.00	5,625,000.00	0.00
Purchase	03/23/2023	89233HWE0	30,000,000.00	Toyota Motor Credit Discount CP 5.13% Due: 09/14/2023	97.506	5.33%	29,251,875.00	0.00	29,251,875.00	0.00
Purchase	03/23/2023	89233HWF7	65,000,000.00	Toyota Motor Credit Discount CP 5.13% Due: 09/15/2023	97.492	5.34%	63,369,800.00	0.00	63,369,800.00	0.00
Purchase	03/23/2023	89233HVV2	65,000,000.00	Toyota Motor Credit Discount CP 5.13% Due: 09/29/2023	97.293	5.34%	63,240,125.00	0.00	63,240,125.00	0.00
Purchase	03/24/2023	09659CQT8	375,000,000.00	BNP Paribas Discount CP 4.8% Due: 03/27/2023	99.960	4.87%	374,850,000.00	0.00	374,850,000.00	0.00
Purchase	03/24/2023	09659CW53	40,000,000.00	BNP Paribas Discount CP 4.95% Due: 09/05/2023	97.731	5.14%	39,092,500.00	0.00	39,092,500.00	0.00
Purchase	03/24/2023	63873KUX3	100,000,000.00	Natixis NY Branch Discount CP 4.95% Due: 07/31/2023	98.226	5.11%	98,226,250.00	0.00	98,226,250.00	0.00
Purchase	03/27/2023	09659CQU5	375,000,000.00	BNP Paribas Discount CP 4.58% Due: 03/28/2023	99.987	4.87%	374,950,000.00	0.00	374,950,000.00	0.00
Purchase	03/27/2023	09659CVX3	17,000,000.00	BNP Paribas Discount CP 5.16% Due: 08/31/2023	97.750	5.35%	16,617,443.33	0.00	16,617,443.33	0.00
Purchase	03/27/2023	09659CVX3	89,000,000.00	BNP Paribas Discount CP 5.16% Due: 08/31/2023	97.750	5.35%	86,997,203.33	0.00	86,997,203.33	0.00

# TRANSACTION ACTIVITY REPORT

## County of San Diego Pooled Money Fund As of March 31, 2023

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
Purchase	03/28/2023	09659CVX3	60,000,000.00	BNP Paribas Discount CP 5.19% Due: 08/31/2023	97.751	5.38%	58,650,600.00	0.00	58,650,600.00	0.00
Purchase	03/28/2023	09659CWV6	216,000,000.00	BNP Paribas Discount CP 5.22% Due: 09/29/2023	97.318	5.44%	210,205,800.00	0.00	210,205,800.00	0.00
Purchase	03/28/2023	09659CX60	70,000,000.00	BNP Paribas Discount CP 5.2% Due: 10/06/2023	97.227	5.42%	68,058,666.67	0.00	68,058,666.67	0.00
Purchase	03/29/2023	13609CYA3	26,000,000.00	Canadian Imperial Holdings Discount CP 5.14% Due: 11/10/2023	96.773	5.36%	25,161,037.78	0.00	25,161,037.78	0.00
Purchase	03/30/2023	3133EPES0	50,000,000.00	Tennessee Valley Authority Note 3.65% Due: 06/30/2027	99.887	3.68%	49,943,500.00	0.00	49,943,500.00	0.00
Purchase	03/30/2023	880591EZ1	25,000,000.00	Tennessee Valley Authority Note 3.875% Due: 03/15/2028	99.187	4.06%	24,796,750.00	0.00	24,796,750.00	0.00
Purchase	03/31/2023	06366HYW1	67,000,000.00	Bank of Montreal Chicago Discount CP 5.16% Due: 11/30/2023	96.503	5.38%	64,656,786.67	0.00	64,656,786.67	0.00
<b>Subtotal</b>			<b>1,735,157,762.03</b>				<b>1,712,460,841.48</b>	<b>0.00</b>	<b>1,712,460,841.48</b>	<b>0.00</b>
Security Contribution	03/03/2023	90CAMP\$00	23,000,000.00	California Asset Mgmt Program CAMP	1.000		23,000,000.00	0.00	23,000,000.00	0.00
Security Contribution	03/06/2023	90CAMP\$00	36,000,000.00	California Asset Mgmt Program CAMP	1.000		36,000,000.00	0.00	36,000,000.00	0.00
Security Contribution	03/07/2023	90CAMP\$00	7,000,000.00	California Asset Mgmt Program CAMP	1.000		7,000,000.00	0.00	7,000,000.00	0.00
Security Contribution	03/10/2023	90CAMP\$00	13,000,000.00	California Asset Mgmt Program CAMP	1.000		13,000,000.00	0.00	13,000,000.00	0.00
Security Contribution	03/13/2023	90CAMP\$00	12,000,000.00	California Asset Mgmt Program CAMP	1.000		12,000,000.00	0.00	12,000,000.00	0.00
Security Contribution	03/16/2023	90CAMP\$00	57,000,000.00	California Asset Mgmt Program CAMP	1.000		57,000,000.00	0.00	57,000,000.00	0.00
Security Contribution	03/17/2023	90CAMP\$00	14,000,000.00	California Asset Mgmt Program CAMP	1.000		14,000,000.00	0.00	14,000,000.00	0.00
Security Contribution	03/20/2023	90CAMP\$00	31,000,000.00	California Asset Mgmt Program CAMP	1.000		31,000,000.00	0.00	31,000,000.00	0.00



# TRANSACTION ACTIVITY REPORT

## County of San Diego Pooled Money Fund As of March 31, 2023

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
Security Contribution	03/21/2023	90CAMP\$00	47,000,000.00	California Asset Mgmt Program CAMP	1.000		47,000,000.00	0.00	47,000,000.00	0.00
Security Contribution	03/21/2023	90CAMP\$00	10,000,000.00	California Asset Mgmt Program CAMP	1.000		10,000,000.00	0.00	10,000,000.00	0.00
Security Contribution	03/22/2023	90CAMP\$00	11,000,000.00	California Asset Mgmt Program CAMP	1.000		11,000,000.00	0.00	11,000,000.00	0.00
Security Contribution	03/28/2023	90CAMP\$00	99,000,000.00	California Asset Mgmt Program CAMP	1.000		99,000,000.00	0.00	99,000,000.00	0.00
Security Contribution	03/28/2023	90CAMP\$00	99,000,000.00	California Asset Mgmt Program CAMP	1.000		99,000,000.00	0.00	99,000,000.00	0.00
Security Contribution	03/28/2023	90CAMP\$00	99,000,000.00	California Asset Mgmt Program CAMP	1.000		99,000,000.00	0.00	99,000,000.00	0.00
Security Contribution	03/28/2023	90CAMP\$00	99,000,000.00	California Asset Mgmt Program CAMP	1.000		99,000,000.00	0.00	99,000,000.00	0.00
Security Contribution	03/28/2023	90CAMP\$00	99,000,000.00	California Asset Mgmt Program CAMP	1.000		99,000,000.00	0.00	99,000,000.00	0.00
Security Contribution	03/28/2023	90CAMP\$00	5,000,000.00	California Asset Mgmt Program CAMP	1.000		5,000,000.00	0.00	5,000,000.00	0.00
<b>Subtotal</b>			<b>761,000,000.00</b>				<b>761,000,000.00</b>	<b>0.00</b>	<b>761,000,000.00</b>	<b>0.00</b>
<b>TOTAL ACQUISITIONS</b>			<b>2,496,157,762.03</b>				<b>2,473,460,841.48</b>	<b>0.00</b>	<b>2,473,460,841.48</b>	<b>0.00</b>
<b>DISPOSITIONS</b>										
Maturity	03/01/2023	89233HQ15	50,000,000.00	Toyota Motor Credit Discount CP 4.57% Due: 03/01/2023	98.870		50,000,000.00	0.00	50,000,000.00	0.00
Maturity	03/03/2023	22533UQ30	70,000,000.00	Credit Agricole CIB Discount CP 4.565% Due: 03/03/2023	98.694		70,000,000.00	0.00	70,000,000.00	0.00
Maturity	03/07/2023	22533UQ71	71,000,000.00	Credit Agricole CIB Discount CP 4.738% Due: 03/07/2023	98.381		71,000,000.00	0.00	71,000,000.00	0.00

# TRANSACTION ACTIVITY REPORT

## County of San Diego Pooled Money Fund

As of March 31, 2023

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
Maturity	03/10/2023	3130ADRG9	39,195,000.00	FHLB Note 2.75% Due: 03/10/2023	100.000		39,195,000.00	0.00	39,195,000.00	0.00
Maturity	03/15/2023	64990FM68	25,385,000.00	NY State Dorm Auth Tax Rev GO - REV 0.74% Due: 03/15/2023	100.000		25,385,000.00	0.00	25,385,000.00	0.00
Maturity	03/17/2023	89233HQH0	40,000,000.00	Toyota Motor Credit Discount CP 4.63% Due: 03/17/2023	98.650		40,000,000.00	0.00	40,000,000.00	0.00
Maturity	03/20/2023	22533UQL0	35,000,000.00	Credit Agricole CIB Discount CP 4.54% Due: 03/20/2023	98.701		35,000,000.00	0.00	35,000,000.00	0.00
Maturity	03/22/2023	22533UQN6	40,000,000.00	Credit Agricole CIB Discount CP 4.54% Due: 03/22/2023	98.676		40,000,000.00	0.00	40,000,000.00	0.00
Maturity	03/27/2023	09659CQT8	375,000,000.00	BNP Paribas Discount CP 4.8% Due: 03/27/2023	99.960		375,000,000.00	0.00	375,000,000.00	0.00
Maturity	03/28/2023	09659CQU5	375,000,000.00	BNP Paribas Discount CP 4.58% Due: 03/28/2023	99.987		375,000,000.00	0.00	375,000,000.00	0.00
Maturity	03/30/2023	06367CTM9	65,000,000.00	Bank of Montreal Chicago Yankee CD 0.32% Due: 03/30/2023	100.000		65,000,000.00	1,441,230.57	66,441,230.57	0.00
Maturity	03/30/2023	09659CQW1	50,000,000.00	BNP Paribas Discount CP 4.74% Due: 03/30/2023	98.144		50,000,000.00	0.00	50,000,000.00	0.00
Maturity	03/30/2023	22533UQW6	85,000,000.00	Credit Agricole CIB Discount CP 4.44% Due: 03/30/2023	98.767		85,000,000.00	0.00	85,000,000.00	0.00
Maturity	03/30/2023	89114WUZ6	100,000,000.00	Toronto Dominion Yankee CD 2.2% Due: 03/30/2023	100.000		100,000,000.00	2,145,000.00	102,145,000.00	0.00
Maturity	03/31/2023	22533UQX4	45,000,000.00	Credit Agricole CIB Discount CP 4.44% Due: 03/31/2023	98.767		45,000,000.00	0.00	45,000,000.00	0.00
Maturity	03/31/2023	912828Q29	12,000,000.00	US Treasury Note 1.5% Due: 03/31/2023	100.000		12,000,000.00	0.00	12,000,000.00	0.00
<b>Subtotal</b>			<b>1,477,580,000.00</b>				<b>1,477,580,000.00</b>	<b>3,586,230.57</b>	<b>1,481,166,230.57</b>	<b>0.00</b>
Security Withdrawal	03/01/2023	90CAMP\$00	70,000,000.00	California Asset Mgmt Program CAMP	1.000		70,000,000.00	0.00	70,000,000.00	0.00
Security Withdrawal	03/02/2023	90CAMP\$00	40,000,000.00	California Asset Mgmt Program CAMP	1.000		40,000,000.00	0.00	40,000,000.00	0.00

# TRANSACTION ACTIVITY REPORT

## County of San Diego Pooled Money Fund As of March 31, 2023

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
Security Withdrawal	03/08/2023	90CAMP\$00	22,532,762.03	California Asset Mgmt Program CAMP	1.000		22,532,762.03	0.00	22,532,762.03	0.00
Security Withdrawal	03/09/2023	90CAMP\$00	33,000,000.00	California Asset Mgmt Program CAMP	1.000		33,000,000.00	0.00	33,000,000.00	0.00
Security Withdrawal	03/15/2023	90CAMP\$00	41,000,000.00	California Asset Mgmt Program CAMP	1.000		41,000,000.00	0.00	41,000,000.00	0.00
Security Withdrawal	03/23/2023	90CAMP\$00	90,000,000.00	California Asset Mgmt Program CAMP	1.000		90,000,000.00	0.00	90,000,000.00	0.00
Security Withdrawal	03/23/2023	90CAMP\$00	37,000,000.00	California Asset Mgmt Program CAMP	1.000		37,000,000.00	0.00	37,000,000.00	0.00
Security Withdrawal	03/24/2023	90CAMP\$00	98,000,000.00	California Asset Mgmt Program CAMP	1.000		98,000,000.00	0.00	98,000,000.00	0.00
Security Withdrawal	03/24/2023	90CAMP\$00	99,000,000.00	California Asset Mgmt Program CAMP	1.000		99,000,000.00	0.00	99,000,000.00	0.00
Security Withdrawal	03/24/2023	90CAMP\$00	97,000,000.00	California Asset Mgmt Program CAMP	1.000		97,000,000.00	0.00	97,000,000.00	0.00
Security Withdrawal	03/24/2023	90CAMP\$00	81,000,000.00	California Asset Mgmt Program CAMP	1.000		81,000,000.00	0.00	81,000,000.00	0.00
Security Withdrawal	03/30/2023	90CAMP\$00	60,000,000.00	California Asset Mgmt Program CAMP	1.000		60,000,000.00	0.00	60,000,000.00	0.00
<b>Subtotal</b>			<b>768,532,762.03</b>				<b>768,532,762.03</b>	<b>0.00</b>	<b>768,532,762.03</b>	<b>0.00</b>
<b>TOTAL DISPOSITIONS</b>			<b>2,246,112,762.03</b>				<b>2,246,112,762.03</b>	<b>3,586,230.57</b>	<b>2,249,698,992.60</b>	<b>0.00</b>

# CONTACT US



## Dan McAllister

**San Diego County  
Treasurer-Tax Collector**

**San Diego County Administration Center**

1600 Pacific Highway

San Diego, CA 92101

Telephone: 877-829-4732

Website: [www.sdttc.com](http://www.sdttc.com)

**APPENDIX H**  
**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**

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# BAM

## MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: \_\_\_\_\_

MEMBER: [NAME OF MEMBER]

BONDS: \$ \_\_\_\_\_ in aggregate principal  
amount of [NAME OF TRANSACTION]  
[and maturing on]

Effective Date: \_\_\_\_\_

Risk Premium: \$ \_\_\_\_\_  
Member Surplus Contribution: \$ \_\_\_\_\_  
Total Insurance Payment: \$ \_\_\_\_\_

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: \_\_\_\_\_  
Authorized Officer

SPECIMEN



**Notices (Unless Otherwise Specified by BAM)**

Email:

[claims@buildamerica.com](mailto:claims@buildamerica.com)

Address:

200 Liberty Street, 27th floor  
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN



**CALIFORNIA**  
**ENDORSEMENT TO**  
**MUNICIPAL BOND**  
**INSURANCE POLICY**  
**NO.**

This Policy is not covered by the California Insurance Guaranty Association established pursuant to Article 15.2 of Chapter 1 of Part 2 of Division 1 of the California Law.

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language

IN WITNESS WHEREOF, BUILDAMERICA MUTUAL ASSURANCE COMPANY has caused this policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By

\_\_\_\_\_  
Authorized Officer



