NEW ISSUE - FULL BOOK-ENTRY
BANK QUALIFIED

INSURED RATING: S&P: "AA"
UNDERLYING RATING: S&P: "A"
See "RATINGS" herein.

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. The Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" herein.

$1,778,681.75
REEF-SUNSET UNIFIED SCHOOL DISTRICT
(Kings County, California)
General Obligation Bonds
Election of 2012, Series C
(Bank Qualified)

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

Authority and Purpose. The above-captioned General Obligation Bonds Election of 2012, Series C (the "Bonds"), are being issued by the Reef-Sunset Unified School District (the "District") pursuant to certain provisions of the California Government Code and a resolution of the Board of Trustees of the District adopted on December 21, 2023. The Bonds were authorized at an election of the registered voters of the District held on June 5, 2012 (the "2012 Authorization") which authorized the issuance of $10,830,000 principal amount of general obligation bonds for the purpose of financing the renovation, construction and improvement of school facilities. The Bonds are the third and final series of bonds to be issued under the 2012 Authorization. See "THE BONDS – Authority for Issuance" and "- Purpose of Issue" herein.

Security. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied on taxable property within the District and collected by Kings County (the "County"). The County Board of Supervisors is empowered and obligated to annually levy *ad valorem* taxes for the payment of interest on, and principal of, the Bonds upon all property subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates). The District has other series of general obligation bonds outstanding which 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, New York, New York ("DTC"). Purchasers will not receive physical certificates representing their interests in the Bonds. See "THE BONDS" and APPENDIX F.

Payments. The Bonds are dated the date of delivery and are being issued as Current Interest Bonds, Capital Appreciation Bonds (each as defined herein) or a combination thereof. The Current Interest Bonds accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each August 1 and February 1 until maturity or earlier redemption, commencing August 1, 2024. The Capital Appreciation Bonds accrete interest at the accretion rates set forth on the inside cover page hereof, compounded semiannually on August 1 and February 1 of each year, commencing on February 1, 2024 until payment of the accreted value thereof at maturity or upon earlier redemption. Payments of principal of and interest on the Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., as the designated paying agent, registrar and transfer agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS - Description of the Bonds."

Redemption. The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS – Redemption."

Bond Insurance. The scheduled payment of principal of (or, in the case of Capital Appreciation Bonds, the accreted value) and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp. See "BOND INSURANCE" herein.

ASSURED GUARANTY®
MUNICIPAL

MATURITY SCHEDULE
(See inside cover)

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

The Bonds will be 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. Kutak Rock LLP, Denver, Colorado 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 January 24, 2024.

RBC® Capital Markets

The date of this Official Statement is January 10, 2024.

MATURITY SCHEDULE

REEF-SUNSET UNIFIED SCHOOL DISTRICT
(Kings County, California)
General Obligation Bonds
Election of 2012, Series C
(Bank Qualified)

Base CUSIP†: 75845M

$970,000 Current Interest Bonds

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
2025	$20,000	5.000%	3.000%	102.948%	EN8
2048	950,000	5.000	3.600	111.198 C	EQ1

$808,681.75 Denominational Amount
($2,525,000 Maturity Value)
Capital Appreciation Bonds

$808,681.75 – 4.900% Accretion Rate Term Bonds maturing August 1, 2047;
Yield to Maturity: 4.900%; Price: 32.027%; CUSIP†: EP3

C Priced to par call at first optional redemption date of August 1, 2033.
† CUSIP Global Services, and a registered trademark of American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of American Bankers Association by FactSet Research Systems Inc. Neither the District nor the Underwriter takes any responsibility for the accuracy of the CUSIP data.

REEF-SUNSET UNIFIED SCHOOL DISTRICT

DISTRICT ADMINISTRATION

Juan Ruiz, *Superintendent*
Raul Luna, *Chief Business Official*

PROFESSIONAL SERVICES

FINANCIAL ADVISOR

Isom Advisors, a Division of Urban Futures, Inc.
Walnut Creek, California

BOND AND DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT

The Bank of New York Mellon Trust Company, N.A.
Dallas, Texas

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.

Bond Insurance. Assured Guaranty Municipal Corp. ("AGM" 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 here from, 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 I.

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 pursuant to its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Stabilization of and Changes to Offering Prices. The Underwriter may overallot 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.

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

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

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

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$1,778,681.75
REEF-SUNSET UNIFIED SCHOOL DISTRICT
(Kings County, California)
General Obligation Bonds
Election of 2012, Series C
(Bank Qualified)

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 general obligation bonds captioned above (the **"Bonds"**) by the Reef-Sunset Unified School District (the "**District"**).

INTRODUCTION

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

The District. The District was formed on July 1, 1980 and covers an area of approximately 525 square miles in Kings County (the "**County**"). The District operates one preschool, three elementary schools, one middle school, two high schools and adult school. Enrollment in the District for the 2023-24 school year is approximately 2,703 students.

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

Purpose of Issue. The net proceeds of the Bonds will be used to finance construction and improvements to facilities of the District, as approved by voters in the District at an election held on June 5, 2012 (the **"Bond Election"**). See "THE BONDS - Purpose of Issue" herein.

Authority for Issuance of the Bonds. Issuance of the Bonds was approved by more than the requisite 55% of the voters of the District voting at the Bond Election to authorize $10.83 million of general obligation bonds, and will be issued pursuant to certain provisions of the Government Code of the State of California (the "**State**") and a resolution adopted by the Board of Trustees of the District on December 21, 2023 (the "**Bond Resolution**"). See "THE BONDS - Authority for Issuance" herein.

Description of the Bonds. The Bonds are being issued as current interest bonds (the "**Current Interest Bonds**"), capital appreciation bonds (the "**Capital Appreciation Bonds**") or a combination hereof. The Bonds mature in the years and in the amounts as set forth on the inside cover page hereof. The Bonds will be dated their date of delivery (the "**Dated Date**") and will be issued as fully registered bonds, without coupons, in the principal or maturity value denominations of $5,000 or any integral multiple thereof. The Current Interest Bonds accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each August 1 and February 1 until maturity or earlier redemption, commencing August 1, 2024. The Capital Appreciation Bonds accrete interest at the accretion rates set forth on the inside cover page hereof, compounded semiannually on August 1 and February 1 of each year, commencing on February 1, 2024, until payment of the accreted value thereof at maturity or upon earlier redemption. See “THE BONDS – Description of the Bonds” herein.

Payment and Registration of the Bonds. The Bonds will be issued in fully registered form only, registered in the name of Cede & Co. as nominee of DTC, and will be available to actual purchasers of the Bonds (the “**Beneficial Owners**”) in the denominations set forth on the cover page hereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through participants in DTC’s book-entry only system (“**DTC Participants**”) as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See APPENDIX F.

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

Security and Sources of Payment for the Bonds. The Bonds are general obligation bonds of the District payable solely from *ad valorem* property taxes levied on taxable property located in the District and collected by the County. The County is empowered and obligated to annually levy *ad valorem* taxes for the payment of interest on, and principal of, the Bonds upon all property subject to taxation by the District, without limitation of rate or amount (except with respect to certain personal property which is taxable at limited rates). See “SECURITY FOR THE BONDS.”

Following the issuance of the Bonds, there will be a *de minimis* amount of unused authorization remaining under the 2012 Authorization. See “DISTRICT FINANCIAL INFORMATION - Existing Debt Obligations” in APPENDIX A.

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

Legal Matters. Issuance of the Bonds is subject to the approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, to be delivered in substantially the form attached hereto as APPENDIX D. Jones Hall, A Professional Law Corporation, San Francisco, California, will serve as Disclosure Counsel to the District. Kutak Rock LLP, Denver, Colorado, is serving as counsel to the Underwriter. Payment of the fees of Bond Counsel, Disclosure Counsel, and counsel to the Underwriter is contingent upon issuance of the Bonds.

Bond Insurance. Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. (**“AGM”** or the **“Bond Insurer”**) will issue its municipal bond insurance policy for the Bonds (the “**Policy**”). The Policy guarantees the scheduled payment of principal (or, in the case of Capital Appreciation Bonds, the accreted value) and interest on the Bonds when due, as set forth in the form of the Policy included as Appendix I to this Official Statement. See “BOND INSURANCE” and APPENDIX I.

Tax Matters; Bank Qualified. Assuming compliance with certain covenants and provisions of the Internal Revenue Code of 1986, in the opinion of Bond Counsel, interest on the Bonds will not be includable in gross income for federal income tax purposes although it may be includable in the calculation for certain taxes. Interest on the Bonds may be subject to the corporate alternative minimum tax. Also, in the opinion of Bond Counsel, interest on the Bonds will be exempt from the State personal income taxes. The District has designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986. Such section provides an exception to the prohibition against the ability of a “financial institution” (as defined in the Internal Revenue Code of 1986) to deduct its interest expense allocable to tax-exempt interest. See "TAX MATTERS" and APPENDIX D hereto for the form of Bond Counsel's opinion to be delivered concurrently with the Bonds.

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

Changes Since Preliminary Official Statement. In addition to changes related to the sale of the Bonds, this Official Statement contains additional changes from the Preliminary Official Statement dated January 4, 2024, relating to the addition of disclosure on the proposed 2024-25 State Budget. See "APPENDIX A – GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT," - 2024-25 State Budget Proposal."

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 from the District at Reef-Sunset Unified School District, 205 North Park Avenue, Avenal, California 93204, Telephone: (559) 386-5303. The District may impose a charge for copying, mailing and handling.

THE BONDS

Authority for Issuance

The Bonds will be issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53506 thereof, and the Bond Resolution. The District received authorization by more than the requisite 55% of District voters at the Bond Election to issue general obligation bonds in a principal amount of $10,830,000 (the "**2012 Authorization**").

On February 27, 2013, the District issued an initial series of bonds pursuant to the 2012 Authorization in the aggregate principal amount of $6,502,783.80. On March 3, 2021, the District issued a second series of bonds pursuant to the 2012 Authorization in the aggregate principal amount of $2,545,469.55. The Bonds are the third and final series of bonds issued pursuant to the 2012 Authorization. Following the issuance of the Bonds, there will be a *de minimis* amount of unused authorization remaining under the 2012 Authorization.

Purpose of Issue

Proceeds of the Bonds will be used for the purposes specified in the ballot measure approved by the District's voters on June 5, 2012, the abbreviated text of which appeared on the ballot as follows:

> *"To improve the quality of education; modernize outdated classrooms, restrooms, and school facilities, replace outdated heating, ventilation and air conditioning systems; increase energy efficiency by installing solar panels; and upgrade P.E. fields and facilities for school and community use; shall the Reef-Sunset Unified School District issue $10,830,000 of bonds at legal interest rates, have an independent citizens' oversight committee and have NO money taken by the state or used for administrator salaries?"*

In addition to the abbreviated statement of the ballot measure, as part of the sample ballot materials, in accordance with the requirements of California law, District voters were presented with a full text of ballot measure, which, among other items, included a project list identifying to District voters the types of projects eligible for funding from proceeds of bonds approved at the Bond Election (the **"Project List"**). The District makes no representation as to the specific application of the proceeds of the Bonds, the completion of any projects listed on the Project List, or whether bonds authorized by the 2012 Authorization will provide sufficient funds to complete any particular project listed in the Project List.

Description of the Bonds

The Bonds are being issued as Current Interest Bonds, Capital Appreciation Bonds, or a combination thereof, as described below. The Bonds mature in the years and in the amounts set forth on the inside cover page hereof. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing an interest in the Bonds. See "Book-Entry Only System" and APPENDIX F.

Current Interest Bonds

The Current Interest Bonds shall be issued in the denominations of $5,000 principal amount each or any integral multiple thereof. Interest on the Current Interest Bonds is payable semiannually on each August 1 and February 1, commencing August 1, 2024 (each, an **"Interest Payment Date"**). Each Current Interest Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it will bear interest from such date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the fifteenth (15^{th}) day of the month preceding the Interest Payment Date (each, a **"Record Date"**), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to July 15, 2024, in which event it will bear interest from the date of delivery of the Bonds identified on the cover page hereof. Notwithstanding the foregoing, if interest on any Current Interest Bond is in default at the time of authentication thereof, such Current Interest Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Payments of principal of and interest on the Current Interest Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., as the designated paying agent, registrar and transfer agent (the "**Paying Agent**") to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Current Interest Bonds.

Capital Appreciation Bonds

The following terms used herein are defined in the Bond Resolution to have the following meanings with respect to the Capital Appreciation Bonds:

"Accreted Value" means, with respect to any Capital Appreciation Bond, the total amount of principal thereof and interest payable thereon as of any Compounding Date determined solely by reference to the Table of Accreted Values set forth on such Capital Appreciation Bond, which is attached to this Official Statement as Appendix H. The Accreted Value of any Capital Appreciation Bond as of any date other than a Compounding Date will be the sum of (a) the Accreted Value as of the Compounding Date immediately preceding the date as of which the calculation is being made plus (b) interest on the Accreted Value determined under the preceding clause (a), computed to the date as of which the calculation is being made at the Accretion Rate set forth on such Capital Appreciation Bond (computed on the basis of a 360-day year of twelve 30-day months).

"Accretion Rate" means the rate which, when applied to the principal amount of any Capital Appreciation Bond and compounded semiannually on each Compounding Date, produces the Maturity Value of such Capital Appreciation Bond on the maturity date thereof.

"Capital Appreciation Bonds" means bonds the interest on which is compounded semiannually on each Compounding Date and is payable in full at maturity as shown in the table of Accreted Value for the Capital Appreciation Bonds and attached to this Official Statement as Appendix H.

"Closing Date" means the date upon which there is a delivery of the Bonds in exchange for the amount representing the purchase price of the Bonds by the Underwriter (as defined herein).

"Compounding Date" means, with respect to any Capital Appreciation Bond, each August 1 and February1, commencing February 1, 2024, to and including the date of maturity or redemption of such Capital Appreciation Bond.

"Denominational Amount" means, with respect to any Capital Appreciation Bond, the original amount of such Capital Appreciation Bond as of the Closing Date.

"Maturity Value" means, with respect to any Capital Appreciation Bond, the Accreted Value of such Capital Appreciation Bond to be paid at maturity.

As provided in the Bond Resolution, references therein and in this Official Statement to the payment of the principal of and interest on the Bonds includes payment of the Accreted Value and Maturity Value of the Capital Appreciation Bonds, unless otherwise required by the context or by the express provisions of such reference. Further, whenever in the Bond Resolution or in this Official Statement, any reference is made to the rights of the owners of the Bonds as measured by the principal amount of such Bonds, the principal amount of the Capital Appreciation Bonds is deemed to be the Accreted Value thereof as of the date of exercise of such rights.

The Capital Appreciation Bonds are dated the date of delivery, and accrete interest from such date. The Denominational Amount of each maturity of the Capital Appreciation Bonds shall be as shown on the inside cover page hereof. The Capital Appreciation Bonds are issued in denominations such that the Maturity Value thereof shall equal $5,000 or an integral multiple thereof, except for one maturity which may be in an odd amount. The Capital Appreciation Bonds are payable only at maturity, in the years and amounts set forth on the inside cover page hereof, or earlier redemption.

Interest on the Capital Appreciation Bonds is compounded on August 1 and February 1 of each year, commencing February 1, 2024. Each Capital Appreciation Bond accretes in value daily over the term to its maturity, from its Denominational Amount on the Closing Date to its Accreted Value on its maturity date. The Accreted Value payable on any date shall be determined solely by reference to the Table of Accreted Values attached to such Capital Appreciation Bond. See "APPENDIX H – Table of Accreted Values."

The interest portion of the Accreted Value of any Capital Appreciation Bond that is payable on the date of maturity, or earlier redemption, shall represent interest accreted and coming due on such date. The Accreted Value of any Capital Appreciation Bond at maturity, or earlier redemption, shall be payable by check or draft mailed by first-class mail, in lawful money of the United States of America upon presentation and surrender of such Bond at the Office of the Paying Agent. See "APPENDIX F – DTC and the 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 DTC. Purchasers of the Bonds will not receive physical certificates representing their interest in the Bonds. Payments of principal of and interest on the Bonds will be paid by the Paying Agent to DTC for subsequent disbursement to DTC Participants which will remit such payments to the Beneficial Owners of the Bonds.

As long as DTC's book-entry method is used for the Bonds, the Paying Agent will send any notice of prepayment or other notices to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the prepayment of the Bonds called for prepayment or any other action premised on such notice. See APPENDIX F.

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

Redemption

Optional Redemption

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 price equal to 100% of the principal amount or Accreted Value thereof, without premium, together with accrued interest thereon to the redemption date.

Mandatory Sinking Fund Redemption

The Capital Appreciation Bonds maturing on August 1, 2047 (the **"Term Bonds"**), are subject to mandatory sinking fund redemption on August 1 of each year in accordance with the schedules set forth below. The Term Bonds so called for mandatory sinking fund redemption shall be redeemed in the sinking fund payments in the accreted amounts and on the dates set forth below, without premium.

$808,681.75 Denominational Amount
($2,525,000 Maturity Value)
Term Bonds Maturing August 1, 2047

Redemption Date (August 1)	Initial Principal Amount to be Redeemed	Accreted Value Payment Amount
2046	$382,722.65	$1,138,524.30
2047 (maturity)	425,959.10	1,330,000.00

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

Notice of Redemption

The Paying Agent shall give notice of the redemption of the Bonds at the expense of the District to be mailed, first class, postage prepaid, at least 20 but not more than 60 days prior to the date fixed for redemption, to the owners of the Bonds designated for redemption. Such notice shall specify: (a) that the Bonds or a designated portion thereof are to be redeemed, (b) the numbers and CUSIP numbers of the Bonds to be redeemed, (c) the date of notice and the date of redemption, (d) the place or places where the redemption will be made, and (e) descriptive information regarding the Bonds including the dated date, interest rate and stated maturity date. Such notice shall further state that on the specified date there shall become due and payable upon each Bond to be redeemed, the portion of the principal or Accreted Value amount of such Bond to be redeemed, together (for the Current Interest bonds) with interest accrued to said date, the redemption premium, if any, and that from and after such date interest with respect thereto shall cease to accrue or accrete and be payable. Such notice may be a conditional notice of redemption and subject to rescission as set forth below.

Neither the failure to receive 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 surrender of Bonds redeemed in part only, the District will execute and the Paying Agent will authenticate and deliver to the owner, at the expense of the District, a new Bond or Bonds, of the same maturity, of authorized denominations (or of like Accreted Value in the case of the Capital Appreciation Bonds) in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

Effect of Redemption

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

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 registration books shall be regarded as the absolute owner of that Bond. Payment of the principal of and interest on any Bond shall be made only to or upon the order of that person; neither the District, the County nor the Paying Agent shall be affected by any notice to the contrary, but the registration may be changed as provided in the 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 their 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 and Discharge of Bonds

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 (or the Maturity Value or Accreted Value thereof, in the case of Capital Appreciation 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 or Accreted Value amounts 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 or Accreted Value amounts 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 Accreted Value amounts 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 Accreted Value amounts 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 County and the District in respect of such Bond will cease and be completely discharged, except only that thereafter the owner thereof will be entitled only to payment of the principal of and interest on such Bond by the District, and the District will remain liable for such payment, but only out of such money or securities deposited with the Paying Agent for such payment.

"Federal Securities" means: United States Treasury notes, bonds, bills or certificates of indebtedness, or any other obligations the timely payment of which is directly or indirectly guaranteed by the faith and credit of the United States of America.

DEBT SERVICE SCHEDULES

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

Reef-Sunset Unified School District
General Obligation Bonds
Election of 2012, Series C
Debt Service Schedule

	Current Interest Bonds			Capital Appreciation Bonds			
Date (August 1)	**Principal**	**Interest**	**Total**	**Denominational Amount**	**Accreted Interest**	**Total**	**Total Bonds**
2024	--	$25,193.06	$25,193.06	--	--	--	$25,193.06
2025	$20,000.00	48,500.00	68,500.00	--	--	--	68,500.00
2026	--	47,500.00	47,500.00	--	--	--	47,500.00
2027	--	47,500.00	47,500.00	--	--	--	47,500.00
2028	--	47,500.00	47,500.00	--	--	--	47,500.00
2029	--	47,500.00	47,500.00	--	--	--	47,500.00
2030	--	47,500.00	47,500.00	--	--	--	47,500.00
2031	--	47,500.00	47,500.00	--	--	--	47,500.00
2032	--	47,500.00	47,500.00	--	--	--	47,500.00
2033	--	47,500.00	47,500.00	--	--	--	47,500.00
2034	--	47,500.00	47,500.00	--	--	--	47,500.00
2035	--	47,500.00	47,500.00	--	--	--	47,500.00
2036	--	47,500.00	47,500.00	--	--	--	47,500.00
2037	--	47,500.00	47,500.00	--	--	--	47,500.00
2038	--	47,500.00	47,500.00	--	--	--	47,500.00
2039	--	47,500.00	47,500.00	--	--	--	47,500.00
2040	--	47,500.00	47,500.00	--	--	--	47,500.00
2041	--	47,500.00	47,500.00	--	--	--	47,500.00
2042	--	47,500.00	47,500.00	--	--	--	47,500.00
2043	--	47,500.00	47,500.00	--	--	--	47,500.00
2044	--	47,500.00	47,500.00	--	--	--	47,500.00
2045	--	47,500.00	47,500.00	--	--	--	47,500.00
2046	--	47,500.00	47,500.00	$382,722.65	$755,801.65	$1,138,524.30	1,186,024.30
2047	--	47,500.00	47,500.00	425,959.10	904,040.90	1,330,000.00	1,377,500.00
2048	950,000.00	47,500.00	997,500.00	--	--	--	997,500.00
Total	$970,000.00	$1,166,193.06	$2,136,193.06	$808,681.75	$1,659,842.55	$2,468,524.30	$4,604,717.36

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

REEF-SUNSET UNIFIED SCHOOL DISTRICT
Combined General Obligation Bond Debt Service Schedule

Period Ending August 1	2012 Election, Series A Bonds	2016 Election, Series A Bonds	2016 Election, Series B Bonds	2012 Election, Series B Bonds	The Bonds	Aggregate Debt Service
2024	$519,705.00	$300,000.00	$240,600.00	$89,700.00	$25,193.06	$1,175,198.06
2025	549,705.00	300,000.00	255,200.00	83,050.00	68,500.00	1,256,455.00
2026	574,705.00	300,000.00	274,200.00	76,550.00	47,500.00	1,272,955.00
2027	604,705.00	330,000.00	262,400.00	70,200.00	47,500.00	1,314,805.00
2028	634,705.00	343,500.00	271,000.00	63,600.00	47,500.00	1,360,305.00
2029	664,705.00	356,250.00	279,200.00	57,200.00	47,500.00	1,404,855.00
2030	668,665.00	368,250.00	287,000.00	81,000.00	47,500.00	1,452,415.00
2031	701,935.00	379,500.00	299,400.00	69,350.00	47,500.00	1,497,685.00
2032	738,135.00	395,000.00	306,200.00	63,000.00	47,500.00	1,549,835.00
2033	737,035.00	409,500.00	312,600.00	91,800.00	47,500.00	1,598,435.00
2034	775,245.00	423,000.00	323,600.00	79,700.00	47,500.00	1,649,045.00
2035	789,875.00	435,500.00	339,000.00	97,900.00	47,500.00	1,709,775.00
2036	832,807.50	452,000.00	343,600.00	85,500.00	47,500.00	1,761,407.50
2037	872,587.50	467,250.00	357,800.00	77,700.00	47,500.00	1,822,837.50
2038	919,215.00	486,250.00	366,200.00	65,100.00	47,500.00	1,884,265.00
2039	962,205.00	498,750.00	384,000.00	57,900.00	47,500.00	1,950,355.00
2040	1,010,822.50	520,000.00	390,800.00	45,900.00	47,500.00	2,015,022.50
2041	1,060,232.50	534,500.00	407,000.00	29,300.00	47,500.00	2,078,532.50
2042	1,115,187.50	557,500.00	417,200.00	13,300.00	47,500.00	2,150,687.50
2043	1,170,192.50	573,500.00	431,600.00	2,900.00	47,500.00	2,225,692.50
2044	--	597,750.00	475,000.00	1,212,900.00	47,500.00	2,333,150.00
2045	--	614,750.00	491,200.00	1,257,900.00	47,500.00	2,411,350.00
2046	--	639,750.00	506,200.00	147,900.00	1,186,024.30	2,479,874.30
2047	--	657,250.00	525,000.00	--	1,377,500.00	2,559,750.00
2048	--	682,500.00	537,400.00	--	997,500.00	2,217,400.00
2049	--	--	1,263,600.00	--	--	1,263,600.00
TOTAL	$15,902,370.00	$11,622,250.00	$10,347,000.00	$3,919,350.00	$4,604,717.36	$46,395,687.36

SOURCES AND USES OF FUNDS

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

Sources of Funds	
Principal Amount of Bonds	$1,778,681.75
Net Original Issue Premium	106,970.60
Total Sources	**$1,885,652.35**
Uses of Funds	
Building Fund	$1,633,681.75
Debt Service Fund	61,450.78
Costs of Issuance (1)	190,519.82
Total Uses	**$1,885,652.35**

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

SECURITY FOR THE BONDS

Ad Valorem Taxes

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

Other Debt Payable from Ad Valorem Property Taxes. In addition to the Bonds, there is other debt issued by the District and other entities with jurisdiction in the District, which is payable from *ad valorem* taxes levied on parcels in the District. See "PROPERTY TAXATION – Tax Rates" and "– Direct and Overlapping Debt" below.

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

District property taxes are assessed and collected by the County in the same manner and at the same time, and in the same installments as other *ad valorem* taxes on real property, and will have the same priority, become delinquent at the same times and in the same proportionate amounts, and bear the same proportionate penalties and interest after delinquency, as do the other *ad valorem* taxes on real property.

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

Natural Disasters. Economic and other factors beyond the District's control, such as economic recession, outbreak of a pandemic, 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, fire or other natural disaster, could cause a reduction in the assessed value within the District and necessitate a corresponding increase in the annual tax rate. See "PROPERTY TAXATION – Assessed Valuations – Factors Relating to Increases/Decreases in Assessed Value."

Building Fund

The proceeds from the sale of the Bonds, to the extent of the principal amount thereof, will be paid to the County to the credit of the fund created and established in the Bond Resolution and known as the "Reef-Sunset Unified School District, Election of 2012, Series C Building Fund" (the "**Building Fund**"), which will be accounted for as separate and distinct from all other District and County funds. The proceeds will be used solely for the purposes for which the Bonds are being issued and for payment of permissible costs of issuance. Any excess proceeds of the Bonds not needed for the authorized purposes for which the Bonds are being issued shall be transferred to the Debt Service Fund and applied to the payment of principal of and interest on the Bonds. Interest earnings on the investment of monies held in the Building Fund will be retained in the Building Fund.

Debt Service Fund

Amounts to pay debt service on the Bonds will be held in the fund created and established in the Bond Resolution and known as the "Reef-Sunset Unified School District, Election of 2012, Series C Debt Service Fund" (the "**Debt Service Fund**") for the Bonds, which will be established as a separate fund to be maintained distinct from all other funds of the County. All taxes levied by the County for the payment of the principal of and interest and premium (if any) on the Bonds will be deposited in the Debt Service Fund by the County promptly upon the receipt. The Debt Service Fund is pledged for the payment of the principal of and interest and premium (if any) 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 pay the principal of and interest and premium (if any) on the Bonds as the same becomes due and payable.

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

Not a County Obligation

The Bonds are payable solely from the proceeds of an *ad valorem* tax levied and collected by the County, for the payment of principal and interest on the Bonds. Although the County is obligated to collect the *ad valorem* 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.

PROPERTY TAXATION

Property Tax Collection Procedures

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

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

Property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1. However, Senate Bill 813 (enacted by Statutes of 1983, Chapter 498) (**"SB 813"**), provided for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Thus, this legislation eliminated delays in the realization of increased property taxes from new assessments. As amended, 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 1.5% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the local 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.

Taxation of State-Assessed Utility Property

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

Assessed Valuation

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

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

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

REEF-SUNSET UNIFIED SCHOOL DISTRICT
Assessed Valuation
Fiscal Years 2010-11 through 2023-24

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2010-11	$695,444,815	$1,522,372	$46,043,267	$743,010,454	--%
2011-12	682,595,396	1,508,922	48,367,727	732,472,045	(1.4)
2012-13	677,314,206	1,508,922	55,534,073	734,357,201	0.3
2013-14	672,568,716	1,508,922	61,992,090	736,069,728	0.2
2014-15	690,886,157	1,662,993	52,901,311	745,450,461	1.3
2015-16	719,059,385	1,662,993	50,664,305	771,386,683	3.5
2016-17	714,385,741	12,993	51,655,469	766,054,203	(0.7)
2017-18	734,647,544	14,203	50,369,754	785,031,501	2.5
2018-19	743,890,611	14,203	59,327,606	803,232,420	2.3
2019-20	778,979,168	14,203	51,094,405	830,087,776	3.3
2020-21	827,661,964	14,203	48,450,087	876,125,364	5.5
2021-22	839,152,063	15,624	49,409,980	888,577,667	1.4
2022-23	849,762,171	15,624	49,972,106	899,749,901	1.3
2023-24	943,220,028	15,624	63,306,523	1,006,542,175	11.9

Source: California Municipal Statistics, Inc.

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

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

Seismic Events. The District is located in a seismically active region. An earthquake of large magnitude could result in extensive damage to property within the District and could adversely affect the assessed valuation of property within the District, or more generally the region's economy.

Drought. The State has experienced drought conditions in recent years, including a period of drought followed by record-level precipitation, which resulted in related severe flooding and mudslides in certain regions. As of December 26, 2023, the U.S. Drought Monitor indicates that the State is classified as experiencing mostly no drought conditions with some abnormally dry conditions, with the County in the no drought category. During 2021, the Governor of the State proclaimed a drought state of emergency for all counties in the State, culminating with an October 19, 2021, proclamation, urging Californians to step up their water conservation efforts.

In January 2022, the State Water Board adopted emergency regulations aimed at saving water and raising drought awareness, with prohibitions focused on reducing outdoor water use, enforceable by local agencies and the State Water Board, generally with warning letters, mandatory water use audits, and fines. Local agencies can impose and enforce their own drought conservation rules.

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

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

Property Tax Base Transfer Ballot Measure. On November 3, 2020, State voters approved a constitutional amendment entitled Property Tax Transfers, Exemptions and Revenue for Wildfire Agencies and Counties Amendment ("**Proposition 19**"), which will: (i) expand special rules that give property tax savings to homeowners that are over the age of 55, severely disabled, or whose property has been impacted by a natural disaster or contamination, when they buy a different home; (ii) narrow existing special rules for inherited properties; and (iii) broaden the scope of legal entity ownership changes that trigger reassessment of properties. The District cannot make any assurance as to what effect the implementation of Proposition 19 will have on assessed valuation of real property in the District.

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

REEF-SUNSET UNIFIED SCHOOL DISTRICT
Assessed Valuation by Jurisdiction
Fiscal Year 2023-24

Jurisdiction:	Assessed Valuation in School District	% of School District	Assessed Valuation of Jurisdiction	% of Jurisdiction in School District
City of Avenal	$ 302,990,839	30.10%	$302,990,839	100.00%
Unincorporated Kings County	703,551,336	69.90	$5,499,127,473	12.79%
Total District	$1,006,542,175	100.00%		
Kings County	$1,006,542,175	100.00%	$14,301,501,685	7.04%

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use. The following table shows the land use of property in the District, as measured by assessed valuation and the number of parcels for fiscal year 2023-24. As shown, the majority of the District's assessed valuation is represented by agricultural/rural property.

REEF-SUNSET UNIFIED SCHOOL DISTRICT
Local Secured Property Assessed Valuation and Parcels by Land Use
Fiscal Year 2023-24

Non-Residential:	2023-24 Assessed Valuation (1)	% of Total	No. of Parcels	% of Total
Agricultural/Rural	$506,159,397	53.66%	4,612	58.20%
Commercial/Office	61,583,025	6.53	409	5.16
Vacant Commercial	23,186,025	2.46	81	1.02
Industrial	54,715,822	5.80	136	1.72
Oil & Gas Production	53,654,254	5.69	108	1.36
Recreational	1,642,776	0.17	6	0.08
Government/Social/Institutional	416,561	0.04	30	0.38
Miscellaneous	1,111,999	0.12	201	2.54
Subtotal Non-Residential	$702,469,859	74.48%	5,583	70.46%
Residential:				
Single Family Residence	$212,634,277	22.54%	1,805	22.78%
Mobile Home	981,235	0.10	53	0.67
Hotel/Motel	6,556,534	0.70	5	0.06
2-4 Residential Units	2,544,266	0.27	28	0.35
5+ Residential Units/Apartments	10,978,961	1.16	30	0.38
Vacant Residential	7,054,896	0.75	420	5.30
Subtotal Residential	$240,750,169	25.52%	2,341	29.54%
Total	$943,220,028	100.00%	7,924	100.00%

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

Assessed Valuation of Single Family Residential Parcels. The following table shows a breakdown of the assessed valuations of improved single-family residential parcels in the District for fiscal year 2023-24, including the median and average assessed value of single-family parcels in the District.

REEF-SUNSET UNIFIED SCHOOL DISTRICT
Per Parcel Assessed Valuation of Single Family Homes
Fiscal Year 2023-24

	No. of Parcels	2023-24 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	1,805	$212,634,277	$117,803	$104,897

2023-24 Assessed Valuation	No. of Parcels (1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	58	3.213%	3.213%	$1,066,545	0.502%	0.502%
$25,000 -$49,999	216	11.967	15.180	8,282,132	3.895	4.397
$50,000 - $74,999	243	13.463	28.643	15,192,302	7.145	11.541
$75,000 - $99,999	325	18.006	46.648	29,019,521	13.648	25.189
$100,000 - $124,999	306	16.953	63.601	34,483,297	16.217	41.406
$125,000 - $149,999	185	10.249	73.850	25,301,754	11.899	53.305
$150,000 - $174,999	143	7.922	81.773	23,222,488	10.921	64.227
$175,000 - $199,999	123	6.814	88.587	23,046,747	10.839	75.065
$200,000 - $224,999	52	2.881	91.468	10,945,942	5.148	80.213
$225,000 - $249,999	56	3.102	94.571	13,295,492	6.253	86.466
$250,000 - $274,999	37	2.050	96.620	9,703,475	4.563	91.029
$275,000 - $299,999	26	1.440	98.061	7,540,734	3.546	94.576
$300,000 - $324,999	20	1.108	99.169	6,196,454	2.914	97.490
$325,000 - $349,999	10	0.554	99.723	3,378,786	1.589	99.079
$350,000 - $374,999	3	0.166	99.889	1,086,180	0.511	99.590
$375,000 - $399,999	1	0.055	99.945	375,000	0.176	99.766
$400,000 - $424,999	0	0.000	99.945	0	0.000	99.766
$425,000 - $449,999	0	0.000	99.945	0	0.000	99.766
$450,000 - $474,999	0	0.000	99.945	0	0.000	99.766
$475,000 and greater	1	0.055	100.000	497,428	0.234	100.000
	1,805	100.000%		$212,634,277	100.000%	

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

Reassessments and Appeals of Assessed Value

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

Appeals may be based on Proposition 8 of November 1978, which requires that for each January 1 lien date, the taxable value of real property must be the lesser of its base year value, annually adjusted by the inflation factor pursuant to Article XIIIA 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 XIIIA 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 State Board of Equalization, with the County board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value.

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

A second type of assessment appeal involves a challenge to the base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

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

Tax Levies and Delinquencies

Because the County does not participate in the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "**Teeter Plan**"), secured property taxes actually collected are allocated to political subdivisions for which the County acts as tax-levying or tax-collecting agency, including the District, when the secured property taxes are actually collected. Therefore, the District's secured tax revenues reflect actual delinquencies.

The table below shows secured tax charge and delinquency rates for fiscal years 2014-15 through 2022-23.

REEF-SUNSET UNIFIED SCHOOL DISTRICT
Secured Tax Charges and Delinquencies(1)
Fiscal Years 2014-15 through 2022-23

Fiscal Year	Secured Tax Charge	Amount Delinquent June 30	% Delinquent June 30
2014-15	$750,480.16	$29,329.90	3.91%
2015-16	852,338.80	28,728.94	3.37
2016-17	609,307.18	16,155.67	2.64
2017-18	598,834.77	12,323.90	2.06
2018-19	824,623.17	20,973.02	2.54
2019-20	642,119.43	9,842.25	1.53
2020-21	643,465.73	13,220.28	2.05
2021-22	815,610.63	17,374.06	2.13
2022-23	884,165.31	21,789.17	2.46

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

Tax Rates

Below are historical typical tax rates in a typical tax rate area (Tax Rate Area 2-055) within the District for fiscal years 2019-20 through 2023-24.

REEF-SUNSET UNIFIED SCHOOL DISTRICT
Typical Total Tax Rates per $100 of Assessed Valuation (TRA 2-055) (1)
Fiscal Years 2019-20 through 2023-24

	2019-20	2020-21	2021-22	2022-23	2023-24
General Tax Rate	$1.000000	$1.000000	$1.000000	$1.000000	$1.000000
Reef-Sunset Unified School District	.082742	.078608	.098190	.104875	.092061
West Hills Community College District	.017336	.015198	.014566	.012430	.005174
West Hills Community College District SFID #3	.025984	.020684	.024448	.072630	.018682
Total Tax Rate	$1.126062	$1.114490	$1.137204	$1.189935	$1.115917

(1) 2023-24 assessed valuation of TRA 2-055 is $132,856,176 which is 13.2% of the District's total assessed valuation.
Source: California Municipal Statistics, Inc.

Top 20 Property Owners

The following table shows the 20 largest taxpayers in the District as determined by their secured assessed valuations in fiscal year 2023-24. Each taxpayer listed below is a unique name listed on the tax rolls. The District cannot determine from County assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below. A large concentration of ownership in a single individual or entity results in a greater amount of tax collections which are dependent upon that property owner's ability or willingness to pay property taxes.

REEF-SUNSET UNIFIED SCHOOL DISTRICT
Top 20 Secured Property Taxpayers
Fiscal Year 2023-24

	Property Owner	Primary Land Use	2023-24 Assessed Valuation	% of Total (1)
1.	Sandridge Partners LP	Agricultural	$145,582,121	15.43%
2.	Keenan Farms Inc.	Agricultural	40,970,068	4.34
3.	Wonderful Nut Orchards LLC	Agricultural	40,618,081	4.31
4.	California Resources Production Corp.	Oil & Gas Exploration	38,745,043	4.11
5.	Asellus - Regis XII LLC	Residential Properties	28,183,133	2.99
6.	NH FX LLC	Agricultural	25,408,090	2.69
7.	Waste Management Holdings Inc.	Landfill	23,967,671	2.54
8.	Dalena Family Farms LLC	Agricultural	21,753,962	2.31
9.	PAI Golden Hills Ranch LLC	Agricultural	20,750,037	2.20
10.	J.G. Boswell Co.	Agricultural	16,910,961	1.79
11.	Donaghy Grandchildren's Trust	Agricultural	14,319,700	1.52
12.	Westlake Farms Inc., Lessee	Agricultural	13,130,166	1.39
13.	Hewitson LP	Agricultural	10,819,162	1.15
14.	Holmes Western Oil Corp.	Oil & Gas Exploration	9,118,110	0.97
15.	Utica JLJ LLC	Undeveloped	7,738,672	0.82
16.	XPO CNW Inc.	Warehouse	7,230,285	0.77
17.	Kettleman Center LP	Shopping Center	5,741,810	0.61
18.	Roll Acquisition Company LLC	Professional Building	5,698,407	0.60
19.	Chevron USA Inc.	Service Station	5,507,330	0.58
20.	Tesla Inc.	Charging Station	5,493,140	0.58
			$487,685,949	51.70%

(1) 2023-24 local secured assessed valuation: $943,220,028.
Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the "**Debt Report**") prepared by California Municipal Statistics, Inc. for debt issued as of November 1, 2023. 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.

REEF-SUNSET UNIFIED SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt
(As of November 1, 2023)

2023-24 Assessed Valuation: $1,006,542,175

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	**% Applicable**	**Debt 11/1/23**
West Hills Community College District	6.903%	$ 485,626
West Hills Community College District SFID No. 3	15.384	4,513,045
Reef-Sunset Unified School District	**100.000**	**23,274,253**(1)
Corcoran Hospital	17.239	2,021,862
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$30,294,786
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Kings County General Fund Obligations	7.038%	$ 571,838
Kings County Pension Obligation Bonds	7.038	68,687
West Hills Community College District General Fund Obligations	6.903	804,200
Reef-Sunset Unified School District Certificates of Participation	**100.000**	**5,368,750**
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$6,813,475
OVERLAPPING TAX INCREMENT DEBT:		
Successor Agency to Avenal Redevelopment Agency	100.000%	$1,210,000
TOTAL OVERLAPPING TAX INCREMENT DEBT		$1,210,000
COMBINED TOTAL DEBT		$38,318,261(2)

Ratios to 2023-24 Assessed Valuation:
DIRECT DEBT ($23,274,253)..2.31%
Total Direct and Overlapping Tax and Assessment Debt 3.01%
Combined Direct Debt ($28,643,003) 2.85%
Combined Total Debt 3.81%

Ratios to Redevelopment Incremental Valuation ($189,889,555):
Total Overlapping Tax Increment Debt 0.64%

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

BOND INSURANCE

The following information has been furnished by the Bond Insurer for use in this Official Statement. No representation is made as to the accuracy or completeness of this information, or the absence of material adverse changes therein at any time subsequent to the date hereof. Reference is made to APPENDIX I for a specimen of the Policy.

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("**AGM**" or the "**Bond Insurer**") will issue its municipal bond insurance policy for the Bonds (the "**Policy**"). The Policy guarantees the scheduled payment of principal of (or, in the case of Capital Appreciation Bonds, the accreted value) and interest on the Bonds when due as set forth in the form of the Policy included as Appendix I 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.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("**AGL**"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "**AGO**". AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and related entities. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("**KBRA**") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("**Moody's**"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On October 20, 2023, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On July 13, 2023, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On March 18, 2022, Moody's announced it had upgraded AGM's insurance financial strength rating to "A1" (stable outlook) from "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

Capitalization of AGM

At September 30, 2023:

- The policyholders' surplus of AGM was approximately $2,569 million.
- The contingency reserve of AGM was approximately $908 million.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $2,048 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK") and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and net deferred ceding commission income of AGM were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2022 (filed by AGL with the SEC on March 1, 2023);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023 (filed by AGL with the SEC on May 10, 2023);

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023 (filed by AGL with the SEC on August 9, 2023); and

(iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2023 (filed by AGL with the SEC on November 8, 2023).

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

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

Miscellaneous Matters

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

BOND INSURANCE RISKS

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the Policy for such payments. See “BOND INSURANCE” herein. However, in the event of any acceleration (if any) of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the District which is recovered by the District from the Bond owner as a voidable preference under applicable bankruptcy law is covered by the Policy, however, such payments will be made by AGM at such time and in such amounts as would have been due absence such prepayment by the District unless AGM chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of AGM without appropriate consent. AGM may direct and must consent to any remedies and AGM’s consent may be required in connection with amendments to any applicable bond documents.

In the event AGM is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys received pursuant to the Bond Resolution. In the event AGM becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of AGM and its claim paying ability. AGM’s financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of AGM and of the ratings on the Bonds insured by AGM will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See “RATINGS” herein.

The obligations of AGM are general obligations of AGM and in an event of default by AGM, the remedies available may be limited by applicable bankruptcy law or other similar laws related to insolvency.

Neither the District or Underwriter have made independent investigation into the claims paying ability of AGM and no assurance or representation regarding the financial strength or projected financial strength of AGM is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of AGM, particularly over the life of the investment.

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 Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "**Tax Code**"), such that, in the case of certain financial institutions (within the meaning of section 265(b)(5) of the Tax Code), a deduction for federal income tax purposes is allowed for 80% of that portion of such financial institution's interest expense allocable to interest payable on the Bonds.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Tax Code 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, or may cause the Bonds to not be “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Tax Code.

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, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under federal individual alternative minimum taxes.

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 cause the Bonds to not be "qualified tax-exempt obligations," 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 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 sell the Bonds.

The District is routinely subject to lawsuits and claims. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the financial position or operations of the District. The District may be or may become a party to lawsuits and claims which are unrelated to the Bonds or actions taken with respect to the Bonds and which have arisen in the normal course of operating the District, including as a result of the COVID-19 pandemic. The District maintains certain insurance policies which provide coverage under certain circumstances and with respect to certain types of incidents. The District cannot predict what types of claims may arise in the future.

Compensation of Certain Professionals

Payment of the fees and expenses of Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel to the District, Isom Advisors, a Division of Urban Futures, Inc., as financial advisor to the District, and Kutak Rock LLP, as counsel to the Underwriter, are contingent upon issuance of the Bonds.

CONTINUING DISCLOSURE

The District will execute the Continuing Disclosure Certificate in connection with the issuance of the Bonds, and covenant therein, for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District to the Municipal Securities Rulemaking Board (an **"Annual Report"**) not later than nine months after the end of the District's fiscal year (which currently is June 30), commencing March 31, 2024, with the report for the 2022-23 Fiscal Year, and to provide notices of the occurrence of certain enumerated events. Such notices will be filed by the District with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in an Annual Report or the notices of enumerated events is set forth in the form of Continuing Disclosure Certificate attached as APPENDIX E. 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"**).

During the previous five years, the District failed to timely file its audited financial statements for fiscal years 2019-20, 2020-21 and 2021-22, as such statements were not available from the District's auditors by the deadlines given in the District's existing undertakings. Unaudited financial statements for each of these years were timely filed. The District has engaged Isom Advisors, a Division of Urban Futures, Inc., to serve as dissemination agent with respect to each of its continuing disclosure undertakings, including the undertaking to be entered into for the Bonds.

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.

RATINGS

S&P has assigned 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. Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions by the ratings agencies. The District has provided certain additional information and materials to S&P, some of which does not appear in this Official Statement to the extent deemed not material for investment purposes. The ratings reflect only the view of S&P, and an explanation of the significance of the ratings and outlook 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 its judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

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

UNDERWRITING

The Bonds are being purchased by RBC Capital Markets, LLC (the "**Underwriter**"). The Underwriter has agreed to purchase the Bonds at a price of $1,840,132.53 which is equal to the initial principal amount of the Bonds of $1,778,861.75, plus net original issue premium of $106,970.60 less an Underwriter's discount of $35,573.63, less premium for the Policy of $9,946.19.

The bond purchase agreement 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 and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the District. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the District.

ADDITIONAL INFORMATION

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

References are also made herein to certain documents and reports relating to the District; such references are brief summaries and do not purport to be complete or definitive. Copies of such documents are available upon written request to the District. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners of any of the Bonds.

EXECUTION

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

REEF-SUNSET UNIFIED SCHOOL DISTRICT

By: /s/ *Juan Ruiz*
Superintendent

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APPENDIX A

GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT

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

GENERAL INFORMATION

General Information

The District was formed on July 1, 1980 and covers an area of approximately 525 square miles in Kings County (the "**County**"). The District operates one preschool, three elementary schools, one middle school, two high schools and adult school. Enrollment in the District for the 2023-24 school year is approximately 2,703 students.

See also APPENDIX C hereto for demographic and other statistical information regarding the County.

Administration

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

Name	Office	Term Expires
Lupe Chavez	President	December 2024
Claudia Cazares	Clerk	December 2026
Precilla Barrera-Lopez	Trustee	December 2024
Lissette Padilla	Trustee	December 2026
Lilia Riza	Trustee	December 2024

Administrative Personnel. The Superintendent of the District, appointed by the Board, is responsible for management of the day-to-day operations and supervises the work of other District administrators. Juan Ruiz serves as the Superintendent of the District and Raul Luna is the Chief Business Official.

Employee Relations

The District has 145 certificated full-time equivalent ("**FTE**") employees, 136 classified FTE employees, and 31 management/supervisor/confidential FTE employees. The employees of the District are represented by various bargaining units, as follows:

BARGAINING UNITS
Reef-Sunset Unified School District

Bargaining Unit	Type of Employees Covered	Current Contract Expiration Date
West Kings County Teachers' Association	Certificated	June 30, 2024
California School Employees Association	Classified	June 30, 2023*

* Employees continue to operate under expired contracts during negotiations. The contract has been approved by the Board and is waiting to be ratified by the employees.
Source: Reef-Sunset Unified School District.

Recent Enrollment Trends

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

ANNUAL ENROLLMENT
Fiscal Years 2016-17 through 2023-24
Reef-Sunset Unified School District

Fiscal Year	Student Enrollment	% Change
2016-17	2,650	--%
2017-18	2,664	0.5
2018-19	2,677	0.5
2019-20	2,732	2.1
2020-21	2,728	-0.1
2021-22	2,747	0.7
2022-23	2,722	(0.9)
2023-24(1)	2,703	(0.7)

(1) Budgeted.
Source: California Department of Education for 2015-16 through 2022-23; the District for 2023-24.

FINANCIAL INFORMATION

Education Funding Generally

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

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

- A base grant for each local education agency per unit of average daily attendance ("**ADA**"), which varies with respect to different grade spans and are adjusted upward each year to reflect cost-of-living increases. In addition, grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in grades K-3 and the provision of career technical education in grades 9-12.

- A 20% supplemental grant for English learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.

- An additional concentration grant of up to 65% (which was increased from 50% as part of the State's trailer bill to the 2021-22 State Budget - Assembly Bill 130) of a local education agency's base grant, based on the number of English learners, students from low-income families and foster youth served by the local agency that comprise more than 55% of enrollment.

- An economic recovery target to ensure that almost every local education agency receives at least their pre-recession funding level, adjusted for inflation, at full implementation of the LCFF.

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

Funding levels used in the LCFF entitlement calculations for fiscal year 2023-24 are set forth in the following table.

Fiscal Year 2023-24 Base Grant Funding* Under LCFF
by Grade Span

Entitlement Factor	TK/K-3	4-6	7-8	9-12
A. 2022-23 Base Grant per ADA	$9,166	$9,304	$9,580	$11,102
B. 2023-24 COLA for LCFF (A x 8.22%)	$753	$765	$787	$913
C. 2023-24 Base Grant per ADA before Grade Span Adjustments (A+B)	$9,919	$10,069	$10,367	$12,015
D. Grade Span Adjustments (TK-3: C x 10.4%; 9-12: C x 2.6%)	$1,032	n/a	n/a	$312
E. 2023-24 Base Grant/Adjusted Base Grant per ADA (C + D)	$10,951	$10,069	$10,367	$12,327

*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 $3,044 times the school district's current year TK ADA.
Source: California Department of Education.

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

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

District Accounting Practices

The accounting practices of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the California Education Code, is to be followed by all California school districts. District accounting is organized on the basis of funds, with each group consisting of a separate accounting entity. The major fund classification is the general fund which accounts for all financial resources not requiring a special fund placement. The District's fiscal year begins on July 1 and ends on June 30. For more information on the District's basis of accounting and fund accounting, see Note 1 of APPENDIX B to the Official Statement.

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

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

Financial Statements

General. The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. The District's June 30, 2022 Audited Financial Statements were prepared by Eide Bailly LLP, Fresno, California and are attached to the Official Statement as APPENDIX B. Audited financial statements for the District for prior fiscal years are on file with the District and available for public inspection at the Office of the Chief Business Official, Reef-Sunset Unified School District, 205 North Park Avenue, Avenal, California 93204. The District has not requested, and the auditor has not provided, any review or update of such Financial Statements in connection with inclusion in this Official Statement.

General Fund Revenues, Expenditures and Changes in Fund Balance. The following tables show the audited income and expense statements for the District for the fiscal years 2017-18 through 2021-22. It is expected that the fiscal year 2022-23 audited financial statements will be available around January 18, 2024.

GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Year 2017-18 through 2021-22 (Audited)
Reef-Sunset Unified School District (1)

Revenues	Audited 2017-18	Audited 2018-19	Audited 2019-20	Audited 2020-21	Audited 2021-22
LCFF	$27,376,090	$29,368,713	$31,146,661	$31,270,147	$34,460,629
Federal Revenues	2,363,295	1,837,260	1,971,206	5,164,203	8,602,011
Other state revenues	3,233,482	4,170,434	3,270,617	4,043,696	5,938,798
Other local revenues	1,135,324	1,481,114	2,142,509	1,612,224	858,323
Total Revenues	34,108,191	36,852,521	38,530,993	42,090,270	49,859,761
Expenditures					
Instruction	18,075,728	17,915,110	17,915,273	18,099,556	20,568,270
Instruction-related services:					
Supervision of instruction	1,699,800	2,849,692	2,482,424	2,332,552	2,841,368
Instructional library, media and tech.	649,259	603,388	582,607	596,123	1,050,619
School site administration	2,247,877	2,473,606	2,651,261	2,481,753	2,590,518
Pupil services:					
Home-to-school transportation	514,472	579,704	690,539	724,070	567,833
Food services	-	83,188	656	6,207	20,515
All other pupil services	1,700,581	2,045,643	2,290,133	2,236,536	2,432,664
Administration:					
Data processing	930,237	1,656,800	1,541,082	1,549,999	3,277,146
All other administration	1,581,162	1,782,113	2,071,153	2,107,411	2,752,412
Plant services	3,884,843	4,642,260	4,033,368	4,258,621	4,842,150
Facility acquisition and construction	64,767	721,412	295,624	17,278	4,677,011
Ancillary services	77,379	73,544	87,191	20,406	51,271
Community services	201,514	269,676	160,816	31,395	37,700
Other outgo	88,392	335,824	391,102	341,280	346,911
Debt service: principal	114,112	115,846	121,543	607,510	577,212
Debt service: interest	87,589	63,414	49,155	84,138	49,201
Total Expenditures	31,917,712	36,211,220	35,363,927	35,494,835	46,682,801
Excess of Revenues Over/(Under) Expenditures	2,190,479	641,301	3,167,066	6,595,435	3,176,960
Other Financing Sources (Uses)					
Transfers in	1,400,000	--	--	--	--
Other sources	--	--	--	--	281,440
Transfers out	(1,288,999)	(735,430)	(1,702,517)	(2,687,115)	(101,119)
Total Other Financing Sources (Uses)	111,001	(735,430)	(1,702,517)	(2,687,115)	180,321
Net change in fund balance	2,301,480	(94,129)	1,464,549	3,908,320	3,357,281
Fund Balance, July 1	11,453,585	13,755,065	13,660,936	15,125,485	19,033,805
Fund Balance, June 30	$13,755,065	$13,660,936	$15,125,485	$19,033,805	$22,391,086

(1) Columns may not sum to totals due to rounding.
Source: Reef-Sunset Unified School District Audit Reports.

District Budget and Interim Financial Reporting

Budgeting and Interim Reporting Procedures. State law requires school districts to maintain a balanced budget in each fiscal year. The State Department of Education imposes a uniform budgeting and accounting format for school districts.

Under current law, a school district governing board must adopt and file with the county superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the Kings County Superintendent of Schools (the **"County Superintendent"**). The County Superintendent is independent from and not a part of the organizational structure 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 governing board approval.

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

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

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

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

Copies of the District's budget, interim reports and certifications may be obtained upon request from the District Office at Reef-Sunset Unified School District, 205 North Park Avenue, Avenal, California 93204. The District may impose charges for copying, mailing and handling.

District's General Fund. The following table shows the general fund figures for fiscal year 2022-23 (unaudited actuals) and fiscal year 2023-24 (adopted budget and first interim projections).

REEF-SUNSET UNIFIED SCHOOL DISTRICT
Revenues, Expenditures, and Changes in General Fund Balance
Fiscal Year 2022-23 (Unaudited Actuals)
Fiscal Year 2023-24 (Adopted Budget and First Interim Projections)

Revenues	**Unaudited Actuals 2022-23**	**Adopted Budget 2023-24**	**First Interim 2023-24**
Total LCFF Sources	$39,556,331	$42,141,005	$42,134,694
Federal Revenues	5,975,888	5,551,197	6,214,358
Other state revenues	15,686,940	8,941,294	7,493,894
Other local revenues	2,084,277	1,498,913	1,608,102
Total Revenues	63,303,435	58,132,409	57,451,049
<u>Expenditures</u>			
Certificated Salaries	16,005,749	18,304,835	18,077,383
Classified Salaries	6,493,544	7,016,128	8,114,341
Employee Benefits	10,744,932	12,855,849	13,133,596
Books and Supplies	2,913,998	6,436,477	7,933,179
Contract Services & Operating Exp.	8,077,705	9,913,292	12,421,943
Capital Outlay	2,915,477	2,534,626	3,705,337
Other Outgo (excluding indirect costs)	1,037,447	1,179,816	1,179,816
Other Outgo – Transfers of Indirect Costs	--	--	--
Total Expenditures	48,188,851	58,241,022	64,565,595
Excess of Revenues Over/(Under) Expenditures	15,114,584	(108,613)	(7,114,546)
<u>Other Financing Sources (Uses)</u>			
Operating transfers in	--	--	--
Operating transfers out	(2,425,952)	(155,079)	(163,063)
Other sources	--	--	--
Contributions	--	--	--
Total Other Financing Sources (Uses)	(2,425,952)	(155,079)	(163,063)
Net change in fund balance	12,688,632	(263,692)	(7,277,609)
Fund Balance, July 1	18,735,444	22,546,111	31,246,472
Fund Balance, June 30	$31,424,076	$22,282,419	$23,968,862

Source: Reef-Sunset Unified School District.

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

Under State law, there are certain restrictions on the amounts that can be held in reserve by school districts under certain circumstances. This reserve cap requirement does not apply to small school districts (ADA of fewer than 2,501 students) or school districts funded as Basic Aid school districts. When applicable, the reserve cap requires that a school district's adopted or revised budget not contain a combined assigned or unassigned ending general fund balance of more than 10% of those funds. The applicability of the reserve cap is based on the balance in the State's Public School System Stabilization Account and is triggered in any fiscal year in which when the balance is equal to or exceeds 3% of the combined total of general fund revenues appropriated for school districts. A county superintendent of schools may grant a school district under its jurisdiction an exemption from the requirements for up to two consecutive fiscal years within a three-year period, if the school district provides documentation indicating that extraordinary fiscal circumstances, including, but not limited to, multi-year infrastructure or technology projects, substantiate the need for a combined assigned or unassigned ending general fund balance that is in excess of the reserve cap. The reserve cap has been triggered for fiscal year 2022-23 and, as such, the cap must be taken into account in the budget process for school districts to which it applies, or an exemption must be sought. The District has taken into account the reserve cap as part of its budgeting process.

Attendance - LCFF Funding

Funding Trends under LCFF. As described herein, school districts receive base funding based on ADA, and may also be entitled to supplemental funding, concentration grants and funding based on an economic recovery target. The following table sets forth recent LCFF funding per ADA for the District for fiscal years 2017-18 through 2023-24.

REEF-SUNSET UNIFIED SCHOOL DISTRICT
ADA and LCFF Funding
Fiscal Years 2017-18 through 2023-24

Fiscal Year	ADA	LCFF Funding Per ADA
2017-18	2,534	$10,804
2018-19	2,551	11,513
2019-20	2,600	11,980
2020-21	2,600	12,028
2021-22	2,408	14,314
2022-23 (1)	2,563	15,434
2023-24 (1)	2,563	16,440

(1) Unaudited actual/First interim projection.
Source: California Department of Education for fiscal years 2017-18 through 2021-22; Reef-Sunset Unified School District for fiscal years 2022-23 and 2023-24.

District's Unduplicated Student Count. Under LCFF, school districts are entitled to supplemental funding based on the unduplicated count of targeted students. The District's percentage of unduplicated students is approximately 97% for purposes of calculating 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 1978-79, Proposition 13 and its implementing legislation provided for each county to levy (except for levies to support prior voter-approved indebtedness) and collect all property taxes, and prescribed how levies on county-wide property values are to be shared with local taxing entities within each county.

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

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

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

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

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

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

District Retirement Systems

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

STRS EMPLOYER CONTRIBUTION RATES
PURSUANT TO AB 1469

Effective Date	Employer Contribution Rate
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	18.13**
July 1, 2020*	19.10**

*Rate to continue in subsequent years unless modified by the STRS Board.
**Subsequently reduced in connection with State budget acts and related legislation. See following paragraph.
Source: AB 1469.

Under AB 1469, the rate of 19.10% in effect as of July 1, 2020 was to continue unless modified by the STRS Board. However, the State legislature subsequently modified employer contribution rates in certain years as part of trailer bills adopted in connection with State budgets. Senate Bill 90 (**"SB 90")** was enacted in connection with the fiscal year 2019-20 State budget, appropriating $2.25 billion to pay in advance part of the employer contributions for fiscal years 2019-20 and 2020-21. The effect was that the employer contribution rate effective July 1, 2019 was 17.10% and effective July 1, 2020 was 18.4%. However, in part in response to expected financial strain caused by the COVID-19 pandemic, the State's 2020-21 budget redirected additional funds to reducing employer contribution rates, resulting in a rate of 16.15% in fiscal year 2020-21 and 16.92% in fiscal year 2021-22.

The employer contribution rate, pursuant to AB 1469, is 19.10% in fiscal year 2023-24. The State also continues to contribute to STRS, and its contribution rate is 8.328% in fiscal year 2023-24.

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

STRS CONTRIBUTIONS
Reef-Sunset Unified School District
Fiscal Years 2017-18 through 2023-24

Fiscal Year	Amount
2017-18	$2,680,729
2018-19	2,072,239
2019-20	1,819,681
2020-21	2,114,334
2021-22	2,350,003
2022-23(1)	4,081,073
2023-24(2)	5,641,248

(1) Unaudited actual.
(2) First interim projection.
Source: Reef-Sunset Unified School District.

The STRS defined benefit program continues to have an unfunded actuarial liability estimated at approximately $85.8 billion, based on a market value assets, as of June 30, 2022, which is the date of the last actuarial valuation.

PERS. All full-time and some part-time classified employees participate in PERS, an agent multiple-employer contributory public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State. PERS provides retirement, disability, and death benefits to plan members and beneficiaries. The District is part of a cost-sharing pool within PERS known as the "Schools Pool." Benefit provisions are established by State statutes, as legislatively amended. Contributions to PERS are made by employers and employees. Each fiscal year, employers are required to contribute an amount based on an actuarially determined employer rate, and employees make contributions which vary based on their date of hire.

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

EMPLOYER CONTRIBUTION RATES (PERS)
Fiscal Years 2019-20 through 2023-24[1]

Fiscal Year	Employer Contribution Rate[1]
2019-20	19.721%
2020-21	20.700
2021-22	22.910
2022-23	25.370
2023-24	26.680

(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
Reef-Sunset Unified School District
Fiscal Years 2017-18 through 2023-24

Fiscal Year	Amount
2017-18	$820,177
2018-19	986,259
2019-20	1,151,075
2020-21	1,189,125
2021-22	1,560,640
2022-23[1]	1,689,734
2023-24[2]	2,036,548

(1) Unaudited actual.
(2) First interim projection.
Source: Reef-Sunset Unified School District.

PERS continues to have an unfunded liability which, on a market value of assets basis, was approximately $37.6 billion, based on a market value of assets, as of June 30, 2022, 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 12 to the District's audited financial statements attached hereto as APPENDIX B. In addition, both STRS and PERS issue separate comprehensive financial reports that include financial statements and required supplemental information. Copies of such reports may be obtained from STRS and PERS, respectively, as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; and (ii) PERS, 400 Q Street, Sacramento, California 95811.

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

Other Post-Employment Retirement Benefits

Plan Description. The Post Employment Benefit Plan (the "**Plan**") is a single-employer defined benefit healthcare plan administered by the District. The Plan provides postemployment benefits other than pensions ("**OBEB**") for eligible retirees and their spouses. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided by a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements. As of June 30, 2021, membership of the Plan consisted of 11 retirees and beneficiaries receiving benefits and 235 active Plan members. See "APPENDIX B - Audited Financial Statements for Fiscal Year 2021-22 - Note 9" for a summary of retiree benefits under the Plan.

Contribution Information. The contribution requirements of Plan members and the District are established and may be amended by the District and employee bargaining units. The required contribution is based on projected pay-as-you-go financing requirements, with additional an amount to prefund benefits as determined annually through the agreements with the employee bargaining units. For fiscal year 2021-22, the District contributed $291,309 in benefits.

Actuarial Assumptions and Other Inputs. The District's total OPEB liability of $10,316,533 was measured and valued as of June 30, 2021, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified: inflation 2.50%, salary increases 2.75%, and healthcare cost trend rates 4.00%. Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actual experience study for the period July 1, 2020 to June 30, 2021.

Discount Rate. The discount rate of 2.16% was based on the Bond Buyer 20 Bond Index.

Changes in Total OPEB Liability. The following represents changes in the District's total OPEB liability as shown in the District's fiscal year 2021-22 audit attached hereto as APPENDIX B:

CHANGES IN TOTAL OPEB LIABILITY
Reef-Sunset Unified School District

Balance at June 30, 2020	$11,296,781
Service cost	1,418,579
Interest	261,242
Difference between expected and actual experience	(2,819,111)
Changes if assumptions and other inputs	450,351
Benefit payments	(291,309)
Net change in total OPEB liability	(980,248)
Balance at June 30, 2021	$10,316,533

Source: Reef-Sunset Unified School District Audit Report.

OPEB Expense. For the year ended June 30, 2022, the District recognized an OPEB expense of $1,339,755.

For more information regarding the District's OPEB and assumptions used in its most recent actuarial study, see Note 9 of APPENDIX B to the Official Statement.

Risk Management

The District is a member of the Self-Insured Schools of California ("**SISC**"), the Kings County Self-Insured Schools ("**KCSIS**"), and the California's Valued Trust ("**CVT**)" joint powers authorities ("**JPAs**"). The District pays an annual premium to each entity for its health, workers' compensation, and property liability coverage. The relationships between the District and the JPAs are such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2022, the District made a payment of $297,238 to SISC for property and liability coverage, a payment of $427,069 to KCSIS for workers' compensation, and a payment of $3,158,802 to CVT for health coverage.

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. 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.

Existing Debt Obligations

General Obligation Bonds. The District has four series of general obligation bonds currently outstanding, as summarized in the following table and as described in more detail below.

GENERAL OBLIGATION BONDS
Reef-Sunset Unified School District

Dated Date	Series	Original Principal Amount	Principal Outstanding January 1, 2024
02/27/2013	General Obligation Bonds, Election of 2012, Series A	$6,502,783.80	$6,203,594.60
06/07/2018	General Obligation Bonds, Election of 2016, Series A	6,000,000.00	6,000,000.00
11/06/2019	General Obligation Bonds, Election of 2016, Series B	6,000,000.00	5,765,500.00
03/03/2021	General Obligation Bonds, Election of 2012, Series B	2,545,469.55	2,370,469.55
Total		$21,048,253.35	$20,339,564.15

2012 GO Bond Authorization. On June 5, 2012, the District's voters approved an authorization of $10,830,000 principal amount of general obligation bonds (the "**2012 Authorization**"). On February 27, 2013, the District issued $6,502,783.80 principal amount of General Obligation Bonds, Election of 2012, Series A. On March 3, 2021, the District issued $2,5445,469.55 principal amount of General Obligation Bonds, Election of 2012, Series B. The Bonds will be the third and final series of bonds issued under the 2012 Authorization.

2016 GO Bond Authorization. On November 8, 2016, the District's voters approved an authorization of $12,000,000 principal amount of general obligation bonds (the "**2016 Authorization**"). On June 7, 2018, the District issued $6,000,000 principal amount of General Obligation Bonds, Election of 2016, Series A. On November 6, 2019, the District issued $6,000,000 principal amount of General Obligation Bonds, Election of 2016, Series B. There is no remaining 2016 Authorization.

See " DEBT SERVICE SCHEDULES – Combined General Obligation Bonds" in the body of this Official Statement for annual debt service due on the District's outstanding general obligation bonds.

Certificates of Participation. On October 30, 2015, the District entered into a financing lease in the amount of $1,152,000 (the "**2015 Lease**"), the proceeds of which were used to refund the outstanding lease payments of the District with respect to Certificates of Participation delivered on November 1, 2002. The 2015 Lease is currently outstanding in the principal amount of $785,000. The 2015 Lease payments are as follows:

Reef-Sunset Unified School District
2015 Lease Payment Schedule

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	$69,000	$27,878	$96,878
2024	68,000	25,374	93,374
2025	72,000	22,869	94,869
2026	75,000	20,237	95,237
2027	79,000	17,460	96,460
2028-2032	422,000	42,108	464,108
Total	$785,000	$155,926	$940,926

Source: Reef-Sunset Unified School District Audit Report.

Qualified Zone Academy Bonds. On April 1, 2015, the District entered into a taxable lease in the amount of $5,060,000 and designated the lease as Qualified Zone Academy Bonds (the "**2015 QZABs**").

On December 19, 2017, the District entered into a taxable lease in the amount of $3,153,000 and designated the lease as Qualified Zone Academy Bonds (the "**2017 QZABs**" and together with the 2015 QZABs, the "**QZABs**"). The QZABs mature through 2038, as follows:

Reef-Sunset Unified School District
QZAB Payment Schedule

Fiscal Year	Principal	Interest	Total
2023	$468,650	$54,089	$522,739
2024	472,650	50,046	522,696
2025	476,650	45,951	522,601
2026	480,650	41,804	522,454
2027	484,650	37,605	522,255
2028-2032	2,141,250	123,077	2,264,327
2033-2037	788,250	78,825	867,075
2038	157,650	15,765	173,415
Total	$5,470,400	$447,162	$5,917,562

Source: Reef-Sunset Unified School District Audit Report.

Leases. The District has entered into agreements to lease copiers and a postage machine. The future lease payment schedule is as follows:

Reef-Sunset Unified School District
Lease Payment Schedule

Year Ended June 30,	Principal	Interest	Total
2023	$54,733	$5,223	$59,956
2024	56,122	3,834	59,956
2025	57,547	2,409	59,956
2026	59,009	944	59,953
2027	6,467	16	6,483
TOTAL:	$233,878	$12,426	$246,304

Source: Reef-Sunset Unified School District.

Compensated Absences. Compensated absences (unpaid employee vacation) for the District at June 30, 2022, amounted to $303,413.

Impact of COVID-19

As described in this Official Statement, while indications are that the COVID-19 pandemic is transitioning to an endemic stage, many variables will continue to contribute to the economic impact of the COVID-19 pandemic and the recovery. The ultimate impact of COVID-19 on the District's operations and finances is not fully known, and it may be some time before the full impact of the COVID-19 pandemic is known. The Bonds described in this Official Statement are not secured by the District's funds, but rather 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, and are not payable from the General Fund of the District.

Investment of District Funds

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

Effect of State Budget on Revenues

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

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see "CONSTITUTIONAL AND STATUTORY

PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" below), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process. The District cannot predict how education funding may further be changed in the future, or the state of the economy which in turn can impact the amounts of funds available from the State for education funding. See "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS."

STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

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

State Funding of Education Generally

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

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

The State Budget Process

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

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

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

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

Resources Relating to State Budgets

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

- www.treasurer.ca.gov: The California State Treasurer internet home page, under the link to "Bond Finance" and sub-heading "-Public Finance Division", includes links to recent State official statements and various State financial documents which includes information regarding State budgets and finances.

- www.dof.ca.gov: The California Department of Finance's (the **"DOF"**) internet home page, under the link to "California Budget", includes the text of proposed and adopted State Budgets.

- www.lao.ca.gov: The LAO's internet home page includes a link to "-The Budget" which includes analyses and commentary on fiscal outlooks.

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

The 2023-24 State Budget

On June 27, 2023, the Governor signed the State's fiscal year 2023-24 State budget bill (the **"2023-24 State Budget"**), prior to the July 1, 2023, deadline. The 2023-24 State Budget spending plan totals $310 billion and solves a $31.5 billion deficit problem, which is largely the result of falling State revenues in recent months due to a downturn in the stock market and resulting decreased capital gains, a volatile and significant source of State revenues. The 2023-24 State Budget maintains the largest-ever reserves aimed at weathering projected deficits in out-years, as well as a potential economic recession in the coming one or two years.

The 2023-24 State Budget marked a change from several previous years of record surpluses, large ongoing program commitments, and major one-time expenditures for projects. Adding to uncertainties in budgeting was the delayed income tax return filing date due to federal and State winter storm disaster declarations. As a result, actual revenues in the 2023-24 State Budget will not be solidified until October 15, 2023, and further adjustments may be necessary if revenues continue to underperform projections.

The 2023-24 State Budget deficit was addressed with a combination of spending reductions totaling $8 billion, including a planned $750 million payment to the federal government to reduce the State's $20 billion unemployment insurance debt and approximately $4 billion in funding previously earmarked for climate change and zero-emission programs, delayed spending of nearly $8 billion previously approved for coming years, including funding for building facilities for transitional and full-day kindergarten, postponement in the spending of $500 million in broadband expansion funding, and more than $15 billion in revised revenue estimates, internal fund shifts and internal borrowing.

Highlights of the 2023-24 State Budget include:

Public Education: Continued full funding for public K–14 education, which will see an 8.4% increase in state funding, and keep commitments to previously authorized spending increases for the University of California and California State University.

Health Care: Continued funding for other previous multi-year health care commitments, including (a) increases to fund California's universal access to affordable health care, such as the state's Medi-Cal eligibility expansion for undocumented adults and significant reforms under the Governor's California Advancing and Innovating Medi-Cal, and (b) agreement to place a bond measure on the March 2024 ballot, asking voters to increase bond funding for more behavioral health beds and transitional housing aimed at reducing the incidence of homelessness.

Managed Care Organization Tax: Implements allocations of available funds from the renewal of the Managed Care Organization tax to provide $2.7 billion in State funds for reimbursement rate increases and other investments annually, beginning in 2025 and going through 2029.

Climate Change: A reduction in $2.9 billion from the previous commitment of more than $6 billion toward battling climate change.

Housing and Homelessness**:** $1 billion for local homeless programs, and direction of $100 million to the Housing and Community Development Department's flagship Multi-Family Housing Program for developing additional affordable housing and leveraging additional public and private investment dollars. Invests $50 million in the Fresno Public Infrastructure Plan designed to revitalize downtown Fresno and lay the groundwork for infill housing development through transportation, water and green space public works projects.

Public Transit**:** $5.1 billion for transit across four years, with flexibility for capital and operations expenses and accountability provisions.

Funding for Proposition 98 is $108.3 billion in the 2023-24 State Budget, which is $2.1 billion less than the in the State budget for fiscal year 2022-23. An 8.2% cost-of-living adjustment will raise the funding formula, which is the primary funding source for general expenses and additional money for high-needs students, by 4.5% to $79 billion. The additional funding takes into account a projected 3.16% decline statewide in ADA, including fewer students than projected enrolling in traditional kindergarten.

Other additional spending in the education portion of the 2023-24 State Budget includes:

- $300 million to the funding formula to create an "equity multiplier" program, meant to enable certain high-needs schools to close opportunity and achievement gaps by addressing learning needs for the lowest-performing racial and ethnic student groups, students with disabilities and English learners in those schools.

- $250 million in one-time funding to double grants over five years to high-poverty schools to train and hire literacy coaches for one-on-one and small-group interventions for struggling readers.

- $80 million in ongoing funding for juvenile court and alternative schools operated by county offices of education.

- $20 million in professional development grants for bilingual teachers.

- $6 million more to the Golden State Teacher Grant program, which offers up to $20,000 to a teacher candidate who commits to working in a priority school for four years, for teacher candidates preparing to become special education teachers.

- $3.5 million ongoing to county offices of education to stock opioid overdose reversal medication, with at least two units at all middle and high schools within each county office's jurisdiction.

- $1 million to develop a state "literacy roadmap" to provide guidance on teaching, training and using evidence-based practices on effective reading instruction.

- $1 million for a panel to identify a choice of screening instruments from which all schools must choose, starting in the 2025-26 school year, to identify students at risk for dyslexia and other reading difficulties.

- $1 million for professional development and leadership training through the Museum of Tolerance.

Several trailer bills implementing the provisions of the 2023-24 State Budget are expected to be considered and voted upon in the coming weeks.

For the full text of the 2023-24 State Budget, see the DOF website at www.dof.ca.gov. *The reference to this Internet website is shown for reference and convenience only and the information contained on such website is not incorporated by reference into this Official Statement. The information contained on this website may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

LAO's Fiscal Outlook Publication Dated December 7, 2023

Each year, the LAO's office publishes the *Fiscal Outlook* in anticipation of the upcoming budget season. The goal of the report is to give the Legislature an independent estimate and analysis of the State's budget condition as lawmakers begin planning the fiscal year 2024-25 budget. The Governor's proposed fiscal year 2024-25 budget is expected to be available by January 10, 2024. The key takeaways as identified by the LAO are:

- ***The State Faces a Serious Deficit.*** Largely as a result of a severe revenue decline in fiscal year 2022-23, the State faces a serious budget deficit. Specifically, under the state's current law and policy, the LAO estimates the Legislature will need to solve a budget problem of $68 billion in the coming budget process.

- ***Unprecedented Prior-Year Revenue Shortfall.*** Typically, the budget process does not involve large changes in revenue in the prior year (in this case, fiscal year 2022-23). This is because prior-year taxes usually have been filed and associated revenues collected. Due to the state conforming to federal tax filing extensions, however, the Legislature is only gaining a complete picture of fiscal year 2022-23 tax collections after the 2022-23 fiscal year has already ended. Specifically, the LAO estimates that fiscal year 2022-23 revenue will be $26 billion below 2023-24 Budget estimates.

- ***Legislature Has Multiple Tools Available to Address Budget Problem.*** While addressing a deficit of this scope is likely to be challenging, the Legislature has a number of options available to do so. In particular, the Legislature has nearly $24 billion in reserves to address the budget problem. In addition, there are options to reduce spending on schools and community colleges that could address nearly $17 billion of the budget problem. Reductions in one-time spending could also be considered. These options, along with some others like cost shifts, would allow the Legislature to solve most of the deficit largely without impacting the State's core ongoing service level.

- ***Legislature Will Have Fewer Options to Address Multiyear Deficits in the Coming Years.*** Given the State faces a serious budget problem, using general purpose reserves in fiscal year 2023-24 is merited. That said, the LAO suggests that the Legislature exercise some caution when deploying tools like reserves and cost shifts. The State's reserves are unlikely to be sufficient to cover the State's multi-year deficits, which average $30 billion per year under LAO estimates. These deficits likely necessitate ongoing spending reductions, revenue increases, or both. As a result, preserving a substantial portion of reserves would provide a helpful cushion in light of the anticipated shortfalls that like ahead.

The 2024-25 State Budget Proposal

On January 10, 2024, the Governor released the State's fiscal year 2024-25 State Budget Proposal (the **"2024-25 State Budget Proposal"**). The 2024-25 State Budget Proposal spending plan totals $291.5 billion with an estimated state budget shortfall of $37.9 billion, nearly $30 billion less than previously estimated by the State's nonpartisan Legislative Analyst's Office. The shortfall is largely the result of substantial declines in the stock market that drove down revenues in fiscal year 2021-22 and delays in income tax collections. The 2024-25 State Budget Proposal maintains the State's fiscal stability using a portion of money saved in the budget reserves.

Revenues showed strength in the two fiscal years following the COVID-19 Recession, as stock market growth outpaced the slower overall economic recovery. Fueling this growth were capital gains realizations, which had a sizable impact on California revenues. State revenues saw similar increases. Over two fiscal years, from 2019-20 to 2021-22, three of the State's revenue sources—personal income, sales, and corporation taxes—grew by 55 percent. These revenue sources are projected to revert to levels consistent with a normal revenue growth trajectory, absent the COVID-19 surge and subsequent correction.

The 2024-25 State Budget Proposal details a withdrawal from the Budget Stabilization Account ("**BSA**") to address the state budget shortfall. Even after the proposed withdrawals, total budget reserves in the coming fiscal year will remain at $18.4 billion. This includes $11.1 billion in the BSA, $3.9 million in the Public School System Stabilization Account, and $3.4 billion in the Special Fund for Economic Uncertainties.

Highlights of the 2024-25 State Budget Proposal include:

Housing and Homelessness: Advancing a multi-year $15.3 billion plan to address homelessness. The proposal maintains billions of dollars for an all-of-the-above approach including $400 million for encampment resolution grants and $1 billion for Homeless Housing, Assistance and Prevention program grants.

Public Education: Maintains investments for public education, including funding for community schools, universal school meals, expanded learning opportunities, education workforce, and continued implementation of universal transitional kindergarten. Proposition 98 funding for K-12 schools and community colleges is estimated to be $109.1 billion in 2024-25 and per-pupil funding totals $23,519 per pupil when accounting for all funding sources.

Safety and Security: Invests $1.1 billion over four years to increase the safety and security of the State, including $373.5 million to combat organized retail theft; over $230 million for opioid and fentanyl interdiction and enforcement, naloxone distribution, recovery and support services; $302 million to enhance community public safety through nonprofit security grants, officer training; and $197 million towards gun violence.

Health Care: Funding to make wellness coaches available to support children and youth behavioral health and maintains $7.6 billion from various funds to implement the Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) demonstration.

Climate Change: Advances a $48.3 billion multi-year commitment, alongside over $10 billion from the Biden-Harris Administration in federal climate funding, to implement initiatives to slash pollution and achieve carbon neutrality by 2045, protect communities from harmful climate impacts, and deliver 90% clean electricity by 2035.

Proposition 98 funding for K-12 schools and community colleges is estimated to be $98.3 billion in 2022-23, $105.6 billion in 2023-24, and $109.1 billion in 2024-25. These revised Proposition 98 levels represent a decrease of approximately $11.3 billion over the three-year period relative to the 2023 Budget Act. The 2024-25 State Budget Proposal includes funding of $126.8 billion ($76.4 billion General Fund and $50.4 billion other funds) for all K-12 education programs.

Other additional spending in the education portion of the 2024-25 State Budget Proposal includes:

- $65 million ongoing to reflect a 0.76% cost-of-living adjustment for specified categorical programs and the LCFF Equity Multiplier.

- A decrease of $5 million ongoing to reflect ADA changes applicable to the county office of education LCFF, and a 0.76% cost-of-living adjustment.

- $500 million to support greening school bus fleets through programs operated by the California Air Resources Board and the California Energy Commission in 2024-25.

- $7 million to support inquiry-based science instruction and assessment.
- $5 million ongoing to support the California College Guidance Initiative.
- $122.2 million to fully fund universal school meals program.
- $5 million to the Broadband Infrastructure Grant.
- $3.2 million ongoing to support the K-12 High Speed Network program.
- $2.1 million ongoing for a county office of education to enable fourth graders attending public schools to access California state parks.
- $2 million ongoing to establish a Technical Assistance center.
- $1.5 million ongoing to maintain support for Homeless Education Technical Assistance Centers that were first established through the American Rescue Plan Act's Homeless Children and Youth Program.
- $3.4 million, of which $380,000 is ongoing, to replace critical servers, maintain warranty coverage for network infrastructure, and refresh laptops, tables, and workstations for students and staff at the State Special Schools and Diagnostic Centers.

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 2023-24 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* tax levied by the County for the payment thereof. Articles XIIIA, XIIIB, XIIIC, and XIIID 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 XIIIA 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 XIIIA of the California Constitution

Basic Property Tax Levy. On June 6, 1978, California voters approved Proposition 13 ("**Proposition 13**"), which added Article XIIIA to the State Constitution ("**Article XIIIA**"). Article XIIIA limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) (as a result of an amendment to Article XIIIA approved by State voters on June 3, 1986) bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness, and (iii) (as a result of an amendment to Article XIIIA approved by State voters on November 7, 2000) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. The tax for the payment of the Bonds falls within the exception described in (iii) of the immediately preceding sentence. Article XIIIA 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 XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

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

Legislation Implementing Article XIIIA*.* Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. 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 XIIIA, when the assessor tried to "recapture" the tax value of the property by increasing its assessed value by 4% in a single year. The assessors in most California counties, including the County, use a similar methodology in raising the taxable values of property beyond 2% in a single year. The SBE has approved this methodology for increasing assessed values. On appeal, the Appellate Court held that the trial court erred in ruling that assessments are always limited to no more than 2% of the previous year's assessment. On May 10, 2004 a petition for review was filed with the California Supreme Court. The petition has been denied by the California Supreme Court. As a result of this litigation, the "recapture" provision described above may continue to be employed in determining the full cash value of property for property tax purposes.

Article XIIIB of the California Constitution

Article XIIIB ("**Article XIIIB**") 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 XIIIB, as amended.

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

Unitary Property

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

Articles XIIIC and XIIID 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 XIIIC and XIIID (respectively, "**Article XIIIC**" and "**Article XIIID**"), 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 XIIIC 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 XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4.

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

Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID 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 XIIIB 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 XIIIB 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 XIIIB 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 XIIIB 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 XIIIB 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 XIIIB appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.

School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues (the "**first test**") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to *per capita* personal income) and enrollment (the "**second test**"). Under Proposition 111, schools will receive the greater of (1) the first test, (2) the second test, or (3) a third test, which will replace the second test in any year when growth in *per capita* State general fund revenues from the prior year is less than the annual growth in California per capita personal income (the "**third test**"). Under the third test, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and *per capita* State general fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test will become a "credit" to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

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

The 55% vote requirement authorized by Proposition 39 applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 places certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate levied as the result of any single election be no more than $60 (for a unified school district), $30 (for an elementary school district or high school district), or $25 (for a community college district), per $100,000 of taxable property value. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amended the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature or

(iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Under Proposition 1A, beginning, in 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (i) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (ii) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amended the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

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

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

Proposition 30 and Proposition 55

The Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as **"Proposition 30"**), temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposed an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposed an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017. This excise tax was levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018, Proposition 30 increases the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $500,000 but less than $600,000 for joint filers), (ii) 2% for taxable income over $300,000 but less than $500,000 for single filers (over $600,000 but less than $1,000,000 for joint filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers).

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

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

California Senate Bill 222

Senate Bill 222 ("**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* tax collections such as 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 shall attach automatically and is valid and binding from the time the bonds are executed and delivered, 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 is the treatment of general obligation bonds as secured debt in bankruptcy due to the existence of a statutory lien.

Future Initiatives

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

APPENDIX B

REEF-SUNSET UNIFIED SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2021-22

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Financial Statements
June 30, 2022

Reef-Sunset Unified School District

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Independent Auditor's Report

To the Governing Board
Reef-Sunset Unified School District
Avenal, California

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Reef-Sunset Unified School District, as of June 30, 2022, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter-Adoption of New Accounting Standard

As discussed in Notes 1 to the financial statements, the Reef-Sunset Unified School District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Our opinions are not modified with respect to this matter.

Emphasis of Matter-Correction of an Error

As discussed in Note 15 to the financial statements, a correction was made to the District's balance of Capital Assets, Construction in Progress as of July 1, 2021. Additionally, a correction was made to the July 1, 2021, balance of Deposits and Investments for the Bond Interest and Redemption Fund due to a prior period misposting of revenues by the County Treasurers office. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Reef-Sunset Unified 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2023 on our consideration of Reef-Sunset Unified 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 Reef-Sunset Unified 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 Reef-Sunset Unified School District's internal control over financial reporting and compliance.

Eide Bailly LLP

Fresno, California
April 28, 2023

REEF SUNSET
UNIFIED SCHOOL DISTRICT

205 North Park Avenue
Avenal, CA 93204
Phone: 559.386.9083
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MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The Reef-Sunset Unified School District's (RSUSD) goal is to provide, in an atmosphere of care and concern, an opportunity for every student to recognize and fully develop his/her particular academic, technical, vocational, physical and social skills. RSUSD students graduate prepared to succeed in tomorrow's world.

The Management Discussion and Analysis of RSUS District's financial statements provide an overall review of the District's financial activities for the fiscal year ended June 30, 2022, with comparative information for the fiscal year ended June 30, 2021. This analysis will look at the RSUSD's financial performance as a whole. The management discussion and analysis should be reviewed in conjunction with the auditor's transmittal letter, notes to the basic financial statements, and the basic governmental wide financial statements to enhance the understanding of the District's financial performance.

The Reef-Sunset Unified School District is a small rural school district offering instruction to students from preschool through twelfth grade, including vocational and adult education programs, Primary Community Day and Secondary Community Day Schools, and Continuation School programs. During the 2021-2022 school year, the District operated three comprehensive elementary schools, one comprehensive middle school, one comprehensive high school, one primary community day school, one secondary community day school, two continuation high schools, and an extensive adult education program on the traditional September through June schedule, for the instruction of approximately 2,700 students.

USING THE ANNUAL FINANCIAL REPORT

- This annual financial report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Reef-Sunset Unified School District as a whole, and then proceed to provide an increasingly detailed look at specific financial activities.

- The Management Discussion and Analysis Statement is provided to assist our citizens, taxpayers and investors in reviewing the District's finances and to show the District's accountability for the money it receives.

FINANCIAL HIGHLIGHTS

- General Revenues accounted for $42,888,094 or 81% of all revenues for the year ending June 30, 2022, compared to $33,398,567 or 72% of all revenues for the year ending June 30, 2021. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $10,227,684 or 19% of total revenues of $53,115,778 for the year ending June 30, 2022.

- The District had $45,116,993 in expenses related to governmental activities for the year ending June 30, 2022, and $45,459,383 in expenses related to governmental activities for the year ending June 30, 2021.

- The General Fund balance reported an increase of $3,357,281 to $22,391,086. The District ended the fiscal year above the State recommended available reserves percentage of 3.0% with a reserve of 14.7%.

REPORTING THE DISTRICT AS A WHOLE

- THE STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of the year's activities?" "The Statement of Net Position and the Statement of Activities" reports information about the District as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the District's net position and changes in it. The change in net position provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The reader will need to consider other non-financial factors, such as property tax base, current property tax laws, student enrollment, and facility conditions in arriving at their conclusion regarding the overall health of the District.

- FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the most significant funds, not the District as a whole. Some funds are required to be established by State stature, while many other funds are established by the District to help manage money for particular purposes and compliance with various provisions.

- GOVERNMENTAL FUNDS

All of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting. Governmental fund statements provide a detailed short-term view of the District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources available to spend in the near future to finance the District's program. The Relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the notes to the financial statements.

- NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

- THE DISTRICT AS A WHOLE

The "Statement of Net Position" provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position for the past two fiscal years.

Table 1. Net Position

	Governmental Activities	
	2022	2021 as Restated
Assets		
Current and other assets	$ 35,974,444	$ 35,215,371
Capital assets	38,826,619	33,980,766
Total assets	74,801,063	69,196,137
Deferred outflows of resources	8,725,014	9,519,062
Liabilities		
Current liabilities	5,337,476	5,227,710
Long-term liabilities	61,411,013	80,295,681
Total liabilities	66,748,489	85,523,391
Deferred inflows of resources	17,314,598	1,727,603
Net Position		
Net investment in capital assets	12,564,606	7,317,754
Restricted	9,275,245	8,271,232
Unrestricted (deficit)	(22,376,861)	(24,124,781)
Total net position	$ (537,010)	$ (8,535,795)

The results of the past two years' operations for the District as a whole are reported in the Statement of Activities. Table 2 takes the information from the Statement, and rearranges it slightly so you can see our total revenues for the past two years along with the variance between the two fiscal years.

Table 2. Changes in Net Position

	Governmental Activities	
	2022	2021*
Revenues		
Program revenues		
Charges for services	$ 188,037	$ 39,567
Operating grants and contributions	10,068,749	11,968,325
Capital grants and contributions	(29,102)	1,054,366
General revenues		
Federal and State aid not restricted	32,938,751	29,763,992
Property taxes	3,146,704	2,176,328
Other general revenues	6,802,639	1,458,247
Total revenues	53,115,778	46,460,825
Expenses		
Instruction-related	25,021,807	27,082,953
Pupil services	5,829,272	5,577,900
Administration	6,012,669	4,446,735
Plant services	6,919,401	6,449,082
All other services	1,333,844	1,902,713
Total expenses	45,116,993	45,459,383
Change in net position	$ 7,998,785	$ 1,001,442

* The revenues and expenses for fiscal year 2021 were not restated to show the effects of GASB Statement No. 87 for comparative purposes.

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

Table 3. Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2022	2021*	2022	2021*
Instruction-related	$ 25,021,807	$ 27,082,953	$ (21,102,676)	$ (18,614,280)
Pupil services	5,829,272	5,577,900	(2,599,721)	(2,734,993)
Administration	6,012,669	4,446,735	(3,436,238)	(3,341,934)
Plant services	6,919,401	6,449,082	(6,770,808)	(5,902,108)
All other services	1,333,844	1,902,713	(979,866)	(1,803,810)
Total	$ 45,116,993	$ 45,459,383	$ (34,889,309)	$ (32,397,125)

* The total cost of services and net cost of services for fiscal year 2021 were not restated to show the effects of GASB Statement No. 87 for comparative purposes.

GOVERNMENTAL FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $30,636,968, as compared to $29,987,661 last year as restated, which is an increase of $649,307 (Table 4).

Table 4. Governmental District Funds

	Balances and Activity			
Governmental Funds	July 1, 2021 as Restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2022
General	$ 19,033,805	$ 50,141,201	$ 46,783,920	$ 22,391,086
Student Activities	303,727	(981)	7,000	295,746
Adult Education	237,603	325,978	412,241	151,340
Child Development	5,944	189,075	193,387	1,632
Cafeteria	825,108	3,090,585	2,885,201	1,030,492
Deferred Maintenance	2,795,733	139,883	764,889	2,170,727
Pupil Transportation Equipment	446,003	82,232	-	528,235
Building	2,540,566	(84,842)	464,075	1,991,649
Capital Facilities	684,712	168,837	-	853,549
County School Facilities	1,227,214	5,845	1,233,059	-
Special Reserve Fund for Capital Outlay Projects	218,796	(6,438)	212,358	-
Bond Interest and Redemption	1,316,861	1,043,266	1,477,876	882,251
Debt Service	351,589	(11,328)	-	340,261
Total	$ 29,987,661	$ 55,083,313	$ 54,434,006	$ 30,636,968

GENERAL FUND BUDGET INFORMATION

The District's budget is prepared in accordance with California law and is based on the cash basis of accounting, utilizing cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

The District begins the budget process in January of each year, to be completed by June 30. After updating of the forecast for changes in revenue and expenditure assumptions, the operating budget begins at the school level. Each school in the District receives a per pupil allocation augmented with resources for special education students. The departments provide input to the Business Office for their budget needs. The site and department budgets are reviewed monthly to ensure management becomes aware of any significant variations during the year.

- GENERAL FUND BUDGET VARIATIONS

In June of each year, a Budget is adopted by the School District's Board of Trustees, effective July 1 through June 30. The Budget is based on year-ending projections from the previous year's budget. As the school year progresses, the Budget is revised and updated, with numerous financial reports made public outlining the revisions. Finally, in August of the following year, the books are closed for the July 1 – June 30 fiscal year, and the results are audited, yielding actual final numbers.

There are several reasons for Budget revisions. Most notable are any salary increases granted by the Board of Trustees for district employees for the original budget does not presume salary increases. Also, any changes in the number of staff and/or staff utilization of health and welfare benefits that vary from the original projections would also yield budget revisions.

The implementation of new instructional or categorical programs can also affect budget projections. For the School District, the increased emphasis on closing the achievement gap for all of our students will push forward several academic-focused programs that will impact expenditures in personnel, instructional materials, outside services and supplies.

The District is currently faced with the worsening fiscal condition of the State of California and the potential impact of this problem on public education.

The State and Federal budget issues have an impact on the District's budget. As revenues from these two sources change, so do District revenues since 96% of District revenues come from State and Federal revenue streams.

The final actual numbers of the General Fund that will be certified by February of the next year will be the reflection of the culmination of these several factors.

The final budget figures for the General Fund anticipated a $951,675 decrease, however, the actual year-end figures showed an increase in fund balance of $3,357,281 and can be summarized as follows:

Expected change in fund balance	$ (951,675)
Unfavorable variance in total revenue	(1,443,730)
Favorable variance in total expenditures	5,196,362
Favorable variance in other sources (uses)	556,324
Actual change in fund balance	$ 3,357,281

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

For the prior fiscal year, the District had $33,980,766 invested in land, buildings, equipment, and construction in progress (net of depreciation). For the current year, the total net capital assets were $38,826,619 (net of depreciation and amortization). Table 5 shows the balances for the past two fiscal years.

Table 5. Capital Assets
(Net of Depreciation)

	Governmental Activities	
	2022	2021 as Restated
Land and construction in progress	$ 14,852,865	$ 8,492,116
Buildings and improvements	22,491,044	24,064,165
Equipment	1,251,416	1,424,485
Leased assets	231,294	-
Total	$ 38,826,619	$ 33,980,766

The current year's significant addition was the Kinder Wing Project at Avenal Elementary, funded with State Facility Grant funds and District General Obligation Bond funds.

LONG-TERM LIABILITIES

At June 30, 2022, the District had $61,411,013 in long-term liabilities, compared to $80,295,681 in debt outstanding at June 30, 2021. Table 6 summarizes our liabilities.

Table 6. Long-Term Liabilities

	Governmental Activities	
	2022	2021
Long-Term Liabilities		
General obligation bonds	$ 23,833,075	$ 24,454,951
Unamortized premiums	1,411,130	1,465,737
Certificates of participation	785,000	850,000
Qualified Zone Academy Bonds	5,470,400	5,935,050
Compensated absences	303,413	280,313
Leases	233,878	-
OPEB liability	10,458,538	11,475,132
Aggregate net pension liability	18,915,579	35,834,498
Total	$ 61,411,013	$ 80,295,681

The District's general obligation bond S&P rating at the time of their last issuance was "AA".

At year-end, the District has a net pension liability of $18,915,579 versus $35,834,498 last year, a decrease of $16,918,919 or 47.2%. The District also reported deferred outflows of resources from pension activities of $6,610,799, and deferred inflows of resources from pension activities of $13,727,819. We present more information on the District's long-term liabilities in the Notes to Financial Statements.

FOR THE FUTURE

The District's budgeting and internal controls system is well regarded and will take all of the District's financial abilities to meet future challenges.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Raul Luna, Executive Director of Business Services, 205 N. Park Avenue, Avenal, CA 93204 (559) 386-9083.

	Governmental Activities
Assets	
Deposits and investments	$ 32,219,803
Receivables	3,731,091
Prepaid expense	2,230
Stores inventories	21,320
Capital assets not depreciated	14,852,865
Capital assets, net of accumulated depreciation	23,742,460
Rights-to-use leased assets, net of accumulated amortiztion	231,294
Total assets	74,801,063
Deferred Outflows of Resources	
Deferred outflows of resources related to OPEB	2,114,215
Deferred outflows of resources related to pensions	6,610,799
Total deferred outflows of resources	8,725,014
Liabilities	
Overdrafts	1,271
Accounts payable	1,996,211
Unearned revenue	3,339,994
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	642,383
Long-term liabilities other than OPEB and pensions due in more than one year	31,394,513
Total other postemployment benefits liability (OPEB)	10,458,538
Aggregate net pension liabilities	18,915,579
Total liabilities	66,748,489
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	3,586,779
Deferred inflows of resources related to pensions	13,727,819
Total deferred inflows of resources	17,314,598
Net Position	
Net investment in capital assets	12,564,606
Restricted for	
Debt service	1,222,512
Capital projects	853,549
Educational programs	5,366,171
Child nutrition program	1,009,032
Pupil transportation	528,235
Student activities	295,746
Unrestricted (deficit)	(22,376,861)
Total net position	$ (537,010)

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities					
Instruction	$ 19,138,686	$ 23,314	$ 2,863,984	$ (29,102)	$ (16,280,490)
Instruction-related activities					
Supervision of instruction	2,564,859	1,244	641,274	-	(1,922,341)
Instructional library, media, and technology	743,247	-	117,556	-	(625,691)
School site administration	2,575,015	6,188	294,673	-	(2,274,154)
Pupil services					
Home-to-school transportation	675,872	2,774	201,791	-	(471,307)
Food services	2,893,136	-	2,914,837	-	21,701
All other pupil services	2,260,264	3,207	106,942	-	(2,150,115)
Administration					
Data processing	3,301,388	-	1,465,226	-	(1,836,162)
All other administration	2,711,281	-	1,111,205	-	(1,600,076)
Plant services	6,919,401	2	148,591	-	(6,770,808)
Ancillary services	51,271	-	-	-	(51,271)
Community services	44,700	-	-	-	(44,700)
Interest on long-term liabilities	890,962	-	-	-	(890,962)
Other outgo	346,911	151,308	202,670	-	7,067
Total governmental activities	$ 45,116,993	$ 188,037	$ 10,068,749	$ (29,102)	(34,889,309)
General Revenues and Subventions					
Property taxes, levied for general purposes					2,099,697
Property taxes, levied for debt service					1,047,007
Federal and State aid not restricted to specific purposes					32,938,751
Interest, investment earnings and fair value adjustments					(917,488)
Miscellaneous and unspent State entitlement revenues					7,720,127
Subtotal, general revenues and subventions					42,888,094
Change in Net Position					7,998,785
Net Position - Beginning, as Restated					(8,535,795)
Net Position - Ending					$ (537,010)

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Deposits and investments	$ 24,577,278	$ 2,069,885	$ 5,572,640	$ 32,219,803
Receivables	2,913,449	-	817,642	3,731,091
Due from other funds	-	-	247,304	247,304
Prepaid expenditures	2,230	-	-	2,230
Stores inventories	-	-	21,320	21,320
Total assets	$ 27,492,957	$ 2,069,885	$ 6,658,906	$ 36,221,748
Liabilities and Fund Balances				
Liabilities				
Overdrafts	$ -	$ -	$ 1,271	$ 1,271
Accounts payable	1,882,538	43,290	70,383	1,996,211
Due to other funds	-	34,946	212,358	247,304
Unearned revenue	3,219,333	-	120,661	3,339,994
Total liabilities	5,101,871	78,236	404,673	5,584,780
Fund Balances				
Nonspendable	3,230	-	21,460	24,690
Restricted	5,364,539	1,991,649	3,910,706	11,266,894
Committed	-	-	2,322,067	2,322,067
Assigned	10,187,428	-	-	10,187,428
Unassigned	6,835,889	-	-	6,835,889
Total fund balances	22,391,086	1,991,649	6,254,233	30,636,968
Total liabilities and fund balances	$ 27,492,957	$ 2,069,885	$ 6,658,906	$ 36,221,748

Total Fund Balance - Governmental Funds		$ 30,636,968
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 64,707,090	
Accumulated depreciation is	(26,111,765)	
Net capital assets		38,595,325
Right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of right-to-use leased assets is	281,440	
Accumulated amortization is	(50,146)	
Net right-to-use leased assets		231,294
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Other postemployment benefits (OPEB)	2,114,215	
Net pension liability	6,610,799	
Total deferred outflows of resources		8,725,014
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Other postemployment benefits (OPEB)	(3,586,779)	
Net penion liability	(13,727,819)	
Total deferred inflows of resources		(17,314,598)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(18,915,579)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(10,458,538)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term liabilities at year-end consist of		
General obligation bonds including unamortized premiums	(21,764,384)	
Certificates of participation	(785,000)	
Leases	(233,878)	
Compensated absences (vacations)	(303,413)	
Qualified Zone Academy Bonds	(5,470,400)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	(3,479,821)	
Total long-term liabilities		(32,036,896)
Total net position - governmental activities		$ (537,010)

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local Control Funding Formula	$ 34,460,629	$ -	$ -	$ 34,460,629
Federal sources	8,602,011	-	2,973,494	11,575,505
Other State sources	5,938,798	-	657,145	6,595,943
Other local sources	858,323	(84,842)	1,047,892	1,821,373
Total revenues	49,859,761	(84,842)	4,678,531	54,453,450
Expenditures				
Current				
Instruction	20,568,270	-	371,920	20,940,190
Instruction-related activities				
Supervision of instruction	2,841,368	-	-	2,841,368
Instructional library, media, and technology	1,050,619	-	-	1,050,619
School site administration	2,590,518	-	216,065	2,806,583
Pupil services				
Home-to-school transportation	567,833	-	-	567,833
Food services	20,515	-	2,840,415	2,860,930
All other pupil services	2,432,664	-	-	2,432,664
Administration				
Data processing	3,277,146	-	-	3,277,146
All other administration	2,752,412	-	-	2,752,412
Plant services	4,842,150	-	652,726	5,494,876
Ancillary services	51,271	-	-	51,271
Community services	37,700	-	7,000	44,700
Other outgo	346,911	-	-	346,911
Facility acquisition and construction	4,677,011	429,129	1,407,651	6,513,791
Debt service				
Principal	577,212	-	695,000	1,272,212
Interest and other	49,201	-	782,876	832,077
Total expenditures	46,682,801	429,129	6,973,653	54,085,583
Excess (Deficiency) of Revenues Over Expenditures	3,176,960	(513,971)	(2,295,122)	367,867
Other Financing Sources (Uses)				
Transfers in	-	-	348,423	348,423
Proceeds from leases	281,440	-	-	281,440
Transfers out	(101,119)	(34,946)	(212,358)	(348,423)
Net Financing Sources (Uses)	180,321	(34,946)	136,065	281,440
Net Change in Fund Balances	3,357,281	(548,917)	(2,159,057)	649,307
Fund Balance - Beginning, as Restated	19,033,805	2,540,566	8,413,290	29,987,661
Fund Balance - Ending	$ 22,391,086	$ 1,991,649	$ 6,254,233	$ 30,636,968

Total Net Change in Fund Balances - Governmental Funds		$ 649,307
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expenses in the Statement of Activities.		
This is the amount by which capital outlays exceeds depreciation and amortization expenses in the period.		
Depreciation and amortization expenses	$ (2,035,610)	
Capital outlays	6,881,463	
Net expense adjustment		4,845,853
The District issued capital appreciation general obligations bonds. The accretion of interest on the general obligation bonds during the current fiscal year was		(73,124)
The District entered into right to use leases during the year. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the leases are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.		(281,440)
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used.		(23,100)
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.		2,559,376
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year.		(1,012,100)

Deferred charge on refunding (the difference between the reacquisition price and the net carrying amount of the refunded debt) are capitalized and amortized over the remaining life of the new or old debt, whichever is shorter.	7,194
Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.	
Premium amortization	54,607
Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	
General obligation bonds	695,000
Qualified Zone Academy bonds	464,650
Certificates of participation	65,000
Leases	47,562
Change in net position of governmental activities	$ 7,998,785

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Reef-Sunset Unified School District (the District) was unified under the laws of the State of California. The District operates under a locally-elected five-member Board form of government and provides educational services to grades Preschool - 12 as mandated by the State and/or Federal agencies. The District operates three elementary schools, one middle school, one high school, two continuation high schools, two community day schools, and an adult education program.

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

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

One fund currently defined as a special revenue fund in the California State Accounting Manual (CSAM) does not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 17, Special Reserve Fund for Other than Capital Outlay Projects, and Fund 20, Special Reserve Fund for Postemployment Benefits, is not substantially composed of restricted or committed revenue sources. While this fund is authorized by statute and will remain open for internal reporting purposes, the fund functions effectively as an extension of the General Fund, and accordingly has been combined with the General Fund for presentation in these audited financial statements. As a result, the General Fund reflects an increase in fund balance of $3,655,642.

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

Non-Major Governmental Funds

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

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

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

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

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

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

- **Pupil Transportation Equipment Fund** The Pupil Transportation Equipment Fund is used to account separately for State and local revenues specifically for the acquisition, rehabilitation, or replacement of equipment used to transport students (*Education Code* Section 41852[b]).

Capital Project Funds The Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and other capital assets

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

- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

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

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

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

- **Debt Service Fund** The Debt Service Fund is used to account for the interest and redemption of principal of Certificates of Participation and Qualified Zone Academy Bonds.

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

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

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

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

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

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

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

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

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

Investments

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

Stores Inventories

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

Capital Assets and Depreciation

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

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

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

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2022.

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

Interfund Balances

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

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position as long-term liabilities.

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

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Premiums

In the government-wide financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities statement of net position. Debt premiums are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

In governmental fund financial statements, bond premiums are recognized in the period the bonds are issued. The face amount of the debt is reported as other financing sources.

Deferred Outflows of Resources and Deferred Inflows of Resources

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

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Leases

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

Fund Balances - Governmental Funds

As of June 30, 2022, fund balances of the governmental funds are classified as follows:

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

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

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board.

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

Unassigned - all other spendable amounts.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $9,275,245 of restricted net position.

Interfund Activity

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

Estimates

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

Property Tax

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

Change in Accounting Principles

Implementation of GASB Statement No. 87

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Prior year lease liabilities or lease assets were renewed and recorded as of June 30, 2022. Therefore, the implementation of this standard did not have an effect on beginning net position.

Implementation of GASB Statement No. 92

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement 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. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reporting
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

The provisions of this Statement have been implemented as of June 30, 2022.

Implementation of GASB Statement No. 93

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate). This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The provisions of this Statement have been implemented as of June 30, 2022.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2022, are classified in the accompanying financial statements as follows:

Governmental funds	$ 32,219,803

Deposits and investments as of June 30, 2022, consist of the following:

Cash on hand and in banks	$ 265,881
Cash in revolving	1,140
Investments	31,952,782
Total deposits and investments	$ 32,219,803

Policies and Practices

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

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

General Authorizations

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

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

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 has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County Pool which purchases a combination of shorter term and longer term investments and which also times cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District maintains an investment of $31,952,782 in the Kings County Treasury Investment Pool that has an average weighted maturity of 721 days.

Credit Risk – Investment

Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. The is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment with the Kings County Investment Pool is currently not rated, nor is it required to be rated.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2022, none of the District's bank balance was exposed to custodial credit risk because it was insured and collateralized with securities held by the pledging financial institution's trust department or agent.

Note 3 - Receivables

Receivables at June 30, 2022, consisted of intergovernmental grants, entitlements, and local sources. All receivables are considered collectible in full.

	General Fund	Non-Major Governmental Funds	Total
Federal Government			
Categorical aid	$ 2,349,842	$ 769,661	$ 3,119,503
State Government	380,487	47,981	428,468
Local Sources	183,120	-	183,120
Total	$ 2,913,449	$ 817,642	$ 3,731,091

Note 4 - Capital Assets and Right-to-Use Leased Assets

Capital assets and right-to-use leased assets activities for the fiscal year ended June 30, 2022, were as follows:

	Balance July 1, 2021 as Restated	Additions	Balance June 30, 2022
Governmental Activities			
Capital assets not being depreciated			
Land	$ 1,931,281	$ -	$ 1,931,281
Construction in progress	6,560,835	6,360,749	12,921,584
Total capital assets not being depreciated	8,492,116	6,360,749	14,852,865
Capital assets being depreciated			
Land improvements	18,437,742	129,042	18,566,784
Buildings and improvements	26,410,778	56,092	26,466,870
Furniture and equipment	4,766,431	54,140	4,820,571
Total capital assets being depreciated	49,614,951	239,274	49,854,225
Total capital assets	58,107,067	6,600,023	64,707,090
Accumulated depreciation			
Land improvements	(7,393,213)	(851,810)	(8,245,023)
Buildings and improvements	(13,391,142)	(906,445)	(14,297,587)
Furniture and equipment	(3,341,946)	(227,209)	(3,569,155)
Total accumulated depreciation	(24,126,301)	(1,985,464)	(26,111,765)
Net depreciable capital assets	25,488,650	(1,746,190)	23,742,460
Right-to-use leased assets being amortized			
Furniture and equipment	-	281,440	281,440
Accumulated amortization			
Furniture and equipment	-	(50,146)	(50,146)
Net right-to-use leased assets	-	231,294	231,294
Governmental activities capital assets and right-to-use leased assets, net	$ 33,980,766	$ 4,614,559	$ 38,826,619

Depreciation and amortization expenses were charged to functional activities as follows:

Governmental Activities		
Instruction	$	79,420
Instructional library, media, and technology		50,146
Home-to-school transportation		119,128
Food services		99,273
Data processing		59,564
All other administration		39,709
Plant services		1,588,370
Total depreciation and amortization expenses - governmental activities	$	2,035,610

Note 5 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2022, between major and non-major governmental funds, non-major enterprise funds, internal service funds, and fiduciary funds are as follows:

Funds	Due from Other Funds	Due to Other Funds
Major Governmental Fund		
Building	$ -	$ 34,946
Non-Major Governmental Funds		
Deferred Maintenance	212,358	-
County School Facilities	34,946	-
Special Reserve Fund for Capital Outlay Projects	-	212,358
Total	$ 247,304	$ 247,304

The Building Fund owes the County School Facilities Non-Major Governmental Fund to clear out ending balance.	$ 34,946
The Special Reserve Non-Major Governmental Fund for Capital Outlay Projects owes the Deferred Maintenance Non-Major Governmental Fund for future maintenance projects.	212,358
Total	$ 247,304

Operating Transfers

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers for the year ended June 30, 2022, consist of the following:

The General Fund transferred to the Pupil Transportation Non-Major Governmental Fund for transportation costs.	$ 101,119
The Building Fund transferred to the County School Facilities Non-Major Governmental Fund to clear out ending balances.	34,946
The Special Reserve for Capital Outlay Projects Non-Major Governmental Fund transferred to the Deferred Maintenance Non-Major Governmental Fund for future maintenace needs.	212,358
Total	$ 348,423

Note 6 - Accounts Payable

Accounts payable at June 30, 2022, consist of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Vendor payables	$ 904,447	$ 43,290	$ 53,632	$ 1,001,369
Salaries and benefits	978,091	-	16,751	994,842
Total	$ 1,882,538	$ 43,290	$ 70,383	$ 1,996,211

Note 7 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	$ 1,079,914	$ -	$ 1,079,914
State categorical aid	2,139,419	120,661	2,260,080
Total	$ 3,219,333	$ 120,661	$ 3,339,994

Note 8 - Long-Term Liabilities Other than OPEB and Pensions

Summary

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

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 24,454,951	$ 73,124	$ (695,000)	$ 23,833,075	$ 50,000
Unamortized debt premiums	1,465,737	-	(54,607)	1,411,130	-
Certificates of participation	850,000	-	(65,000)	785,000	69,000
Qualified Zone Academy Bonds	5,935,050	-	(464,650)	5,470,400	468,650
Compensated absences	280,313	23,100	-	303,413	-
Leases	-	281,440	(47,562)	233,878	54,733
Total	$ 32,986,051	$ 377,664	$ (1,326,819)	$ 32,036,896	$ 642,383

The General Obligation Bonds are paid by the Bond Interest and Redemption Fund through the collection of local property taxes. The premiums will be amortized over the life of the related debt. The Certificates of Participation and capital leases are paid by the General Fund. The Qualified Zone Academy Bonds are paid by the General Fund and Debt Service Fund. The compensated absences will be paid by the fund for which the employee worked. The leases are paid by the fund using right-to-use leased asset.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Fiscal Year Issued	Series	Maturity Year	Interest Rate	Original Issue	Bonds Outstanding July 1, 2021	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2022
2013	2012A	2044	3.26 - 5.03%	$6,502,784	$ 6,502,784	$ -	$ (460,000)	$ 6,042,784
Accreted interest on bonds				-	3,392,317	37,637	-	3,429,954
2018	2016A	2049	2.84 - 3.39%	6,000,000	6,000,000	-	-	6,000,000
2020	2016B	2050	3.00 - 4.00%	6,000,000	6,000,000	-	(235,000)	5,765,000
2021	2012B	2046	3.00 - 4.00%	1,305,470	1,305,470	-	-	1,305,470
Accreted interest on bonds					14,380	35,487	-	49,867
2021	2012B	2047	2.00 - 4.00%	1,240,000	1,240,000	-	-	1,240,000
Total					$ 24,454,951	$ 73,124	$ (695,000)	$ 23,833,075

On February 13, 2013, the District issued $6,502,784 of Election of 2012, Series A, General Obligation Bonds. The Series A bonds were authorized at an election held on June 5, 2012, which authorized the issuance of $10,830,000 principal amount of general obligation bonds for the purpose of financing the replacement and upgrading of school facilities. The Series A Bonds are the first series of bonds to be issued under this authorization. The Bonds were issued as Capital Appreciation Bonds and Convertible Capital Appreciation Bonds. The Capital Appreciation Bonds accrete interest, compounded semiannually on February 1, and August 1 of each year, commencing on August 1, 2013 until their respective maturities. The Convertible Capital Appreciation Bonds accrete interest, compounded semiannually on February 1, and August 1 of each year, commencing on August 1, 2013 until the conversion date of August 1, 2021, after which interest accrues on the conversion value, payable semiannually on each February 1 and August until maturity.

On June 7, 2018, the District issued $6,000,000 Election of 2016, Series A General Obligation Bonds. The bonds were authorized at an election of the registered voters of the District held on November 8, 2016, which authorized the issuance of $12,000,000 principal amount of general obligation bonds for the purpose of financing the acquisition and construction of educational facilities and projects. The bonds were issued as current interest bonds. Interest on the bonds is payable semiannually on February 1 and August 1 of each year commencing February 1, 2019.

On November 6, 2019, the District issued $6,000,000 Election of 2016, Series B General Obligation Bonds. The bonds were authorized at an election of the registered voters of the District held on November 8, 2016, which authorized the issuance of $12,000,000 principal amount of general obligation bonds for the purpose of financing the acquisition and construction of educational facilities and projects. The bonds were issued as current interest bonds. Interest on the bonds is payable semiannually on February 1 and August 1 of each year commencing February 1, 2020.

On March 3, 2021, the District issued $2,545,470 of Election of 2012, Series B, General Obligation Bonds. The Series B bonds were authorized at an election held on June 5, 2012, which authorized the issuance of $10,830,000 principal amount of general obligation bonds for the purpose of financing the replacement and upgrading of school facilities. The Series B Bonds are the second series of bonds to be issued under this authorization. The Bonds were issued as Current Interest Bonds and Capital Appreciation Bonds. Interest on the bonds is payable semiannually on February 1 and August 1 of each year commencing August 1, 2021. The Capital Appreciation Bonds accrete interest, compounded semiannually on February 1, and August 1 of each year, commencing on August 1, 2021.

Debt Service Requirements to Maturity

The capital appreciation bonds mature as follows:

Bonds Maturing Fiscal Year	Initial Bond Value	Accreted Interest	Accreted Obligation	Unaccreted Interest	Maturity Value
2023	$ 22,100	$ 27,900	$ 50,000	$ -	$ 50,000
2024	28,374	35,819	64,193	5,807	70,000
2025	59,277	28,199	87,476	7,524	95,000
2026	72,689	36,977	109,666	15,334	125,000
2027	79,964	44,403	124,367	25,633	150,000
2028-2032	186,854	110,183	297,037	92,963	390,000
2033-2037	1,029,231	480,769	1,510,000	-	1,510,000
2038-2042	1,762,807	877,193	2,640,000	-	2,640,000
2043-2046	4,345,242	1,600,094	5,945,336	1,109,664	7,055,000
Total	$ 7,586,538	$ 3,241,537	$ 10,828,075	$ 1,256,925	$ 12,085,000

The Convertible bonds conversions date is August 1, 2021, at which time the following payments will be required:

Fiscal Year	Principal	Interest to Maturity	Total
2023-2027	$ -	$ 2,123,525	$ 2,123,525
2028-2032	795,000	2,089,715	2,884,715
2033-2037	2,110,000	1,763,098	3,873,098
2038-2042	3,710,000	1,115,064	4,825,064
2043-2044	2,125,000	160,381	2,285,381
Total	$ 8,740,000	$ 7,251,783	$ 15,991,783

The current interest bonds mature as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2023	$ 95,000	$ 570,550	$ 665,550
2024	80,000	567,700	647,700
2025	65,000	565,300	630,300
2026	75,000	563,250	638,250
2027	90,000	560,750	650,750
2028-2032	785,000	2,725,350	3,510,350
2033-2037	1,660,000	2,479,025	4,139,025
2038-2042	2,645,000	2,008,575	4,653,575
2043-2047	4,140,000	1,276,725	5,416,725
2048-2050	3,370,000	264,625	3,634,625
Total	$ 13,005,000	$ 11,581,850	$ 24,586,850

Certificates of Participation

On October 30, 2015, the District issued 2015 Refunding Certificates of Participation in the amount of $1,152,000 for the purpose of refunding the outstanding 2002 Certificates of Participation which results in a savings to the District. Interest on the 2014 Refunding Certificates of Participation is 3.63%. Principal and interest are payable semiannually on each April 1 and October 1, commencing April 1, 2016.

The certificates mature through 2033 as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 69,000	$ 27,878	$ 96,878
2024	68,000	25,374	93,374
2025	72,000	22,869	94,869
2026	75,000	20,237	95,237
2027	79,000	17,460	96,460
2028-2032	422,000	42,108	464,108
Total	$ 785,000	$ 155,926	$ 940,926

Qualified Zone Academy Bonds

On April 1, 2015, the District issued $5,060,000 in Qualified Zone Academy Bonds (QZAB) to finance facilities, health, safety and security upgrades at all the District's school sites. The bonds were issued at an interest rate of 1.30 - 3.250% with principal and interest payments beginning August 1, 2015 through August 1, 2030.

On December 19, 2017, the District issued $3,153,000 in Qualified Zone Academy Bonds (QZAB) to finance the rehabilitation, repair, and installation of certain improvements to school facilities within buildings or on land owned by the District. The bonds were issued at an interest rate of 4.02% with principal and interest payments beginning December 19, 2018 through December 19, 2037.

The Bonds mature as follows:

Year Ending June 30,	Principal	Interest to Maturity	Total
2023	$ 468,650	$ 54,089	$ 522,739
2024	472,650	50,046	522,696
2025	476,650	45,951	522,601
2026	480,650	41,804	522,454
2027	484,650	37,605	522,255
2028-2032	2,141,250	123,077	2,264,327
2033-2037	788,250	78,825	867,075
2038	157,650	15,765	173,415
Total	$ 5,470,400	$ 447,162	$ 5,917,562

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2022, amounted to $303,413.

Leases

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

Lease	Leases Outstanding July 1, 2021	Addition	Payments	Leases Outstanding June 30, 2022
Copiers lease	$ -	$ 263,984	$ (45,849)	$ 218,135
Mail machine lease	-	17,456	(1,713)	15,743
Total	$ -	$ 281,440	$ (47,562)	$ 233,878

Copiers Lease

The District entered an agreement to lease copiers for five years, beginning August 2021. Under the terms of the leases, the District will pay monthly payments of $4,699. The annual interest rate charged on the lease is 2.62%. At June 30, 2022, the District has recognized right-to-use assets of $263,984 and a lease liability of $218,135 related to the agreement. During the fiscal year, the District recorded $48,400 in amortization expense and $45,849 in principal and $3,742 in interest payments for the right-to-use of the copiers. The District also pays for each additional copy in excess of the contracted amount, which are not included in the measurement of the lease liability as they are variable in nature.

Mail Machine Lease

The District entered into several agreement to lease postage machines for five years, beginning November 2021. Under the terms of the leases, the District will pay quarterly payments of $892. The annual interest rate charged on the leases are 2.5%. At June 30, 2022, the District has recognized right-to-use assets of $17,456 and a lease liability of $15,743 related to the agreement. During the fiscal year, the District recorded $1,746 in amortization expense and $1,713 in principal and $71 in interest payments for the right-to-use of the postage machines.

The remaining principal and interest payment requirements for the lease obligation debt as of June 30, 2022 are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 54,733	$ 5,223	$ 59,956
2024	56,122	3,834	59,956
2025	57,547	2,409	59,956
2026	59,009	944	59,953
2027	6,467	16	6,483
Total	$ 233,878	$ 12,426	$ 246,304

Note 9 - Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2022, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 10,316,533	$ 2,114,215	$ 3,586,779	$ 1,339,775
Medicare Premium Payment (MPP) Program	142,005	-	-	(36,346)
Total	$ 10,458,538	$ 2,114,215	$ 3,586,779	$ 1,303,429

The details of each plan are as follows:

District Plan

Plan Administration

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

Plan Membership

At June 30, 2021, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	11
Active employees	235
Total	246

Benefits Provided

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

Contributions

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the West Kings County Teachers Association (WKCTA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, WKCTA, CSEA, and the unrepresented groups. For measurement period of June 30, 2021, the District paid $291,309 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $10,316,533 was measured and valued as of June 30, 2021, by an actuarial study.

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial measurement was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

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

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

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

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actual experience study for the period July 1, 2020 to June 30, 2021.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2020	$ 11,296,781
Service cost	1,418,579
Interest	261,242
Differences between expected and actual experience	(2,819,111)
Changes of assumptions or other inputs	450,351
Benefit payments	(291,309)
Net change in total OPEB liability	(980,248)
Balance, June 30, 2021	$ 10,316,533

Changes in Benefit Terms - There were no changes in the benefit terms since the previous valuation.

Changes of Assumptions – The Discount Rate assumption was changed from 2.20 percent to 2.16 since the previous study.

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

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

Discount Rate	Total OPEB Liability
1% decrease (1.16%)	$ 11,234,737
Current discount rate (2.16%)	10,316,533
1% increase (3.16%)	9,446,580

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

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

Healthcare Cost Trend Rate	Total OPEB Liability
1% decrease (3%)	$ 8,893,083
Current healthcare cost trend rate (4%)	10,316,533
1% increase (5%)	12,034,547

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

For the year ended June 30, 2022, the District recognized OPEB expense of $1,339,755. At June 30, 2022, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 513,933	$ -
Differences between expected and actual experience	97,426	3,420,408
Changes of assumptions	1,502,856	166,371
Total	$ 2,114,215	$ 3,586,779

The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the subsequent fiscal year.

The deferred outflows of resources and deferred inflows of resources related to differences between expected and actual experience in the measurement of the total OPEB liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ (117,442)
2024	(117,442)
2025	(117,442)
2026	(117,442)
2027	(117,442)
Thereafter	(1,399,287)
Total	$ (1,986,497)

Medicare Premium Payment (MPP) Program

Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020, annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2022, the District reported a liability of $142,005 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively, was 0.0356% and 0.0421%, resulting in a net decrease in the proportionate share of 0.0065%.

For the year ended June 30, 2022, the District recognized OPEB expense of $(36,346).

Actuarial Methods and Assumptions

The June 30, 2021 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total OPEB liability to June 30, 2021, using the assumptions listed in the following table:

Measurement Date	June 30, 2021	June 30, 2020
Valuation Date	June 30, 2020	June 30, 2019
Experience Study	June 30, 2015 through June 30, 2018	June 30, 2014 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.16%	2.21%
Medicare Part A Premium Cost Trend Rate	4.50%	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%	5.40%

For the valuation as of June 30, 2020, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 245 or an average of 0.16% of the potentially eligible population (152,062).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2021, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2021, is 2.16%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 2.16%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2021, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.05% from 2.21% as of June 30, 2020.

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

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

Discount Rate	Net OPEB Liability
1% decrease (1.16%)	$ 156,528
Current discount rate (2.16%)	142,005
1% increase (3.16%)	129,596

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	$ 129,137
Current Medicare costs trend rates (4.50% Part A and 5.40% Part B)	142,005
1% increase (5.50% Part A and 6.40% Part B)	156,758

Note 10 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	$ 1,000	$ -	$ 140	$ 1,140
Stores inventories	-	-	21,320	21,320
Prepaid expenditures	2,230	-	-	2,230
Total nonspendable	3,230	-	21,460	24,690
Restricted				
Legally restricted programs	5,364,539	-	529,867	5,894,406
Student activities	-	-	295,746	295,746
Food service	-	-	1,009,032	1,009,032
Capital projects	-	1,991,649	853,549	2,845,198
Debt services	-	-	1,222,512	1,222,512
Total restricted	5,364,539	1,991,649	3,910,706	11,266,894
Committed				
Adult education program	-	-	151,340	151,340
Deferred maintenance program	-	-	2,170,727	2,170,727
Total committed	-	-	2,322,067	2,322,067
Assigned				
Instructional materials and technology	6,531,786	-	-	6,531,786
Other postemployment benefits	515,276	-	-	515,276
Capital projects	3,140,366	-	-	3,140,366
Total assigned	10,187,428	-	-	10,187,428
Unassigned				
Reserve for economic uncertainties	1,690,704	-	-	1,690,704
Remaining unassigned	5,145,185	-	-	5,145,185
Total unassigned	6,835,889	-	-	6,835,889
Total	$ 22,391,086	$ 1,991,649	$ 6,254,233	$ 30,636,968

Note 11 - Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2022, the District contracted with Self-Insured Schools of California (SISC) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2022, the District participated in the Kings County Self-Insured Schools JPA (KCSIS), an insurance purchasing pool. The intent of KCSIS is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in KCSIS. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in KCSIS. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of KCSIS. Participation in KCSIS is limited to districts that can meet KCSIS selection criteria.

Employee Medical Benefits

The District has contracted with California's Valued Trust to provide employee health, dental and vision benefits. Benefits are self-funded and are paid out of the assets of the Trust. Each participating school district's contribution to the Trust is determined by the collective bargaining agreement between the individual district and CTA or California School Employees Association and/or by the participating agreement between the district and the Trust with respect to employees not covered by a collective bargaining agreement. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of claims flow.

Note 12 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2022, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 10,778,559	$ 4,807,248	$ 10,404,240	$ 573,058
CalPERS	8,137,020	1,803,551	3,323,579	778,209
Total	$ 18,915,579	$ 6,610,799	$ 13,727,819	$ 1,351,267

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

The STRP provisions and benefits in effect at June 30, 2022, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.92%	16.92%
Required state contribution rate	10.828%	10.828%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the District's total contributions were $2,350,003.

Pension Liabilities, Pension Expense, 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:

Total net pension liability, including State share	
Proportionate share of net pension liability	$ 10,778,559
State's proportionate share of the net pension liability	5,423,353
Total	$ 16,201,912

The net pension liability was measured as of 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 and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively, was 0.0237% and 0.0242%, resulting in a net decrease in the proportionate share of 0.0005%.

For the year ended June 30, 2022, the District recognized pension expense of $573,058. In addition, the District recognized pension expense and revenue of $185,553 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 2,350,003	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	903,036	731,060
Differences between projected and actual earnings on pension plan investments	-	8,526,117
Differences between expected and actual experience in the measurement of the total pension liability	27,001	1,147,063
Changes of assumptions	1,527,208	-
Total	$ 4,807,248	$ 10,404,240

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

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

Year Ended June 30,	Deferred Outfows/(Inflows) of Resources
2023	$ (2,165,122)
2024	(1,980,380)
2025	(2,029,526)
2026	(2,351,089)
Total	$ (8,526,117)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ 504,451
2024	653,896
2025	(64,888)
2026	(107,705)
2027	(188,945)
Thereafter	(217,687)
Total	$ 579,122

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2021, are summarized in the following table:

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 21,941,288
Current discount rate (7.10%)	10,778,559
1% increase (8.10%)	1,513,707

California Public Employees Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2022, are summarized as follows:

	School Employer Pool (CalPERS)	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	22.91%	22.91%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the total District contributions were $1,560,640.

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $8,137,020. The net pension liability was measured as of 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. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively was 0.0400% and 0.0405%, resulting in a net decrease in the proportionate share of 0.0005%.

For the year ended June 30, 2022, the District recognized pension expense of $778,209. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 1,560,640	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	-	181,652
Differences between projected and actual earnings on pension plan investments	-	3,122,745
Differences between expected and actual experience in the measurement of the total pension liability	242,911	19,182
Total	$ 1,803,551	$ 3,323,579

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ (783,181)
2024	(720,205)
2025	(750,862)
2026	(868,497)
Total	$ (3,122,745)

The deferred outflows of resources and deferred inflows of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ 86,574
2024	(3,266)
2025	(37,240)
2026	(3,991)
Total	$ 42,077

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% of scale MP-2016.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	(0.92%)

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 13,720,158
Current discount rate (7.15%)	8,137,020
1% increase (8.15%)	3,501,817

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use Social Security. Contributions made by the District and an employee vest immediately. The District contributes 6.2% of an employee's gross earnings. An employee is required to contribute 6.2% of his or her gross earnings to the pension plan.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $1,523,225 (10.828% of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 13 - Commitments and Contingencies

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2022.

Litigation

The District is not currently a party to any legal proceedings.

Construction Commitments

As of June 30, 2022, the District had the following commitments with respect to the unfinished capital projects:

Capital Projects	Remaining Construction Commitment	Expected Date of Completion
District-wide Climatec	$ 2,900,000	September 1, 2023

Note 14 - Participation in Public Entity Risk Pools and Joint Powers Authorities

The District is a member of the Self-Insured Schools of California (SISC), the Kings County Self-Insured Schools (KCSIS), and the California's Valued Trust (CVT) joint powers authorities (JPAs). The District pays an annual premium to each entity for its health, workers' compensation, and property liability coverage. The relationships between the District and the JPAs are such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2022, the District made payment of $297,238 to SISC for property and liability coverage.

During the year ended June 30, 2022, the District made payment of $427,069 to KCSIS for workers' compensation.

During the year ended June 30, 2022, the District made payment of $3,158,802 to CVT for health coverage.

Note 15 - Restatement of Prior Year Net Position and Fund Balance

As of July 1, 2021, the Kings County Treasurer discovered a prior year misposting of tax revenue that impacted the District's balance of Deposits and Investments within the Bond Interest and Redemption Non-Major Governmental Fund. Beginning net position for governmental activities and the beginning fund balance in the Bond Interest and Redemption Non-Major Governmental Fund were restated to reflect this correction. Additionally, the change in Net Position and change in Fund Balance for the Non-Major Governmental Funds would have both increased by $1,008,419 had the revenue been posted correctly in the prior year.

The beginning net position and Capital Assets-Construction in Progress was restated due to an error in the prior year's schedule of ongoing project expenditures.

The following tables describe the effects on the beginning fund balance and net position:

Governmental Activities Financial Statements	
Net Position as previously reported - July 1, 2021	$ (8,197,709)
Restatement to Construction in Process	(1,346,505)
Restatement to Deposits and investments	1,008,419
Net Position - Beginning, as Restated July 1, 2021	$ (8,535,795)
Non-Major Governmental Funds *	
Fund Balance as previoulsy reported - July 1, 2021	$ 7,404,871
Restatement to Deposits and investments	1,008,419
Fund Balance - Beginning, as Restated July 1, 2021	$ 8,413,290

* The restatement was within the Bond Interest and Redemption, Non-Major Governmental Fund. See below:

Bond Interest and Redemption Non-Major Governmental Fund	
Fund Balance as previoulsy reported - July 1, 2021	$ 308,442
Restatement to Deposits and investments	1,008,419
Fund Balance - Beginning, as Restated July 1, 2021	$ 1,316,861

Required Supplementary Information
June 30, 2022

Reef-Sunset Unified School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ 33,996,049	$ 34,024,659	$ 34,460,629	$ 435,970
Federal sources	7,534,354	10,974,485	8,602,011	(2,372,474)
Other State sources	6,656,124	4,801,436	5,938,798	1,137,362
Other local sources	1,399,869	1,502,911	858,323	(644,588)
Total revenues [1]	49,586,396	51,303,491	49,859,761	(1,443,730)
Expenditures				
Current				
Certificated salaries	14,726,104	15,861,187	14,880,835	980,352
Classified salaries	5,654,799	5,765,128	5,974,254	(209,126)
Employee benefits	10,299,181	7,745,973	9,726,867	(1,980,894)
Books and supplies	5,706,950	5,595,696	2,774,275	2,821,421
Services and operating expenditures	6,257,360	10,488,798	7,289,064	3,199,734
Other outgo	225,455	312,565	674,332	(361,767)
Capital outlay	4,085,389	4,651,471	4,736,761	(85,290)
Debt service				
Debt service - principal	421,300	1,256,980	577,212	679,768
Debt service - interest and other	112,430	201,365	49,201	152,164
Total expenditures [1]	47,488,968	51,879,163	46,682,801	5,196,362
Excess (Deficiency) of Revenues Over Expenditures	2,097,428	(575,672)	3,176,960	3,752,632
Other Financing Sources (Uses)				
Sources from leases	-	-	281,440	281,440
Transfers out	(1,259,368)	(376,003)	(101,119)	274,884
Net financing sources (uses)	(1,259,368)	(376,003)	180,321	556,324
Net Change in Fund Balances	838,060	(951,675)	3,357,281	4,308,956
Fund Balance - Beginning	19,033,805	19,033,805	19,033,805	-
Fund Balance - Ending	$ 19,871,865	$ 18,082,130	$ 22,391,086	$ 4,308,956

[1] Due to the consolidation of Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects and Fund 20, Special Reserve Fund for Postemployment Benefits for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures, however are not included in the original and final General Fund budgets.

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	$ 1,418,579	$ 1,099,205	$ 876,755	$ 900,678	$ 876,572
Interest	261,242	332,070	343,928	314,080	255,194
Difference between expected and actual experience	(2,819,111)	109,456	(903,427)	-	-
Changes of assumptions	450,351	1,049,008	171,524	(214,947)	-
Benefit payments	(291,309)	(352,712)	(151,051)	(185,436)	(178,304)
Net change in total OPEB liability	(980,248)	2,237,027	337,729	814,375	953,462
Total OPEB Liability - Beginning	11,296,781	9,059,754	8,722,025	7,907,650	6,954,188
Total OPEB Liability - Ending	$ 10,316,533	$ 11,296,781	$ 9,059,754	$ 8,722,025	$ 7,907,650
Covered Payroll	N/A [1]	N/A [1]	N/A [1]	N/A [1]	N/A [1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A [1]	N/A [1]	N/A [1]	N/A [1]	N/A [1]
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

Year ended June 30,	2022	2021	2020	2019	2018
Proportion of the net OPEB liability	0.0356%	0.0421%	0.0412%	0.0397%	0.0393%
Proportionate share of the net OPEB liability	$ 142,005	$ 178,351	$ 153,434	$ 151,895	$ 165,284
Covered payroll	N/A [1]	N/A [1]	N/A [1]	N/A [1]	N/A [1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A [1]	N/A [1]	N/A [1]	N/A [1]	N/A [1]
Plan fiduciary net position as a percentage of the total OPEB liability	(0.80%)	(0.71%)	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

	2022	2021	2020	2019
CalSTRS				
Proportion of the net pension liability	0.0237%	0.0242%	0.0233%	0.0221%
Proportionate share of the net pension liability	$ 10,778,559	$ 23,406,266	$ 21,035,338	$ 20,319,599
State's proportionate share of the net pension liability	5,423,353	12,065,933	11,476,181	11,633,921
Total	$ 16,201,912	$ 35,472,199	$ 32,511,519	$ 31,953,520
Covered payroll	$ 13,091,851	$ 10,641,409	$ 12,728,741	$ 18,577,471
Proportionate share of the net pension liability as a percentage of its covered payroll	82.33%	219.95%	165.26%	109.38%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
CalPERS				
Proportion of the net pension liability	0.0400%	0.0405%	0.0394%	0.0401%
Proportionate share of the net pension liability	$ 8,137,020	$ 12,428,232	$ 11,474,256	$ 10,681,080
Covered payroll	$ 5,744,565	$ 5,836,798	$ 5,460,409	$ 5,280,903
Proportionate share of the net pension liability as a percentage of its covered payroll	141.65%	212.93%	210.14%	202.26%
Plan fiduciary net position as a percentage of the total pension liability	81%	70%	70%	71%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

	2018	2017	2016	2015
CalSTRS				
Proportion of the net pension liability	0.0217%	0.0214%	0.0225%	0.0226%
Proportionate share of the net pension liability	$ 20,068,630	$ 17,338,825	$ 15,126,954	$ 13,188,498
State's proportionate share of the net pension liability	11,872,432	9,870,684	8,000,491	7,963,784
Total	$ 31,941,062	$ 27,209,509	$ 23,127,445	$ 21,152,282
Covered payroll	$ 11,577,170	$ 10,831,575	$ 10,268,727	$ 10,170,788
Proportionate share of the net pension liability as a percentage of its covered payroll	173.35%	160.08%	147.31%	129.67%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS				
Proportion of the net pension liability	0.0398%	0.0382%	0.0375%	0.0372%
Proportionate share of the net pension liability	$ 9,511,628	$ 7,550,537	$ 5,534,633	$ 4,221,930
Covered payroll	$ 5,179,882	$ 4,749,388	$ 4,151,168	$ 3,911,746
Proportionate share of the net pension liability as a percentage of its covered payroll	183.63%	158.98%	133.33%	107.93%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	2022	2021	2020	2019
CalSTRS				
Contractually required contribution	$ 2,350,003	$ 2,114,334	$ 1,819,681	$ 2,072,239
Less contributions in relation to the contractually required contribution	2,350,003	2,114,334	1,819,681	2,072,239
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$13,888,907	$13,091,851	$10,641,409	$12,728,741
Contributions as a percentage of covered payroll	16.92%	16.15%	17.10%	16.28%
CalPERS				
Contractually required contribution	$ 1,560,640	$ 1,189,125	$ 1,151,075	$ 986,259
Less contributions in relation to the contractually required contribution	1,560,640	1,189,125	1,151,075	986,259
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 6,812,047	$ 5,744,565	$ 5,836,798	$ 5,460,409
Contributions as a percentage of covered payroll	22.910%	20.700%	19.721%	18.0620%

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

	2018	2017	2016	2015
CalSTRS				
Contractually required contribution	$ 2,680,729	$ 1,456,408	$ 1,162,228	$ 911,863
Less contributions in relation to the contractually required contribution	2,680,729	1,456,408	1,162,228	911,863
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 18,577,471	$ 11,577,170	$ 10,831,575	$ 10,268,727
Contributions as a percentage of covered payroll	14.43%	12.58%	10.73%	8.88%
CalPERS				
Contractually required contribution	$ 820,177	$ 719,382	$ 562,660	$ 488,634
Less contributions in relation to the contractually required contribution	820,177	719,382	562,660	488,634
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 5,280,903	$ 5,179,882	$ 4,749,388	$ 4,151,168
Contributions as a percentage of covered payroll	15.5310%	13.8880%	11.8470%	11.7710%

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

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

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

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

- *Change in Benefit Terms* - There were no changes in benefit terms since the previous valuation.
- *Change of Assumptions* - The discount rate assumption was changed from 2.20% to 2.16% since the previous study.

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

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

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - The plan rate of investment return assumption was changed from 2.21% to 2.16% since the previous valuation.

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

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

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

Schedule of the District's Contributions

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

Supplementary Information
June 30, 2022

Reef-Sunset Unified School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
Special Education Cluster			
Special Education Grants to States - Basic Local Assistance	84.027	13379	$ 107,893
Special Education Grants to States - Mental Health	84.027	15197	30,631
Total Special Education Cluster			138,524
COVID-19, Child Nutrition, CARES Act Supplemental Meal Reimbursement	84.425	15535	69,660
COVID-19, Elementary and Secondary School Emergency Relief Fund (ESSER)	84.425D	15536	615,445
COVID-19, Elementary and Secondary School Emergency Relief Fund II (ESSER II)	84.425D	15547	4,034,704
COVID-19, Elementary and Secondary School Emergency Relief Fund III (ESSER III)	84.425U	15535	2,003,166
Subtotal			6,722,975
Adult Basic Education and ESL	84.002	14508	36,950
Adult Secondary Education	84.002	13978	33,030
Subtotal			69,980
Title I Grants to Local Educational Agencies	84.010	14329	1,267,512
ESSA Title I School Improvement (CSI) Funding	84.010	15438	188,545
Subtotal			1,456,057
Supporting Effective Instruction State Grants - Teacher Quality	84.367	14341	123,812
English Language Acquisition State Grants - LEP	84.365	14346	37,733
Student Support and Academic Enrichment Program	84.424	15396	4,321
Rural and Low Income School	84.358B	14356	77,535
Title IV, 21st Century	84.287	14349	110,714
Total U.S. Department of Education			8,741,651
U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster			
National School Lunch Program - Meal Supplements	10.555	13396	23,563
National School Lunch Program - Commodity Supplemental Food	10.555	13391	146,310
Subtotal			169,873
National School Lunch Program - Summer Food Program	10.559	13004	2,616,418
Total Child Nutrition Cluster			2,786,291
Total U.S. Department of Agriculture			2,786,291
Total Federal Financial Assistance			$ 11,527,942

Organization

The Reef-Sunset Unified School District was unified in 1980 and consists of an area comprising approximately 19.03 square miles. The District operates three elementary schools, one middle school, one high school, two continuation high schools, two community day schools, and an adult education program. There were no boundary changes during the year.

Governing Board

Member	Office	Term Expires
Lissette Padilla	President	2022
Precilla Barrera-Lopez	Clerk	2024
Lupe Chavez	Member	2024
Claudia Cazares	Member	2022
Lilia Rizo	Member	2024

Administration

Patrick Sánchez	Superintendent

	As Originally Filed		As Adjusted per Audit	
	Second Period Report	Annual Report	Second Period Report	Annual Report
Regular ADA				
Transitional kindergarten through third	736.12	742.40	736.12	742.40
Fourth through sixth	578.99	585.53	578.99	585.53
Seventh and eighth	396.28	401.69	396.28	401.69
Ninth through twelfth	680.90	673.50	669.33	670.85
Total regular ADA	2,392.29	2,403.12	2,380.72	2,400.47
Community Day School				
Fourth through sixth	-	0.18	-	0.18
Seventh and eighth	2.86	2.43	2.14	2.43
Ninth through twelfth	2.52	1.78	1.89	1.78
Total community day school	5.38	4.39	4.03	4.39
Total ADA	2,397.67	2,407.51	2,384.75	2,404.86

ale Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Number of Actual Days	Status
Kindergarten	36,000	58,140	180	Complied
Grades 1 - 3	50,400			
Grade 1		55,440	180	Complied
Grade 2		55,440	180	Complied
Grade 3		55,440	180	Complied
Grades 4 - 8	54,000			
Grade 4		56,820	180	Complied
Grade 5		56,820	180	Complied
Grade 6		56,588	180	Complied
Grade 7		56,820	180	Complied
Grade 8		56,820	180	Complied
Grades 9 - 12	64,800			
Grade 9		65,502	180	Complied
Grade 10		65,502	180	Complied
Grade 11		65,502	180	Complied
Grade 12		65,502	180	Complied

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2022.

	(Budget) 2023 [1]	2022	2021 [1]	2020 [1]
General Fund [3]				
Revenues	$ 52,061,624	$ 49,705,655	$ 42,018,819	$ 38,521,183
Other sources	-	281,440	-	-
Total Revenues and Other Sources	52,061,624	49,987,095	42,018,819	38,521,183
Expenditures	51,045,036	46,401,361	35,435,105	35,363,927
Other uses and transfers out	2,399,115	101,119	4,687,114	2,946,602
Total Expenditures and Other Uses	53,444,151	46,502,480	40,122,219	38,310,529
Increase/(Decrease) in Fund Balance	(1,382,527)	3,484,615	1,896,600	210,654
Ending Fund Balance	$ 17,352,918	$ 18,735,445	$ 15,250,830	$ 13,354,230
Available Reserves [2]	$ 6,032,657	$ 6,835,889	$ 7,126,938	$ 1,245,000
Available Reserves as a Percentage of Total Outgo	11.29%	14.70%	17.76%	3.25%
Long-Term Liabilities	Not Available	$ 61,411,013	$ 80,925,681	$ 72,580,054
Average Daily Attendance at P-2	2,392	2,398	2,600	2,600

The General Fund balance has increased by $5,381,215 over the past two years. The fiscal year 2022-2023 budget projects a decrease of $1,382,527 (7.4%). For a district this size, the State recommends available reserves of at least 3.0% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years but anticipates incurring an operating deficit during the 2022-2023 fiscal year. Total long-term liabilities have decreased by $11,169,041 over the past two years due to reductions in the net pension liability.

Average daily attendance has decreased by 202 over the past two years. A decline of six ADA is anticipated during fiscal year 2022-2023.

[1] Financial information for 2023, 2021, and 2020 is included for analytical purposes only and has not been subjected to audit.
[2] Available reserves consist of all unassigned fund balances contained within the General Fund.
[3] General Fund amounts do not include activity related to the consolidation of the Special Reserve Non-Capital Fund and Special Reserve for Other Postemployment Benefits as required by GASB Statement No. 54.

	Student Activities Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Pupil Transportation Equipment Fund
Assets						
Deposits and investments	$ 295,746	$ 100,879	$ 125,014	$ 309,653	$ 1,958,369	$ 528,235
Receivables	-	54,263	-	763,379	-	-
Due from other funds	-	-	-	-	212,358	-
Stores inventories	-	-	-	21,320	-	-
Total assets	$ 295,746	$ 155,142	$ 125,014	$ 1,094,352	$ 2,170,727	$ 528,235
Liabilities and Fund Balances						
Liabilities						
Overdrafts	$ -	$ -	$ -	$ -	$ -	$ -
Accounts payable	-	3,802	2,721	63,860	-	-
Due to other funds	-	-	-	-	-	-
Unearned revenue	-	-	120,661	-	-	-
Total liabilities	-	3,802	123,382	63,860	-	-
Fund Balances						
Nonspendable	-	-	-	21,460	-	-
Restricted	295,746	-	1,632	1,009,032	-	528,235
Committed	-	151,340	-	-	2,170,727	-
Total fund balances	295,746	151,340	1,632	1,030,492	2,170,727	528,235
Total liabilities and fund balances	$ 295,746	$ 155,142	$ 125,014	$ 1,094,352	$ 2,170,727	$ 528,235

	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Debt Service Fund	Total Non-Major Governmental Funds
Assets						
Deposits and investments	$ 853,549	$ (33,675)	$ 212,358	$ 882,251	$ 340,261	$ 5,572,640
Receivables	-	-	-	-	-	817,642
Due from other funds	-	34,946	-	-	-	247,304
Stores inventories	-	-	-	-	-	21,320
Total assets	$ 853,549	$ 1,271	$ 212,358	$ 882,251	$ 340,261	$ 6,658,906
Liabilities and Fund Balances						
Liabilities						
Overdrafts	$ -	$ 1,271	$ -	$ -	$ -	$ 1,271
Accounts payable	-	-	-	-	-	70,383
Due to other funds	-	-	212,358	-	-	212,358
Unearned revenue	-	-	-	-	-	120,661
Total liabilities	-	1,271	212,358	-	-	404,673
Fund Balances						
Nonspendable	-	-	-	-	-	21,460
Restricted	853,549	-	-	882,251	340,261	3,910,706
Committed	-	-	-	-	-	2,322,067
Total fund balances	853,549	-	-	882,251	340,261	6,254,233
Total liabilities and fund balances	$ 853,549	$ 1,271	$ 212,358	$ 882,251	$ 340,261	$ 6,658,906

	Student Activities Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Pupil Transportation Equipment Fund
Revenues						
Federal sources	$ -	$ 69,980	$ -	$ 2,903,514	$ -	$ -
Other State sources	-	259,876	193,387	198,709	-	-
Other local sources	(981)	(3,878)	(4,312)	(11,638)	(72,475)	(18,887)
Total revenues	(981)	325,978	189,075	3,090,585	(72,475)	(18,887)
Expenditures						
Current						
Instruction	-	331,589	40,331	-	-	-
Instruction-related activities						
School site administration	-	63,009	153,056	-	-	-
Pupil services						
Food services	-	-	-	2,840,415	-	-
Plant services	-	17,643	-	44,786	590,297	-
Community services	7,000	-	-	-	-	-
Facility acquisition and construction	-	-	-	-	174,592	-
Debt service						
Principal	-	-	-	-	-	-
Interest and other	-	-	-	-	-	-
Total expenditures	7,000	412,241	193,387	2,885,201	764,889	-
Excess (Deficiency) of Revenues Over Expenditures	(7,981)	(86,263)	(4,312)	205,384	(837,364)	(18,887)
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	212,358	101,119
Transfers out	-	-	-	-	-	-
Net Financing Sources	-	-	-	-	212,358	101,119
Net Change in Fund Balances	(7,981)	(86,263)	(4,312)	205,384	(625,006)	82,232
Fund Balance - Beginning, as Restated	303,727	237,603	5,944	825,108	2,795,733	446,003
Fund Balance - Ending	$ 295,746	$ 151,340	$ 1,632	$ 1,030,492	$ 2,170,727	$ 528,235

	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Debt Service Fund	Total Non-Major Governmental Funds
Revenues						
Federal sources	$ -	$ -	$ -	$ -	$ -	$ 2,973,494
Other State sources	-	-	-	5,173	-	657,145
Other local sources	168,837	(29,101)	(6,438)	1,038,093	(11,328)	1,047,892
Total revenues	168,837	(29,101)	(6,438)	1,043,266	(11,328)	4,678,531
Expenditures						
Current						
Instruction	-	-	-	-	-	371,920
Instruction-related activities						
School site administration	-	-	-	-	-	216,065
Pupil services						
Food services	-	-	-	-	-	2,840,415
Plant services	-	-	-	-	-	652,726
Community services	-	-	-	-	-	7,000
Facility acquisition and construction	-	1,233,059	-	-	-	1,407,651
Debt service						
Principal	-	-	-	695,000	-	695,000
Interest and other	-	-	-	782,876	-	782,876
Total expenditures	-	1,233,059	-	1,477,876	-	6,973,653
Excess (Deficiency) of Revenues Over Expenditures	168,837	(1,262,160)	(6,438)	(434,610)	(11,328)	(2,295,122)
Other Financing Sources (Uses)						
Transfers in	-	34,946	-	-	-	348,423
Transfers out	-	-	(212,358)	-	-	(212,358)
Net Financing Sources	-	34,946	(212,358)	-	-	136,065
Net Change in Fund Balances	168,837	(1,227,214)	(218,796)	(434,610)	(11,328)	(2,159,057)
Fund Balance - Beginning, as Restated	684,712	1,227,214	218,796	1,316,861	351,589	8,413,290
Fund Balance - Ending	$ 853,549	$ -	$ -	$ 882,251	$ 340,261	$ 6,254,233

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation
The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Reef-Sunset Unified School District (the District) under programs of the federal government for the year ended June 30, 2022. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the net position or fund balance nor changes thereof for the District.

Summary of Significant Accounting Policies
Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate
The District has not elected to use the ten percent de minimis cost rate.

Food Donation
Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2022, the District had food commodities totaling $495 in inventory.

SEFA Reconciliation
The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consists of COVID 19, Child Nutrition: CARES Act Supplemental Meal Reimbursement and the unspent amount of Pandemic (P-EBT) Local Grant. This unspent balance was reported as legally restricted ending balance.

Description	Federal Financial Assistance Listing/Federal CFDA Number	Amount
Total Federal Revenues reported on the financial statements		$ 11,575,505
COVID-19, Child Nutrition: CARES Act Supplemental Meal Reimbursement	84.425	(44,500)
Pandemic EBT Local Administrative Grant	10.649	(3,063)
Total Schedule of Expenditures of Federal Awards		$ 11,527,942

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District has met its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46207.

Districts must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

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

These schedules are included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

Independent Auditor's Reports
June 30, 2022

Reef-Sunset Unified School District

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Governing Board
Reef-Sunset Unified School District
Avenal, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Reef-Sunset Unified School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Reef-Sunset Unified School District's basic financial statements and have issued our report thereon dated April 28, 2023.

Emphasis of Matter-Adoption of New Accounting Standard

As discussed in Notes 1 to the financial statements, the Reef-Sunset Unified School District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Our opinions are not modified with respect to this matter.

Emphasis of Matter-Correction of an Error

As discussed in Note 15 to the financial statements, a correction was made to the District's balance of Capital Assets, Construction in Progress as of July 1, 2021. Additionally, a correction was made to the July 1, 2021, balance of Deposits and Investments for the Bond Interest and Redemption Fund due to a prior period misposting of revenues by the County Treasurers office. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Reef-Sunset Unified 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 Reef-Sunset Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Reef-Sunset Unified 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 that we considered to be a material weakness.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Eide Bailly LLP

Fresno, California
April 28, 2023

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Governing Board
Reef-Sunset Unified School District
Avenal, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Reef-Sunset Unified 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 Reef-Sunset Unified School District's major federal programs for the year ended June 30, 2022. Reef-Sunset Unified 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, Reef-Sunset Unified School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Reef-Sunset Unified 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Reef-Sunset Unified 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 laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Reef-Sunset Unified School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Reef-Sunset Unified 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Reef-Sunset Unified School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Reef-Sunset Unified School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Reef-Sunset Unified 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Reef-Sunset Unified School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Fresno, California
April 28, 2023

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on State Compliance

To the Governing Board
Reef-Sunset Unified School District
Avenal, California

Report on State Compliance

Qualified and Unmodified Opinions on State Compliance

We have audited Reef-Sunset Unified School District's (the District) compliance with the requirements specified in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the District's state program requirements identified below for the year ended June 30, 2022.

Qualified Opinion on Attendance

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the District complied, in all material respects, with the state compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022, except as described in the accompanying Schedule of Findings and Questioned Costs.

Basis for Qualified and Unmodified Opinions

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

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on state compliance with the compliance requirements subject to audit in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on Attendance

As described in the accompanying schedule of findings and questioned costs, the District did not comply with the requirements regarding Attendance as described in the accompanying schedule of state compliance findings and questioned costs as item 2022-002.

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's compliance with the requirements listed in the table below.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and.
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

2021-2022 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	No (see below)
Independent Study	Yes
Continuation Education	No (see below)
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No (see below)
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No (see below)
Middle or Early College High Schools	No (see below)
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No (see below)
Comprehensive School Safety Plan	Yes
District of Choice	No (see below)
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	No (see below)
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	No (see below)
Immunizations	No (see below)
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
In Person Instruction Grant	Yes
Charter Schools	
Attendance	No (see below)
Mode of Instruction	No (see below)
Nonclassroom-Based Instruction/Independent Study	No (see below)
Determination of Funding for Nonclassroom-Based Instruction	No (see below)
Annual Instructional Minutes - Classroom Based	No (see below)
Charter School Facility Grant Program	No (see below)

We did not perform procedures for Kindergarten Continuance because there were no Kindergarteners retained in 2020-2021 that were in Kindergarten in 2021-2022.

We did not perform Continuation Education procedures because the continuation ADA was under the level that requires testing.

The District did not have any employees retire under the CalSTRS Early Retirement Incentive program; therefore, testing was not required.

The District does not have any Juvenile Court Schools; therefore, we did not perform procedures related to Juvenile Court Schools.

The District does not have any Middle or Early College High Schools; therefore, we did not perform procedures related to Middle or Early College High Schools.

We did not perform Apprenticeship: Related and Supplemental Instruction procedures because the program is not offered by the District.

We did not perform District of Choice procedures because the program is not offered by the District.

We did not perform California Clean Energy Jobs Act procedures because the related procedures were performed in a previous year.

The District does not offer an Independent Study - Course Based program; therefore, we did not perform any procedures related to the Independent Study - Course Based Program.

The District was not listed on the immunization assessment reports; therefore, we did not perform any related procedures.

Additionally, the District does not operate any Charter Schools; therefore, we did not perform procedures for Charter School Programs.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is described in the accompanying Schedule of Findings and Questioned Costs as item 2022-002.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Fresno, California
April 28, 2023

Schedule of Findings and Questioned Costs
June 30, 2022

Reef-Sunset Unified School District

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing/ Federal CFDA Number
COVID-19, Child Nutrition, CARES Act Supplemental Meal Reimbursement	84.425
COVID-19, Elementary and Secondary School Emergency Relief Fund (ESSER)	84.425D
COVID-19, Elementary and Secondary School Emergency Relief Fund II (ESSER II)	84.425D
COVID-19, Elementary and Secondary School Emergency Relief Fund III (ESSER III)	84.425U

Dollar threshold used to distinguish between type A and type B programs	$ 750,000
Auditee qualified as low-risk auditee?	No

State Compliance

Internal control over state compliance programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for programs	Unmodified

Unmodified for all programs except for the following program which was qualified

Name of Program
Attendance

The following finding represents a material weakness related to the financial statements that is required to be reported in accordance with *Government Auditing Standards*. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

2022-001 30000 - Internal Control Over Financial Reporting

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all adjusting entries, reclassifying entries, and conversion entries used in the preparation of the District's financial statements. The District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition

During our testing of the District's capital assets, we noted the an error in the beginning Construction in Progress balance that materially overstated the entity-wide financial statements.

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

The conditions were found as a result of our auditing procedures.

Effect

The beginning Construction in Progress and beginning Net position was required to be restated due to an error in the prior years schedule of ongoing project expenditures. The effect was a decrease in the beginning Construction in Progress balance of $1,346,505 and a decrease in the beginning Net position of the same amount.

Cause

The cause of the condition identified appears to be due to staff turnover/shortages in the business services department over the past several years resulting in breakdowns in the review and tracking process of the districts capital assets including the accumulation of historical costs relating to projects in process.

Recommendation

A thorough review of the District's financial statements, including all adjusting and closing entries, reclassifying entries, and conversion entries should take place before the financial statements are finalized by the District's business department.

The District should create a closing task list to include common areas and accounts that need review prior to finalizing the closing of the books such as capital asset ending balances including the ending Construction in Progress balance. The reconciliation of Construction in Progress must include solid beginning project cost balances, adding additional costs incurred during the current fiscal year and removing the accumulated costs for completed projects and reclassifying them into their proper depreciable asset categories. Only costs that will eventually be capitalized should be included in any Construction in Progress activity.

Repeat Finding (Yes or No)

No

Corrective Action Plan and Views of Responsible Officials

In response to audit finding 2022-001, the District will conduct a thorough review of the financial statement to prevent such discrepancies in the future, the District will create a closing task list, which will highlight common areas and accounts requiring review before finalizing the closing of the books. The list will include, but not be limited to, capital asset ending balances and the end construction in process balances: Prior to finalizing the financial statements, the District's business department will perform an extensive review of all adjusting and closing entries, reclassifying entries, and conversion entries. To enhance the accuracy and efficiency of financial reporting, the District will arrange for training sessions and provide ongoing support to staff responsible for preparing and reviewing financial statements.

None reported.

The following finding represents a significant deficiency in internal control over compliance and an instance of noncompliance that are required to be reported by the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
10000	Attendance

2022-002 10000 - Attendance Accounting and Reporting

Criteria

According to the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in the California Code of Regulations and published by the Education Audit Appeals Panel, attendance reports must be amended for any change in ADA. [*Education Code* Sections 41341 (a)(1) and 14503 (a)]

Condition

During our audit of the District's Second Period Report of School District Attendance (P2) and Annual Period Report of School District Attendance (Annual), we determined the Continuation High School Long Term Independent Study attendance ADA was overstated. On the P2 report, the Community Day School ADA was overstated as well. In addition, Continuation has a 15-minute break in the afternoon on the Wednesday Early Out days, however; the Aeries Bell Scheduler does not have a 15-minute afternoon break setup.

Effect

The District will need to revise the P2 and Annual attendance reports by amounts noted in the table below. There is no fiscal impact for the current year for the “Regular ADA” as the District is funded on prior year average daily attendance and Community Day School is funded on Annual Attendance report. In addition, there is no fiscal impact related to the Continuation break not being included in the scheduler because the site has eight periods a day (350 minutes - M, T, Th, F, and 295 minutes - W with break included) well in excess of the required 180 daily minutes requirement. Since students attend all eight periods, the students can potentially earn an extra 13.25 hrs. (15-hour week) that can be utilized to credit for prior days/weeks that student meet allowable hour maximum so the extra 15 minutes one day a week would not materially overstate a student’s hours.

	Filed Second Period Report	Adjustments Per Audit	Adjusted Second Period Report	Filed Annual Report	Adjustments Per Audit	Adjusted Annual Report
Regular ADA						
Transitional kindergarden through third	736.12	-	736.12	742.40	-	742.40
Fourth though sixth	578.99	-	578.99	585.53	-	585.53
Seventh through eighth	396.28	-	396.28	401.69	-	401.69
Ninth through twelfth	680.90	(11.57)	669.33	673.50	(2.65)	670.85
Total regular ADA	2,392.29	(11.57)	2,380.72	2,403.12	(2.65)	2,400.47
Community Day School						
Fourth though sixth	-	-	-	0.18	-	0.18
Seventh through eighth	2.86	(0.72)	2.14	2.43	-	2.43
Ninth through twelfth	2.52	(0.63)	1.89	1.78	-	1.78
Total Community Day School	5.38	(1.35)	4.03	4.39	-	4.39
Total ADA	2,397.67	(12.92)	2,384.75	2,407.51	(2.65)	2,404.86

Cause

The differences appear to be due to changes to individual student attendance that the District Office was not made aware of and calculation errors when determining the Continuation and Long-Term Independent Study.

The difference in the Community Day School ADA reported on the P2 attendance report is due to the District using the incorrect divisor, Community Day School has a fixed divisor of 135. The 15-minute break on the Wednesday Early Out day not being included in the Aeries scheduler appears to be an input oversight when the bell schedules were setup at the beginning of the school year.

Recommendation

The District needs to revise the Second Period and Annual Period of School District Attendance reports to reflect the audited ADA.

Corrective Action Plan and Views of Responsible Officials

In response to the audit finding 2022-002, the District will address the identified discrepancies in the District's Second Period Report of School District Attendance (P2) and Annual Period Report of School District Attendance (Annual) by requesting a correction adjustment to the overstatement Average Daily Attendance (ADA) as noted in the audit finding. The District will strengthen its review process for future attendance reporting. This process will involve collaboration between the District Office, individual schools, and designated attendance personnel to ensure accurate and timely communication of any changes to student attendance. Additionally, we will provide training sessions for staff responsible for attendance calculations, emphasizing the importance of using the correct divisors and verifying data accuracy.

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Financial Statement Findings

2021-001 30000 - Internal Control Over Financial Reporting

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all adjusting entries, reclassifying entries, and conversion entries used in the preparation of the District's financial statements. The District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition

We discovered a transaction that was not recorded. The transaction would have recorded the federal revenue and the corresponding receivable for the April 2021 Seamless Summer Feeding Option (SSFO) claim for reimbursement.

Questioned costs

There were no questioned costs associated with the condition identified.

Effect

The amount is material to the Cafeteria Fund and an audit adjustment was necessary. The adjustment increased accounts receivable and revenue by $162,556.

Cause

The adjustment appears to be the result of an oversight by the District because all revenues earned prior and after that month were correctly recorded.

Recommendation

The District should consider implementing procedures to ensure all receivables are recorded prior to the close of the fiscal year. One such procedure could be the food services department providing the fiscal department a summary of all claims submitted for the fiscal year. The fiscal department would then reconcile that summary to the general ledger.

Repeat Finding (Yes or No)

Yes, similar to prior year.

Corrective Action Plan and Views of Responsible Officials

The District will continue to work closely with Cafeteria staff in processing claims and recognizing revenue in a timely manner. Processed will be improved to allow for Business Services staff to gain access to claiming records to prepare for revenue recognition throughout the year.

Current Status

Implemented.

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APPENDIX C

ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT KINGS COUNTY

*The following information concerning Kings County (the "**County**") is included only for the purpose of supplying general information regarding the area of the District. The Bonds are not a debt of the County, the State or any of its political subdivisions (other than the District), and neither the County, the State nor any of its political subdivisions (other than the District) is liable therefor.*

General

The County is located in the south central San Joaquin Valley and is home to the Lemoore Naval Air Station and three California State Correctional facilities, two in Corcoran and one in Avenal. The County has four incorporated communities: Lemoore, Hanford, Avenal, and Corcoran.

The County, which covers an area of 1,396 square miles in central California, has its County seat in the City of Hanford. The population of the County is over 151,000, located in the four incorporated cities and in unincorporated parts of the County. The major employers of the County are the Avenal State Prison, the Corcoran State Prison and the Lemoore Naval Air Station. Agriculture is the major industry in the County with approximately 761,266 acres out of a total of 893,440 total the County acreage, dedicated or available for farming. The Santa Fe Railroad, Southern Pacific Railroad, and San Joaquin Railroad serve the County.

Population

The table below shows population estimates for the cities in the County for the last five years, as of January 1.

Kings County
Population Estimates
Calendar Years 2019 through 2023

	2019	2020	2021	2022	2023
Avenal	13,036	12,992	12,736	13,161	13,374
Corcoran	21,827	21,535	20,810	22,041	21,442
Hanford	58,742	59,178	58,627	58,312	58,893
Lemoore	26,131	26,373	26,981	26,736	26,609
Balance of County	33,026	33,111	31,596	31,244	30,700
Kings County Total	152,762	153,189	150,750	151,494	151,018

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

Employment and Industry

The District is included in the Hanford-Corcoran Metropolitan Statistical Area ("**MSA**"). The unemployment rate in the Kings County was 8.0% in November 2023, up from a revised 7.4% in October 2023, and above the year-ago estimate of 6.7%. This compares with an unadjusted unemployment rate of 4.9% for California and 3.5% for the nation during the same period.

The table below provides information about employment by industry type for the County for calendar years 2018 through 2022.

HANFORD-CORCORAN MSA
(Kings County)
Annual Average Civilian Labor Force, Employment and Unemployment,
Unemployment by Industry
(March 2022 Benchmark)

	2018	2019	2020	2021	2022
Civilian Labor Force (1)	57,500	57,900	57,100	55,500	56,400
Employment	53,000	53,300	50,300	50,100	52,500
Unemployment	4,500	4,600	6,800	5,400	3,900
Unemployment Rate	7.9%	7.9%	11.9%	9.7%	7.0%
Wage and Salary Employment: (2)					
Agriculture	7,600	7,500	7,300	7,300	7,400
Mining, Logging, and Construction	1,000	1,000	1,000	1,000	1,200
Manufacturing	4,900	4,900	4,600	4,500	4,800
Wholesale Trade	600	600	600	600	600
Retail Trade	4,500	4,300	4,100	4,400	4,400
Trans., Warehousing, Utilities	2,000	2,000	1,700	1,600	1,700
Information	200	100	100	100	100
Financial Activities	900	900	900	900	900
Professional and Business Services	1,200	1,200	1,200	1,300	1,800
Educational and Health Services	6,400	6,700	6,400	6,500	6,700
Leisure and Hospitality	3,600	3,600	3,400	3,900	4,300
Other Services	700	700	700	700	800
Federal Government	1,200	1,200	1,300	1,200	1,200
State Government	5,400	5,500	5,400	5,300	5,200
Local Government	8,300	8,400	7,600	7,500	8,000
Total All Industries (3)	48,200	48,700	46,300	46,700	48,900

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Totals may not add due to rounding.
Source: State of California Employment Development Department.

Major Employers

The following table lists the twenty-five largest employers within the County as of January 2024, being the most current date for which such information is available. The employers are listed in alphabetical order without regard to the number of employees.

KINGS COUNTY
Major Employers
(As of January 2024)

Employer	Location	Industry
Badasci & Wood Transport	Lemoore	Trucking
California State Prison	Corcoran	Government Offices-State
California State Prison	Corcoran	State Govt-Correctional Institutions
Central Valley Meat Co Inc	Hanford	Meat Packers (mfrs)
Costco Wholesale	Hanford	Wholesale Clubs
Del Monte Foods Inc	Hanford	Food Products & Manufacturers
Hanford Community Medical Ctr	Hanford	Health Services
Hanford Regional Healthcare	Hanford	Physicians & Surgeons
JG Boswell Co	Corcoran	Manufacturers
Kay & Assoc Inc	Lemoore	Aircraft-Manufacturers
Keller Ford	Hanford	Automobile Dealers-New Cars
Kings County Admin	Hanford	Government Offices-County
Lemoore High School	Lemoore	Schools
Lemoore Main Navy Exchange	Lemoore	General Merchandise-Retail
Leprino Foods Co	Lemoore	Cheese Processors (mfrs)
Marquez Brothers Intl Inc	Hanford	Mexican Food Products-Wholesale
Naval Air Station Lemoore	Lemoore	Military Bases
Naval Health Clinic Lemoore	Lemoore	Clinics
Olam Spices & Vegetables	Hanford	Food Products & Manufacturers
Shiny Sugar	Hanford	Sugar Refiners (mfrs)
TC Transcontinental Packaging	Hanford	Packaging Materials-Manufacturers
Walmart Supercenter	Hanford	Department Stores
Warmerdam Packing	Hanford	Fruits & Vegetables-Harvesting
West Hills College Lemoore	Lemoore	Junior-Community College-Tech Institutes
Zepeda's Farm Labor Svc	Corcoran	Labor Contractors

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2024 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 total effective buying income and median household effective buying income for the County, the State and the United States for the period 2020 through 2024.

KINGS COUNTY, STATE OF CALIFORNIA AND THE UNITED STATES
Effective Buying Income
2020 through 2024

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2020	Kings County	$2,746,719	$52,998
	California	1,243,564,816	65,870
	United States	9,487,165,436	55,303
2021	Kings County	$2,890,249	$56,365
	California	1,290,894,604	67,956
	United States	9,809,944,764	56,790
2022	Kings County	$3,008,224	$57,677
	California	1,452,426,153	77,058
	United States	11,208,582,541	64,448
2023	Kings County	$3,156,416	$58,505
	California	1,461,799,662	77,175
	United States	11,454,846,397	65,326
2024	Kings County	$3,343,794	$62,819
	California	1,510,708,521	80,973
	United States	11,987,185,826	67,876

Source: Claritas, LLC.

Commercial Activity

A summary of historic taxable sales within the County during the past five years in which data is available is shown in the following table. Total taxable sales during the first two quarters of calendar year 2023 in the County were reported to be $1,268,578,416 a 1.03% increase over the taxable sales of $1,255,655,909 reported during the first two quarters of calendar year 2022.

KINGS 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
2018	1,489	$1,245,044	2,340	$1,737,055
2019	1,550	1,301,050	2,475	1,832,235
2020	1,741	1,467,858	2,781	2,155,652
2021	1,652	1,743,794	2,685	2,467,534
2022	1,703	1,766,784	2,789	2,641,322

Source: State Department of Tax and Fee Administration.

Construction Activity

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

KINGS COUNTY
Building Permit Valuation
(Valuation in Thousands of Dollars)

	2018	2019	2020	2021	2022
Permit Valuation					
New Single-family	$80,356.6	$108,621.9	$60,946.9	$115,038.2	$118,041.3
New Multi-family	4,444.4	1,859.0	3,054.1	11,455.4	17,932.2
Res. Alterations/Additions	5,236.3	8,857.7	9,897.9	7,690.3	8,863.6
Total Residential	90,037.3	119,338.6	73,898.9	134,183.9	144,837.1
New Commercial	22,808.6	17,671.9	24,040.3	25,774.2	20,776.4
New Industrial	76.5	0.0	2,570.0	0.0	2,054.4
New Other	15,260.9	9,181.6	11,845.4	26,196.9	25,065.6
Com. Alterations/Additions	16,928.4	16,180.5	12,418.5	42,697.7	16,428.5
Total Nonresidential	55,074.4	43,034.0	50,874.2	94,668.8	64,324.9
New Dwelling Units					
Single Family	296	445	223	386	378
Multiple Family	54	25	34	92	100
TOTAL	350	470	257	478	478

Source: Construction Industry Research Board, Building Permit Summary.

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APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF JONES HALL]

January 24, 2024

Board of Trustees
Reef-Sunset Unified School District
205 North Park Avenue
Avenal, California 93204

OPINION: $1,778,681.75 Reef-Sunset Unified School District
General Obligation Bonds Election of 2012, Series C (Bank Qualified)

Members of the Board of Trustees:

We have acted as bond counsel to the Reef-Sunset Unified School District (the “District”) in connection with the issuance by the District of $1,778,681.75 principal amount of Reef-Sunset Unified School District (Kings County, California) General Obligation Bonds Election of 2012, Series C (Bank Qualified), dated the date hereof (together, the “Bonds”), under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution of the Board of Trustees adopted on December 21, 2023 (the “Resolution”). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Board contained in the Resolution and in the certified proceedings and other certifications furnished to us, without undertaking to verify such facts by independent investigation.

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

1. The District is duly created and validly existing as a 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 Board enforceable against the Board in accordance with its terms.

3. The Bonds have been duly issued and sold by the District and are valid and binding general obligations of the District, and the County of Kings is obligated to levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation as to rate or amount (except for certain personal property that is taxable at limited rates).

4. 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 Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Tax Code"), and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Tax Code), a deduction is allowed for 80 percent of that portion of such financial institutions' interest expense allocable to the portion of the Bonds designated as and comprising interest.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Tax Code relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds, and in order for the Bonds to be "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Tax Code. 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, or may cause the Bonds not to be "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Tax Code.

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

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

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

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

Jones Hall,
A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$1,778,681.75
REEF-SUNSET UNIFIED SCHOOL DISTRICT
(Kings County, California)
General Obligation Bonds
Election of 2012, Series C
(Bank Qualified)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "**Disclosure Certificate**") is executed and delivered by the Reef-Sunset Unified School District (the "**District**") in connection with the execution and delivery of the captioned bonds (the "**Bonds**"). The Bonds are being executed and delivered pursuant to a resolution adopted by the Board of Trustees of the District on December 21, 2023 (the "**Resolution**"). The Bank of New York Mellon Trust Company, N.A. is initially acting as paying agent for the Bonds (the "**Paying Agent**").

The District hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

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

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

"*Annual Report Date*" means the date not later than nine months after the end of each fiscal year of the District (currently being March 31 based on a fiscal year ending June 30).

"*Dissemination Agent*" means, initially, Isom Advisors, a Division of Urban Futures, Inc., or any successor Dissemination Agent designated in writing by the District and which has filed with the District 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 The Bank of New York Mellon Trust Company, N.A., or any successor thereto.

"*Participating Underwriter*" means RBC Capital Markets, LLC, 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 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 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(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 shall provide (or cause the Dissemination Agent to provide) notice to the MSRB, in a timely manner, in an electronic format as prescribed by the MSRB, 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 for the most recently completed fiscal year, or, if available at the time of filing the Annual Report, for the fiscal year in which the Annual Report is filed:

(i) Assessed value of taxable property in the jurisdiction of the District;

(ii) Assessed valuation of the properties of the top 20 secured property taxpayers in the District;

(iii) Property tax collection delinquencies for the District;

(iv) The District's most recently adopted Budget or approved interim report with budgeted figures which is available at the time of filing the Annual Report; and

(v) Such further information, if any, as may be necessary to make the statements made pursuant to (a) and (b) of this Section 4, 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. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the District.

(13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(15) Incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material.

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier “if material” and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event’s occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(e) For purposes of Section 5(a)(15) and (16), "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(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. The initial Dissemination Agent shall be Isom Advisors, a Division of Urban Futures, Inc. 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: January 24, 2024

REEF-SUNSET UNIFIED SCHOOL DISTRICT

By: ______________________________
Name:____________________________
Title:_____________________________

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APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the District nor the Paying Agent take any responsibility for the information contained in this Section.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (in this Appendix, the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned

subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting

rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from District or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to District or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

10. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that District believes to be reliable, but District takes no responsibility for the accuracy thereof.

APPENDIX G

KINGS COUNTY INVESTMENT POLICY AND INVESTMENT REPORT

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COUNTY OF KINGS

DIRECTOR OF FINANCE'S

STATEMENT OF

INVESTMENT POLICY

JANUARY 1, 2024

Erik Ureña, CPA
Director of Finance

Approved by CTOC	November 6, 2023
Approved by BOS	December 5, 2023

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I. AUTHORITY

Kings County Ordinance No.557, adopted on January 14, 1997, as an urgency ordinance, delegated to the County Director of Finance the authority to continue to invest or reinvest the funds of the County and the funds of other depositors in the County treasury, pursuant to Section 53600 et seq., inclusive of Section 53684, of the California Government Code. The County Director of Finance, as agent of the county, trustee, and fiduciary, assumes full responsibility for the investment program. The Board of Supervisors shall annually review the Director of Finance's performance and may annually renew this delegation of authority for a one-year period pursuant to Government Code 53607. The Board of Supervisors may also revoke the investment authority by County ordinance.

II. POLICY STATEMENT

Annually, the County Director of Finance shall prepare an Investment Policy, pursuant to G.C. 27133 and G.C. 53646, that will be reviewed by the County Treasury Oversight Committee and rendered for approval to the Board of Supervisors and local agencies.

The purpose of this Statement of Investment Policy (Policy) is to establish cash management and investment guidelines for the County Director of Finance, who is responsible for the stewardship of the Kings County Investment Pool. Each transaction and the entire portfolio must comply with California Government Code Section 53601 et seq., Section 53635 et seq., and this policy. All portfolio activities will be judged by the Standard of Prudence and ranking of investment objectives. Those activities which violate its spirit and intent will be deemed to be contrary to the policy.

III. POOLED INVESTMENT FUND OVERSIGHT COMMITTEE

In accordance with California Government Code Section 27130 et seq., the Board of Supervisors, in consultation with the County Director of Finance, has created a County Treasury Oversight Committee (Resolution No. 95-081, December 5, 1995) to allow local agency representatives participation in the policies that guide the investment of depositor funds. The primary responsibilities of the committee include: (a) to review and monitor the County Director of Finance's Statement of Investment Policy, (b) to cause an annual audit to be conducted to determine the County Treasury's compliance, and (c) to establish criteria for depositor withdrawal of funds for the purpose of investing or depositing outside the County Treasury pool. The meeting of the Oversight Committee shall be open to the public and subject to the Ralph M. Brown Act.

A member of the Oversight Committee may not be employed by an entity that has contributed to the campaign for any member of a legislative body of any local agency that has deposited funds into the county treasury, in the previous three years or during the period that the employee is a member of the committee. While serving on the Oversight Committee, a member may not directly or indirectly raise money for any member of a legislative body of any local agency that has deposited funds into the county treasury. Finally, a member may not secure employment with, or be employed by, bond underwriters, bond counsel, security brokerages or dealers, or a financial services firm, with whom the Director of Finance is doing business during the period that the person is a member of the committee or for one year after leaving the committee.

The Oversight Committee is not allowed to direct individual investment decisions, select individual investment advisors, brokers, or dealers, or impinge on the day-to-day operations of the County treasury and investment operations.

IV. INVESTMENT OBJECTIVES

The Pooled Investment Fund shall be prudently invested in order to earn a reasonable return, while awaiting application for governmental purposes. The specific objectives for the Pooled Investment Fund are ranked in order of importance.

A. SAFETY OF PRINCIPAL - The preservation of principal is the primary objective. Each transaction shall seek to ensure that capital losses are avoided, whether they are from securities default or erosion of market value. The objective will be to mitigate credit risk and interest rate risk.

1. **Credit Risk** is the risk of loss due to the failure of the security issuer or backer. Credit risk is mitigated by: (a) limiting investments to the safest types of securities; (b) pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the Treasury will do business; and (c) diversifying the investment portfolio so that potential losses on individual securities will be minimized.

2. **Interest Rate Risk** is the risk that the market value of securities in the portfolio will fall due to changes in general interest rates. Interest rate risk is mitigated by: (a) structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and (b) by investing operating funds primarily in shorter-term securities.

B. LIQUIDITY - As a second objective, the Pooled Investment Fund should remain sufficiently flexible to enable the County Director of Finance to meet all operating requirements which may be reasonably anticipated in any depositor's fund. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). No more than 35% of the portfolio may be invested in securities maturing in three to five years and during peak tax collection no more than 30%. Percent restrictions shall be applicable only for the date of purchase. Any future percent deviations due to cash flow demands reducing the total investment portfolio shall not be considered out of compliance. Furthermore, since all possible cash demands cannot be anticipated, the portfolio shall consist largely of securities with active secondary or resale markets (dynamic liquidity).

C. PUBLIC TRUST - In managing the Pooled Investment Fund, the County Director of Finance and the authorized investment staff should avoid any transactions that might impair public confidence in Kings County and the participating local agencies. Investments should be made with precision and care, considering the probable safety of the capital as well as the probable income to be derived.

D. MAXIMUM RATE OF RETURN - As the fourth objective, the Pooled investment Fund is designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of least importance compared to the safety and liquidity objectives described above. The core of investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities can be sold prior to maturity for the following reasons: (1) a declining credit security to minimize loss of principal; (2) a security swap to improve the quality, yield, or target duration in the portfolio; (3) the liquidity needs of the portfolio require that the security be sold; (4) a call notification of a make-whole bond which, given unfavorable market conditions, could deteriorate the price of the bond on the redemption date, or (5) to realize a profit. If there is a realized loss of principal, the loss will first be allocated against the interest earned in the current quarter on the sold security. If the security's current interest is not sufficient to cover the loss, then the Director of Finance may allocate the loss against a profit realized from selling a security in the same quarter, and/or the total current and future portfolio interest earnings. In the event of an imminent loss of principal for which the security's interest would not be sufficient to cover the loss, the Director of Finance may withhold from the total current and future portfolio interest earnings to reserve against a future maximum anticipated actual loss.

V. STANDARD OF CARE

A. PRUDENCE – The County Director of Finance, as a trustee and therefore a fiduciary, is subject to the Prudent Investor Standard-which states, "When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the county treasurer 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."
The standard of prudence to be used by investment staff shall be the "prudent person" standard, which provides, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital, liquidity needs, as well as the probable income to be derived." This standard shall be applied in the context of managing an overall portfolio.

When investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds the County Director of Finance shall act with the care, skill, prudence, and diligence to meet the aims of the investment objectives listed in order in Section IV., Investment Objectives. Investment staff acting in accordance with written procedures and this Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

B. ETHICS AND CONFLICT OF INTEREST - Treasury staff involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. The investment staff shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. The investment staff shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the treasury.
Pursuant to Government Code Section 27133(d), the County Director of Finance, individual Treasury employees, or any member of the County Treasury Oversight Committee may not accept honoraria, gifts, and gratuities from advisors, brokers, dealers, bankers, or other persons with whom the County Treasury conducts business in an amount exceeding $50.00.

C. DELEGATION OF AUTHORITY - Authority to manage the investment program is granted to the County Director of Finance by the Kings County Board of Supervisors. The moneys invested will be actively managed by the Director of Finance and his/her staff, who shall carry out established written procedures and internal controls for the operation of the investment program consistent with this Policy. No person may engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the Director of Finance. The Director of Finance shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate staff. (See also Safekeeping and Custody, Internal Controls VI B. below). The authority to execute investment transactions for the portfolio shall be limited to the Assistant Director of Finance - Treasury, the Treasury Manager, and in the absence of the Treasury Manager, the Accounting Specialist-Treasury Operations.

VI. SAFEKEEPING AND CUSTODY

A. DEPOSITORY INSTITUTIONS – As far as possible, all money belonging to, or in the custody of the County Director of Finance shall be deposited for safekeeping in state or national banks selected by the Director of Finance, or may be invested as set forth in Section VII. To be eligible to receive funds, the bank shall have received an overall rating of not less than "satisfactory" in its most recent evaluation by the appropriate federal financial supervisorial agency of its record of meeting the credit needs of California's communities pursuant to Section 2906 of Title 12 of the United States Code.

B. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS - Schedule 1-Statement of Authorized Firms, on page 15, is a list of County Director of Finance approved financial institutions and broker/dealers authorized to provide investment services to the Treasury. Authorized firms can be added or deleted only with the Director of Finance's approval. Any changes will result in modification to Schedule 1, but will not be considered a revision to this policy. Changes to authorized firms shall be reported to the County Treasury Oversight Committee and Board of Supervisors within two (2) weeks. The authorized parties include "primary" dealers or divisions of a primary dealer, selected on the basis of creditworthiness, capital adequacy, availability of investment inventory, and experience in trading in authorized investments. Firms utilized for money market mutual funds must either attain the highest ranking or the highest letter and numerical rating provided by not less than two of the three largest nationally recognized statistical-rating organizations (NRSRO) OR have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years experience (i) investing in the securities and obligations as authorized in G.C. 53601, or (ii)managing money market mutual funds; and have assets under management in excess of five hundred million dollars ($500,000,000). All financial institutions and broker/dealers who desire to become qualified firms for County Treasury investment transactions must supply the audited financial statements, proof of National Association of Securities Dealers (NASD) certification, proof of State registration, completed broker/dealer questionnaire, and certification of having read the Kings County Investment Policy. An annual review of the financial condition of qualified firms will be conducted by the Assistant Director of Finance - Treasury.

The Treasury shall not do any investment business with any broker, brokerage, dealer, or securities firm that has, within any consecutive 48-month period following January 1, 1996, made a political contribution, in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to any member of the Board of Supervisors or any candidate for those offices. Firms must provide corporate policy statements regarding compliance with political contributions limitations of Rule G-37.

C. INTERNAL CONTROLS - The County Director of Finance is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the investment portfolio are protected from loss, theft, or misuse. The internal control structure is 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.

Daily, or when next available, the County Director of Finance or designee will

(1) Review and initial all Investment Purchase Orders to verify compliance with the overall Policy, Investment Parameters, and Authorized Institutions.

(2) Review and initial the "Daily Balance Sheet" to ensure continuous compliance of portfolio investments (percentage distribution) to the Policy and Investment Parameters.

Weekly, the County Director of Finance or designee will verify that the Portfolio Percentage Report by investment type is balanced to the Daily Balance Sheet.

Monthly, all funds maintained by the County Director of Finance, including cash in treasury, deposits in transit, Kings County Department of Finance's checking account balance, and investment holdings will be audited by the County Department of Finance – Accounting Division.

Quarterly, the County Director of Finance or designee will report compliance of the investment portfolio to the Director of Finance's Statement of Investment Policy. (See Section IX. Reporting Methods on page12)

Annually, the County Treasury Oversight Committee shall hire an external auditor to conduct an independent review to assure compliance of the Director of Finance's investment activities with the Statement of Investment Policy.

D. SAFEKEEPING - All securities purchased either outright or on repurchase agreements shall be held in safekeeping by a third-party bank trust department acting as agent for the County under terms of a custody agreement executed by the bank and the Director of Finance. The only exceptions authorized are purchases from Local Agency Investment Fund (LAIF), collateralized time deposits, collateralized bank money market accounts, and investments in money market mutual funds.

E. VOLUNTARY DEPOSITORS - If a local agency determines the agency has excess funds which are not required for immediate use and with the consent of the County Director of Finance, the legislative or governing body may, by resolution or minute order, authorize the deposit of excess funds into the County Treasury for the purpose of investment pursuant to Government Code Section 53635. At no time will the County Treasury accept deposits of personal funds unless by Court order.

The County Director of Finance shall, on a case-by-case basis, determine the terms and conditions under which a city, public district, or any public or municipal corporations located within Kings County, and not required to deposit their funds in the County Treasury, may voluntarily deposit funds for investment purposes. The County Director of Finance shall evaluate each proposed deposit request prior to approving the deposit into the Treasury. The County Director of Finance must make a finding that the proposed deposit will not adversely affect the interests of the other depositors in the County Investment pool, prior to approving the deposit.

F. WITHDRAWAL OF FUNDS FOR EXTERNAL INVESTMENT -The County Treasury Oversight Committee's approved policy statement on "Treasury Restrictions on Withdrawal for External Investment" establishes the terms and conditions for Treasury depositors withdrawing funds for investment outside the County investment pool. (See Appendix A on page 17 and 18)

Any local agency, public entity, or public official that has funds on deposit in the County Treasury investment pool and that seeks to withdraw funds for the purpose of investing or depositing those funds outside the County Treasury pool, shall submit a resolution or minute order approved by the legislative or governing body requesting the withdrawal of the funds. Funds withdrawn shall become the responsibility of the requesting legislative body, and the Director of Finance will be held harmless from liability.

The County Director of Finance shall evaluate each proposed withdrawal for its consistency with the County Treasury Oversight Committee policy prior to approving the withdrawal. The County Director of Finance must also make a finding that the proposed withdrawal will not adversely affect the interests of the other depositors in the County Treasury pool, prior to approving the withdrawal.

VII. SUITABLE AND AUTHORIZED INVESTMENTS

A. **INVESTMENT TYPES** - The County treasury may invest money among the following authorized investments and within the limits imposed by Government Code 53601 et seq. or 53635 et seq., or as more further restricted in Schedule 2-Investment Parameters on page 16:

1. **United States Treasury Bills, Notes, Bonds, and Certificates of Indebtedness**, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.

2. **Registered state warrants or treasury notes or bonds of the State of California,** 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.

3. **Registered treasury notes or bonds of any of the other 49 states** including bonds payable solely out of the revenues from revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California.

4. **Bonds, notes, warrants, or other evidences of indebtedness of any 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.

5. **Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments,** including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

6. **Banker's Acceptances (BA)** otherwise known as Bills of Exchange or Time Drafts, both domestic and foreign, drawn on and accepted by a commercial bank.

7. **Commercial Paper (CP)** of "prime" quality issued by corporations that are organized and operating within the United States and having total assets in excess of five hundred million dollars ($500,000,000).

8. **Negotiable Certificates of Deposit** issued by a nationally or state-chartered bank or a savings association or federal association, or by a federally- or state-licensed branch of a foreign bank.

9. **Certificates of Deposit Account Registry Service (CDARS)** placed with a local CDARS member. CDARS are fully insured as to principal and interest that may be accrued by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA).

10. **Collateralized Time Deposits** issued by a nationally or state-chartered bank or savings and loan association within the State of California with an overall rating of not less than "satisfactory"

in its most recent evaluation by the appropriate federal financial supervisorial agency of its record of meeting the credit needs of California's communities pursuant to Section 2906 of Title 12 of the United States Code.

11. Repurchase Agreements or Reverse Repurchase Agreements, or Securites Lending Agreement purchased in compliance with the Government Code 53601(j). Repurchase agreements must be issued by nationally or state-chartered banks or primary security dealers with whom the County Director of Finance has entered into a Master Repurchase Agreement.

12. Medium Term Corporate Notes (MTN), defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.

13. Shares of Beneficial Interest issued by diversified management companies (1) that invests in the securities and obligations as authorized by subdivision (a) to (k), inclusive, or subdivisions (m) to (o) inclusive of Government Code 53601, and that comply with the investment restrictions of Article 2 of the Government Code (commencing with Section 53630), or (2) that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940. (15 U.S.C. Sec 80a-l, and following.)

14. Local Agency Investment Fund (LAIF) an investment pool created by Government Code 16429.1 in which the State Treasurer invests pooled political subdivision funds.

15. Notes, Bonds, or other obligations secured by a valid first priority security interest in eligible securities listed in Section 53651 having a market value at least equal to that required by Section 53652.

16. Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (q), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:
(1) The adviser is registered or exempt from registration with the Securities and Exchange Commission.
(2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q), inclusive.
(3) The adviser has assets under management in excess of five hundred million dollars ($500,000,000).

17. Supranational Debt Obligations United States dollar-denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB) only, eligible for purchase and sale within the United States. Authorized by CGC 53601 (q) and this policy.

B. RESTRICTIONS ON AUTHORIZED INVESTMENTS- In accordance with G.C. 53601.6, the County Treasury shall not invest any funds in inverse floaters, range notes, or mortgage derived interest-only strips. Additionally, no funds shall be invested in any security that could result in zero interest accrual if held to maturity. No funds shall be invested in Medium Term Corporate Notes with a make-whole call provision that, at time of purchase, are priced at a premium. No funds shall be invested in securities with a forward settlement date exceeding 45 days from the time of investment. No shares of beneficial interest will be purchased where the principal dollars invested are subject to daily net asset value (NAV) adjustments of the fund's portfolio except for the CalTrust. The Treasury shall not invest in financial options and futures contracts directly, but may purchase authorized investments of callable securities with imbedded call provisions. The Treasury will not purchase an authorized investment below the credit quality restriction of Schedule 2 - Investment Parameters, but may elect to hold an instrument to maturity that has been later downgraded by the nationally recognized statistical-rating organization i.e. Moody's, Standard and Poors, or Fitch.

C. COMPETITIVE BIDDING - Bids for investment products shall be taken from a minimum of three authorized institutions. Awards will be made giving consideration to safety, liquidity, a balanced portfolio, and diversification. Exceptions to the above would involve repurchase agreements, securities possessing unique characteristics which would make competitive bidding impractical, or market circumstances in which competitive bidding could be adverse to the best interest of the Director of Finance's investment program.

D. COLLATERALIZATION - In accordance with California Government Code 53652, **53601** (j) full collateralization of public deposits is required for collateralized time deposits, collateralized bank money market accounts, and repurchase agreements. The Director of Finance may waive collateralization for that portion of any deposit that is fully insured by the FDIC per Government Code 53653.

VIII. INVESTMENT PARAMETERS

A. DIVERSIFICATION - The investments will be diversified by security type and institution within the percent restrictions of Government Code 53601, 53601.8, 53635, 53635.2, and 53635.8 or as further defined in Schedule 2, Investment Parameters. Percent restrictions shall be applicable only for the date of purchase. Any future percent deviations due to cash flow demands reducing the total investment portfolio shall not be considered out of compliance. Maximum investment amounts in any issuer name shall be limited as provided in the Investment Parameters on page 16.

B. MAXIMUM MATURITIES - Maturity limitations for each instrument type shall be restricted as provided in Government Code 53601, 53601.8, 53635, and 53635.8 or as further defined in Schedule 2 - Investment Parameters on page 16. No investment shall be made in any security, other than a security underlying a repurchase agreement authorized in this policy, which at the time of settlement has a term remaining to maturity in excess of five years, unless a legislative body has granted express authority to make that investment either specifically or as part of an investment program approved by that legislative body no less than three months prior to the investment.

IX. REPORTING

A. METHODS - The County Director of Finance or designee shall prepare an investment report at least quarterly, including a succinct management summary that provides a clear picture of the status of the investment portfolio. This summary will be prepared in a manner which will allow the reader to ascertain whether investment activities have conformed to the investment policy.
The report will be provided within 45 days following the end of the quarter covered by the report and submitted to the County Board of Supervisors, County Administrative Officer, Finance Director, other members of the County Treasury Oversight Committee, and pool participants.

The report will include the following:

1. A Statement of Compliance with the Investment Policy.

2. A listing of individual securities and moneys held at the end of the reporting period to include:
   (a) The type of instrument.
   (b) The name of the issuer.
   (c) Purchase date, maturity date, and days to maturity.
   (d) Issuers rating. (Long term or short term, as appropriate)
   (e) Par and dollar amount invested in each security.
   (f) The current market value of securities as of the date of the report and the source of the valuation.

3. A statement estimating the ability of the County Treasury to meet its pool's expenditure requirement for the next six months.

4. A statement of the method of interest accounting used.

5. Portfolio Sector Allocation and Quality Allocation graphs.

6. A Statement of Interest Earnings Report for the Quarter.

7. If applicable, a description of any of the local agency's funds, investments, or programs, that are under the management of contracted parties, but excluding funds deposited into the Local Agency Investment Fund administered by the State Treasurer.

B. QUARTERLY INTEREST CALCULATION AND APPORTIONMENT - Gross interest for the quarter is the total interest earned on an accrual basis on the Treasury portfolio investments for that quarter. Administrative expenses pursuant to G.C. 27013 are deducted to arrive at net interest to be apportioned. Administrative expenses consist of audit expenses, direct banking expenses, not otherwise recovered directly from Treasury depositors, safekeeping fees, plus actual quarterly Treasury operational expenses. The net earnings for the quarter are divided by the Treasury's total average daily balance creating an "interest allocation factor" or "daily interest factor" for each average dollar invested. Multiply the "interest allocation factor" by the quarterly average daily balance of each fund to determine the interest earnings for each fund. Interest is apportioned quarterly to all depositors in the Treasury pool. The "interest allocation factor" can be converted into the annualized quarterly interest rate; multiply the factor by the number of days in the year and divide that answer by the number of days in the quarter.

X. POLICY EXCEPTIONS & REVISIONS

A. **EXEMPTION** - Any previously legal investments that settled prior to the effective date and that no longer meet the current guidelines of this Policy, shall be exempted from the new requirements. At maturity or liquidation, such moneys shall be reinvested only as provided by this Policy.

Moneys held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with the statutory provisions governing the issuance thereof. The proceeds of sales, or funds set aside for the repayment, of any notes or other indebtedness issued shall not be invested for a term that exceeds the term of the notes.

B. **AMENDMENTS** - This policy shall be reviewed at least on an annual basis. Any changes shall be submitted by the Director of Finance to the County Treasury Oversight Committee for consideration and comments, and the Board of Supervisors for review and approval.

KINGS COUNTY DIRECTOR OF FINANCE'S
SCHEDULE 1 - STATEMENT OF AUTHORIZED FIRMS

The Treasury is authorized to conduct investment security transactions with the following investment firms and broker/dealers, designated by the Federal Reserve Bank as primary government dealers or divisions of primary dealers. Security transactions with firms, other than those appearing on this list, are prohibited.

A. Firms designated by the Federal Reserve Bank as Primary Government Dealers or a division of a Primary Dealer:

UBS Financial Services Inc., an affiliate of UBS Securities LLC
RBC Capital Markets, LLC
Wells Fargo Securities, LLC
Cantor Fitzgerald & Co.

B. Firms designated for the purchase of money market mutual funds pursuant to G.C. 53601 (l) and (p):

BlackRock
Bank of the West

C. Firms designated for repurchase agreements with Master Repurchase Agreements on file:

UBS Financial Services Inc., an affiliate of UBS Securities LLC

D. State of California, Local Agency Investment Fund

E. Purchases directly from major issuers of commercial paper, bankers acceptances, negotiable certificates of deposit, or collateralized time deposits, meeting the requirements set forth in section 53635, 53601(g), 53601(i), 53601(n), respectively, and 53635.2 of the California Government Code.

To ensure compliance with the County Director of Finance's Investment Policy, firms designated in A and C above are supplied a complete copy of the policy and must certify having read it.

Erik Ureña, CPA, Director of Finance

Dated: January 1, 2024

SCHEDULE 2 – INVESTMENT PARAMETERS (Revised 12/5/23)

AUTHORIZED INVESTMENTS	DIVERSIFICATION	PURCHASE RESTRICTIONS	MATURITY	CREDIT QUALITY (NRSRO)
U.S. Treasury notes, bills, bonds or other certificates of indebtedness	95% Max.	None	Max. 5 years	N/A
Notes, participations, or obligations issued by Federal agencies or United States government-sponsored enterprises (GSE)	85% Max.	None	Max. 5 years	N/A
Bonds, notes, warrants or certificates of indebtedness issued by the State of California or local agencies or County of Kings or any other State	20% or $20mm Max.	None	Max. 5 years unless prior BOS approval	L/T rating A or A2 or better
Bankers Acceptances	40% Max.	Max. $5mm any one name	Max. 180 days	S/T rating A-1 or P-1 L/T rating (if Out-standing) AA- or Aa3 or better
Commercial paper of corporations organized and operating within the U.S. with total assets exceeding $500 mm	40% Max.	Max. 10% in any one name, No Extendable CP	Max. 270 days.	S/T rating A-1 or P-1 L/T rating (if Out-standing) AA- or Aa3 or better
State of California Local Agency Investment Fund	Max. Dollars allowed by State Treasurer	Max. Transactions allowed by State Treasurer	Overnight liquidity	N/A
Negotiable CD's issued by National or State chartered banks or a federally- or *state-* licensed branch of a foreign bank	25% Max. (CDs + CDARS)	G.C. 53638 policy restrictions	Max. 3 years	L/T rating AA- or Aa3 or better
Certificates of Deposit Account Registry Service (CDARS)	25% Max. (CDs + CDARS)	G.C. 53601.8 & 53635.8 conditions apply	Max. 3 years	100% FDIC/NCUA insured as to Principal and Interest
Collaterized Time Deposits.	10% Max.	Collateral policy restrictions G.C. 53601(n)	Max. 24 months	
Repurchase Agreements with collateral restricted to U. S. Treasury, Federal Agencies, or United States government-sponsored enterprises (GSE)	10% Max.	Master Repurchase and Tri-Party Custodial Agreements to be on file. 102% haircut	Max. 1 year	
Reverse Repurchase Agreements or Securities Lending on U.S. Treasury & Federal Agency Securities in portfolio	10% Max. with approval of the Director of Finance	G.C. 53601(j) Reverse Repurchase and Securities Lending restrictions	Max. 92 days unless guaranteed spread	
Corporate Notes on U.S. Corp or U.S. Subsidiary of a foreign corp.	30% Max.	Max. $50mm any one name Make - Whole Call Restrictions	Max. 5 years	L/T rating AA- or Aa3 or better
Asset Backed Securities on U.S. Corp.	0% Max.	Not authorized	Not authorized	Not Authorized
Money Market mutual funds that invest in eligible securities meeting Government Code requirements.	20% Max. 10% per fund	Fund 5 years or more old NAV pricing ***restriction*** No front or back loads	Overnight liquidity	L/T rating: Highest rating from two NRSRO, i.e. AAA, Aaa, etc. Retain Investment Advisor per G.C. 53601(l) & (p)
Supranationals – Washington dollar denominated IBRD, IFC or IADB	20% Max. 10% per Name	Max. 10% in any one name	Max. 5 years	L/T rating: Highest rating from two NRSRO, i.e. AAA, Aaa, etc.
California Asset Management Program - CAMP	15% Max.	Max. Transactions allowed by CAMP Administration	Overnight liquidity	N/A

APPENDIX A

COUNTY TREASURY OVERSIGHT COMMITTEE

Policy Statement and Authorized Practice Approved March 4, 1996

Treasury Restrictions on Withdrawal for External Investment

Authorization: Pursuant to Government Code Section 27130 and Kings County Board of Supervisor's Resolution No. 95-081, dated December 5, 1995, the Kings County Treasury Oversight Committee is authorized to establish criteria on the withdrawal of funds on deposit in the County Treasury investment pool for the purpose of investing or depositing those funds outside the County Treasury pool.

Request for Withdrawal: Any local agency, public entity, or public official that has funds on deposit in the County Treasury investment pool and that seeks to withdraw funds for external deposit or investment, shall first submit a request by resolution or minute order approved by the legislative or governing body for withdrawal of the funds.

Assessment of Withdrawal Impact: The County Director of Finance shall evaluate all requests for withdrawal to determine if the interests of the other Treasury depositors in the County Treasury pool will be adversely affected. If the County Director of Finance determines that the combined number of requests or total dollar amount requested is sufficient to constitute a "run on the treasury", no withdrawal requests shall be processed until the County Treasury Oversight Committee has reviewed the treasury financial position and assists the Director of Finance in establishing an action plan.

Approval or Disapproval: The County Director of Finance shall approve all requests upon the finding that other Treasury depositors will not be adversely affected. If other Treasury depositors are perceived to be adversely impacted, the County Director of Finance may postpone action on any withdrawal request until the County Treasury Oversight Committee has reviewed the situation.

Approved Withdrawal Criteria: Approved withdrawals will be processed dependent on availability of funds, the type of investments required to be liquidated, market conditions, settlement periods, and dollar amounts to be withdrawn. The following are target goals for withdrawals:

a. If adequate liquidity exists in short-term investments and requires minimal liquidation and settlement, withdrawals of amounts up to $1,000,000.00 shall be processed immediately upon the County Director of Finance's approval.

b. If the County Treasury liquidity position is such as to require liquidation of more difficult investment(s), the below processing times shall apply based on the withdrawal dollar amounts and market factors.

(1). If the withdrawal amount is less than $1,000,000.00, and favorable market conditions exist, requests shall be processed within three workdays.

(2). If the withdrawal amount is greater than $1,000,000.00, or unfavorable market conditions exist, requests shall be processed within five workdays.

Disclaimer of Liability: Any and all funds withdrawn from the County Treasury investment pool for the purpose of investing or depositing such funds outside the pool shall become the responsibility of the legislative body requesting the action. The County Director of Finance or County of Kings shall in no manner be held responsible or liable for withdrawn funds or investments purchased with said funds. The request of any legislative body, by resolution or minute order, authorizing the withdrawal of funds for deposit or investment outside the County Treasury investment pool must provide a disclaimer of liability. The Director of Finance shall not honor any such withdrawal request if a disclaimer clause is not provided.

GLOSSARY OF TERMS

AGENCIES OR FEDERAL AGENCIES: Federal sponsored agency securities including discount notes, or interest-bearing notes, and bonds. The agencies were created by Congress to reduce the cost of capital for certain borrowing sectors of the economy deemed to be important enough to warrant assistance, such as farmers, homeowners, and students.

ASKED PRICE: The lowest price at which a dealer is willing to sell a security.

BANKERS ACCEPTANCES (BA'S): A time draft or bill of exchange that is accepted payment by banks engaged in financing of international trade. The accepting institution guarantees payment of the bill as well as the issuer.

BID: Price at which someone is willing here and now to purchase a security.

BOOK VALUE: The value at which a security is carried on the inventory list or other financial records of an investor. The Book Value may differ significantly from the security's current value in the market.

BROKER: Person or firm acting as intermediary between buyer and seller.

CALLABLE BOND: A bond issue in which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

CERTIFICATES OF DEPOSIT (CD'S): A time deposit with a specific maturity evidenced by a certificate. They are issued in two forms, negotiable and collateralized.

> **Negotiable Certificates of Deposit:** May be sold by one holder to another prior to maturity. The issuing bank agrees to pay the amount of the deposit plus interest earned to the BEARER of the certificate at maturity.
>
> **Collateralized Time Deposits:** These certificates are collateralized and are not money market instruments since they cannot be traded in the secondary market. They are issued on a fixed maturity basis and fixed payee.

CERTIFICATE OF DEPOSIT ACCOUNT REGISTRY SERVICES (CDARS): Certificates of Deposit that are placed by a member bank with commercial banks, savings banks, savings and loan associations, or credit unions, such that the principal and all accrued interest during the term of the certificate are fully insured by either the FDIC OR NCUA.

COLLATERAL: Securities pledged by a bank to secure deposits of public funds, or an asset pledged by a borrower to a lender.

COMMERCIAL PAPER: An unsecured short-term promissory note issued by corporations with maturities ranging from 2 to 270 days.

COUNTY TREASURY OVERSIGHT COMMITTEE: A committee established by Board of Supervisors Resolution No. 95-081, dated December 5, 1995 to allow local agency representatives participation in the policies that guide the investment of depositor funds. The primary responsibilities include: (1) review and monitor the County Director of Finance's investment policy, (2) cause an annual audit to be conducted to determine the county treasury's compliance, and (3) establish criteria for depositor withdrawal of funds for the purpose of investing or depositing outside the county treasury pool.

COUPON RATE: The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transaction, buying and selling for his own account.

DEBENTURE: A longer-term debt instrument issued by a corporation that is unsecured by other collateral. Hence, only the good faith and credit standing of the issuer backs the security.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery vs. payment and delivery vs. receipt. Delivery vs. payment is delivery of securities with an exchange of money for the securities. Delivery vs. receipt is delivery of securities with an exchange of a signed receipt for the securities.

DISCOUNT: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest-bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g. U.S. Treasury Bills

DIVERSIFICATION: A process of investing assets among a range of security types by sector, maturity, and quality rating.

DOLLAR WEIGHTED AVERAGE MATURITY: The sum of the amount of each outstanding investment multiplied by the number of days to maturity, divided by the total amount of outstanding investments.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g. S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to $250,000 per deposit.

FEDERAL FARM CREDIT BANKS (FFCB): is a nationwide system of lending institutions that provide credit and related services to farmers, ranchers, producers and harvesters of agricultural products, and other farm related businesses.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): The institutions that regulate and lend to savings and loan association. The Federal Home Loan Banks play a role analogous to that played by the Federal Reserve Banks vis-à-vis member commercial banks.

FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC) : is a federally chartered and stockholder-owned corporation. Freddie Mac purchases mortgage loans from qualified financial institutions and resales these loans in the form of guaranteed mortgage securities.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven-member Board of Governors in Washington, D.C., 12 regional Federal Reserve Banks, their 24 branches, and all national and state banks that are members of the system.

FLOATER: A derivative that has its coupon determined by using the yield of other securities.

FUTURES: Futures contracts are the units of trading at a commodity exchange. They are legally binding agreements made within the confines of an exchange trading area. All futures contracts call for the purchase or sale of a physical commodity of financial instrument on dates from one month to more than two years in the future.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae) Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institution. Security holder is protected by full faith and credit of the U.S. Government. Ginnie MAE securities are backed by the FHA, VA, or FMHM mortgages. The term "passthroughs" is often used to describe Ginnie Maes.

GOVERNMENT-SPONSORED ENTERPRISES (GSE): General term for several privately owned, publicly chartered agencies created to reduce borrowing costs for certain sectors of the economy such as farmers, homeowners and students. The GSEs that issue debt instruments include: Federal Home Loan Banks, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Farm Credit System, Federal Agricultural Mortgage Corporation, and the Student Loan Marketing Association.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable sales can be done at those quotes.

LOCAL AGENCY INVESTMENT FUND (LAIF): The aggregate of all funds from political subdivisions that are placed in the custody of the California State Treasurer for investment and reinvestment.

MARKET RISK: The risk that the value of a security will rise or decline as a result of changes in market conditions.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase - reverse repurchase agreements that establishes each party's rights in the transaction. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, banker's acceptances, etc.) are issued and traded.

MONEY MARKET MUTUAL FUND: Mutual funds that invest solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, bankers' acceptances, etc.).

NATIONALLY RECOGNIZED STATISTICAL-RATING ORGANIZATION (NRSRO) Independent credit rating agencies which are utilized to analyze and rate the quality of the issuers underlying debt.

OFFER: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.)

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

OPTIONS: The buyer of a call option has the right to buy the underlying security at fixed price. The option seller is obligated to sell the security if the buyer chooses to exercise the option.

PORTFOLIO: Collection of securities held by an investor.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealer, banks and a few unregulated firms.

PRUDENT PERSON RULE: An investment standard. In California the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities approved by the State, the authorized investments. The trustee may invest in a security if it is one, which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

REINVESTMENT RISK: The risk that a fixed-income investor will be unable to reinvest income proceeds from a security holding at the same rate of return currently generated by that holding.

REPURCHASE AGREEMENT (RP or REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money, this is increasing bank reserves.

REVERSE REPURCHASE AGREEMENT: A dealer of securities buys securities from an investor with an agreement to sell them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" or "investor" money for the period of the agreement, and the terms of the agreement are structured to compensate the dealer for this. Investors use reverse-repos to meet temporary cash shortages without liquidating the investments.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITY: Any investment instrument authorized for purchase under Government Code 53601 or 53635.

SECURITIES AND EXCHANGE COMMISSION (SEC): Agency created by Congress to protect investor in securities transactions by administering securities legislation.

SECURITIES LENDING AGREEMENT: An agreement under which a local agency agrees to transfer securities to a borrower who, in turn, agrees to provide collateral to the local agency. During the term of the agreement, both the securities and the collateral are held by a third party. At the conclusion of the agreement, the securities are transferred back to the local agency in return for the collateral.

SUPRANATIONALS: An international organization, or union, whereby member states transcend national boundaries or interests to share in the decision-making and vote on issues pertaining to the wider grouping.

SURPLUS FUNDS: All moneys are not required to meet the banks demands on the treasury to redeem check warrants on any given day are considered "surplus funds" for investments.

TREASURY BILLS: A non-interest-bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY NOTES: A interest bearing security issued by the U.S. Treasury to finance the Federal debt with a maturity range of from zero to ten years.

TREASURY BOND: Long-term U.S. Treasury securities having initial maturities between ten to thirty years.

TRI-PARTY CUSTODIAL AGREEMENT: A third party custodian bank agrees to safekeep the repo collateral in a segregated custody account for the client. The custodian bank independently prices the collateral and ensures that the collateral is properly securitized.

UNIFORM NET CAPITAL RULE (SEC RULE 15C3-1): Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one-reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

YIELD: The rate of annual income return on an investment expressed as a percentage. (a) INCOME YIELD is obtained by dividing the current dollar income by the current market price for the security.
(b) NET YIELD or YIELD TO MATURITY is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period of the date of purchase to the date of maturity of the bond.

YIELD-TO-CALL (YTC): The rate of return an investor earns from a bond assuming the bond is redeemed (called) prior to its nominal maturity date.

YIELD CURVE: A graphic representation that depicts the relationship at a given point in time between yields and maturity for bonds that are identical in every way except maturity. A normal yield curve may be alternatively referred to as a positive yield curve.

YIELD-TO-MATURITY: The rate of return yielded by a debt security held to maturity when both interest payments and the investor's potential capital gain or loss are included in the calculation of return.

COUNTY OF KINGS
DEPARTMENT OF FINANCE

Erik Ureña, CPA – Director of Finance
1400 W. LACEY BLVD • HANFORD, CA 93230

ACCOUNTING DIVISION
(559) 852-2455 • FAX: (559) 587-9935

TAX COLLECTOR • TREASURER DIVISION
TAX: (559) 852-2479 • TREASURER (559) 852-2477
FAX: (559) 582-1236

DATE: October 24, 2023

TO: Treasury Depositors
Board of Supervisors
County Treasury Oversight Committee

FROM: Erik Ureña, CPA, Director of Finance

SUBJECT: Quarterly Portfolio Compliance Report

Enclosed is the Kings County Treasurer's - Quarterly Compliance Report for the period July 1 – September 30, 2023. The interest rate for the quarter for funds held by the Treasury was 2.2890%.

If you have any questions on the report or the portfolio, please feel free to call Tammy Phelps, Assistant Director of Finance - Treasury, at 852-2462.

Encl. 1

Kings County Treasurer's
Statement of Interest Earnings

For the Period July 1, 2023 - September 30, 2023		
POOLED INVESTMENT ACCOUNT:		
Gross Interest Earnings (on Accrual Basis)		$4,476,750
Less:	Administrative Expenses	(106,832)
	Gains/Losses	0
	Banking Expenses	(5,745)
	Prior Qtr/yr int adjustments	2,173
Net Interest Earnings Apportioned		$4,366,347
Portfolio Return of Investment:		
Average Pooled Funds Invested		$745,250,549
Gross Yield on Investments		2.3832%
Net Yield on Investments		2.3245%
Treasury Return on Investment:		
Average Pooled Funds In Treasury		$756,801,255
Gross Yield Pooled Treas Funds		2.3469%
Net Yield on Pooled Treasury Funds		2.2890%
DIRECT INVESTMENT ACCOUNT:		
Average Direct Funds Invested		$0
TOTAL AVERAGE FUNDS INVESTED:		$745,250,549

YIELD TRENDS Gross Yield History*		
Quarter	Pool	LAIF
Sep-23	2.3832%	3.5914%
Jun-23	2.2199%	3.1522%
Mar-23	1.8470%	2.7353%
Dec-22	1.3220%	2.0735%
Sep-22	1.0753%	1.3503%
Jun-22	0.8680%	0.7510%
Mar-22	0.7687%	0.3196%
Dec-21	0.7776%	0.2284%
Sep-21	0.7267%	0.2416%
Jun-21	0.7322%	0.3275%
Mar-21	0.8324%	0.4432%
Dec-20	1.0132%	0.6292%
Sep-20	1.3673%	0.8452%
Jun-20	1.6573%	1.3581%
Mar-20	2.0807%	2.0260%
Dec-19	2.1773%	2.2813%
Sep-19	2.1504%	2.4462%
Jun-19	2.2076%	2.5655%

*The yield history represents gross portfolio yields; costs have not been deducted.

Kings County Treasurer's
Liquidity Projections for the Period October 1, 2023 - September 30, 2024
(In Thousands)

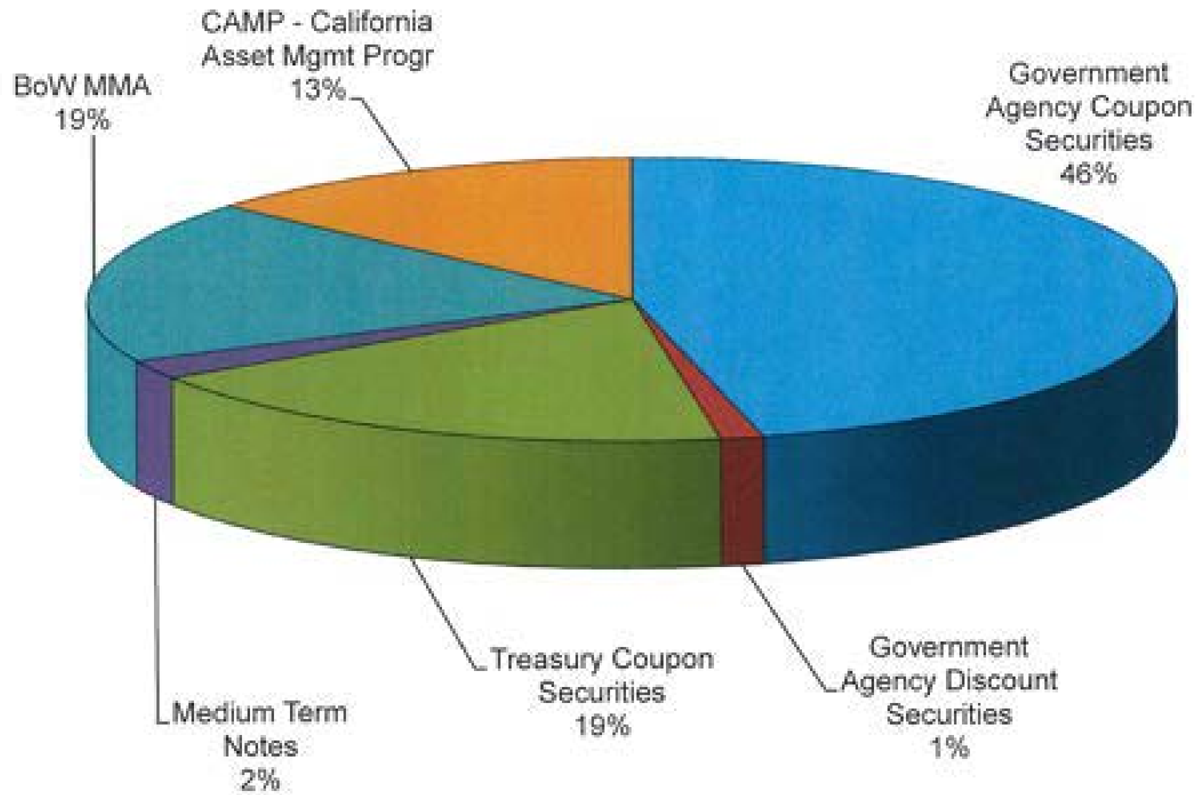
	A	B	C		D	E	F	G
				INVESTMENTS				ESTIMATE
ACTUAL MONTH/ YEAR	TREASURER'S RECEIPTS ACTUAL	TREASURER'S DISBURSEMENTS ACTUAL	TREASURER'S SURPLUS or (DEFICIT) (A-B)	MONTH YEAR	PORTFOLIO MATURITIES	LAIF	TOTAL (D+E)	SURPLUS (F+C)
Jul-23	54,525	100,876	(46,351)	Jul-24	17,000	75,000	92,000	45,649
Aug-23	84,016	94,515	(10,499)	Aug-24	18,000	45,649	63,649	53,150
Sep-23	69,313	83,555	(14,242)	Sep-24	15,000	53,150	68,150	53,908
Oct-22	88,192	75,764	12,428	Oct-23	20,000	75,000	95,000	107,428
Nov-22	109,853	78,581	31,272	Nov-23	13,000	75,000	88,000	119,272
Dec-22	163,466	90,346	73,120	Dec-23	12,000	75,000	87,000	160,120
Jan-23	77,323	76,129	1,194	Jan-24	16,000	75,000	91,000	92,194
Feb-23	97,611	122,786	(25,175)	Feb-24	14,000	75,000	89,000	63,825
Mar-23	128,505	86,761	41,744	Mar-24	20,000	63,825	83,825	125,569
Apr-23	138,294	77,232	61,062	Apr-24	14,000	75,000	89,000	150,062
May-23	96,014	107,331	(11,317)	May-24	18,000	75,000	93,000	81,683
Jun-23	128,308	99,062	29,246	Jun-24	21,000	75,000	96,000	125,246
TOTALS	1,235,420	1,092,938	142,482		198,000			

Sufficient liquidity exists to meet the mandated six months cash flow expenditure requirements. The historical receipts have been adjusted for expected non-re-occurring participant activity.

KINGS COUNTY POOLED INVESTMENTS
PORTFOLIO STATISTICS

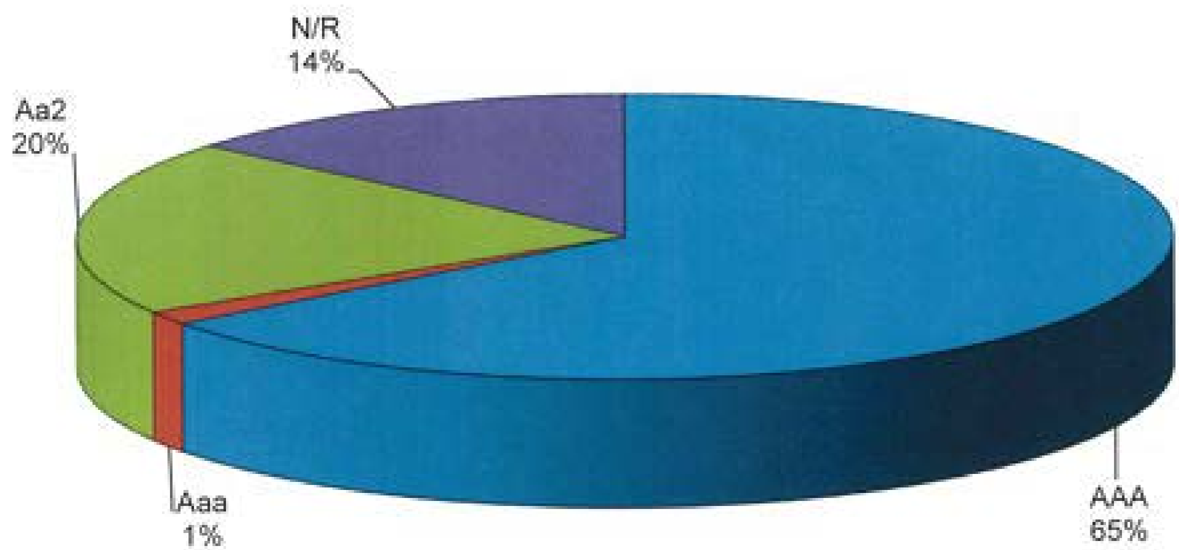
Book Value by Investment Type

as of September 30, 2023



Market Value Quality Allocation

as of September 30, 2023



Kings County
1400 W. Lacey Blvd.
Kings County Govt. Center
Hanford, CA
(559)582-3211

Kings County Investment Pool
Portfolio Management
Portfolio Summary
September 30, 2023

Investments	Par Value	Market Value	Book Value	% of Portfolio	Days to Maturity	YTM 365 Equiv.	YTM 360 Equiv.
Government Agency Coupon Securities	349,000,000.00	330,972,980.00	348,928,736.09	46.15	549	1.325	1.307
Government Agency Disc. -At Cost	10,000,000.00	9,984,350.00	9,644,027.77	1.28	12	4.923	4.856
Treasury Coupon Securities	140,000,000.00	132,949,350.00	139,809,244.09	18.49	466	0.777	0.767
Medium Term Notes	17,000,000.00	15,492,500.00	16,783,510.36	2.22	927	1.779	1.754
BofW MMA Deposit Account	140,385,910.28	140,385,910.28	140,385,910.28	18.57	1	4.580	4.517
CAMP - California Asset Mgmt Progr	100,449,823.25	100,449,823.25	100,449,823.25	13.29	1,579	5.550	5.474
Investments	**756,835,733.53**	**730,234,913.53**	**756,001,251.84**	**100.00%**	**570**	**2.445**	**2.412**

Cash and Accrued Interest	Par Value	Market Value	Book Value	% of Portfolio	Days to Maturity	YTM 365 Equiv.	YTM 360 Equiv.
Passbook/Checking (not included in yield calculations)	11,039,096.10	11,039,096.10	11,039,096.10		1	1.000	0.986
Accrued Interest at Purchase *		0.00	0.00				
Ending Accrued Interest		1,276,229.47	1,276,229.47				
Subtotal		12,315,325.57	12,315,325.57				
Total Cash and Investments	**767,874,829.63**	**742,550,239.10**	**768,316,577.41**		**570**	**2.445**	**2.412**

Total Earnings	September 30 Month Ending	Fiscal Year To Date
Current Year	1,174,028.05	4,091,142.45
Average Daily Balance	**729,431,761.56**	**745,316,759.34**
Effective Rate of Return	**1.96%**	**2.18%**

* 29,166.67 Accrued at Purchase is Included in Book Value.

The Pooled Portfolio was in compliance during the quarter ending September 30, 2023, with California Government Code Sections 53601 et.seq. and 53635, and the Director of Finance's Statement of Investment Policy dated January 1, 2023. Market prices are provided by U.S. Bank and are as of the last business day of the month. Ratings listed in the Portfolio Reports are issued by Moody's Rating Agency. If you have any questions about the Pooled Investment Fund, please call Tammy Phelps, Assistant Director of Finance - Treasury, at (559) 852-2462.

10/24/23

Erik Ureña, CPA, Director of Finance

Reporting period 09/01/2023-09/30/2023

Run Date: 10/03/2023 - 13:59

Portfolio POOL
RC
PM (PRF_PM1) 7.3.0
Report Ver. 7.3.6.1

Kings County Investment Pool
Portfolio Management
Portfolio Details - Investments
September 30, 2023

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 360	Days to Maturity	Maturity Date
Government Agency Coupon Securities												
3135G06H1	200036	Federal Nat'l Mortgage Assoc.		01/14/2021	3,000,000.00	2,976,690.00	3,000,297.97	0.250	AAA	0.227	57	11/27/2023
3135GA6J5	200030	Federal Nat'l Mortgage Assoc.		12/07/2020	3,000,000.00	2,972,100.00	3,000,000.00	0.320	AAA	0.316	67	12/07/2023
3135GA6D8	200031	Federal Nat'l Mortgage Assoc.		12/15/2020	3,000,000.00	2,969,040.00	3,000,000.00	0.320	AAA	0.316	75	12/15/2023
3133EMLT7	200033	Federal Farm Credit Bank		01/06/2021	3,000,000.00	2,961,930.00	3,000,000.00	0.210	AAA	0.207	88	12/28/2023
3135GAC33	200032	Federal Nat'l Mortgage Assoc.		12/29/2020	3,000,000.00	2,963,100.00	3,000,000.00	0.300	AAA	0.296	89	12/29/2023
3133EMMN9	200034	Federal Farm Credit Bank		01/11/2021	3,000,000.00	2,955,750.00	2,999,750.00	0.190	AAA	0.204	102	01/11/2024
3133EMNG3	200037	Federal Farm Credit Bank		01/19/2021	3,000,000.00	2,952,720.00	2,999,705.00	0.230	AAA	0.246	110	01/19/2024
3133EMQL9	200039	Federal Farm Credit Bank		02/12/2021	3,000,000.00	2,941,920.00	3,000,000.00	0.200	AAA	0.197	134	02/12/2024
3130AFW94	190030	Federal Home Loan Banks		12/03/2019	3,000,000.00	2,966,700.00	3,011,822.78	2.500	AAA	1.657	135	02/13/2024
3133EMRZ7	200045	Federal Farm Credit Bank		02/26/2021	3,000,000.00	2,938,350.00	3,000,300.00	0.250	AAA	0.227	148	02/26/2024
3130AVP63	220007	Federal Home Loan Banks		04/13/2023	5,000,000.00	4,981,150.00	5,000,000.00	4.760	AAA	4.700	158	03/07/2024
3130AVP55	220008	Federal Home Loan Banks		04/13/2023	5,000,000.00	4,980,050.00	5,000,000.00	4.740	AAA	4.678	173	03/22/2024
3133EMVD1	200053	Federal Farm Credit Bank		04/05/2021	3,000,000.00	2,920,650.00	2,999,250.00	0.330	AAA	0.350	187	04/05/2024
3130ALVY7	200054	Federal Home Loan Banks		04/15/2021	3,000,000.00	2,917,440.00	3,000,000.00	0.400	AAA	0.395	197	04/15/2024
3130ALXQ2	200056	Federal Home Loan Banks		04/29/2021	3,000,000.00	2,913,270.00	3,000,000.00	0.500	AAA	0.493	211	04/29/2024
3133ENWC0	210051	Federal Farm Credit Bank		05/03/2022	5,000,000.00	4,917,700.00	4,999,250.00	2.625	AAA	2.604	215	05/03/2024
3130AMPD8	200062	Federal Home Loan Banks		05/28/2021	3,000,000.00	2,899,260.00	3,000,000.00	0.385	AAA	0.380	240	05/28/2024
3133EME40	200064	Federal Farm Credit Bank		06/03/2021	3,000,000.00	2,895,690.00	3,000,000.00	0.330	AAA	0.325	246	06/03/2024
3130AMKX9	200059	Federal Home Loan Banks		06/07/2021	3,000,000.00	2,895,510.00	3,000,000.00	0.400	AAA	0.395	250	06/07/2024
3130AMLM2	200060	Federal Home Loan Banks		06/07/2021	3,000,000.00	2,895,000.00	3,000,000.00	0.375	AAA	0.370	250	06/07/2024
3130AMND0	200061	Federal Home Loan Banks		06/17/2021	3,000,000.00	2,891,910.00	3,000,000.00	0.430	AAA	0.424	260	06/17/2024
3130AMQC9	200063	Federal Home Loan Banks		06/24/2021	3,000,000.00	2,888,970.00	3,000,000.00	0.420	AAA	0.414	267	06/24/2024
3130AMRZ7	200065	Federal Home Loan Banks		06/28/2021	3,000,000.00	2,886,480.00	3,000,000.00	0.375	AAA	0.370	271	06/28/2024
3130AMT85	200066	Federal Home Loan Banks		06/28/2021	3,000,000.00	2,887,020.00	3,000,000.00	0.400	AAA	0.395	271	06/28/2024
3135G0V75	190029	Federal Nat'l Mortgage Assoc.		12/03/2019	3,000,000.00	2,917,080.00	3,002,010.67	1.750	AAA	1.657	275	07/02/2024
3130AMV82	210001	Federal Home Loan Banks		07/12/2021	3,000,000.00	2,880,030.00	3,000,000.00	0.350	AAA	0.345	285	07/12/2024
3130AMZ88	210002	Federal Home Loan Banks		07/12/2021	3,000,000.00	2,883,900.00	3,000,000.00	0.520	AAA	0.513	285	07/12/2024
3130AN5A4	210003	Federal Home Loan Banks		07/26/2021	3,000,000.00	2,878,620.00	3,000,000.00	0.500	AAA	0.493	299	07/26/2024
3130AN7K0	210004	Federal Home Loan Banks		07/29/2021	5,000,000.00	4,796,050.00	5,000,000.00	0.400	AAA	0.395	302	07/29/2024
3130ANDX5	210006	Federal Home Loan Banks		08/16/2021	5,000,000.00	4,783,350.00	5,000,000.00	0.500	AAA	0.493	320	08/16/2024
3130ANGT1	210007	Federal Home Loan Banks		08/23/2021	5,000,000.00	4,779,750.00	5,000,000.00	0.410	AAA	0.404	327	08/23/2024
3130AMCN0	200057	Federal Home Loan Banks		05/26/2021	3,000,000.00	2,866,080.00	3,000,000.00	0.500	AAA	0.493	330	08/26/2024
3130ANNS5	210009	Federal Home Loan Banks		08/30/2021	5,000,000.00	4,775,500.00	5,000,000.00	0.500	AAA	0.493	332	08/28/2024
3135G0ZR7	190028	Federal Nat'l Mortgage Assoc.		12/03/2019	3,000,000.00	2,922,180.00	3,027,129.25	2.625	AAA	1.657	341	09/06/2024
3130APK20	210029	Federal Home Loan Banks		12/03/2021	5,000,000.00	4,763,400.00	4,984,408.28	0.650	AAA	0.861	362	09/27/2024
3133ENCA6	210025	Federal Farm Credit Bank		10/25/2021	5,000,000.00	4,756,500.00	4,998,525.00	0.700	AAA	0.710	390	10/25/2024
3133EK6J0	190025	Federal Farm Credit Bank		11/08/2019	3,000,000.00	2,872,710.00	2,991,180.00	1.625	AAA	1.806	404	11/08/2024
3133ENDU1	210027	Federal Farm Credit Bank		11/15/2021	5,000,000.00	4,739,150.00	5,000,000.00	0.740	AAA	0.730	411	11/15/2024

Kings County Investment Pool
Portfolio Management
Portfolio Details - Investments
September 30, 2023

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 360	Days to Maturity	Maturity Date
Government Agency Coupon Securities												
3130APMB8	210026	Federal Home Loan Banks		11/22/2021	5,000,000.00	4,735,850.00	5,000,000.00	0.750	AAA	0.740	418	11/22/2024
3130APVG7	210028	Federal Home Loan Banks		11/30/2021	5,000,000.00	4,747,950.00	5,000,000.00	1.000	AAA	0.986	421	11/25/2024
3133ENGQ7	210030	Federal Farm Credit Bank		12/09/2021	5,000,000.00	4,737,500.00	5,000,000.00	0.920	AAA	0.907	435	12/09/2024
3133ENJH4	210040	Federal Farm Credit Bank		12/27/2021	5,000,000.00	4,727,350.00	5,000,000.00	0.940	AAA	0.927	453	12/27/2024
3130AQEM1	210038	Federal Home Loan Banks		01/06/2022	5,000,000.00	4,720,100.00	5,000,000.00	1.000	AAA	0.986	463	01/06/2025
3130AQEG4	210039	Federal Home Loan Banks		01/10/2022	5,000,000.00	4,718,050.00	5,000,000.00	1.000	AAA	0.986	467	01/10/2025
3130AQFG3	210041	Federal Home Loan Banks		01/21/2022	5,000,000.00	4,720,750.00	5,000,000.00	1.125	AAA	1.110	478	01/21/2025
3130AQLL5	210042	Federal Home Loan Banks		01/27/2022	5,000,000.00	4,738,500.00	5,000,000.00	1.200	AAA	1.184	484	01/27/2025
3130AJ2C2	190049	Federal Home Loan Banks		02/03/2020	3,000,000.00	2,847,780.00	3,000,000.00	1.625	AAA	1.603	491	02/03/2025
3133EMQG0	200040	Federal Farm Credit Bank		02/10/2021	3,000,000.00	2,795,370.00	2,999,437.50	0.320	AAA	0.328	498	02/10/2025
3136G4T52	200005	Federal Nat'l Mortgage Assoc.		08/25/2020	3,000,000.00	2,798,250.00	3,000,000.00	0.520	AAA	0.513	513	02/25/2025
3130AVPB2	220009	Federal Home Loan Banks		04/13/2023	5,000,000.00	4,926,000.00	5,000,000.00	4.090	AAA	4.036	523	03/07/2025
3130AVPA4	220010	Federal Home Loan Banks		04/13/2023	5,000,000.00	4,923,500.00	5,000,000.00	4.080	AAA	4.025	537	03/21/2025
3134GWP26	200014	Federal Home Loan Mort. Co.		09/28/2020	3,000,000.00	2,787,660.00	3,000,000.00	0.500	AAA	0.493	544	03/28/2025
3130AVPC0	220011	Federal Home Loan Banks		04/13/2023	5,000,000.00	4,919,200.00	5,000,000.00	4.080	AAA	4.024	564	04/17/2025
3133ENWH9	210052	Federal Farm Credit Bank		05/09/2022	5,000,000.00	4,817,150.00	4,992,766.67	2.900	AAA	2.935	586	05/09/2025
3130AVP97	220012	Federal Home Loan Banks		04/13/2023	5,000,000.00	4,912,950.00	5,000,000.00	4.050	AAA	3.996	593	05/16/2025
3136G4Y64	200006	Federal Nat'l Mortgage Assoc.		08/27/2020	3,000,000.00	2,771,700.00	3,000,000.00	0.550	AAA	0.542	604	05/27/2025
3130AVP89	220013	Federal Home Loan Banks		04/13/2023	5,000,000.00	4,907,750.00	5,000,000.00	4.020	AAA	3.967	614	06/06/2025
3130AVP71	220014	Federal Home Loan Banks		04/13/2023	5,000,000.00	4,898,600.00	5,000,000.00	4.010	AAA	3.957	621	06/13/2025
3134GWUU8	200018	Federal Home Loan Mort. Co.		10/16/2020	3,000,000.00	2,753,760.00	3,000,000.00	0.500	AAA	0.493	654	07/16/2025
3133EMFC1	200026	Federal Farm Credit Bank		10/29/2020	3,000,000.00	2,751,480.00	3,000,000.00	0.530	AAA	0.523	667	07/29/2025
3133EL3P7	200004	Federal Farm Credit Bank		08/24/2020	3,000,000.00	2,748,060.00	3,000,000.00	0.530	AAA	0.523	681	08/12/2025
3136G4Q48	200001	Federal Nat'l Mortgage Assoc.		08/19/2020	3,000,000.00	2,749,650.00	2,998,800.00	0.600	AAA	0.612	688	08/19/2025
3136G4N74	200002	Federal Nat'l Mortgage Assoc.		08/21/2020	3,000,000.00	2,746,950.00	3,000,000.00	0.560	AAA	0.552	690	08/21/2025
3136G4X57	200003	Federal Nat'l Mortgage Assoc.		08/25/2020	3,000,000.00	2,749,290.00	3,000,000.00	0.625	AAA	0.616	694	08/25/2025
3136G4Z63	200007	Federal Nat'l Mortgage Assoc.		08/27/2020	3,000,000.00	2,747,400.00	3,000,000.00	0.600	AAA	0.592	696	08/27/2025
3134GWA22	200010	Federal Home Loan Mort. Co.		09/02/2020	3,000,000.00	2,749,860.00	3,000,000.00	0.550	AAA	0.542	702	09/02/2025
3134GWA55	200008	Federal Home Loan Mort. Co.		09/09/2020	3,000,000.00	2,746,620.00	3,000,000.00	0.650	AAA	0.641	709	09/09/2025
3134GWB70	200009	Federal Home Loan Mort. Co.		09/15/2020	3,000,000.00	2,743,590.00	3,000,000.00	0.625	AAA	0.616	715	09/15/2025
3134GWL38	200013	Federal Home Loan Mort. Co.		09/15/2020	3,000,000.00	2,738,910.00	3,000,000.00	0.540	AAA	0.533	715	09/15/2025
3134GWJ98	200011	Federal Home Loan Mort. Co.		09/16/2020	3,000,000.00	2,742,930.00	3,000,000.00	0.520	AAA	0.513	716	09/16/2025
3134GWU61	200017	Federal Home Loan Mort. Co.		09/22/2020	3,000,000.00	2,735,940.00	3,000,000.00	0.520	AAA	0.513	722	09/22/2025
3130AK3Z7	200012	Federal Home Loan Banks		09/29/2020	3,000,000.00	2,736,810.00	3,000,000.00	0.570	AAA	0.562	729	09/29/2025
3136G43L5	200015	Federal Nat'l Mortgage Assoc.		09/30/2020	3,000,000.00	2,735,400.00	3,000,000.00	0.550	AAA	0.542	730	09/30/2025
3136G44F7	200016	Federal Nat'l Mortgage Assoc.		09/30/2020	3,000,000.00	2,735,400.00	3,000,000.00	0.550	AAA	0.542	730	09/30/2025
3134GWX43	200019	Federal Home Loan Mort. Co.		10/02/2020	3,000,000.00	2,733,930.00	3,000,000.00	0.550	AAA	0.542	732	10/02/2025
3134GWY26	200021	Federal Home Loan Mort. Co.		10/08/2020	3,000,000.00	2,733,030.00	3,000,000.00	0.570	AAA	0.562	738	10/08/2025

Kings County Investment Pool
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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 360	Days to Maturity	Maturity Date
Government Agency Coupon Securities												
3133EMCP5	200022	Federal Farm Credit Bank		10/14/2020	3,000,000.00	2,728,260.00	2,998,500.00	0.520	AAA	0.533	744	10/14/2025
3134GWXX9	200020	Federal Home Loan Mort. Co.		10/15/2020	3,000,000.00	2,729,670.00	3,000,000.00	0.550	AAA	0.542	745	10/15/2025
3136G44U4	200024	Federal Nat'l Mortgage Assoc.		10/20/2020	3,000,000.00	2,725,200.00	3,000,000.00	0.500	AAA	0.493	750	10/20/2025
3136G45C3	200025	Federal Nat'l Mortgage Assoc.		10/27/2020	3,000,000.00	2,725,380.00	3,000,000.00	0.540	AAA	0.533	757	10/27/2025
3134GWYZ3	200023	Federal Home Loan Mort. Co.		10/28/2020	3,000,000.00	2,724,480.00	3,000,000.00	0.530	AAA	0.523	758	10/28/2025
3133EMFS6	200028	Federal Farm Credit Bank		11/03/2020	3,000,000.00	2,726,970.00	3,000,000.00	0.460	AAA	0.454	764	11/03/2025
3135G06G3	200043	Federal Nat'l Mortgage Assoc.		02/23/2021	3,000,000.00	2,728,140.00	2,996,286.30	0.500	AAA	0.543	768	11/07/2025
3134GW6S0	200027	Federal Home Loan Mort. Co.		11/10/2020	3,000,000.00	2,721,900.00	3,000,000.00	0.610	AAA	0.602	771	11/10/2025
3135GA2X8	200029	Federal Nat'l Mortgage Assoc.		11/18/2020	3,000,000.00	2,715,960.00	3,000,000.00	0.550	AAA	0.542	779	11/18/2025
3130ALB94	200041	Federal Home Loan Banks		02/26/2021	3,000,000.00	2,690,430.00	3,000,000.00	0.630	AAA	0.621	879	02/26/2026
3133EMSU7	200047	Federal Farm Credit Bank		03/09/2021	3,000,000.00	2,698,470.00	3,000,000.00	0.800	AAA	0.789	890	03/09/2026
3130ALDN1	200042	Federal Home Loan Banks		03/16/2021	3,000,000.00	2,696,580.00	3,000,000.00	0.800	AAA	0.789	897	03/16/2026
3130ALGB4	200044	Federal Home Loan Banks		03/17/2021	3,000,000.00	2,696,280.00	3,000,000.00	0.800	AAA	0.789	898	03/17/2026
3133EMUK6	200049	Federal Farm Credit Bank		03/25/2021	3,000,000.00	2,711,250.00	3,000,000.00	1.050	AAA	1.036	906	03/25/2026
3130ALS47	200048	Federal Home Loan Banks		04/07/2021	3,000,000.00	2,706,300.00	3,000,000.00	1.020	AAA	1.006	919	04/07/2026
3130ALTE4	200052	Federal Home Loan Banks		04/21/2021	3,000,000.00	2,701,440.00	3,000,000.00	1.000	AAA	0.986	933	04/21/2026
3130ALXV1	200055	Federal Home Loan Banks		04/22/2021	3,000,000.00	2,708,250.00	3,000,000.00	1.100	AAA	1.085	934	04/22/2026
3130ANN48	210008	Federal Home Loan Banks		09/09/2021	5,000,000.00	4,443,450.00	5,000,000.00	1.000	AAA	0.986	1,074	09/09/2026
3130AWTR1	230001	Federal Home Loan Banks		09/22/2023	5,000,000.00	4,927,850.00	4,962,416.67	4.375	AAA	4.613	1,804	09/08/2028
3133EPWK7	230002	Federal Farm Credit Bank		09/22/2023	5,000,000.00	4,957,750.00	4,966,900.00	4.500	AAA	4.586	1,818	09/22/2028
3134H1DS9	230004	Federal Home Loan Mort. Co.		09/28/2023	5,000,000.00	4,995,300.00	5,000,000.00	6.000	AAA	5.918	1,824	09/28/2028
		Subtotal and Average	**338,480,475.19**		**349,000,000.00**	**330,972,980.00**	**348,928,736.09**			**1.307**	**549**	
Government Agency Disc. -At Cost												
313384MQ9	220002	Federal Home Loan Banks		01/11/2023	5,000,000.00	4,997,150.00	4,826,544.44	4.660	AAA	4.852	5	10/06/2023
313384NE5	220003	Federal Home Loan Banks		01/11/2023	5,000,000.00	4,987,200.00	4,817,483.33	4.660	AAA	4.860	19	10/20/2023
		Subtotal and Average	**9,644,027.77**		**10,000,000.00**	**9,984,350.00**	**9,644,027.77**			**4.856**	**12**	
LAIF - Local Agency Investment Pool												
SYS990001	990001	Local Agency Investment Fund		07/01/2023	0.00	0.00	0.00	1.970	N/R	1.943	1	
		Subtotal and Average	**0.00**		**0.00**	**0.00**	**0.00**			**0.000**	**0**	
Treasury Coupon Securities												
91282CAP6	210021	United States Treasury		10/18/2021	5,000,000.00	4,990,650.00	4,993,215.38	0.125	AAA	0.392	14	10/15/2023
91282CDD0	210059	United States Treasury		05/12/2022	5,000,000.00	4,980,400.00	4,949,138.73	0.375	AAA	2.413	30	10/31/2023
91282CAW1	210035	United States Treasury		12/07/2021	5,000,000.00	4,969,050.00	4,991,218.66	0.250	AAA	0.593	45	11/15/2023
91282CDM0	210031	United States Treasury		12/07/2021	5,000,000.00	4,960,350.00	4,997,478.77	0.500	AAA	0.593	60	11/30/2023
91282CBE0	210022	United States Treasury		10/18/2021	5,000,000.00	4,925,200.00	4,991,575.09	0.125	AAA	0.455	106	01/15/2024

Kings County Investment Pool
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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 360	Days to Maturity	Maturity Date
Treasury Coupon Securities												
9128285Z9	210032	United States Treasury		12/07/2021	5,000,000.00	4,951,350.00	5,046,009.16	2.500	AAA	0.648	122	01/31/2024
9128286G0	210037	United States Treasury		12/07/2021	5,000,000.00	4,937,700.00	5,041,354.90	2.375	AAA	0.690	151	02/29/2024
91282CBR1	210023	United States Treasury		10/18/2021	5,000,000.00	4,885,950.00	4,993,731.78	0.250	AAA	0.496	166	03/15/2024
91282CBR1	210033	United States Treasury		12/07/2021	5,000,000.00	4,885,950.00	4,988,851.40	0.250	AAA	0.692	166	03/15/2024
912828X70	210034	United States Treasury		12/07/2021	5,000,000.00	4,901,550.00	5,063,559.82	2.000	AAA	0.709	212	04/30/2024
91282CCC3	210019	United States Treasury		08/31/2021	5,000,000.00	4,840,450.00	4,995,658.84	0.250	AAA	0.332	227	05/15/2024
912828XT2	210020	United States Treasury		08/31/2021	5,000,000.00	4,887,700.00	5,082,733.91	2.000	AAA	0.335	243	05/31/2024
912828YH7	210010	United States Treasury		08/24/2021	5,000,000.00	4,810,150.00	5,079,686.47	1.500	AAA	0.425	365	09/30/2024
91282CDB4	210024	United States Treasury		10/18/2021	5,000,000.00	4,759,000.00	4,996,762.60	0.625	AAA	0.659	380	10/15/2024
91282CDB4	210036	United States Treasury		12/07/2021	5,000,000.00	4,759,000.00	4,983,345.45	0.625	AAA	0.838	380	10/15/2024
912828YM6	210011	United States Treasury		08/24/2021	5,000,000.00	4,795,300.00	5,078,259.24	1.500	AAA	0.445	396	10/31/2024
912828Z52	210013	United States Treasury		08/26/2021	5,000,000.00	4,747,650.00	5,062,619.93	1.375	AAA	0.528	488	01/31/2025
912828ZC7	210014	United States Treasury		08/26/2021	5,000,000.00	4,719,550.00	5,042,667.71	1.125	AAA	0.542	516	02/28/2025
912828ZL7	210015	United States Treasury		08/26/2021	5,000,000.00	4,635,350.00	4,979,163.37	0.375	AAA	0.578	577	04/30/2025
912828ZW3	210012	United States Treasury		08/24/2021	5,000,000.00	4,595,300.00	4,965,271.33	0.250	AAA	0.593	638	06/30/2025
91282CBC4	210044	United States Treasury		01/31/2022	5,000,000.00	4,520,100.00	4,859,030.81	0.375	AAA	0.000	822	12/31/2025
91282CBT7	210045	United States Treasury		01/31/2022	5,000,000.00	4,521,500.00	4,880,575.66	0.750	AAA	1.554	912	03/31/2026
91282CBW0	210016	United States Treasury		08/26/2021	5,000,000.00	4,504,100.00	4,997,994.73	0.750	AAA	0.754	942	04/30/2026
912828R36	210017	United States Treasury		08/26/2021	5,000,000.00	4,602,750.00	5,128,226.06	1.625	AAA	0.757	957	05/15/2026
91282CCJ8	210018	United States Treasury		08/26/2021	5,000,000.00	4,498,850.00	5,012,100.76	0.875	AAA	0.782	1,003	06/30/2026
91282CCP4	210046	United States Treasury		01/31/2022	5,000,000.00	4,450,200.00	4,858,160.78	0.625	AAA	1.586	1,034	07/31/2026
91282CCW9	210047	United States Treasury		01/31/2022	5,000,000.00	4,452,550.00	4,876,654.96	0.750	AAA	1.585	1,065	08/31/2026
91282CCZ2	210048	United States Treasury		01/31/2022	5,000,000.00	4,461,700.00	4,876,197.79	0.875	AAA	1.590	1,095	09/30/2026
		Subtotal and Average	**146,884,605.19**		**140,000,000.00**	**132,949,350.00**	**139,809,244.09**			**0.767**	**466**	
Medium Term Notes												
037833DM9	190020	Apple Inc		10/28/2019	2,000,000.00	1,931,800.00	1,999,424.99	1.800	Aaa	1.805	346	09/11/2024
037833EB2	200038	Apple Inc		02/08/2021	3,000,000.00	2,704,770.00	3,000,000.00	0.700	Aaa	0.690	861	02/08/2026
037833EB2	200046	Apple Inc		03/01/2021	2,000,000.00	1,803,180.00	1,989,556.56	0.700	Aaa	0.902	861	02/08/2026
037833DN7	210049	Apple Inc		04/05/2022	5,000,000.00	4,594,600.00	4,900,357.14	2.050	Aaa	2.722	1,076	09/11/2026
931142ER0	210043	Wal-Mart Stores		01/31/2022	5,000,000.00	4,458,150.00	4,894,171.67	1.050	Aa2	1.764	1,082	09/17/2026
		Subtotal and Average	**16,767,883.91**		**17,000,000.00**	**15,492,500.00**	**16,783,510.36**			**1.754**	**927**	
BofW MMA Deposit Account												
SYS999993	999993	Bank of the West		07/01/2019	140,385,910.28	140,385,910.28	140,385,910.28	4.580	Aa2	4.517	1	
		Subtotal and Average	**118,606,697.18**		**140,385,910.28**	**140,385,910.28**	**140,385,910.28**			**4.517**	**1**	

Kings County Investment Pool
Portfolio Management
Portfolio Details - Investments
September 30, 2023

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 360	Days to Maturity	Maturity Date
CAMP - California Asset Mgmt Progr												
999995	999995	California Asset Mgmt Program		01/27/2023	100,449,823.25	100,449,823.25	100,449,823.25	5.550		5.474	1,579	01/27/2028
		Subtotal and Average	**98,680,102.44**		**100,449,823.25**	**100,449,823.25**	**100,449,823.25**			**5.474**	**1,579**	
		Total and Average	**729,063,791.69**		**756,835,733.53**	**730,234,913.53**	**756,001,251.84**			**2.412**	**570**	

APPENDIX H

TABLE OF ACCRETED VALUES

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BOND ACCRETED VALUE TABLE

Reef-Sunset Unified School District
Election of 2012, Series C General Obligation Bonds

Date	Capital Appreciation Term Bond Maturing 8/1/2047 4.9%
01/24/2024	1,601.35
02/01/2024	1,602.90
08/01/2024	1,642.15
02/01/2025	1,682.40
08/01/2025	1,723.60
02/01/2026	1,765.85
08/01/2026	1,809.10
02/01/2027	1,853.40
08/01/2027	1,898.85
02/01/2028	1,945.35
08/01/2028	1,993.00
02/01/2029	2,041.85
08/01/2029	2,091.85
02/01/2030	2,143.10
08/01/2030	2,195.65
02/01/2031	2,249.40
08/01/2031	2,304.55
02/01/2032	2,361.00
08/01/2032	2,418.85
02/01/2033	2,478.10
08/01/2033	2,538.80
02/01/2034	2,601.00
08/01/2034	2,664.75
02/01/2035	2,730.05
08/01/2035	2,796.90
02/01/2036	2,865.45
08/01/2036	2,935.65
02/01/2037	3,007.55
08/01/2037	3,081.25
02/01/2038	3,156.75
08/01/2038	3,234.10
02/01/2039	3,313.30
08/01/2039	3,394.50
02/01/2040	3,477.65
08/01/2040	3,562.85
02/01/2041	3,650.15
08/01/2041	3,739.60
02/01/2042	3,831.20
08/01/2042	3,925.05
02/01/2043	4,021.25
08/01/2043	4,119.75
02/01/2044	4,220.70
08/01/2044	4,324.10
02/01/2045	4,430.05
08/01/2045	4,538.60
02/01/2046	4,649.75
08/01/2046	4,763.70
02/01/2047	4,880.40
08/01/2047	5,000.00

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APPENDIX I

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. 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 AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM 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 AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100