NEW ISSUE—BOOK-ENTRY ONLY **Rating: Moody's: "Aa1"**
(See "MISCELLANEOUS — Rating" herein.)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2023 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2023 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that, for tax years beginning after December 31, 2022, interest on the Series 2023 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2023 Bonds. See "TAX MATTERS" herein.

$150,000,000
SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT
(SAN MATEO COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS, ELECTION OF 2022, SERIES 2023

Dated: Date of Delivery **Due: September 1, as shown herein**

This cover page is not a summary of this issue; it is only a reference to the information contained in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The South San Francisco Unified School District (San Mateo County, California) General Obligation Bonds, Election of 2022, Series 2023 (the "Series 2023 Bonds") are being issued by the South San Francisco Unified School District (the "District"), located in the County of San Mateo, California (the "County"). Proceeds of the Series 2023 Bonds will be applied to (i) finance specific construction, reconstruction, rehabilitation, or replacement projects approved by the voters of the District, and (ii) pay costs of issuance of the Series 2023 Bonds, as further described herein. The Series 2023 Bonds were authorized at an election of the voters of the District held on November 8, 2022, at which at least 55% of the voters voting on the proposition authorized the issuance and sale of $436,000,000 aggregate principal amount of bonds of the District. The Series 2023 Bonds are being issued under the laws of the State of California (the "State") and pursuant to a resolution of the Board of Trustees of the District adopted on March 9, 2023.

The Series 2023 Bonds are payable from *ad valorem* taxes to be levied within the District pursuant to the California Constitution and other State law. The Board of Supervisors of the County is empowered and obligated to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Series 2023 Bonds, all as more fully described herein. See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2023 BONDS" herein.

The Series 2023 Bonds will be issued as current interest bonds, in denominations of $5,000 principal amount or any integral multiple thereof, as set forth on the inside front cover page hereof. Interest on the Series 2023 Bonds is payable on each March 1 and September 1 to maturity or earlier redemption thereof, commencing September 1, 2023. Principal of the Series 2023 Bonds is payable on September 1 in each of the years and in the amounts set forth on the inside front cover page hereof.

The Series 2023 Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2023 Bonds. Individual purchases of the Series 2023 Bonds will be made in book-entry form only. Purchasers will not receive physical delivery of the Series 2023 Bonds purchased by them. See "THE SERIES 2023 BONDS – Form and Registration" herein. Payments of the principal of and interest on the Series 2023 Bonds will be made by The Bank of New York Mellon Trust Company, N.A., as paying agent, registrar and transfer agent with respect to the Series 2023 Bonds, to DTC for subsequent disbursement to DTC participants, who will remit such payments to the beneficial owners of the Series 2023 Bonds. See "THE SERIES 2023 BONDS – Payment of Principal and Interest" herein.

The Series 2023 Bonds are subject to redemption prior to maturity as described herein. See "THE SERIES 2023 BONDS – Redemption" herein.

The Series 2023 Bonds will be offered when, as and if issued by the District and received by the Underwriter, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, Irvine, California, Bond Counsel to the District. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, Irvine, California, as Disclosure Counsel to the District; and for the Underwriter by Norton Rose Fulbright US LLP, Los Angeles, California, as counsel to the Underwriter. It is anticipated that the Series 2023 Bonds, in definitive form, will be available for delivery through the facilities of DTC on or about April 26, 2023.

RBC Capital Markets

Dated: April 12, 2023, as amended on April 17, 2023.

MATURITY SCHEDULE
BASE CUSIP†: 840058

$150,000,000
SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT
(SAN MATEO COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS, ELECTION OF 2022, SERIES 2023

$63,200,000 Serial Series 2023 Bonds

Maturity (September 1,)	Principal Amount	Interest Rate	Yield	CUSIP† Suffix
2024	$12,000,000	5.000%	2.240%	VM0
2025	11,000,000	5.000	2.130	VN8
2033	1,000,000	5.000	1.970C	VP3
2034	1,800,000	5.000	2.050C	VQ1
2035	2,375,000	5.000	2.180C	VR9
2036	2,755,000	5.000	2.360C	VS7
2037	3,165,000	5.000	2.480C	VT5
2038	3,605,000	5.000	2.570C	VU2
2039	4,075,000	5.000	2.710C	VV0
2040	4,585,000	4.000	3.450C	VW8
2041	5,075,000	4.000	3.530C	VX6
2042	5,605,000	4.000	3.580C	VY4
2043	6,160,000	4.000	3.650C	VZ1

$40,430,000 4.000% Term Series 2023 Bonds due September 1, 2048
Yield 3.950%C – CUSIP† Suffix WA5

$46,370,000 4.000% Term Series 2023 Bonds due September 1, 2052
Yield 4.000% – CUSIP† Suffix WB3

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† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP® data herein is provided by CGS database. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the District, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

C Yield to call at par on September 1, 2031.

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT
(SAN MATEO COUNTY, CALIFORNIA)

BOARD OF TRUSTEES

DISTRICT ADMINISTRATORS

Dr. Shawnterra Moore, *Superintendent*
Ted O, *Assistant Superintendent, Business Services*
Keith Irish, *Assistant Superintendent, Educational Services*
Dr. Jay Spaulding, *Assistant Superintendent, Human Resources and Student Services*[*]

PROFESSIONAL SERVICES

Municipal Advisor

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

Bond Counsel and Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP
Irvine, California

Paying Agent, Registrar and Transfer Agent

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

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[*] Dr. Jay Spaulding will retire from his role as Assistant Superintendent, Human Resources and Student Services effective June 30, 2023.

This Official Statement does not constitute an offering of any security other than the original offering of the Series 2023 Bonds by the District. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the District.

The Series 2023 Bonds are exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 3(a)(2) thereof. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy Series 2023 Bonds in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation.

The information set forth herein other than that furnished by the District, although obtained from sources which are believed by the District to be reliable, is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Series 2023 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under 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.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used, such as "plan," "expect," "estimate," "budget," "intend" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to those forward-looking statements if or when their expectations, or events, conditions or circumstances on which such statements are based, occur.

The District maintains a website. However, the information presented there is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2023 Bonds.

In connection with this offering, the Underwriter may overallot or effect transactions which stabilize or maintain the market prices of the Series 2023 Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Series 2023 Bonds to certain securities dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside front cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

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(continued)

$150,000,000
SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT
(SAN MATEO COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS, ELECTION OF 2022, SERIES 2023

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, including the cover page, inside cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Series 2023 Bonds to potential investors is made only by means of the entire Official Statement.

General

This Official Statement, which includes the cover page, inside cover page and appendices hereto, is provided to furnish information in connection with the sale of $150,000,000 aggregate principal amount of South San Francisco Unified School District (San Mateo County, California) General Obligation Bonds, Election of 2022, Series 2023 (the "Series 2023 Bonds"), all as indicated on the inside cover page hereof, to be offered by the South San Francisco Unified School District (the "District").

This Official Statement speaks only as of its date, and the information contained herein is subject to change. The District has no obligation to update the information in this Official Statement, except as required by the Continuing Disclosure Certificate to be executed by the District. See "OTHER LEGAL MATTERS – Continuing Disclosure" and APPENDIX D – "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

The Series 2023 Bonds are general obligation bonds of the District secured by and payable from *ad valorem* taxes to be levied upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates). The Series 2023 Bonds are not a debt or obligation of the County of San Mateo (the "County") or of the general fund of the District. See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2023 BONDS."

The purpose of this Official Statement is to supply information to prospective buyers of the Series 2023 Bonds. Quotations from and summaries and explanations of the Series 2023 Bonds, the resolution of the Board of Trustees of the District providing for the issuance of the Series 2023 Bonds, and the constitutional provisions, statutes and other documents described herein, do not purport to be complete, and reference is hereby made to said documents, constitutional provisions and statutes for the complete provisions thereof.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or owners of any of the Series 2023 Bonds.

Copies of documents referred to herein and information concerning the Series 2023 Bonds are available from the District by contacting: South San Francisco Unified School District, 398 B Street, South San Francisco, California 94080, Attention: Assistant Superintendent, Business Services. The District may impose a charge for copying, handling and mailing such requested documents.

The District

The District was founded in 1936 and originated from the unification of an elementary school district (founded in 1866) and a high school district (founded in 1913). The District is located in the northern part of the County, which is one of the counties that comprise the metropolitan San Francisco Bay Area, northwest of San Francisco International Airport. Its territory encompasses nearly all of the City of South San Francisco and portions of the City of Daly City, the Town of Colma, and the City of San Bruno and unincorporated areas of the County. The District extends from San Francisco Bay in the east to Skyline Boulevard in the western hills of the County. The District currently operates nine elementary schools, three middle schools, two comprehensive high schools, one continuation high school, one adult education school, four day-care schools, and one centrally located Children's Center, which offers subsidized preschool programs and before and after school programs. Total enrollment in the District was approximately 7,933 students in fiscal year 2021-22. As of the preparation of the District's second interim report for fiscal year 2022-23 (the "Fiscal Year 2022-23 Second Interim Report"), total enrollment in the District is projected to be approximately 7,844 students in fiscal year 2022-23. Since the District is a community funded district that is primarily funded by property tax revenues, changes in enrollment do not impact property tax revenues and have a negligible impact on State aid received by the District. For more information on enrollment and the District's funding, see APPENDIX A – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – DISTRICT FINANCIAL MATTERS – State Funding of Education; State Budget Process – *Enrollment and A.D.A.*" The District operates under the jurisdiction of the San Mateo County Superintendent of Schools. Total assessed valuation of taxable property in the District in fiscal year 2022-23 is approximately $29.01 billion.

For additional information about the District, see APPENDIX A − "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET" and APPENDIX B − "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2022."

For specific information on the impact of the Coronavirus Disease 2019 ("COVID-19") pandemic (i) on the security and source of payment for the Series 2023 Bonds, see "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2023 BONDS – Assessed Valuation of Property Within the District" and "– Tax Charges and Delinquencies," and (ii) on the District's operations and finances, see APPENDIX A – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – DISTRICT FINANCIAL MATTERS – Infectious Disease Outbreak."

Changes from the Preliminary Official Statement

Since March 28, 2023, the date of the Preliminary Official Statement relating to the Series 2023 Bonds, the California Public Employees' Retirement System ("CalPERS") Schools Pool Actuarial Valuation as of June 30, 2022 (the "2022 CalPERS Schools Pool Actuarial Valuation") became available in summary form together with the expected CalPERS employer contribution rate for fiscal year 2023-24. Accordingly, in addition to pricing information relating to the Series 2023 Bonds, this Official Statement reflects the 2022 CalPERS Schools Pool Actuarial Valuation as summarized. For more information, see APPENDIX A – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – DISTRICT FINANCIAL MATTERS – Retirement Benefits – *CalPERS*").

THE SERIES 2023 BONDS

Authority for Issuance; Purpose

Authority for Issuance. The Series 2023 Bonds are issued by the District under the provisions of California Government Code Section 53506 *et seq.,* including Section 53508.7 thereof, and California Education Code Sections 15140 and 15146 and Article XIIIA of the Constitution of the State of California (the "California Constitution") and pursuant to a resolution of the Board of Trustees of the District, adopted on March 9, 2023 (the "Resolution").

Purpose. At an election held on November 8, 2022, the District received approval by at least 55% of the votes cast by eligible voters within the District to issue general obligation bonds of the District in an aggregate principal amount not to exceed $436,000,000 to modernize classrooms, restrooms, and school facilities; make health, safety and security improvements, equip schools with 21st century learning technology, and construct local affordable rental housing for teachers and staff (collectively, the "2022 Authorization"). The Series 2023 Bonds represent the first series of authorized bonds to be issued under the 2022 Authorization. Proceeds of the Series 2023 Bonds will be applied to (i) finance specific construction, reconstruction, rehabilitation or replacement projects approved by the voters of the District under the 2022 Authorization, and (ii) pay costs of issuance of the Series 2023 Bonds. See "–Application and Investment of Series 2023 Bond Proceeds" herein. Following the issuance of the Series 2023 Bonds, the District will have $286,000,000 aggregate principal amount of bonds authorized but unissued under the 2022 Authorization.

Pursuant to the Resolution, the term "Bonds" means all bonds, including the Series 2023 Bonds and refunding bonds, of the District heretofore or hereafter issued pursuant to voter-approved measures of the District, including bonds approved by the voters of the District on November 2, 2010 and pursuant to the 2022 Authorization.

Form and Registration

The Series 2023 Bonds will be issued in fully registered form only, without coupons, in denominations of $5,000 principal amount or integral multiples thereof. The Series 2023 Bonds will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository of the Series 2023 Bonds. Purchases of the Series 2023 Bonds under the DTC book-entry system must be made by or through a DTC participant, and ownership interests in the Series 2023 Bonds will be recorded as entries on the books of said participants. Except in the event that use of this book-entry system is discontinued for the Series 2023 Bonds, beneficial owners of the Series 2023 Bonds ("Beneficial Owners") will not receive physical certificates representing their ownership interests. See APPENDIX F − "BOOK-ENTRY ONLY SYSTEM."

Payment of Principal and Interest

Interest. The Series 2023 Bonds will be dated as of their date of delivery, and bear interest at the rates set forth on the inside front cover page of this Official Statement, payable on March 1 and September 1 of each year (each, an "Interest Payment Date"), commencing on September 1, 2023, computed on the basis of a 360-day year consisting of twelve 30-day months. Each Series 2023 Bond will bear interest from the Interest Payment Date of such Series 2023 Bond next preceding the date of authentication thereof, unless it is authenticated after the close of business on the 15th day of the calendar month immediately preceding an Interest Payment Date for such Series 2023 Bond (the "Record Date") and on or prior to the succeeding Interest Payment Date for such Series 2023 Bond, in which event it will bear interest from such Interest Payment Date for such Series 2023 Bond, or unless it is authenticated on or before the Record Date preceding the first Interest Payment Date for such Series 2023 Bond, in which event it will bear interest from its dated date; provided, however, that if, at the time of authentication of any Series 2023 Bond, interest is in default on any outstanding Series 2023 Bonds, such Series 2023 Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the outstanding Series 2023 Bonds.

Payment of Series 2023 Bonds. The principal of the Series 2023 Bonds is payable in lawful money of the United States of America to the registered owner thereof (the "Owner"), upon the surrender thereof at the principal corporate trust office of The Bank of New York Mellon Trust Company, N.A., as paying agent (the "Paying Agent") at the maturity thereof or upon redemption prior to maturity.

The interest on the Series 2023 Bonds is payable on each Interest Payment Date in lawful money of the United States of America to the Owner thereof as of the Record Date preceding such Interest Payment Date, such interest to be paid by check or draft mailed on such Interest Payment Date (if a business day, or on the next business day if the Interest Payment Date does not fall on a business day) to the Owner thereof at such Owner's address as it appears on the bond registration books kept by the Paying Agent or at such address as the Owner may have filed with the Paying Agent for that purpose, except that the payment will be made by wire transfer of immediately available funds to any Owner of at least $1,000,000 in principal amount of outstanding Series 2023 Bonds who request in writing such method of payment of interest prior to the close of business on the Record Date immediately preceding any Interest Payment Date. So long as the Series 2023 Bonds are held by Cede & Co., as nominee of DTC, payment will be made by wire transfer. See APPENDIX F − "BOOK-ENTRY ONLY SYSTEM."

Redemption

Optional Redemption. The Series 2023 Bonds maturing on or before September 1, 2025 are not subject to optional redemption prior to their respective stated maturity dates. The Series 2023 Bonds maturing on or after September 1, 2033 are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after September 1, 2031, at a redemption price equal to the principal amount of the Series 2023 Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

Mandatory Sinking Fund Redemption. The $40,430,000 term Series 2023 Bonds maturing on September 1, 2048 are subject to mandatory sinking fund redemption on September 1 in each of the years and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium:

Mandatory Sinking Fund Redemption Date (September 1,)	Principal Amount to be Redeemed
2044	$6,755,000
2045	7,380,000
2046	8,045,000
2047	8,750,000
2048†	9,500,000

† Maturity.

The principal amount of the $40,430,000 term Series 2023 Bonds maturing on September 1, 2048, to be redeemed in each year shown above will be reduced proportionately, or as otherwise directed by the District, in integral multiples of $5,000, by any portion of such term Series 2023 Bonds optionally redeemed prior to the mandatory sinking fund redemption date.

The $46,370,000 term Series 2023 Bonds maturing on September 1, 2052 are subject to mandatory sinking fund redemption on September 1 in each of the years and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium:

Mandatory Sinking Fund Redemption Date (September 1,)	Principal Amount to be Redeemed
2049	$10,290,000
2050	11,125,000
2051	12,010,000
2052†	12,945,000

† Maturity.

The principal amount of the $46,370,000 term Series 2023 Bonds maturing on September 1, 2052, to be redeemed in each year shown above will be reduced proportionately, or as otherwise directed by the District, in integral multiples of $5,000, by any portion of such term Series 2023 Bonds optionally redeemed prior to the mandatory sinking fund redemption date.

Selection of Series 2023 Bonds for Redemption. If less than all of the Series 2023 Bonds, if any, are subject to such redemption and are called for redemption, such Series 2023 Bonds will be redeemed in inverse order of maturities or as otherwise directed by the District. Whenever less than all of the outstanding Series 2023 Bonds of any one maturity are designated for redemption, the Paying Agent will select the outstanding Series 2023 Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For purposes of such selection, each Series 2023 Bond will be deemed to consist of individual Series 2023 Bonds of denominations of $5,000 principal amount, each, which may be separately redeemed.

Notice of Redemption. Notice of redemption of any Series 2023 Bond will be given by the Paying Agent, postage prepaid, not less than 20 nor more than 60 days prior to the redemption date (i) by first class mail to the County and the respective Owners thereof at the addresses appearing on the bond registration books, and (ii) as may be further required in accordance with the Continuing Disclosure Certificate with respect to the Series 2023 Bonds. See APPENDIX D − "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Each notice of redemption is required to contain the following information: (i) the date of such notice; (ii) the name of the Series 2023 Bonds and the date of issue of such Series 2023 Bonds; (iii) the redemption date; (iv) the redemption price; (v) the dates of maturity or maturities of Series 2023 Bonds to be redeemed; (vi) if less than all of the Series 2023 Bonds of any maturity are to be redeemed the distinctive numbers of the Series 2023 Bonds of each maturity to be redeemed; (vii) in the case of Series 2023 Bonds redeemed in part only, the respective portions of the principal amount of the Series 2023 Bonds of each maturity to be redeemed; (viii) the CUSIP number, if any, of each maturity of Series 2023 Bonds to be redeemed; (ix) a statement that such Series 2023 Bonds must be surrendered by the Owners at the principal corporate trust office of the Paying Agent, or at such other place or places designated by the Paying Agent; (x) notice that further interest on such Series 2023 Bonds will not accrue after the designated redemption date; and (xi) in the case of a conditional notice, that such notice is conditioned upon certain circumstances and the manner of rescinding such conditional notice. Neither the failure to receive such notice, nor any defect in the notice given, will affect the sufficiency of the proceedings for the redemption of the Series 2023 Bonds called for redemption or the cessation of interest on the date fixed for redemption.

Effect of Notice of Redemption. When notice of redemption has been given substantially as described above and when the redemption price of the Series 2023 Bonds called for redemption is set aside for the purpose of redeeming the Series 2023 Bonds, the Series 2023 Bonds designated for redemption become due and payable on the specified redemption date and interest ceases to accrue thereon as of the redemption date, and upon presentation and surrender of such Series 2023 Bonds at the place specified in the notice of redemption, such Series 2023 Bonds are to be redeemed and paid at the redemption price thereof out of the money provided therefor. The Owners of such Series 2023 Bonds so called for redemption after such redemption date will look for the payment of such Series 2023 Bonds and the redemption premium thereon, if any, only from monies on deposit for such purpose in the interest and sinking fund of the District established for the Series 2023 Bonds within the County treasury (the "Interest and Sinking Fund") or the trust fund established for such purpose. All Series 2023 Bonds redeemed are to be cancelled forthwith by the Paying Agent and are not to be reissued.

Right to Rescind Notice. The District may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the Owners of the Series 2023 Bonds so called for redemption. Any optional redemption and notice thereof is to be rescinded if for any reason on the date fixed for redemption monies are not available in the Interest and Sinking Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the Series 2023 Bonds called for redemption. Notice of rescission of redemption is to be given in the same manner in which notice of redemption was originally given. The actual receipt by the Owner of any Series 2023 Bond of notice of such rescission is not a condition precedent to rescission, and failure to receive such notice or any defect in such notice does not affect the validity of the rescission.

Funds for Redemption. Prior to or on the redemption date of any Series 2023 Bonds there is to be available in the Interest and Sinking Fund, or held in trust for such purpose as provided by law, monies for the purpose and sufficient to redeem, at the redemption prices as provided in the Resolution, the Series 2023 Bonds designated in the notice of redemption. Such monies are to be applied on or after the redemption date solely for payment of principal of, interest and premium, if any, on the Series 2023 Bonds to be redeemed upon presentation and surrender of such Series 2023 Bonds, provided that all monies in the Interest and Sinking Fund are to be used for the purposes established and permitted by law. Any interest due on or prior to the redemption date is to be paid from the Interest and Sinking Fund, unless otherwise provided to be paid from such monies held in trust. If, after all of the Series 2023 Bonds have been redeemed and cancelled or paid and cancelled, there are monies remaining in the Interest and Sinking Fund or otherwise held in trust for the payment of the redemption price of the Series 2023 Bonds, the monies are to be held in or returned or transferred to any interest and sinking fund of the District for payment of any outstanding Bonds of the District payable from such fund; provided, however, that if the monies are part of the proceeds of Bonds of the District, the monies are to be transferred to the fund created for the payment of principal of and interest on such Bonds. If no such Bonds of the District are at such time outstanding, the monies are to be transferred to the general fund of the District as provided and permitted by law.

Defeasance of Series 2023 Bonds

The Resolution provides that if at any time the District will pay or cause to be paid or there will otherwise be paid to the Owners of any or all of the outstanding Series 2023 Bonds all or any part of the principal of and interest and premium, if any, on the Series 2023 Bonds at the times and in the manner provided in the Resolution and in the Series 2023 Bonds, or as described in the following paragraph, or as otherwise provided by law consistent with the provisions of the Resolution, then such Owners will cease to be entitled to the obligation of the District and the County as provided in the Resolution, and such obligation and all agreements and covenants of the District and the County to such Owners under the Resolution and under the Series 2023 Bonds will thereupon be satisfied and discharged and will terminate, except only that the District will remain liable for payment of all principal, interest and premium, if any, represented by the Series 2023 Bonds, but only out of monies on deposit in the Interest and Sinking Fund or otherwise held in trust for such payment; and provided further, however, that the provisions of the Resolution described below under "– Unclaimed Monies" will apply.

The District may pay and discharge any or all of the Series 2023 Bonds by depositing in trust with the Paying Agent or an escrow agent selected by the District, at or before maturity, money or non-callable direct obligations of the United States of America (including zero interest bearing State and Local Government Series) or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, in an amount which will, together with the interest to accrue thereon and available monies then on deposit in the Interest and Sinking Fund, be fully sufficient to pay and discharge the indebtedness on such Series 2023 Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

Unclaimed Monies

Any money held in any fund created pursuant to the Resolution, or by the Paying Agent or an escrow agent in trust for the payment of the principal of, redemption premium, if any, or interest on the Series 2023 Bonds and remaining unclaimed for two years after the principal of all of the Series 2023 Bonds has become due and payable (whether by maturity or upon prior redemption) is required to be transferred to any interest and sinking fund of the District for payment of any outstanding Bonds of the District payable from such fund; or, if no such Bonds of the District are at such time outstanding, the monies are required to be transferred to the general fund of the District as provided and permitted by law.

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Application and Investment of Series 2023 Bond Proceeds

The proceeds of the Series 2023 Bonds are expected to be applied as follows:

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT
(SAN MATEO COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS, ELECTION OF 2022, SERIES 2023

Estimated Sources and Uses of Funds

Sources of Funds:	
Aggregate Principal Amount of Series 2023 Bonds	$150,000,000.00
Plus Original Issue Premium	5,609,488.65
Total Sources of Funds	$155,609,488.65
Uses of Funds:	
Deposit to Building Fund	$149,307,500.00
Deposit to Interest and Sinking Fund(1)	5,609,488.65
Costs of Issuance(2)	250,000.00
Underwriter's Discount	442,500.00
Total Uses of Funds	$155,609,488.65

(1) Consists of premium received by the District.
(2) Includes legal fees, municipal advisor fees, rating agency fees, printing fees and other miscellaneous expenses.

Under State law, all money received by or apportioned to a school district must generally be paid into and held in the county treasury. The proceeds from the sale of the Series 2023 Bonds, less amounts necessary to pay costs of issuance, exclusive of any premium and accrued interest received by the District, will be deposited in the County treasury to the credit of the building fund of the District established for the Series 2023 Bonds (the "Building Fund") and will be accounted for together with the proceeds of other bonds of the District separately from all other District and County funds. Such proceeds will be applied solely for the purposes for which the Series 2023 Bonds were authorized. Any premium or accrued interest on the Series 2023 Bonds received by the District will be deposited in the Interest and Sinking Fund in the County treasury. Taxes collected to pay principal and interest on the Series 2023 Bonds will also be deposited in the Interest and Sinking Fund. Earnings on the investment of monies in either fund will be retained in that fund and used only for the purpose to which that fund may lawfully be applied. Monies in the Building Fund may only be applied for the purposes for which the Series 2023 Bonds were authorized. Monies in the Interest and Sinking Fund may only be applied to pay principal, interest and redemption premium, if any, on the Series 2023 Bonds.

All funds held by the Treasurer-Tax Collector of the County (the "Treasurer-Tax Collector") in the Building Fund and the Interest and Sinking Fund are expected to be invested at the sole discretion of the Treasurer-Tax Collector on behalf of the District in such investments as are authorized by Section 53601 *et seq.* of the California Government Code and the investment policy of the County, as either may be amended or supplemented from time to time. See APPENDIX E − "COUNTY OF SAN MATEO INVESTMENT POLICIES AND PRACTICES; DESCRIPTION OF INVESTMENT POOL" for a description of the permitted investments under the investment policy of the County. The Treasurer-Tax Collector does not monitor such investments for arbitrage compliance and does not perform any arbitrage calculations with respect to such investments.

Debt Service

Annual debt service on the Series 2023 Bonds, assuming no early optional redemptions, is set forth in the following table.

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT
(SAN MATEO COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS, ELECTION OF 2022, SERIES 2023

Period Ending (September 1,)	Principal	Interest	Total Debt Service
2023	-	$2,228,385.42	$2,228,385.42
2024	$12,000,000.00	6,417,750.00	18,417,750.00
2025	11,000,000.00	5,817,750.00	16,817,750.00
2026	-	5,267,750.00	5,267,750.00
2027	-	5,267,750.00	5,267,750.00
2028	-	5,267,750.00	5,267,750.00
2029	-	5,267,750.00	5,267,750.00
2030	-	5,267,750.00	5,267,750.00
2031	-	5,267,750.00	5,267,750.00
2032	-	5,267,750.00	5,267,750.00
2033	1,000,000.00	5,267,750.00	6,267,750.00
2034	1,800,000.00	5,217,750.00	7,017,750.00
2035	2,375,000.00	5,127,750.00	7,502,750.00
2036	2,755,000.00	5,009,000.00	7,764,000.00
2037	3,165,000.00	4,871,250.00	8,036,250.00
2038	3,605,000.00	4,713,000.00	8,318,000.00
2039	4,075,000.00	4,532,750.00	8,607,750.00
2040	4,585,000.00	4,329,000.00	8,914,000.00
2041	5,075,000.00	4,145,600.00	9,220,600.00
2042	5,605,000.00	3,942,600.00	9,547,600.00
2043	6,160,000.00	3,718,400.00	9,878,400.00
2044	6,755,000.00	3,472,000.00	10,227,000.00
2045	7,380,000.00	3,201,800.00	10,581,800.00
2046	8,045,000.00	2,906,600.00	10,951,600.00
2047	8,750,000.00	2,584,800.00	11,334,800.00
2048	9,500,000.00	2,234,800.00	11,734,800.00
2049	10,290,000.00	1,854,800.00	12,144,800.00
2050	11,125,000.00	1,443,200.00	12,568,200.00
2051	12,010,000.00	998,200.00	13,008,200.00
2052	12,945,000.00	517,800.00	13,462,800.00
Total:	$150,000,000.00	$121,426,985.42	$271,426,985.42

Source: RBC Capital Markets, LLC

Outstanding Bonds

In addition to the Series 2023 Bonds, the District has four series of general obligation bonds outstanding, each of which is secured by *ad valorem* taxes levied upon all property subject to taxation by the District on a parity with the Series 2023 Bonds.

2010 Authorization. At an election held on November 2, 2010, the District received authorization under Measure J to issue bonds of the District in an aggregate principal amount not to exceed $162,000,000 to provide safe, modern classrooms and educational support facilities by replacing deteriorated portal classrooms with permanent classrooms; repairing deteriorated roofs; providing disabled students access; upgrading science labs, libraries, technology and restrooms; enhancing safety, fire detection and security systems; improving energy efficiency; replacing outdated electrical, plumbing and heating systems (collectively, the "2010 Authorization"). Measure J received the required approval of at least 55% of the votes cast by eligible voters within the District. On May 23, 2012, the District issued its 2012 General Obligation Bonds (Measure J) Series A (the "Series A Bonds") in the aggregate principal amount of $7,000,000, as its first series of bonds issued under the 2010 Authorization. The Series A Bonds matured on September 1, 2016. On June 24, 2015, the District issued its 2015 General Obligation Bonds (Measure J), Series B (the "Series B Bonds") in the aggregate initial principal amount of $25,999,999.90, as its second series of bonds issued under the 2010 Authorization. On June 21, 2016, the District issued its 2016 General Obligation Bonds (Measure J), Series C (the "Series C Bonds") in the aggregate initial principal amount of $128,999,061.45, as its third and final series of bonds issued under the 2010 Authorization.

Refunding Bonds. On January 26, 2006, the District issued the South San Francisco Unified School District 2006 General Obligation Refunding Bonds in the aggregate initial principal amount of $36,825,170.39 (the "2006 District Bonds") to refund other prior bonds of the District issued in 1997 and 1999. The 2006 District Bonds were purchased by the South San Francisco Unified School District's School Facilities Financing Authority (the "Financing Authority") with proceeds from the Financing Authority's Revenue Bonds, Series 2006 (South San Francisco Unified School District General Obligation Program) (the "2006 Financing Authority Bonds"), issued in January 2006 in the aggregate principal amount of $39,035,000. The latest maturity date for the 2006 District Bonds and the 2006 Financing Authority Bonds is September 15, 2023.

On January 26, 2022, the District issues the South San Francisco Unified School District (San Mateo County, California) General Obligation Refunding Bonds, Series 2022 (Federally Taxable) (the "2022 Refunding Bonds") in the aggregate principal amount of $26,425,000. The proceeds of the 2022 Refunding Bonds were used to refund a portion of the Series B Bonds, maturing on September 1 in the years 2026 through 2035, inclusive, and 2040.

A summary of the District's outstanding general obligation bonded debt is set forth on the following page.

Aggregate Debt Service

The following table sets forth the annual aggregate debt service requirements of all outstanding general obligation bonds of the District, including the Series 2023 Bonds, assuming no early optional redemptions.

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT
(San Mateo County, California)
General Obligation Bonds – Aggregate Debt Service[(1)]

Period Ending (September 1,)[(2)]	2006 District Bonds	Series B Bonds	Series C Bonds	2022 Refunding Bonds	Series 2023 Bonds	Aggregate Total Debt Service
2023	$4,596,941.56	-	$5,156,487.50	$820,343.90	$2,228,385.42	$12,802,158.38
2024	-	$700,000.00	7,616,487.50	818,380.90	18,417,750.00	27,552,618.40
2025	-	830,000.00	7,816,487.50	821,417.90	16,817,750.00	26,285,655.40
2026	-	-	7,981,487.50	1,684,379.40	5,267,750.00	14,933,616.90
2027	-	-	8,251,487.50	1,737,859.40	5,267,750.00	15,257,096.90
2028	-	-	8,526,487.50	1,813,043.00	5,267,750.00	15,607,280.50
2029	-	-	8,816,487.50	1,889,335.26	5,267,750.00	15,973,572.76
2030	-	-	9,114,887.50	1,966,695.00	5,267,750.00	16,349,332.50
2031	-	-	9,421,287.50	2,045,952.20	5,267,750.00	16,734,989.70
2032	-	-	9,742,087.50	2,131,261.00	5,267,750.00	17,141,098.50
2033	-	-	10,065,887.50	2,222,157.00	6,267,750.00	18,555,794.50
2034	-	-	10,406,687.50	2,311,934.80	7,017,750.00	19,736,372.30
2035	-	-	10,767,887.50	2,400,759.20	7,502,750.00	20,671,396.70
2036	-	-	11,122,687.50	2,503,737.00	7,764,000.00	21,390,424.50
2037	-	-	11,500,287.50	2,609,999.40	8,036,250.00	22,146,536.90
2038	-	-	11,888,687.50	2,194,389.00	8,318,000.00	22,401,076.50
2039	-	-	12,288,612.50	2,312,102.00	8,607,750.00	23,208,464.50
2040	-	-	12,699,650.00	2,444,181.00	8,914,000.00	24,057,831.00
2041	-	-	15,905,662.50	-	9,220,600.00	25,126,262.50
2042	-	-	-	-	9,547,600.00	9,547,600.00
2043	-	-	-	-	9,878,400.00	9,878,400.00
2044	-	-	-	-	10,227,000.00	10,227,000.00
2045	-	-	-	-	10,581,800.00	10,581,800.00
2046	-	-	-	-	10,951,600.00	10,951,600.00
2047	-	-	-	-	11,334,800.00	11,334,800.00
2048	-	-	-	-	11,734,800.00	11,734,800.00
2049	-	-	-	-	12,144,800.00	12,144,800.00
2050	-	-	-	-	12,568,200.00	12,568,200.00
2051	-	-	-	-	13,008,200.00	13,008,200.00
2052	-	-	-	-	13,462,800.00	13,462,800.00
Total:	$4,596,941.56	$1,530,000.00	$189,089,725.00	$34,727,927.36	$271,426,985.42	$501,371,579.34

(1) Excludes the 2006 Financing Authority Bonds. For information on the outstanding 2006 Financing Authority Bonds, see APPENDIX A − "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – DISTRICT FINANCIAL MATTERS – District Debt Structure."
(2) Debt service figures for period ending September 1, 2023 include payments made on March 1, 2023.
Source: Isom Advisors, a Division of Urban Futures, Inc.

SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2023 BONDS

General

In order to provide sufficient funds for repayment of principal and interest when due on the Series 2023 Bonds, the Board of Supervisors of the County (the "Board of Supervisors") is empowered and is obligated to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates) for the payment of principal of and interest on the Series 2023 Bonds. Such taxes are in addition to but separate from other taxes levied upon property within the District that are deposited by the County to the District's general fund. When collected, the tax revenues with respect to each voter-approved bond measure of the District for the payment of Bonds issued under such bond measure will be deposited by the County in any interest and sinking fund of the District related to such bond measure with respect to the Bonds of such bond measure to be used solely for the payment of the principal or redemption price of and interest on such Bonds.

The Series 2023 Bonds are payable from *ad valorem* taxes to be levied within the District pursuant to the California Constitution and other State law, and are not a debt or obligation of the County. No fund of the County is pledged or obligated to repayment of the Series 2023 Bonds.

Statutory Lien on Taxes (Senate Bill 222)

Pursuant to Section 53515 of the California Government Code (which became effective on January 1, 2016), all general obligation bonds issued by local agencies, including refunding bonds, will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. Section 53515 provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board, and will be valid and binding from the time the bonds are executed and delivered. Section 53515 further provides that the revenues received pursuant to the levy and collection of the tax will be immediately subject to the lien, and the lien will immediately attach to the revenues and be effective, binding and enforceable against the local agency, its successor, transferees and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

This statutory lien, by its terms, secures not only the Series 2023 Bonds, but also any other bonds of the District payable, as to both principal and interest, from the proceeds of *ad valorem* property taxes that may be levied pursuant to paragraphs (2) and (3) of subdivision (b) of Section 1 of Article XIIIA of the California Constitution. The statutory lien provision does not specify the relative priority of obligations so secured or a method of allocation in the event that the revenues received pursuant to the levy and collection of the tax are insufficient to pay all amounts then due and owing that are secured by the statutory lien.

Pledge of Tax Revenues

As provided in the Resolution, the District has pledged all revenues from the property taxes collected from the levy by the Board of Supervisors with respect to each voter-approved bond measure of the District for the payment of Bonds issued under such bond measure and amounts on deposit in any interest and sinking fund of the District related to such bond measure with respect to the Bonds of such bond measure to the payment of the principal or redemption price of and interest on such Bonds. Pursuant to the Resolution, such pledge is valid and binding from the date of the Resolution for the benefit of the Owners of the Bonds and successors thereto. The Resolution provides that the property taxes and amounts held in any interest and sinking fund of the District will be immediately subject to this pledge, and the pledge will constitute a lien and security interest which will immediately attach to the property taxes and amounts held in any interest and sinking fund of the District to secure the payment of such Bonds and will be effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act. The Resolution provides that this pledge constitutes an agreement between the District and the Owners of Bonds to provide security for the Bonds in addition to any statutory lien that may exist, and the Bonds secured by the pledge are or were issued to finance (or refinance) one or more of the projects specified in the applicable voter-approved measure.

The pledge of tax revenues provided for in the Resolution specifies that said pledge and lien secures the Series 2023 Bonds and other general obligations bonds, including refunding bonds, previously issued or that may be issued in the future pursuant to voter-approved measures. Previous general obligation bonds of the District have been issued under resolutions that pledge tax revenues to secure the general obligation bonds and the general obligation refunding bonds issued thereunder, and the District may provide for a similar pledge of tax revenues in resolutions adopted in the future that authorize general obligation bonds and general obligation refunding bonds. The Resolution does not specify the relative priority of obligations so secured or a method of allocation in the event that the revenues received pursuant to the levy and collection of the tax are insufficient to pay all amounts then due and owing that are secured by the lien of the pledges.

Property Taxation System

Property tax revenues result from the application of the appropriate tax rate to the total assessed value of taxable property in the District. School districts receive property taxes for payment of voter-approved bonds as well as for general operating purposes.

Local property taxation is the responsibility of various county officers. School districts whose boundaries extend into more than one county are treated for property tax purposes as separate jurisdictions in each county in which they are located. For each school district located in a county, the county assessor computes the value of locally assessed taxable property. Based on the assessed value of property and the scheduled debt service on outstanding bonds in each year, the county auditor-controller computes the rate of tax necessary to pay such debt service, and presents the tax rolls (including rates of tax for all taxing jurisdictions in the county) to the county board of supervisors for approval. The county treasurer-tax collector prepares and mails tax bills to taxpayers and collects the taxes. Both the county auditor-controller and the county treasurer-tax collector have accounting responsibilities related to the collecting of the property taxes. Once collected, the county auditor-controller apportions and distributes the taxes to the various taxing entities and related funds and accounts. The county treasurer-tax collector, the superintendent of schools of which has jurisdiction over the school district, holds school district funds, including taxes collected for payment of school bonds, and is charged with payment of principal and interest on the school bonds when due, as *ex-officio* treasurer of the school district.

Assessed Valuation of Property Within the District

General. Taxable property located in the District has a fiscal year 2022-23 assessed value of $29,009,119,768. All property (real, personal and intangible) is taxable unless an exemption is granted by the California Constitution or United States law. Under the California Constitution, exempt classes of property include household and personal effects, intangible personal property (such as bank accounts, stocks and bonds), business inventories, and property used for religious, hospital, scientific and charitable purposes. The State Legislature may create additional exemptions for personal property, but not for real property. Most taxable property is assessed by the assessor of the county in which the property is located. Some special classes of property are assessed by the State Board of Equalization, as described below.

Taxes are levied for each fiscal year on taxable real and personal property assessed as of the preceding January 1, at which time the lien attaches. The assessed value is required to be adjusted during the course of the year when property changes ownership or new construction is completed. State law also affords an appeal procedure to taxpayers who disagree with the assessed value of any property. When necessitated by changes in assessed value during the course of a year, a supplemental assessment is prepared so that taxes can be levied on the new assessed value before the next regular assessment roll is completed. See "*– Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*" below.

Under the California Constitution, the State Board of Equalization assesses property of State-regulated transportation and communications utilities, including railways, telephone and telegraph companies, and companies transmitting or selling gas or electricity. The Board of Equalization also is required to assess pipelines, flumes, canals and aqueducts lying within two or more counties. The value of property assessed by the Board of Equalization is allocated by a formula to local jurisdictions in each county, including school districts, and taxed by the local county tax officials in the same manner as for locally assessed property. Taxes on privately owned railway cars, however, are levied and collected directly by the Board of Equalization. Property used in the generation of electricity by a company that does not also transmit or sell that electricity is taxed locally instead of by the Board of Equalization. Thus, the reorganization of regulated utilities and the transfer of electricity-generating property to non-utility companies, as often occurred under electric power deregulation in the State, affects how those assets are assessed, and which local agencies benefit from the property taxes derived. In general, the transfer of State-assessed property located in the District to non-utility companies will increase the assessed value of property in the District, since the property's value will no longer be divided among all taxing jurisdictions in the County. The transfer of property located and taxed in the District to a State-assessed utility will have the opposite effect: generally reducing the assessed value in the District, as the value is shared among the other jurisdictions in the County. The District is unable to predict future transfers of State-assessed property in the District and the County, the impact of such transfers on its utility property tax revenues, or whether future legislation or litigation may affect ownership of utility assets, the State's methods of assessing utility property, or the method by which tax revenues of utility property is allocated to local taxing agencies within the County, including the District.

Locally taxed property is classified either as "secured" or "unsecured," and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed property and property (real or personal) for which there is a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. All other property is "unsecured," and is assessed on the "unsecured roll." Secured property assessed by the State Board of Equalization is commonly identified for taxation purposes as "utility" property.

The following table sets forth the assessed valuation of the various classes of property in the District's boundaries from fiscal years 2006-07 through 2022-23, each as of the date the equalized assessment roll is established in August of each year.

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT
(San Mateo County, California)
Assessed Valuations
Fiscal Years 2006-07 through 2022-23

Fiscal Year	Local Secured	Utility	Unsecured	Total
2006-07	$11,297,313,084	$13,244,790	$1,312,212,784	$12,622,770,658
2007-08	12,356,669,994	16,382,714	1,414,577,476	13,787,630,184
2008-09	13,958,411,841	15,338,174	2,395,337,284	16,369,087,299
2009-10	13,847,587,835	15,719,228	1,447,824,697	15,311,131,760
2010-11	13,684,362,442	15,440,452	1,300,314,923	15,000,117,817
2011-12	13,855,179,747	12,681,730	1,317,096,492	15,184,957,969
2012-13	14,040,915,624	12,681,730	1,311,921,996	15,365,519,350
2013-14	14,493,013,149	12,681,730	1,220,727,460	15,726,422,339
2014-15	15,119,744,015	12,681,730	1,265,256,822	16,397,682,567
2015-16	15,827,627,239	12,651,405	1,212,847,158	17,053,125,802
2016-17	16,580,856,099	12,651,405	1,396,516,884	17,990,024,388
2017-18	17,415,354,303	12,651,405	1,438,879,544	18,866,885,252
2018-19	19,140,438,937	11,785,005	1,773,992,538	20,926,216,480
2019-20	20,779,433,771	13,698,525	1,729,583,128	22,522,715,424
2020-21	22,546,662,379	13,452,201	2,044,666,265	24,604,780,845
2021-22	23,898,096,848	11,896,701	1,934,013,285	25,844,006,834
2022-23	26,682,451,082	11,896,701	2,314,771,985	29,009,119,768

Source: California Municipal Statistics, Inc.

Genentech Inc. ("Genentech") has a fiscal year 2022-23 secured assessed valuation of $3,148,038,784, which comprises approximately 11.80% of the local secured assessed valuation in the District for such fiscal year. See "– Largest Secured Taxpayers in District." Genentech currently has assessment appeals pending before the San Mateo County Assessment Appeals Board (the "Appeals Board") in which Genentech seeks a reduction of the secured and unsecured assessed valuation of certain machinery and equipment and fixtures for tax years 2000 through 2005. The Appeals Board is expected to issue a statement of change with respect to the assessed valuation of Genentech for tax years 2000 through 2005. Previously, the Appeals Board found that Genentech is entitled to have its claimed assessed values applied for several of the appeals for tax year 2003, and after recent litigation, has adjusted the cost basis of Genentech's machinery and equipment and fixtures for purposes of calculating such property's assessed value for tax year 2003. Genentech has also filed assessment appeals for the tax year 2021, which are still pending. At this time, the details regarding such appeals, including the total possible reductions to Genentech's assessed value and any resulting refund amounts are not readily available.

The County estimates that a reduction from the appeals for tax years 2000 through 2005 could result in a total refund to Genentech of anywhere from approximately $7 million to $17 million, which would be shared by all affected taxing entities, including the District. As part of its conservative budgeting practice, the District has set aside approximately $8.50 million as reflected in its Fiscal Year 2022-23 Second Interim Report to cover its share of any such refund to Genentech for tax years 2000 through 2005. While the District currently expects that such amount will be sufficient to cover the District's share of any such refund to Genentech, the District cannot predict the final amount of such refund to Genentech or the District's share and whether the District's share will be due at once or spread out over installments. Further, the District cannot guarantee that the amount it has set aside for its share of any such refund to Genentech will be sufficient.

Risk of Decline in Property Values. Assessments may be adjusted during the course of the year when real property changes ownership or new construction is completed. Assessments may also be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control, such as a general market decline in property values, including potential market declines caused by the effects of a reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), pandemic, or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, drought, flood, landslide, liquefaction, levee failure, fire, toxic dumping, etc. When necessitated by changes in assessed value in the course of a year, taxes are pro-rated for each portion of the tax year. See also "– *Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*" below.

Risk of Changing Economic Conditions. Property values could be reduced by factors beyond the District's control, including a depressed real estate market due to general economic conditions in the County, the region, and the State. A pandemic, like the COVID-19 pandemic, may result in an economic recession or depression that causes a general market decline in property values therefore affecting the assessed value of the property in the District. For more information on the impact of the COVID-19 pandemic, see APPENDIX A – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – DISTRICT FINANCIAL MATTERS – Infectious Disease Outbreak." In addition, the failure by Congress to increase the federal debt limit could have a material adverse impact on economic conditions, which, in turn, could also have a negative effect on property values in the District. Events resulting in changing economic conditions may also alter the willingness or the ability of local taxpayers to pay *ad valorem* taxes levied to repay the District's Bonds. The District cannot predict whether events that may result in changing economic conditions will occur or the extent that a change in economic conditions will impact assessed value of property in the District or the willingness or ability of local taxpayers to pay *ad valorem* taxes.

Risk of Climate Change. The change in the earth's average atmospheric temperature, generally referred to as "climate change," is expected to, among other things, increase the frequency of extreme weather events. The direct risks posed by climate change currently include or are expected to include more extreme heat events, increased incidence of wildfire and drought, rising sea levels, changes in precipitation levels, including flooding, and more intense storms. As greenhouse gas emissions continue to accumulate, climate change will intensify and increase the frequency of such extreme weather events. One or more of such extreme weather events could negatively impact the assessed value of the property within the District. The District cannot predict the timing, extent, or severity of climate change and its impact on property values in the District.

Risk of Earthquake. The District is located in a seismically active region. The most notable earthquake faults in the region include the San Andreas and Hayward faults. Property values could be reduced by the complete or partial destruction of taxable property as a result of an earthquake.

Risk of Drought. Most recently, the State has experienced periods of extreme precipitation, after having experienced severe drought conditions that led to the Governor of California (the "Governor") declaring a Statewide drought emergency in spring 2021. In March 2023, the Governor proclaimed a state of emergency related to a series of ongoing winter storms that has been expanded to include 43 counties in the State. While the Statewide drought emergency is still in effect in all 58 counties, the Governor has directed State agencies to provide recommendations on the State's drought response actions by the end of April 2023 once there is greater clarity about the State's hydrologic conditions. The District cannot predict the extent to which drought conditions within the County or any of the adjoining counties could cause reduced economic activity within the boundaries of the District or the extent to which drought conditions may impact District facilities or the assessed value of taxable property within the District.

Risk of Wildfire. Property damage due to wildfire could result in significant damage to, destruction of, and significant decreases in the assessed value of taxable property within the boundaries of the District, as well as in damage to or destruction of District facilities and property. In recent years, portions of the State, including the County and adjacent counties, have experienced wildfires that have burned thousands of acres and destroyed thousands of homes and structures. Notable incidents that have impacted the County and adjacent counties in recent years include the CZU Lightning Complex Fire and SCU Lightning Complex Fire. Within the boundaries of the District, no facilities or property was damaged or destroyed by said wildfires or other recent wildfires. The adjacent counties of Santa Clara and Santa Cruz have also been impacted by the wildfires mentioned above. The District cannot predict the extent to which any future wildfires within the District, the County, or any of the adjoining counties could cause reduced economic activity within the boundaries of the District or the extent to which wildfires may impact District facilities or the assessed value of taxable property within the District.

Prospective purchasers of the Series 2023 Bonds should be aware that, notwithstanding any decrease in assessed valuation for any fiscal year, the County is required to levy sufficient taxes to pay debt service on the Series 2023 Bonds. The consequence of any decrease in assessed valuation is a corresponding increase in the tax rate on taxable property so that sufficient tax revenues may be collected from taxpayers to cover debt service on the Series 2023 Bonds in full.

Appeals of Assessed Valuation; Blanket Reductions of Assessed Values. There are two basic types of property tax assessment appeals provided for under State law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the assessor immediately subsequent to an instance of a change in ownership or completion of new construction. If the base year value assigned by the assessor is reduced, the valuation of the property cannot increase in subsequent years more than 2% annually unless and until another change in ownership and/or additional new construction or reconstruction activity occurs. Any base year appeal must be made within four years of the change of ownership or new construction date.

The second type of appeal, commonly referred to as a Proposition 8 appeal (which Proposition 8 was approved by the voters in 1978), can result if factors occur causing a decline in the market value of the property to a level below the property's then current taxable value (escalated base year value). Pursuant to State law, a property owner may apply for a Proposition 8 reduction of the property tax assessment for such owner's property by filing a written application with the appropriate county board of equalization or assessment appeals board. A property owner desiring a Proposition 8 reduction of the assessed value of such owner's property in any one year must submit an application to the county assessment appeals board (the "Appeals Board"). Following a review of the application by the county assessor's office, the county assessor may offer to the property owner the opportunity to stipulate to a reduced assessment, or may confirm the assessment. If no stipulation is agreed to, and the applicant elects to pursue the appeal, the matter is brought before the Appeals Board (or, in some cases, a hearing examiner) for a hearing and decision. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level (such pre-reduction level escalated by the annual inflation rate of no more than 2%) following the year for which the reduction application is filed. However, the county assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year and any intervening years as well. In practice, such a reduced assessment may and often does remain in effect beyond the year in which it is granted.

In addition, Article XIIIA of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. This measure is computed on a calendar year basis. According to representatives of the County assessor's office, the County has in the past, pursuant to Article XIIIA of the California Constitution, ordered blanket reductions of assessed property values and corresponding property tax bills on single family residential properties when the value of the property has declined below the current assessed value as calculated by the County.

No assurance can be given that property tax appeals and/or blanket reductions of assessed property values will not significantly reduce the assessed valuation of property within the District in the future.

See APPENDIX A – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Limitations on Revenues" for a discussion of other limitations on the valuation of real property with respect to *ad valorem* taxes.

Bonding Capacity. As a unified school district, the District may issue bonds in an amount up to 2.50% of the assessed valuation of taxable property within its boundaries. The District's fiscal year 2022-23 gross bonding capacity (also commonly referred to as the "bonding limit" or "debt limit") is approximately $725.23 million and its net bonding capacity is approximately $566.34 million (taking into account current outstanding debt before the issuance of the Series 2023 Bonds). Refunding bonds may be issued without regard to this limitation; however, once issued, the outstanding principal of any refunding bonds is included when calculating the District's bonding capacity.

Assessed Valuation by Jurisdiction. The following table describes the percentage and value of the total assessed valuation of the property within the District's boundaries by political jurisdiction in the Town of Colma, City of Daly City, City of San Bruno, and City of South San Francisco, and unincorporated portions of the County for fiscal year 2022-23.

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT
(San Mateo County, California)
Fiscal Year 2022-23 Assessed Valuation by Jurisdiction

Jurisdiction	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
Town of Colma	$ 66,474,748	0.23%	$ 812,583,375	8.18%
City of Daly City	2,029,172,769	6.99	15,435,764,556	13.15%
City of San Bruno	294,141,962	1.01	9,958,336,007	2.95%
City of South San Francisco	26,545,064,979	91.51	27,730,440,659	95.73%
Unincorporated County of San Mateo	74,265,310	0.26	24,488,104,467	0.30%
Total District	$29,009,119,768	100.00%		
County of San Mateo	$29,009,119,768	100.00%	$288,439,496,973	10.06%

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use. The following table sets forth a distribution of taxable property located in the District on the fiscal year 2022-23 tax roll by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT
(San Mateo County, California)
Fiscal Year 2022-23 Assessed Valuation and Parcels by Land Use

	2022-23 Assessed Valuation[(1)]	% of Total	No. of Parcels	% of Total
Non-Residential:				
Commercial	$ 3,145,177,536	11.79%	499	2.19%
Hotel	542,348,151	2.03	40	0.18
Industrial	10,130,389,893	37.97	785	3.45
Recreational	113,213,200	0.42	53	0.23
Government/Social/Institutional	223,894,885	0.84	117	0.51
Miscellaneous	36,898,810	0.14	146	0.64
Subtotal Non-Residential	$14,191,922,475	53.19%	1,640	7.21%
Residential:				
Single Family Residence	$ 9,413,343,622	35.28%	16,705	73.43%
Condominium/Townhouse	1,566,910,766	5.87	3,433	15.09
Mobile Home	29,100	0.00	2	0.01
Mobile Home Park	8,955,284	0.03	2	0.01
2-4 Residential Units	262,694,244	0.98	381	1.67
5+ Residential Units/Apartments	940,812,981	3.53	287	1.26
Subtotal Residential	$12,192,745,997	45.70%	20,810	91.47%
Vacant	$297,782,610	1.12%	301	1.32%
TOTAL	$26,682,451,082	100.00%	22,751	100.00%

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

Assessed Valuation of Single-Family Homes. The following table sets forth the assessed valuation of single-family homes in the District's boundaries for fiscal year 2022-23, including the average and median per parcel assessed value.

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT
(San Mateo County, California)
Fiscal Year 2022-23 Per Parcel Assessed Valuation of Single-Family Homes

	Number of Parcels	2022-23 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single-Family Residential	16,705	$9,413,343,622	$563,505	$508,314

2022-23 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	23	0.138%	0.138%	$ 879,184	0.009%	0.009%
$50,000 - $99,999	1,355	8.111	8.249	115,871,899	1.231	1.240
$100,000 - $149,999	1,452	8.692	16.941	171,839,405	1.825	3.066
$150,000 - $199,999	702	4.202	21.143	122,260,573	1.299	4.365
$200,000 - $249,999	729	4.364	25.507	164,827,411	1.751	6.116
$250,000 - $299,999	713	4.268	29.776	194,836,532	2.070	8.185
$300,000 - $349,999	798	4.777	34.553	261,090,890	2.774	10.959
$350,000 - $399,999	950	5.687	40.239	356,088,447	3.783	14.742
$400,000 - $449,999	825	4.939	45.178	350,114,362	3.719	18.461
$450,000 – $499,999	699	4.184	49.362	332,011,233	3.527	21.988
$500,000 - $549,999	687	4.113	53.475	360,731,790	3.832	25.820
$550,000 - $599,999	646	3.867	57.342	371,694,351	3.949	29.769
$600,000 - $649,999	765	4.579	61.922	478,612,986	5.084	34.853
$650,000 - $699,999	745	4.460	66.381	502,898,299	5.342	40.196
$700,000 - $749,999	715	4.280	70.661	518,269,269	5.506	45.701
$750,000 - $799,999	657	3.933	74.594	508,188,757	5.399	51.100
$800,000 - $849,999	602	3.604	78.198	495,995,620	5.269	56.369
$850,000 - $899,999	539	3.227	81.425	471,655,519	5.010	61.380
$900,000 - $949,999	462	2.766	84.190	426,959,677	4.536	65.915
$950,000 - $999,999	401	2.400	86.591	390,495,144	4.148	70.064
$1,000,000 and greater	2,240	13.409	100.000	2,818,022,274	29.936	100.000
Total	16,705	100.000%		$9,413,343,622	100.000%	

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

Largest Secured Taxpayers in District. The following table sets forth the 20 taxpayers with the greatest combined ownership of secured taxable property in the District on the fiscal year 2022-23 tax roll, and the secured assessed valuation of all property owned by those taxpayers in all taxing jurisdictions within the District, are set forth below.

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT
(San Mateo County, California)
Largest Fiscal Year 2022-23 Local Secured Taxpayers

	Property Owner	Primary Land Use	2022-23 Assessed Valuation	Percent of Total(1)
1.	Genentech Inc.	Industrial	$3,148,038,784	11.80%
2.	HCP Oyster Point III LLC	Industrial	861,135,005	3.23
3.	Slough BTC LLC	Industrial	706,344,528	2.65
4.	BMR 1000 Gateway LP	Industrial	454,406,301	1.70
5.	Kilroy Realty LP	Industrial	447,345,388	1.68
6.	Britannia Pointe Grand LP	Industrial	332,388,936	1.25
7.	ARE San Francisco No. 12 LLC	Industrial	258,518,765	0.97
8.	ARE-San Francisco No. 65 LLC	Industrial	252,351,829	0.95
9.	ARE-East Grand Avenue Owner LLC	Industrial	248,750,802	0.93
10.	BMR-750 800 850 Gateway LP	Industrial	234,250,110	0.88
11.	KR Oyster Point III LLC	Industrial	231,571,365	0.87
12.	Dubuque Center LP	Office Building	219,300,000	0.82
13.	681 Gateway Center LLC	Office Building	201,755,879	0.76
14.	LPGS Tanforan LLC	Industrial	187,709,088	0.70
15.	Bell Fund VII Cadence LLC	Apartments	162,676,221	0.61
16.	Gateway Center LLC	Office Building	160,114,320	0.60
17.	ARE-San Francisco No. 75 LLC	Industrial	155,745,639	0.58
18.	LS Forbes LLC	Industrial	152,948,512	0.57
19.	SFF Logistics Inc.	Industrial	136,308,714	0.51
20.	701 Gateway Center LLC	Office Building	124,297,151	0.47
			$8,675,957,337	32.52%

(1) The fiscal year 2022-23 local secured assessed valuation is $26,682,451,082.
(2) For information on Genentech and its pending appeals of its assessed valuation, see "– *General*" above.
Source: California Municipal Statistics, Inc.

The more property (by assessed value) owned by a single taxpayer, the more tax collections are exposed to weakness, if any, in such taxpayer's financial situation and ability or willingness to pay property taxes in a timely manner. As shown above, a single taxpayer owns approximately 11.80% of the total taxable property in the District in fiscal year 2022-23. For information on Genentech and its pending appeals of its assessed valuation, see "– *General*" above. Furthermore, assessments may be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control. See "*− Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*" above.

Tax Rates

General. The California Constitution permits the levy of an *ad valorem* tax on taxable property not to exceed 1% of the full cash value of the property, and State law requires the full 1% tax to be levied. The levy of special *ad valorem* property taxes in excess of the 1% levy is permitted as necessary to provide for debt service payments on school bonds and other voter-approved indebtedness.

The rate of tax necessary to pay fixed debt service on the Series 2023 Bonds in a given year depends on the assessed value of taxable property in that year. (The rate of tax imposed on unsecured property for repayment of the Series 2023 Bonds is based on the prior year's secured property tax rate.) Economic and other factors beyond the District's control, such as a general market decline in property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), pandemic, or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, drought, fire, toxic dumping, etc., could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Series 2023 Bonds. Issuance of additional authorized bonds in the future could also cause the tax rate to increase.

Typical Tax Rate Area. The following table sets forth *ad valorem* property tax rates for the last five fiscal years in the typical tax rate area of the District (TRA 13-020). TRA 13-020 comprises approximately 13.95% of the total assessed value of taxable property in the District for fiscal year 2022-23.

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT
(San Mateo County, California)
Typical Total Tax Rates as Percentage of Assessed Valuation (TRA 13-020)[1]
Fiscal Years 2018-19 through 2022-23

	2018-19	2019-20	2020-21	2021-22	2022-23
General Tax Rate	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
South San Francisco Unified School District	0.0422	0.0381	0.0350	0.0352	0.0306
San Mateo Community College District	0.0175	0.0266	0.0213	0.0227	0.0193
Total Tax Rate	1.0597%	1.0647%	1.0563%	1.0579%	1.0499%

(1) Fiscal year 2022-23 assessed valuation of TRA 13-020 is $4,046,682,775.
Source: California Municipal Statistics, Inc.

In accordance with the California Constitution and the California Education Code, bonds approved pursuant to the 2022 Authorization may not be issued unless the District projects that repayment of all outstanding bonds approved under the 2022 Authorization will require a tax rate no greater than $60.00 per $100,000.00 of assessed value. Based on the assessed value of taxable property in the District at the time of issuance of the Series 2023 Bonds, the District projects that the maximum tax rate required to repay the Series 2023 Bonds, and all other outstanding bonds approved under the 2022 Authorization (of which there are currently none), will be within that legal limit. The tax rate limitation applies only when new bonds are issued and does not restrict the authority of the Board of Supervisors to levy taxes at such rate as may be necessary to pay debt service on the Series 2023 Bonds and any other series of bonds issued under the 2022 Authorization in each year.

Tax Charges and Delinquencies

General. A school district's share of the 1% countywide tax is based on the actual allocation of property tax revenues to each taxing jurisdiction in the county in fiscal year 1978-79, as adjusted according to a complicated statutory process enacted since that time. Revenues derived from special *ad valorem* taxes for voter-approved indebtedness, including the Series 2023 Bonds, are reserved to the taxing jurisdiction that approved and issued the debt, and may only be used to repay that debt.

The Treasurer-Tax Collector prepares the property tax bills. Property taxes on the regular secured assessment roll are due in two equal installments: the first installment is due on November 1, and becomes delinquent after December 10. The second installment is due on February 1 and becomes delinquent after April 10. If taxes are not paid by the delinquent date, a 10% penalty attaches and a $40 fee is added to unpaid second installments. If taxes remain unpaid by June 30, the tax is deemed to be in default, and a $35 state redemption fee applies. Interest then begins to accrue at the rate of 1.5% per month. The property owner has the right to redeem the property by paying the taxes, accrued penalties, and costs within five years of the date the property went into default. If the property is not redeemed within five years, it is subject to sale at a public auction by the Treasurer-Tax Collector. The date on which taxes on supplemental assessments are due depends on when the supplemental tax bill is mailed.

Property taxes on the unsecured roll are due in one payment on the lien date, January 1, and become delinquent after August 31. A 10% penalty and a $35 fee attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue on November 1. To collect unpaid taxes, the Treasurer-Tax Collector may obtain a judgment lien upon and cause the sale of all property owned by the taxpayer in the County, and may seize and sell personal property, improvements and possessory interests of the taxpayer. The Treasurer-Tax Collector may also bring a civil suit against the taxpayer for payment. In light of the financial hardship that many taxpayers experienced due to COVID-19, the Governor issued Executive Order N-61-20, which suspended, until May 6, 2021, the statutory requirements for the imposition of penalties, costs, and interest for the failure to pay property taxes on the secured or unsecured roll, or to pay a supplemental bill provided certain conditions were met.

Property tax delinquencies may be impacted by economic and other factors beyond the District's control, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression could be caused by many factors outside the control of the District, including high interest rates, reduced consumer confidence, reduced real wages or reduced economic activity as a result of a pandemic or a natural or manmade disaster, such as earthquake, drought, flood, fire or toxic dumping. However, the County has adopted the Teeter Plan (defined herein), according to which the County distributes to the District the amount levied on the secured and supplemental tax rolls, instead of the amount actually collected. For more information, see "– Teeter Plan" below. It is not possible for the District to make any representation regarding the extent to which an economic recession or depression could impact the ability or willingness of property owners within the District to pay property taxes in the future. For more information on the impact of the COVID-19 pandemic, see APPENDIX A – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – DISTRICT FINANCIAL MATTERS – Infectious Disease Outbreak." If delinquencies increase substantially as a result of events outside the control of the District, the County has the authority to increase allowances for annual reserves in the tax levy to avoid fluctuating tax levies.

Secured Tax Charges and Delinquencies within the District. The following table sets forth the real property tax charges and corresponding delinquencies for the District's general obligation bond debt service levy, with respect to the property located within the District, for fiscal years 2017-18 through 2021-22. While some counties also provide information on the secured tax charges and corresponding delinquencies for the portion of such county's 1% general fund levy that is allocated to the District with respect to property located in the District as an indication of comparative delinquency rates, the County does not provide such information. The portion of the County's 1% general fund levy that is allocated to the District is not pledged to and does not secure the repayment of the Series 2023 Bonds. See "– Teeter Plan" below.

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT
(San Mateo County, California)
Secured Tax Charges and Delinquencies
Fiscal Years 2017-18 through 2021-22

Fiscal Year	Secured Tax Charge[1]	Amount Delinquent June 30[2]	% Delinquent June 30
2017-18	$6,367,722.66	$30,458.31	0.48%
2018-19	8,109,431.59	28,413.48	0.35
2019-20	7,945,238.35	45,729.60	0.58
2020-21	7,873,013.81	45,996.25	0.58
2021-22	8,428,130.47	(13,984.89)	(0.17)

(1) General obligation bond debt service levy.
(2) At the time the County reported collection amounts for fiscal year 2021-22, property tax collections exceeded property tax charges. Such overpayment is due primarily to changes in the assessed value of taxable property located within the District that result in changes to the original property tax levy. When such an overpayment occurs, the County issues a refund to taxpayers who overpaid based on the original assessed value.

Source: California Municipal Statistics, Inc.

Teeter Plan

The Board of Supervisors has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, each participating local agency levying property taxes in the County, including school districts, receives the full amount of uncollected taxes levied on the secured tax roll credited to its fund, in the same manner as if the full amount due from taxpayers had been collected. In return, the County receives and retains delinquent payments, penalties and interest as collected that would have been due the local agency. The County applies the Teeter Plan to taxes levied for repayment of school district general obligation bonds on the secured tax roll. There can be no assurances that the County will have sufficient funds available to distribute the full amount of the District's share of property tax collections to the District. However, State law requires the County to levy *ad valorem* property taxes sufficient to pay the Series 2023 Bonds when due.

The Teeter Plan is to remain in effect unless the Board of Supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in the County. The Board of Supervisors may also, after holding a public hearing on the matter, discontinue the Teeter Plan with respect to any tax levying agency or assessment levying agency in the County if the rate of secured tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured roll in that agency. The District is not aware of any plans by the Board of Supervisors to discontinue the Teeter Plan.

Direct and Overlapping Debt

Set forth on the following page is a schedule of direct and overlapping debt prepared by California Municipal Statistics, Inc. effective March 6, 2023 for debt outstanding as of April 1, 2023. The table is included for general information purposes only. The District has not reviewed this table for completeness or accuracy and makes no representations in connection therewith. The first column in the table names each public agency which has outstanding debt as of the date of the schedule and whose territory overlaps the District in whole or in part. Column two sets forth the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not set forth in the table) produces the amount set forth in column three, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

The schedule generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District. 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.

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT
(San Mateo County, California)
Statement of Direct and Overlapping Bonded Debt

March 6, 2023

2022-23 Assessed Valuation: $29,009,119,768

	% Applicable	Debt 4/1/23
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:		
San Mateo Community College District	10.057%	$ 71,287,800
South San Francisco Unified School District	100.000	158,886,397(1)(2)
City of South San Francisco Community Facilities District No. 2021-1	100.000	19,685,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$249,859,197
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
San Mateo County General Fund Obligations	10.057%	$ 60,253,165
San Mateo County Board of Education Certificates of Participation	10.057	652,699
San Mateo County Flood Control District Certificates of Participation	71.935	9,991,772
South San Francisco Unified School District Certificates of Participation	100.000	2,770,000
Town of Colma Certificates of Participation	8.181	362,009
City of Daly City Pension Obligation Bonds	13.146	1,084,545
City of San Bruno Certificates of Participation	2.954	154,790
City of South San Francisco General Fund Obligations	95.725	183,418,673
San Mateo County Mosquito and Vector Control District General Fund Obligations	10.057	363,845
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$259,051,498
COMBINED TOTAL DEBT		$508,910,695(3)

Ratios to 2022-23 Assessed Valuation:

Direct Debt ($158,886,397)	0.55%
Total Direct and Overlapping Tax and Assessment Debt	0.86%
Combined Direct Debt ($161,656,397)	0.56%
Combined Total Debt	1.75%

(1) Excludes the 2006 Financing Authority Bonds.
(2) Excludes the Series 2023 Bonds. Also excludes accreted value.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, bond counsel to the District ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2023 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Series 2023 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that, for tax years beginning after December 31, 2022, interest on the Series 2023 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2023 Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix C.

To the extent the issue price of any maturity of the Series 2023 Bonds is less than the amount to be paid at maturity of such Series 2023 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2023 Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2023 Bonds which is excluded from gross income for federal income tax purposes and exempt from State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2023 Bonds is the first price at which a substantial amount of such maturity of the Series 2023 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2023 Bonds accrues daily over the term to maturity of such Series 2023 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2023 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2023 Bonds. Beneficial Owners of the Series 2023 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2023 Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2023 Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2023 Bonds is sold to the public.

Series 2023 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2023 Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2023 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2023 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2023 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Series 2023 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2023 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2023 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2023 Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2023 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2023 Bonds. Prospective purchasers of the Series 2023 Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2023 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2023 Bonds ends with the issuance of the Series 2023 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Series 2023 Bonds in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2023 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2023 Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

Payments on the Series 2023 Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Series 2023 Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Series 2023 Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the

Series 2023 Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

OTHER LEGAL MATTERS

Legal Opinion

The validity of the Series 2023 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District. Bond Counsel expects to deliver an opinion with respect to the Series 2023 Bonds at the time of issuance substantially in the form set forth in Appendix C. Bond Counsel, as such, undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the District, and for the Underwriter by Norton Rose Fulbright US LLP, as counsel to the Underwriter.

Legality for Investment in California

Under the provisions of the California Financial Code, the Series 2023 Bonds are legal investments for commercial banks in the State to the extent that the Series 2023 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 Series 2023 Bonds are eligible securities for deposit of public monies in the State.

Continuing Disclosure

The District will covenant under the Continuing Disclosure Certificate to provide, or to cause to be provided, to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system or such other electronic system designated by the Municipal Securities Rulemaking Board (the "EMMA System") certain annual financial information and operating data relating to the District (the "Annual Report") by not later than nine months following the end of the District's fiscal year (currently ending June 30), commencing with the report for fiscal year 2022-23 (such initial Annual Report due no later than March 31, 2024) and notice of the occurrence of certain enumerated events ("Notice Events") in a timely manner not in excess of ten business days after the occurrence of such a Notice Event. The specific nature of the information to be contained in the Annual Report and the notices of Notice Events is set forth in APPENDIX D − "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made for the benefit of the holders and Beneficial Owners of the Series 2023 Bonds in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "Rule").

Isom Advisors, a Division of Urban Futures, Inc. currently serves as the District's dissemination agent in connection with each of the District's prior continuing disclosure undertakings pursuant to the Rule and will serve as dissemination agent in connection with the continuing disclosure undertaking pursuant to the Rule relating to the Series 2023 Bonds.

Litigation

The District is occasionally subject to lawsuits and claims. Pursuant to Assembly Bill 218 ("AB 218"), which became effective on January 1, 2020, certain changes have been made to the claim prerequisites, available damages and the applicable statute of limitations periods for claims of childhood sexual assault, including claims against public entities like the District. With respect to claims that otherwise would have been barred as of January 1, 2020, AB 218 revived such claims for a period of three years, which period expired on December 31, 2022. There is currently one AB 218 claim pending against the District from an incident of alleged childhood sexual assault by a teacher formerly employed by the District dating to 1979. The District has answered the plaintiff's complaint and is conducting discovery. Since the District is in the early stages of litigating the AB 218 claim, the District cannot predict the extent of its potential liability, whether the plaintiff will prevail, and if so, how a final court decision or settlement agreement with respect to such lawsuit may affect the financial status, policies or operations of the District, as the nature of the court's remedy and the responses thereto are unknown at the present time. At this time, the District is uncertain whether insurance coverage is available for the AB 218 claim, and the District may be responsible for any expenses or liabilities incurred in defending the AB 218 claim pending against the District, including those resulting from a final court decision or settlement agreement. However, the District does not expect any expenses or liabilities incurred in defending the AB 218 claim, including those resulting from a final court decision or settlement agreement, will have a materially adverse effect on the District's ability to pay debt service on the Series 2023 Bonds because the Series 2023 Bonds are payable from *ad valorem* taxes that the Board of Supervisors of the County is empowered and obligated to levy upon all property subject to taxation by the District, without limitation as to rate or amount. Such *ad valorem* taxes are deposited by the County in the interest and sinking fund of the District related to the bond measure under which the Series 2023 Bonds are issued to be used solely for the payment of the principal or redemption price of and interest on the Series 2023 Bonds and all other bonds issued under such measure. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS" herein.

The District is occasionally subject to other 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.

No litigation is pending or threatened concerning or contesting the validity of the Series 2023 Bonds or the District's ability to receive *ad valorem* taxes and to collect other revenues, or contesting the District's ability to issue and retire the Series 2023 Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the title to their offices of District officers who will execute the Series 2023 Bonds or District officials who will sign certifications relating to the Series 2023 Bonds, or the powers of those offices. A certificate (or certificates) to that effect will be furnished to the Underwriter at the time of the original delivery of the Series 2023 Bonds.

FINANCIAL STATEMENTS

The District's audited financial statements for fiscal year ended June 30, 2022 are included in Appendix B. Such financial statements have been audited by Eide Bailly LLP, Rancho Cucamonga, California ("Eide Bailly"). The District has not requested nor has the District obtained the consent of Eide Bailly to the inclusion of its report in Appendix B. Eide Bailly has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Eide Bailly has not been requested to perform and has not performed any procedures relating to the Official Statement.

MISCELLANEOUS

Rating

Moody's Investors Service Inc. has assigned its rating of "Aa1" to the Series 2023 Bonds. A rating agency generally bases its rating on its own investigations, studies and assumptions as well as information and materials furnished to it (which may include information and materials from the District, which are not included in this Official Statement). The rating reflects only the view of the rating agency furnishing the same, and any explanation of the significance of the rating should be obtained only from the rating agency providing the same. Such rating is not a recommendation to buy, sell or hold the Series 2023 Bonds. There is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency providing the same, if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Series 2023 Bonds. Neither the Underwriter nor the District has undertaken any responsibility after the offering of the Series 2023 Bonds to assure the maintenance of the rating or to oppose any such revision or withdrawal.

Professionals Involved in the Offering

Orrick, Herrington & Sutcliffe LLP is acting as Bond Counsel and Disclosure Counsel with respect to the Series 2023 Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Series 2023 Bonds. Isom Advisors, a Division of Urban Futures, Inc., is acting as the District's municipal advisor (the "Municipal Advisor") with respect to the Series 2023 Bonds. Norton Rose Fulbright US LLP, Los Angeles, California, is acting as counsel to the Underwriter with respect to the Series 2023 Bonds. Payment of the fees and expenses of the Municipal Advisor and counsel to the Underwriter is also contingent upon the sale and delivery of the Series 2023 Bonds.

Underwriting

The Series 2023 Bonds are being purchased for reoffering to the public by RBC Capital Markets, LLC (the "Underwriter") pursuant to the terms of a bond purchase agreement executed on April 12, 2023 (the "Purchase Agreement"), by and between the Underwriter and the District. The Underwriter has agreed to purchase the Series 2023 Bonds at a price of $155,166,988.65 (which represents the aggregate principal amount of the Series 2023 Bonds, plus original issue premium of $5,609,488.65, and less Underwriter's discount in the amount of $442,500.00). The Purchase Agreement provides that the Underwriter will purchase all of the Series 2023 Bonds, subject to certain terms and conditions set forth in the Purchase Agreement.

The Underwriter may offer and sell the Series 2023 Bonds to certain securities dealers and dealer banks and banks acting as agent at prices lower than the public offering prices set forth on the inside front cover page of this Official Statement. The public offering prices may be changed from time to time by the Underwriter.

The Underwriter has provided the following information for inclusion in this Official Statement. The District does not guarantee the accuracy or completeness of the following information, and the inclusion thereof should not be construed as a representation of the District.

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; provided, however, that potential investors are advised that the offering of the Series 2023 Bonds is made only by means of the Official Statement. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representation other than as contained in the Official Statement.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to purchasers of the Series 2023 Bonds. Quotations from and summaries and explanations of the Series 2023 Bonds and of the statutes and documents contained herein do not purport to be complete, and reference is made to such documents and statutes for full and complete statements of their provisions.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners of any of the Series 2023 Bonds.

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

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

By: /s/ Dr. Shawnterra Moore
Superintendent

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APPENDIX A

INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET

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The information in this appendix concerning the operations of the South San Francisco Unified School District (the "District"), the District's finances, and State of California (the "State") funding of education, 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 Series 2023 Bonds is payable from the general fund of the District or from State revenues. The Series 2023 Bonds are payable from the proceeds of an ad valorem tax approved by the voters of the District pursuant to all applicable laws and requirements of the Constitution of the State (the "California Constitution"), and required to be levied by the County of San Mateo (the "County") on property within the District in an amount sufficient for the timely payment of principal of and interest on the Series 2023 Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2023 BONDS" in the front portion of this Official Statement.

THE DISTRICT

Introduction

The District was founded in 1936 and originated from the unification of an elementary school district (founded in 1866) and a high school district (founded in 1913). The District is located in the northern part of the County, which is one of the counties that comprise the metropolitan San Francisco Bay Area, northwest of San Francisco International Airport. Its territory encompasses nearly all of the City of South San Francisco and portions of the City of Daly City, the Town of Colma, and the City of San Bruno and unincorporated areas of the County. The District extends from San Francisco Bay in the east to Skyline Boulevard in the western hills of the County. The District currently operates nine elementary schools, three middle schools, two comprehensive high schools, one continuation high school, one adult education school, four day-care schools, and one centrally located Children's Center, which offers subsidized preschool programs and before and after school programs. Total enrollment in the District was approximately 7,933 students in fiscal year 2021-22. As of the preparation of the District's second interim report for fiscal year 2022-23 (the "Fiscal Year 2022-23 Second Interim Report"), total enrollment in the District is projected to be approximately 7,844 students in fiscal year 2022-23. Since the District is a community funded district that is primarily funded by property tax revenues, changes in enrollment do not impact property tax revenues and have a negligible impact on State aid received by the District. For more information on enrollment and the District's funding, see "DISTRICT FINANCIAL MATTERS – State Funding of Education; State Budget Process – *Enrollment and A.D.A.*" The District operates under the jurisdiction of the San Mateo County Superintendent of Schools. Total assessed valuation of taxable property in the District in fiscal year 2022-23 is approximately $29.01 billion.

Board of Trustees

The District is governed by a five-member Board of Trustees (the "Board of Trustees"), each member of which is a voting member. The members are elected by voters within their "area" of the District to four-year terms in alternate slates of two and three, and elections are held every two years. Each December, the Board of Trustees elects a President, Vice President, and Clerk to serve one-year terms. Current voting members of the Board of Trustees, together with their office, their trustee area, and the date their current term expires, are listed on the following page.

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT
(San Mateo County, California)

Board of Trustees

Name	Office	Trustee Area	Term Expires
Dr. Chialin Hsieh	President	Area C	December 2026
Patricia A. Murray	Vice President	Area A	December 2024
Mina A. Richardson	Clerk	Area E	December 2026
Amanda Anthony	Member	Area D	December 2026
Daina R. Lujan	Member	Area B	December 2024

Superintendent and Business Services Personnel

General. The Superintendent of the District is appointed by the Board of Trustees. The Superintendent reports directly to the Board of Trustees. The Assistant Superintendent, Business Services is hired by and reports directly to the Superintendent. The Superintendent is responsible for management of the District's day-to-day operations and supervises the work of other key District administrators. The current Superintendent, Dr. Shawnterra Moore, has served in this position since August 2015. The Assistant Superintendent, Business Services is responsible for management of the District's finances and business operations. Ted O has served as Assistant Superintendent, Business Services since November 2018.

Dr. Shawnterra Moore, Superintendent. Dr. Moore is entering her 22nd year as an educator, the last eight of which she has served as the District's Superintendent. Prior to that she served as a Director and Associate Superintendent in the District. Before coming to the District, Dr. Moore served in a variety of administrative and teaching assignments, including as a high school principal, assistant principal and English teacher. Dr. Moore comes from a family of educators and she has appreciated and thoroughly enjoyed the various roles she has held. Dr. Moore earned a Bachelor of Arts degree from Santa Clara University. She holds a Master of Arts degree in Educational Leadership and a Doctorate of Educational Psychology degree, both from the University of the Pacific.

Ted O, Assistant Superintendent, Business Services. Mr. O joined the District in December 2015 as the Director of Business Services and was promoted to Assistant Superintendent, Business Services four years ago. Over the course of his 26-year career in K-12 education, Mr. O has worked in multiple school districts and county offices of education, and managed budgets ranging in size from under $100 million to over $300 million. He served in many business services management positions, including Director of Internal Business Services, Director of Budget, Audit & Attendance, Interim Director of Business Services, Budget Manager, and Budget Analyst/Accountant. Mr. O earned a Bachelor of Science degree from San Francisco State University and is also a graduate of the Fiscal Crisis & Management Assistance Team Chief Business Official Mentor Program and the Association of California School Administrators Business Academy.

Cybersecurity

School districts, like other governmental and business entities, face significant risks relating to the use and application of computer software and hardware for educational and operational and management purposes. The District also collects, processes, and distributes an enormous amount of private, protected and personal information on students, staff, parents, visitors, and contractors. As the custodian of such information, the District may face cybersecurity threats from time to time. Given the importance of cybersecurity for school districts, federal lawmakers approved the K-12 Cybersecurity Act of 2021 to study cybersecurity risks that school districts face and develop recommended guidelines and an online training toolkit for school district officials to address such cybersecurity risks.

The District is not aware of any major cybersecurity incident or breach of its systems during the last five years. The District has upgraded its existing network infrastructure, and implemented additional security systems to protect itself against cybersecurity incidents. Such infrastructure and security systems include firewalls, malware detection tools, antivirus software, and network segmentation and segregation. As a result, the District expects that any such disruptions caused by a cybersecurity incident would be temporary in nature. However, the District does not currently maintain cyber liability insurance. There can be no assurance that a future cybersecurity incident or attempted cybersecurity incident would not compromise the personal information that the District collects, processes and stores or cause a disruption in District operations, particularly given that students, teachers, and staff are accessing District computer systems and platforms remotely which may increase the risks of intrusion by third parties.

DISTRICT FINANCIAL MATTERS

State Funding of Education; State Budget Process

General. As is true for all school districts in the State, the District's operating income consists primarily of two components: a State portion funded from the State's general fund in accordance with the Local Control Funding Formula (the "Local Control Funding Formula" or "LCFF") (see "− *Allocation of State Funding to School Districts; Local Control Funding Formula*") and a local portion derived from the District's share of the 1% local *ad valorem* tax authorized by the California Constitution (see "− Local Property Tax Revenues"). In addition, school districts may be eligible for other special categorical funding from State and federal government programs. As of the Fiscal Year 2022-23 Second Interim Report, the District projects it will receive approximately 17.88% of its general fund revenues from State funds (not including the local portion derived from the District's share of the local *ad valorem* tax), projected at approximately $30.29 million in fiscal year 2022-23. Such amount includes both the State funding provided under the LCFF as well as other State revenues (see "− *Allocation of State Funding to School Districts; Local Control Funding Formula,*" "*– Enrollment and A.D.A.*" and "− Other District Revenues *– Other State Revenues*" below). Because the District is a community funded district, it receives a minimal amount of general fund financial support from the State, and the District is funded primarily by local property tax collections, which derive from the 1% countywide property tax levy required by statute. However, decreases or deferrals in State revenues, or in State legislative appropriations made to fund education, may still affect the District's revenues and operations.

Under Proposition 98, a constitutional and statutory amendment adopted by voters of the State in 1988 and amended by Proposition 111 in 1990 (now found at Article XVI, Sections 8 and 8.5 of the California Constitution), a minimum level of funding is guaranteed to school districts, community college districts, and other State agencies that provide direct elementary and secondary instructional programs. Recent years have seen frequent disruptions in State personal income taxes, sales and use taxes, and corporate taxes, making it increasingly difficult for the State to meet its Proposition 98 funding mandate, which normally commands about 45% of all State general fund revenues, while providing for other fixed State costs and priority programs and services. Because education funding constitutes such a large part of the State's general fund expenditures, it is generally at the center of annual budget negotiations and adjustments.

In connection with the State Budget Act for fiscal year 2013-14, the State and local education agencies therein implemented the LCFF. Funding from the LCFF replaced the revenue limit funding system and most categorical programs. See "*– Allocation of State Funding to School Districts; Local Control Funding Formula*" for more information.

State Budget Process. According to the California Constitution, the Governor must propose a budget to the State Legislature no later than January 10 of each year, and a final budget must be adopted no later than June 15. The budget requires a simple majority vote of each house of the State Legislature for passage. The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. A two–thirds vote of the State Legislature is required to override any veto by the Governor. School district budgets must generally be adopted by July 1, and revised by the school board within 45 days after the Governor signs the budget act to reflect any changes in budgeted revenues and expenditures made necessary by the adopted State budget. The Governor signed the fiscal year 2022-23 State budget on June 27, 2022, which was amended through a series of legislative bills, many of which were signed by the Governor on June 30, 2022 (as amended, the "2022-23 State Budget").

When the State budget is not adopted on time, basic appropriations and the categorical funding portion of each school district's State funding are affected differently. Under the rule of *White v. Davis* (also referred to as *Jarvis v. Connell*), a California Court of Appeal decision reached in 2002, there is no constitutional mandate for appropriations to school districts without an adopted budget or emergency appropriation, and funds for State programs cannot be disbursed by the State Controller until that time, unless the expenditure is (i) authorized by a continuing appropriation found in statute, (ii) mandated by the California Constitution (such as appropriations for salaries of elected State officers), or (iii) mandated by federal law (such as payments to State workers at no more than minimum wage). The State Controller has consistently stated that basic State funding for schools is continuously appropriated by statute, but that special and categorical funds may not be appropriated without an adopted budget. Should the State Legislature fail to pass a budget or emergency appropriation before the start of any fiscal year, the District might experience delays in receiving certain expected revenues. The District is authorized to borrow temporary funds to cover its annual cash flow deficits, and as a result of the *White v. Davis* decision, the District might find it necessary to increase the size or frequency of its cash flow borrowings, or to borrow earlier in the fiscal year. The District does not expect the *White v. Davis* decision to have any long-term effect on its operating budgets.

Aggregate State Education Funding. The Proposition 98 guaranteed amount for education is based on prior-year funding, as adjusted through various formulas and tests that take into account State proceeds of taxes, local property tax proceeds, school enrollment, per capita personal income, and other factors. The State's share of the guaranteed amount is based on State general fund tax proceeds and is not based on the general fund in total or on the State budget. The local share of the guaranteed amount is funded from local property taxes. The total guaranteed amount varies from year to year and throughout the stages of any given fiscal year's budget, from the Governor's initial budget proposal to actual expenditures to post-year-end revisions, as better information regarding the various factors becomes available. Over the long run, the guaranteed amount will increase as enrollment and per capita personal income grow.

If, at year-end, the guaranteed amount is calculated to be higher than the amount actually appropriated in that year, the difference becomes an additional education funding obligation, referred to as "settle-up." If the amount appropriated is higher than the guaranteed amount in any year, that higher funding level permanently increases the base guaranteed amount in future years. The Proposition 98 guaranteed amount is reduced in years when general fund revenue growth lags personal income growth, and may be suspended for one year at a time by enactment of an urgency statute. In either case, in subsequent years when State general fund revenues grow faster than personal income (or sooner, as the Legislature may determine), the funding level must be restored to the guaranteed amount, the obligation to do so being referred to as "maintenance factor."

Although the California Constitution requires the State to approve a balanced State Budget Act each fiscal year, the State's response to fiscal difficulties in some years has had a significant impact upon the Proposition 98 minimum guarantee and the treatment of settle-up payments with respect to years in which the Proposition 98 minimum guarantee was suspended. The State has sought to avoid or delay paying settle-up amounts when funding has lagged the guaranteed amount. In response, teachers' unions, the State Superintendent and others sued the State or Governor in 1995, 2005, 2009 and 2011 to force them to fund schools in the full amount required. The settlement of the 1995 and 2005 lawsuits has so far resulted in over $4 billion in accrued State settle-up obligations. However, legislation enacted to pay down the obligations through additional education funding over time, including the Quality Education Investment Act of 2006, have also become part of annual budget negotiations, resulting in repeated adjustments and deferrals of the settle-up amounts.

The State has also sought to preserve general fund cash while avoiding increases in the base guaranteed amount through various mechanisms: by treating any excess appropriations as advances against subsequent years' Proposition 98 minimum funding levels rather than current year increases; by deferring apportionments of Proposition 98 funds from one fiscal year to the next, as the State did in fiscal years 2019-20 and 2020-21; by suspending Proposition 98, as the State did in fiscal year 2004-05, fiscal year 2010-11, fiscal year 2011-12 and fiscal year 2012-13; and by proposing to amend the California Constitution's definition of the guaranteed amount and settle-up requirement under certain circumstances.

The District cannot predict how State income or State education funding will vary over the term to maturity of the Series 2023 Bonds, and the District takes no responsibility for informing owners of the Series 2023 Bonds as to actions the State Legislature or Governor may take affecting the current year's budget after its adoption. Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the Department of Finance, **www.dof.ca.gov**, under the heading "California Budget." An impartial analysis of the budget is posted by the Office of the Legislative Analyst at **www.lao.ca.gov**. In addition, various State of California official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found at the website of the State Treasurer, **www.treasurer.ca.gov**. The information referred to is prepared by the respective State agency maintaining each website and not by the District, and the District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

2022-23 State Budget. The 2022-23 State Budget reflects a strong State economy, which has strengthened the State's fiscal health and provided record levels of available general fund and Proposition 98 resources that the 2022-23 State Budget allocates. However, the 2022-23 State Budget notes economic warning signs indicating that challenging times may arrive in the coming years. Accordingly, with approximately $37.2 billion in budgetary reserves, the 2022-23 State Budget continues building reserves by eliminating budgetary debt, reducing retirement liabilities, and focusing on one-time spending over ongoing investments to maintain structurally balanced budgets over the long term. Specifically, the 2022-23 State Budget allocates 92% of the discretionary surplus to one-time investments that can be adjusted in future years, if needed. Citing the record high inflationary conditions nationwide, the 2022-23 State Budget includes an added inflation adjustment beginning in fiscal year 2023-24 reflecting that State services are likely to cost more than currently estimated.

The 2022-23 State Budget projects total resources available in fiscal year 2021-22 of approximately $265.4 billion, including revenues and transfers of approximately $227.1 billion and a prior year balance of approximately $38.3 billion, and total expenditures in fiscal year 2021-22 of approximately $242.9 billion. The 2022-23 State Budget projects total resources available for fiscal year 2022-23 of approximately $242.2 billion, inclusive of revenues and transfers of approximately $219.7 billion and a prior year balance of approximately $22.5 billion. The 2022-23 State Budget projects total expenditures in fiscal year 2022-23 of approximately $234.4 billion, inclusive of non-Proposition 98 expenditures of approximately $152.1 billion and Proposition 98 expenditures of approximately $82.3 billion. The 2022-23 State Budget includes $37.2 billion in reserves in fiscal year 2022-23 and allocates reserves as follows: approximately $23.3 billion in the State Rainy Day Fund for fiscal emergencies, approximately $9.5 billion in the Proposition 98 Rainy Day Fund (also known as the "Public School System Stabilization Account"), approximately $900 million in the Safety Net Reserve, and approximately $3.5 billion to the State's Special Fund for Economic Uncertainties. In addition, the 2022-23 State Budget allocates approximately $4.3

billion of the State general fund's projected fund balance in fiscal year 2022-23 to the State's Reserve for Liquidation of Encumbrances. The State Rainy Day Fund is at its constitutional maximum of 10% of State general fund revenues, requiring approximately $465 million to be dedicated for infrastructure investments in fiscal year 2022-23. Over the multi-year forecast period, the 2022-23 State Budget reflects approximately $8 billion in supplemental deposits split evenly between the State Rainy Day Fund and the Safety Net Reserve. Such deposits are above what is constitutionally required. The 2022-23 State Budget estimates that the State will be below its appropriations limit (referred to as the "Gann Limit") for fiscal year 2022-23 as a result of statutory changes in connection with the 2022-23 State Budget.

The 2022-23 State Budget includes total funding of $128.6 billion for all K-12 education programs, including $78.6 billion from the State's general fund and $50 billion from other funds. Per-pupil funding is at the highest levels for school districts in the State's history, totaling $16,993 per pupil in Proposition 98 funding and $22,893 per pupil when accounting for all funding sources.

Certain budgeted programs and adjustments for K-12 education set forth in the 2022-23 State Budget include the following:

- Proposition 98 Minimum Guarantee. The 2022-23 State Budget projects increased Proposition 98 funding, resulting in funding estimates of $96.1 billion in fiscal year 2020-21, $110.2 billion in fiscal year 2021-22, and $110.4 billion in fiscal year 2022-23, due to a significant increase in projected revenues for fiscal years 2020-21 through 2022-23. Such funding represents a historically high three-year increase in the minimum guarantee of roughly $35.8 billion over the level funded in the fiscal year 2021-22 State budget.

- Proposition 98 Rainy Day Fund (Public School System Stabilization Account). The 2022-23 State Budget includes payments required to be made to the Proposition 98 Rainy Day Fund in fiscal years 2020-21 through 2022-23 for a total account balance of $9.5 billion at the end of fiscal year 2022-23. The balance of approximately $7.1 billion in fiscal year 2021-22 triggers a cap on school district reserves beginning in fiscal year 2022-23. For more information, see "– School District Reserves" and "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2 – *SB 751*."

- Local Control Funding Formula. The 2022-23 State Budget includes a LCFF cost-of-living adjustment of 6.56%, which is the largest cost-of-living adjustment in the history of LCFF. The 2022-23 State Budget also includes approximately $4.3 billion in ongoing Proposition 98 general fund resources to provide an approximately 6.28% discretionary increase in Base Grant funding to address ongoing fiscal pressures, staffing shortages, and other operational needs of local educational agencies. This discretionary increase, together with the cost-of-living adjustment, results in an increase of approximately 13% in Base Grant amounts from fiscal year 2021-22. Lastly, the 2022-23 State Budget includes approximately $101.2 million in ongoing Proposition 98 general fund resources to augment LCFF funding for county offices of education, which face similar cost pressures to school districts and charter schools.

- Declining Enrollment Protections. To support the fiscal stability of all local educational agencies, including those with a declining student population, the 2022-23 State Budget allows school districts to use the greater of current year or prior year average daily attendance or an average of the three prior years' average daily attendance to calculate LCFF funding. Further, to minimize reductions in LCFF funding that would otherwise occur due to increased absences in fiscal year 2021-22, the 2022-23 State Budget enables all classroom-based local educational agencies that can demonstrate they provided independent study offerings to students in fiscal year 2021-22 to be funded at the greater of their average daily attendance or their enrollment adjusted for pre-COVID-19 absence rates in fiscal year 2021-22. The 2022-23 State Budget reflects approximately $2.8

billion in ongoing Proposition 98 general fund resources and approximately $413 million in one-time Proposition 98 general fund resources to implement such policies.

- Block Grants. The 2022-23 State Budget establishes the Learning Recovery Emergency Fund and appropriates approximately $7.9 billion in one-time Proposition 98 general fund resources to support the Learning Recovery Emergency Block Grant, which will support local educational agencies in establishing learning recovery initiatives through the 2027-28 school year. Such funds may be expended on instructional learning time, closing learning gaps, pupil supports, instruction, and academic services. The 2022-23 State Budget also provides approximately $3.6 billion in one-time Proposition 98 general fund resources for grants to be spent on arts and music programs, standards-aligned professional development, instructional materials, development of diverse book collections, operational costs, and expenses related to the COVID-19 pandemic through the 2025-26 school year.

- Expanded Learning Opportunities Program. The 2022-23 State Budget increases investments in the Expanded Learning Opportunities Program by approximately $3 billion in ongoing Proposition 98 general fund resources, bringing the ongoing program total to $4 billion. Beginning in fiscal year 2023-24, local educational agencies will be required to offer expanded learning opportunities to all low-income students, English language learners, and youth in foster care in the State. The 2022-23 State Budget assumes that full fiscal implementation of the program will take place by fiscal year 2025-26.

- Transitional Kindergarten. The 2022-23 State Budget provides approximately $614 million in ongoing Proposition 98 general fund resources beginning in fiscal year 2022-23 to support the first year of expanded eligibility for transitional kindergarten to all children turning five-years-old between September 2 and February 2. The 2022-23 State Budget also provides approximately $383 million in Proposition 98 general fund resources to provide one additional certificated or classified staff person in each transitional kindergarten classroom. Lastly, the 2022-23 State Budget increases the pipeline of qualified transitional kindergarten teachers by allowing the Commission on Teaching Credentialing to issue a one-year emergency specialist teaching permit in early childhood education to certain eligible individuals.

- State Preschool Program. The 2022-23 State Budget includes the following investments in pre-kindergarten education: approximately $312.7 million in Proposition 98 general fund resources and $172.3 million in general fund resources to increase State Preschool Program adjustment factors for students with disabilities, dual language learners, and childhood mental health; approximately $300 million in one-time Proposition 98 general fund resources for planning and implementation of grants for all local educational agencies; approximately $250 million in one-time Proposition 98 general fund resources to support a program that funds infrastructure to support general education and special education students in inclusive classrooms; approximately $166.2 million in Proposition 98 general fund resources to support the full-year costs of State preschool rate increases that began January 1, 2022; and approximately $10.5 million in one-time Proposition 98 general fund resources and $10.8 million in one-time non-Proposition 98 general fund resources to waive the family share of cost for children participating in the State Preschool Program. The 2022-23 State Budget includes a hold harmless provision that allows State Preschool providers to receive reimbursement for maximum authorized care for the 2022-23 school year.

- Educator Workforce. The fiscal year 2021-22 State budget included $2.9 billion to accelerate the preparation and support the training and retention of well-prepared educators. To further support such effort, the 2022-23 State Budget includes an additional $48.1 million in general fund resources. In addition, the 2022-23 State Budget provides approximately $250 million in one-time Proposition 98 general fund resources to expand residency slots for teachers and school counselors.

Lastly, the 2022-23 State Budget invests approximately $85 million in one-time Proposition 98 general fund resources to create pre-kindergarten through 12th grade educator resources and professional learning to implement STEM educator support initiatives; and approximately $35 million in one-time Proposition 98 general fund resources over three years to continue the work of the Educator Workforce Investment Grant program in the areas of computer science, special education, and support for English learners.

- School Transportation Programs. The 2022-23 State Budget includes approximately $637 million in ongoing Proposition 98 general fund resources to support school transportation programs by reimbursing local education agencies for up to 60% of their transportation costs in the prior year. In addition, the 2022-23 State Budget includes approximately $1.5 billion in one-time Proposition 98 general fund resources, available over five years, to support greening school bus fleets through programs that will be operated by the California Air Resources Board and the California Energy Commission.

- Nutrition. The 2022-23 State Budget includes the following investments related to school meals: approximately $596 million in Proposition 98 general fund resources to fund universal access to subsidized school meals and an additional $611.8 million in ongoing Proposition 98 general fund resources to augment the State meal reimbursement rate sufficient to maintain meal reimbursement rates beginning in fiscal year 2022-23; approximately $600 million in one-time Proposition 98 general fund resources, available over three years, for school kitchen infrastructure and equipment upgrades and training for food service employees; approximately $100 million in one-time Proposition 98 general fund resources to support local educational agency procurement practices for plant-based or restricted diet meals; and approximately $30 million in one-time general fund resources to establish additional farm to school demonstration projects with priority towards high-need schools.

- Special Education. The 2022-23 State Budget includes approximately $500 million in ongoing Proposition 98 general fund resources for the special education funding formula, paired with certain policy changes to further the State's commitment to improving special education instruction and services. In addition, the 2022-23 State Budget provides approximately $2 million in Proposition 98 general fund resources to support families of pupils with disabilities and approximately $2 million in Proposition 98 general fund resources to create resources for inclusionary practices for families and communities.

- K-12 School Facilities. On November 8, 2016, voters of the State approved Proposition 51, which authorized $7 billion in State general obligation bonds to support K-12 school facilities construction. The 2022-23 State Budget allocates the remaining Proposition 51 bond funds in the amount of approximately $1.4 billion to support school construction projects and provides an additional investment of $1.3 billion in one-time general fund resources to support new construction and modernization projects through the School Facility Program.

The complete 2022-23 State Budget is available from the California Department of Finance website at **www.dof.ca.gov** or **www.ebudget.ca.gov**. The District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Proposed 2023-24 State Budget. The Governor released the fiscal year 2023-24 proposed State budget (the "Proposed 2023-24 State Budget") on January 10, 2023, which reflects a revenue outlook that differs substantially from the last two years. Risks to the State's economic and revenue outlook highlighted in the 2022-23 State Budget have been realized, including continued high inflation, multiple federal reserve bank interest rate increases and further stock market declines. The last risk is particularly important to the

State, as market-based compensation greatly influences the incomes of high-income Californians. Combined with a progressive income tax structure, this can have an outsized effect, both good and bad, on State revenues. Prior to accounting for solutions, the Proposed 2023-24 State Budget forecasts general fund revenues will be approximately $29.5 billion lower than at the 2022-23 State Budget projections, and the State now faces an estimated budget gap of approximately $22.5 billion in fiscal year 2023-24.

The Proposed 2023-24 State Budget includes the following actions to address the substantial downward revision in general fund revenues and close the budget gap:

- $7.4 billion in funding delays for multiple items across fiscal years 2021-22 through 2023-24. The Proposed 2023-24 State Budget spreads such funding across the multi-year projections without reducing the total amount of funding through the multi-year projections.

- $5.7 billion in spending reductions for various items across fiscal years 2021-22 through 2023-24 and removal of certain measures that were included in the 2022-23 State Budget to provide additional budget resilience, such as eliminating the $3.0 billion included in the 2022-23 State Budget as an inflationary adjustment.

- $4.3 billion in fund shifts from the general fund to other funds in fiscal years 2022-23 and 2023-24.

- $3.9 billion in funding reductions for certain items in fiscal years 2020-21 through 2023-24, which will be restored if it is determined that sufficient funds will be available to cover certain commitments, thus “triggering” such restoration.

- $1.2 billion in limited revenue generation and borrowing in fiscal year 2023-24.

In addition, the Proposed 2023-24 State Budget utilizes a number of the resiliency measures in the 2022-23 State Budget to close shortfalls projected in the coming years, including eliminating planned redemption of certain callable bonds and deposits to reserve accounts. However, to preserve the State’s ability to respond to any potentially significant negative changes to the outlook in early 2023, the Proposed 2023-24 State Budget does not include draws on the State’s reserve accounts to close the budget gap.

The Proposed 2023-24 State Budget estimates total resources available in fiscal year 2022-23 of approximately $261.6 billion, including revenues and transfers of approximately $208.9 billion and a prior year balance of approximately $52.7 billion, and total expenditures in fiscal year 2022-23 of approximately $240.1 billion. The Proposed 2023-24 State Budget projects total resources available for fiscal year 2023-24 of approximately $231.7 billion, inclusive of revenues and transfers of approximately $210.2 billion and a prior year balance of approximately $21.5 billion. The Proposed 2023-24 State Budget projects total expenditures in fiscal year 2023-24 of approximately $223.6 billion, inclusive of non-Proposition 98 expenditures of approximately $143.1 billion and Proposition 98 expenditures of approximately $80.6 billion. The Proposed 2023-24 State Budget includes approximately $35.6 billion in reserves in fiscal year 2023-24 and allocates reserves as follows: approximately $22.4 billion in the State Rainy Day Fund for fiscal emergencies, approximately $8.5 billion in the Proposition 98 Rainy Day Fund (Public School System Stabilization Account), approximately $900 million in the Safety Net Reserve, and approximately $3.8 billion in the State’s Special Fund for Economic Uncertainties. The State Rainy Day Fund is at its constitutional maximum of 10% of State general fund revenues, requiring approximately $951 million to be dedicated for infrastructure investments in fiscal year 2023-24.

The Proposed 2023-24 State Budget includes total funding of approximately $128.5 billion for all K-12 education programs, including approximately $78.7 billion from the State’s general fund and approximately $49.8 billion from other funds. Per-pupil funding is at the highest levels for school districts in the State's history, totaling $17,519 per pupil in Proposition 98 funding and $23,723 per pupil when accounting for all funding sources.

Certain budgeted programs and adjustments for K-12 education set forth in the Proposed 2023-24 State Budget include the following:

- Proposition 98 Minimum Guarantee. The revised estimates of general fund revenues in the Proposed 2023-24 State Budget modestly reduce the Proposition 98 minimum guarantee, resulting in funding estimates of approximately $110.4 billion in fiscal year 2021-22, $106.9 billion in fiscal year 2022-23, and $108.8 billion in fiscal year 2023-24, representing a three-year decrease in the minimum guarantee of approximately $4.7 billion over the level funded in the 2022-23 State Budget.

- Local Property Tax Adjustments. The Proposed 2023-24 State Budget includes a decrease of $153 million in Proposition 98 general fund resources for school districts and county offices of education in fiscal year 2022-23, and a decrease of $1.3 billion in ongoing Proposition 98 general fund resources for school districts and county offices of education in fiscal year 2023-24, as a result of increased offsetting property taxes.

- Proposition 98 Rainy Day Fund (Public School System Stabilization Account). The Proposed 2023-24 State Budget includes payments required to be made to the Proposition 98 Rainy Day Fund in fiscal years 2021-22 through 2023-24 for a total account balance of approximately $8.5 billion at the end of fiscal year 2023-24. As indicated in the Proposed 2023-24 State Budget, the balance of approximately $8.1 billion in fiscal year 2022-23 continues to trigger a cap on school district reserves in fiscal year 2023-24. For more information, see "– School District Reserves" and "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2 – *SB 751*."

- Local Control Funding Formula and Equity Multiplier. The Proposed 2023-24 State Budget includes a LCFF cost-of-living adjustment of approximately 8.13%, which is the highest cost-of-living adjustment in recent history of the LCFF. When combined with growth adjustments, this increase will result in approximately $4.2 billion in additional discretionary funds for local educational agencies. To fully fund this increase and to maintain the level of current year LCFF apportionments, the Proposed 2023-24 State Budget includes approximately $613 million in one-time resources and $1.4 billion in one-time resources to support the ongoing cost of LCFF in fiscal years 2022-23 and 2023-24, respectively. Lastly, the Proposed 2023-24 State Budget includes approximately $300 million in ongoing Proposition 98 general fund resources to establish an equity multiplier as an add-on to the LCFF to accelerate learning gains and close opportunity gaps. Such funding will be allocated to local educational agencies based on school-site eligibility, using a more targeted methodology than the existing Supplemental Grant eligibility.

- Block Grants. The Proposed 2023-24 State Budget includes approximately $7.9 billion in one-time Proposition 98 general fund resources to support the Learning Recovery Emergency Block Grant, which supports local educational agencies in establishing and expanding learning recovery initiatives. Such funds may be expended on expanded instructional time, tutoring, or other one-on-one or small group learning supports, and learning recovery programs. The Proposed 2023-24 State Budget also includes approximately $1.5 billion in one-time general fund resources for the Educator Effectiveness Block Grant to train school staff in high-need topics, including literacy.

- Arts and Cultural Enrichment. On November 8, 2022, voters of the State approved Proposition 28, which requires approximately one percent of the Proposition 98 minimum guarantee to be allocated to schools to increase arts instruction and/or arts programs in public education. As a result, the

Proposed 2023-24 State Budget includes approximately $941 million to fund Proposition 28. Given this investment and the need for one-time funds to cover the costs of the LCFF in fiscal years 2022-23 and 2023-24, the Proposed 2023-24 State Budget reflects a reduction of approximately $1.2 billion from the Arts, Music, and Instructional Materials Discretionary Block Grant included in the 2022-23 State Budget, taking the one-time allocation from approximately $3.5 billion to $2.3 billion in Proposition 98 general fund resources. The Proposed 2023-24 State Budget also proposes approximately $100 million in one-time Proposition 98 general fund resources to enable local educational agencies to provide high school seniors with access to cultural enrichment experiences across the State.

- Transitional Kindergarten. The Proposed 2023-24 State Budget revises estimates for the first-year investment in transitional kindergarten from $614 million to approximately $604 million to expand eligibility for transitional kindergarten to all children turning five-years-old between September 2 and February 2 and revises the first-year investment from $383 million to approximately $337 million to add one additional certificated or classified staff person to every transitional kindergarten classroom. The Proposed 2023-24 State Budget also includes approximately $690 million to implement the second year of transitional kindergarten expansion to all children turning five-years-old between September 2 and April 2 and approximately $165 million to support the addition of one additional certificated or classified staff person to transitional kindergarten classrooms. According to the Proposed 2023-24 State Budget, full implementation of universal transitional kindergarten is expected in fiscal year 2025-26.

- State Preschool Program. The Proposed 2023-24 State Budget proposes the following investments in pre-kindergarten education: approximately $64.5 million in Proposition 98 general fund resources and $51.8 million in general fund resources to continue a multi-year plan to ramp up the State Preschool Program. The Proposed 2023-24 State Budget proposes expenditure of approximately $152.7 million in one-time general fund resources to support reimbursement rate increases; and approximately $112 million in Proposition 98 general fund resources and $63.3 million in non-Proposition 98 general fund resources to support an 8.13% statutory cost-of-living adjustment.

- Grant Program for Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities. The Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program (the "FDK Program") supports the construction of new school facilities or retrofitting existing school facilities for the purpose of providing transitional kindergarten, full-day kindergarten, or preschool classrooms. The Proposed 2023-24 State Budget delays approximately $550 million for the FDK Program from fiscal year 2023-24 to fiscal year 2024-25.

- Educator Workforce. The Proposed 2023-24 State Budget includes approximately $500 million in one-time Proposition 98 general fund resources over five years for the Golden State Teacher Grant Program, which funds are available for expenditure until fiscal year 2025-26. The Proposed 2023-24 State Budget also includes approximately $600 million in one-time Proposition 98 general fund resources over five years to establish or expand school counselor residency programs, which funds are available for expenditure until fiscal year 2025-26.

- K-12 School Facilities. On November 8, 2016, voters of the State approved Proposition 51, which authorized $7.0 billion in State general obligation bonds to support K-12 school facilities construction. The Proposed 2023-24 State Budget proposes a decrease in planned support for the School Facility Program of approximately $100 million in general fund resources, reducing the planned allocation in fiscal year 2023-24 from approximately $2.1 billion to approximately $2.0 billion.

- Special Education. The Proposed 2023-24 State Budget includes an increase of approximately $669 million in ongoing Proposition 98 general fund resources to reflect an 8.13% cost-of-living adjustment for categorical programs that remain outside of the LCFF, including special education.

The complete Proposed 2023-24 State Budget is available from the California Department of Finance website at **www.dof.ca.gov** or **www.ebudget.ca.gov**. The District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

LAO Overview of Proposed 2023-24 State Budget. The Legislative Analyst's Office ("LAO"), a nonpartisan State office which provides fiscal and policy information and advice to the State Legislature, released its report on the Proposed 2023-24 State Budget entitled "The 2023-24 Budget: Overview of the Governor's Budget" on January 13, 2023 (the "2023-24 Proposed Budget Overview"). In the 2023-24 Proposed Budget Overview, the LAO summarizes the condition of the Proposed 2023-24 State Budget and analyzes the budgetary challenges therein and the Governor's proposal to address such challenges.

The Proposed 2023-24 Budget currently addresses the estimated budget gap without using funds from the State's reserves. The LAO notes that, under the Proposed 2023-24 State Budget, the State would end fiscal year 2023-24 with approximately $27.1 billion in total general purpose reserves. In addition, the State would have approximately $8.5 billion in the Proposition 98 Rainy Day Fund, available only for K-14 education programs. Under the Proposed 2023-24 State Budget, the State would continue to make its otherwise constitutionally required deposits, including a deposit of approximately $911 million into the State Rainy Day Fund and approximately $365 million into the Proposition 98 Rainy Day Fund in fiscal year 2023-24. The LAO explains that the Governor's approach to refrain from drawing on reserves is warranted given the manageable size of the budget gap and the downside risk to revenues posed by the presently heightened risk of recession.

The Proposed 2023-24 State Budget reflects operating deficits of approximately $9.0 billion in fiscal year 2024-25, approximately $9.0 billion in fiscal year 2025-26, and approximately $4.0 billion in fiscal year 2026-27. Based on these projections, the LAO notes that additional budget solutions will be required in fiscal years 2024-25 through 2026-27. Instead of the State Legislature enacting a budget that plans for future deficits as is presented in the Proposed 2023-24 State Budget, the LAO recommends either reducing proposed spending delays and making more spending-related reductions or adding trigger reductions to trigger off more multi-year spending if needed.

The extent of the budget gap that is presented and addressed in the Proposed 2023-24 State Budget depends on how certain spending is accounted. The LAO observes that the Governor solved an $18.0 billion budget gap in the Proposed 2023-24 State Budget, which is somewhat lower than the $22.0 billion budget gap that the Governor has acknowledged with respect to the Proposed 2023-24 State Budget. The LAO explains that the difference stems from what is considered as baseline spending. While the Governor views baseline spending to include a $3.0 billion unallocated set-aside for inflation-related costs and a shift of $1.4 billion in authorized capital outlay projects from lease revenues bonds to cash, the LAO does not view such items as baseline spending because they were not approved in any budget-related legislation.

The LAO also estimates the budget gap to be higher – at approximately $24.0 billion based on the LAO's Fiscal Outlook, released in November 2022. Relative to the LAO's Fiscal Outlook, released in November 2022, the Governor's estimates include (i) $13.6 billion in higher revenues across the three-year budget window, which reduces the size of the budget gap; (ii) $2.6 billion in higher expenditures on K-14 education, which increases the size of the budget gap; (iii) a $3.8 billion set-aside in the State's Special Fund for Economic Uncertainties, which increases the size of the budget gap; (iv) $2.0 billion in discretionary spending proposals, which increases the size of the budget gap; and (v) $800 million in other differences from the LAO's Fiscal Outlook, which reduces the size of the budget gap. The LAO estimates there is a good chance that revenues will be lower than the Governor's projections for the budget window, particularly in fiscal years 2022-23 and 2023-24. Nonetheless, the trigger proposals in the Proposed 2023-24 State Budget implicitly place more emphasis on revenue upside, suggesting the Governor anticipates that revenues are more likely to be higher than their current projections. Given the greater downside risk, the LAO recommends that the State Legislature plan for a larger budget gap and address it by reducing more one-time and temporary spending.

The 2023-24 Proposed Budget Overview is available on the LAO website at **www.lao.ca.gov**. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Changes in State Budget. The final fiscal year 2023-24 State budget, which requires approval by a majority vote of each house of the State Legislature, may differ substantially from the Proposed 2023-24 State Budget. In May 2023, the Governor will revise the Proposed 2023-24 State Budget based on updated information available at such time. Such revision in May 2023 may also differ substantially from the Proposed 2023-24 State Budget. The final fiscal year 2023-24 State budget may be affected by national and State economic conditions and other factors which the District cannot predict. Accordingly, the District cannot provide any assurances that there will not be any changes in the final fiscal year 2023-24 State budget from the Proposed 2023-24 State Budget. The District cannot predict the impact that the final fiscal year 2023-24 State budget, or subsequent budgets, will have on its finances and operations.

Future Budgets and Budgetary Actions. The District cannot predict what future actions will be taken by the State Legislature and the Governor to address changing State revenues and expenditures or the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors beyond the District's ability to predict or control. Certain actions could result in a significant shortfall of revenue and cash and could impair the State's ability to fund schools during the current fiscal year and in future fiscal years. Certain factors, like an economic recession, could result in State budget shortfalls in any fiscal year and could have a material adverse financial impact on the District. As the Series 2023 Bonds are payable from *ad valorem* property taxes, the Proposed 2023-24 State Budget and the final fiscal year 2023-24 State budget are not expected to have a material impact on the payment of the Series 2023 Bonds.

School District Reserves. Even though the State's economic and revenue outlook has changed, the State still projects deposits into the Proposition 98 Rainy Day Fund in fiscal years 2022-23 and 2023-24 (see "*– 2022-23 State Budget*" and "*– Proposed 2023-24 State Budget*"); however, school districts may still need to access their local reserves in light of operational needs that may exceed expected property tax revenues in a given fiscal year. The District, which has an average daily attendance ("A.D.A.") of less than 30,000 (but greater than 1,001), is required to maintain a reserve for economic uncertainty in an amount equal to 3% of its general fund expenditures and other financing uses. Nonetheless, the District has a practice of maintaining a minimum reserve of approximately 5% of its general fund expenditures and other financing uses. At the time of preparation of the Fiscal Year 2022-23 Second Interim Report, the District projects it will meet both the 3% statutory reserve requirement and its 5% reserve target in fiscal years 2022-23 through 2024-25. Based on the Fiscal Year 2022-23 Second Interim Report, the District projects in fiscal years 2022-23 through 2024-25 that it may need to use its existing general fund balance, while still maintaining the 3% statutory reserve requirement and its 5% reserve target, to meet its obligations in light of the District's conservative budgeting approach with respect to property tax revenues.

Payments allocated to the Proposition 98 Rainy Day Fund under the fiscal year 2021-22 State budget triggered a reserve cap for school districts beginning in fiscal year 2022-23. Such reserve cap is triggered when the amount of money in the Proposition 98 Rainy Day Fund is equal to or exceeds 3% of the combined total State general fund revenues appropriated for school districts Statewide. In accordance with Section 42127.01(a) of the California Education Code, once the reserve cap is triggered, a school district's assigned and unassigned ending fund balance cannot exceed 10% of such school district's general fund balance. However, pursuant to Section 42127.01(c) of the California Education Code, community funded districts and small school districts with fewer than 2,501 units of A.D.A. are exempt from the reserve cap. Since the District is a community funded district, the District is exempt from the reserve cap. For more information on the reserve cap legislation, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2 – *SB 751*."

Prohibitions on Diverting Local Revenues for State Purposes. Beginning in 1992-93, the State satisfied a portion of its Proposition 98 obligations by shifting part of the property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and community college districts through a local Educational Revenue Augmentation Fund ("ERAF") in each county. Local agencies, objecting to invasions of their local revenues by the State, sponsored a statewide ballot initiative intended to eliminate the practice. In response, the State Legislature proposed an amendment to the California Constitution, which voters of the State approved as Proposition 1A at the November 2004 election. That measure was generally superseded by the passage of an initiative constitutional amendment at the November 2010 election, known as "Proposition 22."

The effect of Proposition 22 is to prohibit the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services. It prevents the State from redirecting redevelopment agency property tax increment to any other local government, including school districts, or from temporarily shifting property taxes from cities, counties and special districts to schools, as in the ERAF program. This is intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. One effect of this amendment has been to deprive the State of fuel tax revenues to pay debt service on most State bonds for transportation projects, reducing the amount of State general fund resources available for other purposes, including education.

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert $1.935 billion in local property tax revenues in 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs, and included another diversion in the adopted 2009-10 State budget of $1.7 billion in local property tax revenues from local redevelopment agencies, which local redevelopment agencies have now been dissolved (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Assembly Bill No. 26 & *California Redevelopment Association v. Matosantos*"). Redevelopment agencies had sued the State over this latter diversion. However, the lawsuit was decided against the California Redevelopment Association on May 1, 2010. Because Proposition 22 reduces the State's authority to use or shift certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget in some years such as reducing State spending or increasing State taxes, and school and community college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State's general fund.

Allocation of State Funding to School Districts; Local Control Funding Formula. Prior to the implementation of the Local Control Funding Formula in fiscal year 2013-14, each school district received State funding based on a unique revenue limit multiplied by such school district's A.D.A. Under the revenue limit funding system, school districts also received funding for categorical programs based on the demographics and needs of the students in each school district.

Beginning in fiscal year 2013-14, the LCFF replaced the revenue limit funding system and most categorical programs, and distributes combined resources to school districts through a base grant ("Base Grant") per unit of A.D.A. with additional supplemental funding (referred to as a "Supplemental Grant" and a "Concentration Grant") allocated to local educational agencies based on their proportion of English language learners, students from low-income families and foster youth. The LCFF was projected to have an eight-year implementation program to incrementally close the gap between actual funding and the target level of funding, but achieved full implementation ahead of schedule in fiscal year 2018-19. The LCFF includes the following components:

- A Base Grant for each local education agency ("LEA"). The Base Grants are based on four uniform, grade-span base rates. For fiscal year 2022-23, the LCFF provided to school districts and charter schools: (a) a Base Grant for each LEA equivalent to $10,119 per A.D.A. for kindergarten through grade 3; (b) a Base Grant for each LEA equivalent to $9,304 per A.D.A. for grades 4 through 6; (c) a Base Grant for each LEA equivalent to $9,580 per A.D.A. for grades 7 and 8; (d) a Base Grant for each LEA equivalent to $11,391 per A.D.A. for grades 9 through 12. However, the amount of actual funding allocated to the Base Grant, Supplemental Grants and Concentration Grants will be subject to the discretion of the State. This amount includes an adjustment of 10.4% to the Base Grant to support lowering class sizes in grades K-3, and an adjustment of 2.6% to reflect the cost of operating career technical education programs in grades 9-12. The fiscal year 2022-23 Base Grant amount includes a cost-of-living adjustment of 6.56% in fiscal year 2022-23 and a 6.70% discretionary increase in Base Grant funding in fiscal year 2022-23, resulting in an increase of approximately 13.26% in Base Grant amounts from fiscal year 2021-22.

- A 20% Supplemental Grant for the unduplicated number of English language 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% of a LEA's Base Grant, based on the number of English language learners, students from low-income families and foster youth served by the LEA that comprise more than 55% of enrollment.

- An Economic Recovery Target (the "ERT") that is intended to ensure that almost every LEA receives at least their pre-recession funding level (i.e., the fiscal year 2007-08 revenue limit per unit of A.D.A.), adjusted for inflation, at full implementation of the LCFF in fiscal year 2018-19. Upon full implementation in fiscal year 2018-19, LEAs now receive the greater of the Base Grant or the ERT.

Prior to fiscal year 2022-23, school districts received their LCFF apportionment based on the higher of their prior fiscal year or current fiscal year A.D.A. This apportionment method helped to temporarily mitigate the impact of LCFF funding losses on school districts that result from declining enrollment. To further mitigate the impact of LCFF funding losses in light of the COVID-19 pandemic, the fiscal year 2020-21 State budget included a temporary hold harmless provision for the purpose of calculating apportionments in fiscal year 2020-21 in which A.D.A. for fiscal year 2020-21 was based on fiscal year 2019-20 (specifically, the period July 1, 2019 through February 29, 2020). The fiscal year 2021-22 State budget did not extend the A.D.A. hold harmless provision to fiscal year 2021-22. Nonetheless, in fiscal year 2021-22, school districts still retained the ability to receive their LCFF apportionment based on the higher of their prior fiscal year or current fiscal year A.D.A. in accordance with the LCFF.

The 2022-23 State Budget amends the LCFF calculation to consider the greater of a school district's current fiscal year, prior fiscal year, or the average of three prior fiscal years' A.D.A. to allow school districts more time to adjust to enrollment-related LCFF funding declines. See "*– 2022-23 State Budget*." For purposes of fiscal year 2021-22, a school district that can demonstrate it provided independent study offerings to students in fiscal year 2021-22 may consider the greater of such school district's fiscal year 2021-22 A.D.A. or such school district's fiscal year 2021-22 enrollment adjusted for pre-COVID-19 absence rates. Such adjustment is applicable to fiscal year 2021-22 for purposes of calculating a school district's fiscal year 2021-22 annual apportionment and calculating a school district's prior year A.D.A. or the average of three prior years' A.D.A. in fiscal year 2022-23 and future fiscal years in accordance with the amendments made in connection with the 2022-23 State Budget. See "– *2022-23 State Budget*."

Under LCFF, for community funded districts, like the District, local property tax revenues would be used to offset up to the entire allocation under the new formula. However, community funded districts continue to receive the same level of State aid as allocated under the prior revenue limit funding system in fiscal year 2012-13.

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Enrollment and A.D.A. The following table sets forth the District's actual A.D.A., and enrollment (including the percentage of students who are English language learners, from low-income families and/or foster youth (collectively, "EL/LI Students")) for fiscal years 2017-18 through 2021-22, and the District's projected A.D.A., and enrollment (including the percentage of EL/LI Students) for fiscal year 2022-23 at the time of preparation of the Fiscal Year 2022-23 Second Interim Report. The A.D.A. and enrollment numbers reflected in the following table include special education students but exclude TK students.

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT
(San Mateo County, California)
Average Daily Attendance and Enrollment
Fiscal Years 2017-18 through 2022-23

		A.D.A.					Enrollment[5]	
Fiscal Year		K-3	4-6	7-8	9-12	Total A.D.A	Total Enrollment	Unduplicated % of EL/LI Students
2017-18	Actual A.D.A.[1]:	2,569.21	1,897.15	1,299.17	2,734.24	8,499.77	8,707	46.90%
2018-19	Actual A.D.A.[1]:	2,508.31	1,779.41	1,254.61	2,526.28	8,068.61	8,485	47.15%
2019-20	Actual A.D.A.[1][2]:	2,456.76	1,765.72	1,240.34	2,468.93	7,931.75	8,438	48.59%
2020-21	Actual A.D.A.[1][3]:	2,456.76	1,765.72	1,240.34	2,468.93	7,931.75	8,182	47.06%
2021-22	Actual A.D.A.[1]:	2,214.92	1,640.58	1,041.62	2,427.83	7,324.95	7,933	45.89%
2022-23[4]	A.D.A.:	2,238.23	1,664.50	1,077.53	2,433.89	7,414.15	7,844	45.15%

(1) A.D.A. for the second period of attendance, typically in mid-April of each school year, which does not reflect subsequent revisions related to days deemed later by the California Department of Education to have a "material decrease" in attendance or attendance at Saturday school.
(2) Condensed reporting period due to the COVID-19 pandemic. For more information on Senate Bill 117 (as defined herein), see "– Infectious Disease Outbreak – *State Legislation Relating to School Districts*" below.
(3) Attendance reporting not required for fiscal year 2020-21. The fiscal year 2020-21 State budget included a hold harmless provision, providing that A.D.A. for fiscal year 2020-21 was based on A.D.A. for fiscal year 2019-20 (for the condensed reporting period), as discussed in more detail above.
(4) Reflects projected A.D.A., enrollment, and percentage of unduplicated EL/LI Students as of the Fiscal Year 2022-23 Second Interim Report.
(5) Reflects enrollment as of October report submitted to the California Longitudinal Pupil Achievement Data System. A school district's funded percentage of unduplicated EL/LI Students is based on a rolling average of such school district's EL/LI Students enrollment for the then-current fiscal year and the two immediately preceding fiscal years.
Source: South San Francisco Unified School District.

The District, like many school districts in the State, has experienced declining enrollment in the past several years. Based on projections in the Fiscal Year 2022-23 Second Interim Report, the District expects that enrollment will continue to decline by approximately 2% in fiscal years 2023-24 and 2024-25. The District attributes declining enrollment to inflation, housing market fluctuations, declining birth rates, and lasting effects of the COVID-19 pandemic. The District anticipates that the ongoing development of residential housing within the boundaries of the District will result in new student enrollment. In addition, the District plans to develop its curriculum and increase its test scores to support and retain its students and attract new students. However, since the District is a community funded district that is primarily funded by property tax revenues, declining enrollment does not reduce or increase property tax revenue and has a negligible impact on State aid. As such, declining enrollment does not impact the District's funding adversely and may even eventually result in a reduction in operating expenses, which could be financially beneficial to the District. For more information, see "– Local Property Tax Revenues – *Effect of Changes in Enrollment*."

The District received approximately $104.71 million in aggregate revenues reported under LCFF sources in fiscal year 2021-22 (or approximately 81.72% of its general fund revenues in fiscal year 2021-22), which was largely comprised of the District's local property tax revenue. See "– Local Property Tax Revenues – *General*" below. As of the Fiscal Year 2022-23 Second Interim Report, the District projects to receive approximately $128.39 million in aggregate revenues reported under LCFF sources in fiscal year 2022-23 (or approximately 75.80% of its general fund revenues in fiscal year 2022-23), which is largely comprised of the District's projected local property tax revenue. See "– Local Property Tax Revenues – *General*" below.

As a community funded district, the District is required to set aside the required amount for Supplemental Grants as if the District were receiving the funds from the State. Such funds must be used to address the educational challenges of EL/LI Students. The District set aside funds for Supplemental Grants for EL/LI Students totaling approximately $6.69 million in fiscal year 2021-22. Based on the District's Fiscal Year 2022-23 Second Interim Report, the District is setting aside funds for Supplemental Grants for EL/LI Students projected at approximately $6.42 million in fiscal year 2022-23. The District does not receive Concentration Grants from the State because the unduplicated percentage of EL/LI Students served by the District comprises less than 55% of the District's total enrollment. For more information, see "– *Allocation of State Funding to School Districts; Local Control Funding Formula.*"

Local Control Accountability Plans. A feature of the LCFF is a system of support and intervention for local educational agencies. School districts, county offices of education and charter schools are required to develop, implement and annually update a three-year LCAP. Each LCAP must be developed with input from teachers, parents and the community, and should describe local goals as they pertain to eight areas identified as state priorities, including student achievement, parent engagement and school climate, as well as detail a course of action to attain those goals. Moreover, the LCAPs must be designed to align with the district's budget to ensure adequate funding is allocated for the planned actions.

Typically, each school district must submit its LCAP annually on or before July 1 for approval by its county superintendent. The county superintendent then has until August 15 to seek clarification regarding the contents of the LCAP, and the school district must respond in writing. The county superintendent can submit recommendations for amending the LCAP, and such recommendations must be considered, but are not mandatory. A school district's LCAP must be approved by its county superintendent by October 8 of each year if such superintendent finds (i) the LCAP adheres to the State template, and (ii) the district's budgeted expenditures are sufficient to implement the strategies outlined in the LCAP.

Performance evaluations are to be conducted to assess progress toward goals and guide future actions. County superintendents are expected to review and provide support to the school districts under their jurisdiction, while the State Superintendent of Public Instruction performs a corresponding role for county offices of education. The California Collaborative for Education Excellence (the "Collaborative"), a newly established body of educational specialists, was created to advise and assist local education agencies in achieving the goals identified in their LCAPs. For local education agencies that continue to struggle in meeting their goals, and when the Collaborative indicates that additional intervention is needed, the State Superintendent of Public Instruction would have authority to make changes to a local education agency's LCAP.

Local Property Tax Revenues

General. The principal component of local revenues is a school district's property tax revenues, i.e., each 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. The District's share of the local 1% property tax is separate from and in addition to the *ad valorem* tax pledged to the repayment of all general obligation bonds of the District, including the Series 2023 Bonds. California Education Code Section 42238(h) itemizes the local revenues that are counted towards the amount allocated under the LCFF (and formerly, the base revenue limit) before calculating how much the State must provide in State aid. The more local property taxes a district receives, the less State aid it is entitled to receive. Prior to the implementation of the LCFF, a school district whose local property tax revenues exceeded its base revenue limit was entitled to receive no State aid, and received only its special categorical aid which is deemed to include the "basic aid" of $120 per student per year guaranteed by Article IX, Section 6 of the California Constitution. Such districts were known as "basic aid districts," which are now referred to as "community funded districts." School districts that received some State equalization aid were commonly referred to as "revenue limit districts." The District was a basic aid district and is now referred to as a community funded district.

Under the LCFF, local property tax revenues are used to offset up to the entire State aid collection under the new formula; however, community funded districts would continue to receive, at a minimum, the same level of State aid as allotted in fiscal year 2012-13. See "– State Funding of Education; State Budget Process – *Allocation of State Funding to School Districts; Local Control Funding Formula*" for more information about the LCFF.

Based on the Fiscal Year 2022-23 Second Interim Report, local property tax revenues are projected to account for approximately 96.14% of the District's aggregate revenues reported under LCFF sources in fiscal year 2022-23 and are projected to be approximately $123.43 million, or 72.88% of total general fund revenues in fiscal year 2022-23.

For information about the property taxation system in the State and the District's property tax base, see "– Property Taxation System," "– Assessed Valuation of Property Within the District," and "– Tax Charges and Delinquencies" under the caption "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2023 BONDS" in the front portion of the Official Statement.

For a discussion of legal limitations on the ability of the District to raise revenues through local property taxes, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" below.

Effect of Changes in Enrollment. Changes in local property tax income and A.D.A. affect LCFF districts and community funded districts differently.

In a LCFF district, increasing enrollment increases the total amount distributed under the LCFF and thus generally increases a district's entitlement to State equalization aid, while increases in property taxes do nothing to increase district revenues, but only offset the State funding requirement of equalization aid. Operating costs increase disproportionately slowly to enrollment growth; and only at the point where additional teachers and classroom facilities are needed. Declining enrollment has the reverse effect on LCFF districts, generally resulting in a loss of State equalization aid, while operating costs decrease slowly and only when, for example, the district decides to lay off teachers or close schools.

In a community funded district, such as the District, the opposite is generally true: increasing enrollment increases the amount to which the district would be entitled were it a LCFF district, but since all LCFF income (and more) is already generated by local property taxes, there is no increase in State income, other than the $120 per student in basic aid, as described above. Meanwhile, as new students impose increased operating costs, property tax income is stretched further. Declining enrollment does not reduce property tax income, and has a negligible impact on State aid, but eventually reduces operating costs, and thus can be financially beneficial to a community funded district.

Other District Revenues

Federal Revenues. The federal government provides funding for several District programs, including special education programs. Based on the Fiscal Year 2022-23 Second Interim Report, the District projects that federal revenues, most of which are restricted, will comprise approximately 6.04% (or approximately $10.23 million) of the District's general fund projected revenues for fiscal year 2022-23. For information on the increase in federal revenues from the Fiscal Year 2022-23 Budget (as defined herein) to the Fiscal Year 2022-23 Second Interim Report, see "– District Budget Process and County Review – *District's Fiscal Year 2022-23 Budget and Second Interim Report*" and the table that follows.

Other State Revenues. In addition to State apportionments for Proposition 98 funding through the LCFF, the District receives other State revenues, consisting primarily of restricted revenues designed to implement State mandated programs. Beginning in fiscal year 2013-14, categorical spending restrictions associated with a majority of State mandated programs were eliminated, and funding for these programs was folded into LCFF. Categorical funding for certain programs was excluded from LCFF, and school districts will continue to receive restricted State revenues to fund these programs. Based on the Fiscal Year 2022-23 Second Interim Report, the District projects that other State revenues will comprise approximately 14.96% (or approximately $25.34 million) of the District's general fund projected revenues for fiscal year 2022-23. For information on the increase in other State revenues from the Fiscal Year 2022-23 Budget (as defined herein) to the Fiscal Year 2022-23 Second Interim Report, see "– District Budget Process and County Review – *District's Fiscal Year 2022-23 Budget and Second Interim Report*" and the table that follows.

A portion of such other State revenues are amounts the District expects to receive from State lottery funds, a portion of which may not be used for non-instructional purposes, such as the acquisition of real property, the construction of facilities, or the financing of research. School districts receive lottery funds proportional to their total A.D.A. Based on the Fiscal Year 2022-23 Second Interim Report, the District projects to receive approximately $1.82 million in State lottery revenue for fiscal year 2022-23.

Other Local Revenues. In addition to *ad valorem* property taxes, the District receives additional local revenues from sources, such as interest income, leases and rentals, educational foundations, donations and sales of property. Based on the Fiscal Year 2022-23 Second Interim Report, the District projects that other local revenues will comprise approximately 3.20% (or approximately $5.42 million) of the District's general fund projected revenues for fiscal year 2022-23.

Infectious Disease Outbreak

General. In general, the outbreak of a highly contagious disease or epidemic disease could harm the District's financial results or result in a temporary shutdown of the District's facilities. As discussed above, many school districts in the State are funded based on the LCFF, which allocates a Base Grant per unit of average daily attendance with additional supplemental funding in the form of Supplemental Grants and Concentration Grants based on certain factors. See "– State Funding of Education; State Budget Process – *Allocation of State Funding to School Districts; Local Control Funding Formula*." Thus, a temporary shutdown of a school or an entire school district would reduce the average daily attendance and could impact the funding a school district receives. However, for community funded districts, such as the District, changes in enrollment do not impact property tax revenues and have a negligible impact on State aid. Still, any impact on the State's tax and other revenue receipts as a result of a highly contagious or epidemic disease may in turn impact other educational funding that the District receives from the State. See "– State Funding of Education; State Budget Process – *Future Budgets and Budgetary Actions.*" In addition, the District may incur increased operational costs to conduct distance learning or to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease.

COVID-19 Background. The outbreak of the respiratory disease caused by COVID-19 was declared a pandemic by the World Health Organization, a national emergency by former President Trump and a state of emergency by the Governor.

Federal Response. On March 22, 2020, former President Trump approved the Major Disaster Declaration for the State of California's COVID-19 pandemic, authorizing federal emergency aid related to COVID-19 administered through the Federal Emergency Management Agency ("FEMA"). Local educational agencies may submit a request for FEMA public assistance through the California Office of Emergency Services for reimbursement of certain costs incurred as a result of COVID-19. The District did not submitted a FEMA request for public assistance, and does not plan to submit such request.

On March 27, 2020, the U.S. House of Representatives approved and former President Trump signed into law the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"). The CARES Act provided $30 billion to education, specifically $3 billion allocated to state governors to be used at their discretion to address the emergency, $13.5 billion for K-12 education, and $14.25 billion for postsecondary institutions. School districts are able to use their share of the $13.5 billion K-12 education allocation under the CARES Act, which was based on the proportion of Title I funding received for the then most recent fiscal year, for purposes authorized by federal law and other specified uses.

The District received approximately $6.29 million under the CARES Act, which is the full amount allocated to the District under the CARES Act and includes funding from the Elementary and Secondary School Emergency Relief Fund provided directly from the federal government to the District, from the Coronavirus Relief Fund for learning loss mitigation provided from CARES Act funding administered through the State, from the Governor's Emergency Education Relief Fund for learning loss mitigation provided from CARES Act funding administered through the State, and from the State's general fund for learning loss mitigation provided from CARES Act funding administered through the State.

On December 27, 2020, HR 133 was enacted, which includes a $900 billion COVID-19 relief package. HR 133 provided approximately $81.9 billion to education, specifically about $4.1 billion allocated to state governors to be used at their discretion to address the emergency, of which approximately $2.75 billion was reserved for private K-12 education, about $54.3 billion for public K-12 education, around $22.7 billion for postsecondary institutions, and about $819 million for outlying areas and Bureau of Indian Affairs schools. School districts are able to use their share of the approximately $54.3 billion K-12 education allocation under HR 133, which was based on the proportion of Title I funding received for the then most recent fiscal year, for purposes authorized by federal law and other specified uses. The District received approximately $2.76 million under HR 133, which is the full amount allocated to the District under HR 133.

On March 11, 2021, the American Rescue Plan Act of 2021 ("HR 1319"), a $1.9 trillion COVID-19 relief package, was enacted. HR 1319 provided approximately $165.15 billion to education, specifically about $122.8 billion to public K-12 education, around $2.75 billion to private K-12 education and about $39.6 billion to postsecondary institutions. Of the approximately $122.8 billion in K-12 funding, about $7.2 billion was set aside for purchasing technology to support digital learning and around $800 million was set aside for supporting homeless students. HR 1319 allocated K-12 funding to states and school districts according to the proportion of Title I funding received for the then most recent fiscal year. It further stipulated that of the K-12 funds received by states, 90% must be distributed to local educational agencies, 5% must be used to address learning loss, 1% must be used for summer enrichment programs and 1% must be used for comprehensive afterschool programs, and of the K-12 funds received by school districts, 20% must be used to address learning loss. HR 1319 allocated postsecondary funding based on the relative share of students receiving Federal Pell Grants at an institution. It also required that at least 50% of postsecondary funding must be spent on emergency, need-based financial aid grants to students and that a portion of remaining funds must be used to implement practices that monitor and suppress COVID-

19. The District expects to receive approximately $6.21 million under HR 1319. The District has received approximately $3.20 million to date and expects to receive the remaining funding due under HR 1319 once it requests reimbursement for authorized COVID-19 expenditures.

State Legislation Relating to School Districts. On March 17, 2020, the Governor signed Senate Bill 117 ("SB 117") as urgency legislation effective immediately. For purposes of school district funding for fiscal year 2019-20, SB 117 limited the A.D.A. reported to the California Department of Education to include the full school months from July 1, 2019, to February 29, 2020. This condensed A.D.A. period applied to school districts that complied with Executive Order N-26-20, which provided that school districts that initiate a school closure to address COVID-19 will continue to receive State funding to support certain enumerated school functions during the period of closure. SB 117 further states the intent of the State Legislature is that a school district's employees and contractors be paid during the period of a school closure due to COVID-19. SB 117 also waived instructional time penalties that would otherwise accrue, as long as the school district superintendent, county superintendent or charter school administrator certify that the closure due to COVID-19 caused the school district to fall below applicable instructional time requirements. SB 117 also included $100 million in additional funding to school districts for certain costs incurred as a result of COVID-19. The District received $141,520 from such additional State funding in fiscal year 2019-20.

The Governor signed Assembly Bill 86 ("AB 86") into law on March 5, 2021. AB 86 provided approximately $6.6 billion to local educational agencies to encourage a return to in-person education, with a focus on students who are younger (TK-2) and most disproportionately impacted by the COVID-19 pandemic. Funding was distributed as follows: $725 per student, an additional $1,000 per homeless student, and funds remaining after these apportionments are distributed proportionally based on LCFF. $2 billion was set aside as incentive for school districts that returned to in-person instruction by March 31, 2021 for at least TK-2 and ramping up to include higher grades if county transmission rates allow. Beginning April 1, 2021, school districts' apportioned incentive funding was reduced by 1% for every academic calendar day they do not offer in-person education until May 15, 2021, after which school districts forfeit their entire apportionment of incentive funding. AB 86 also established reporting requirements to monitor COVID-19 cases and in-person education status and apportioned $25 million to the State's "Safe Schools For All Team" to provide technical assistance, community engagement, oversight and accountability to school districts. AB 86 further set aside 10% of the State's vaccine supply for childcare and TK-12 education sector staff. Since the District utilized the distance learning model for the 2020-21 school year and did not offer in-person instruction, the District was not eligible to receive incentive funding under AB 86 related to returning to in-person instruction during such school year.

In addition to providing incentive funding, AB 86 allocated approximately $4.6 billion to local educational agencies to support expanded learning opportunities that target learning loss resulting from the COVID-19 pandemic. To be eligible for such funding, school districts were required to implement learning recovery programs that included, at minimum, supplemental instruction, resources for social and emotional well-being and meal programs. Subsequent to enacting AB 86, the Governor signed Assembly Bill 130 ("AB 130") into law on July 9, 2021. AB 130 replaced approximately $2.02 billion of State funding that AB 86 had allocated to support the expanded learning opportunities program with federal stimulus funds that the State received pursuant to the CARES Act, HR 133 and HR 1319. Pursuant to AB 86, the District expects to receive approximately $5.31 million in expanded learning opportunities funding. The District has received approximately $3.55 million to date and expects to receive the remaining funding due under AB 86 once it requests reimbursement for authorized COVID-19 expenditures.

District Response. As a result of the outbreak of COVID-19, the District closed its schools for in-person instruction in March 2020 for the remainder of the 2019-20 school year and implemented a distance learning model. The District utilized the distance learning model for the 2020-21 school year. The District resumed in-person instruction for the 2021-22 school year and has continued in-person instruction since then. The District partners with a third-party company to offer a virtual independent study program to students who do not wish to participate in in-person instruction.

The District has experienced higher than usual levels of teacher retirements largely due to the COVID-19 pandemic, which has impacted the District's operations in fiscal years 2019-20 through 2022-23. In such fiscal years, the District has experienced substitute teacher shortages and an increase in vacant teacher positions. As a result, the District has resorted to contracting with third-party providers to obtain substitute teachers and, in some cases, District staff has assisted in classrooms at District school sites. In addition, the District has been working to hire new teachers to decrease the number of vacant positions. While such increases in retirement levels have an impact on the District's operations, such impact is not expected to have a material adverse effect on the District's finances in fiscal year 2022-23.

Pursuant to the COVID-19 relief measures described above, the District has been allocated approximately $20.72 million in State and federal funding to mitigate the impact of the COVID-19 pandemic from fiscal year 2019-20 through September 30, 2024. As of February 2023, the District has received approximately $15.94 million in State and federal funding for COVID-19 related expenditures, such as personal protective equipment, wireless internet hotspots, cleaning supplies, technology, software, consultants and staffing. The District currently expects such funding will cover the increased expenditures relating to COVID-19 that the District has incurred and expects to incur through September 30, 2024.

While State and federal one-time COVID-19 relief funding has provided and will continue to provide some immediate relief to school districts, including the District, the short-term and long-term impacts of the COVID-19 outbreak on the District's operations and finances are not fully known as the situation continues to evolve. The District cannot predict whether similar legislation providing State and federal one-time relief funding would be enacted in the future in the event the outbreak of COVID-19 continues or a similar or other outbreak of a highly contagious disease or epidemic disease were to occur in the future.

Significant Accounting Policies and Audited Financial Statements

The State Department of Education imposes by law uniform financial reporting and budgeting requirements for K-12 districts. Financial transactions are required to be accounted for in accordance with the Department of Education's California School Accounting Manual. This manual, according to Section 41010 of the California Education Code, is to be followed by all State school districts, including the District. Significant accounting policies followed by the District are explained in Note 1 to the District's audited financial statements for the fiscal year ended June 30, 2022, which are included as Appendix B to the Official Statement.

Independently audited financial statements are prepared annually in conformity with generally accepted accounting principles for educational institutions. The annual audit report is generally available about six months after the June 30 close of each fiscal year. Typically, school districts in the State are required to file their audited financial statements for the preceding fiscal year with the State Controller's Office, the State Superintendent of Public Instruction, and the county superintendent of schools by December 15 of each year. However, in response to the COVID-19 pandemic and the challenges it presents for school district operations, Senate Bill 98 (Chapter 24, enacted on June 29, 2020, as an urgency bill) provided that a school district's audited financial statements for fiscal year 2019-20 were not due until March 31, 2021. Accordingly, the District filed its audited financial statements for fiscal year 2019-20 with the State Controller's Office, the State Superintendent of Public Instruction, and the San Mateo County Superintendent of Schools by March 31, 2021. Pursuant to Assembly Bill 130 (Chapter 44, enacted on July 9, 2021), the deadline for school districts to file their audited financial statements for fiscal year 2020-21 was extended to January 31, 2022. Accordingly, the District filed its audited financial statements for fiscal year 2020-21 with the State Controller's Office, the State Superintendent of Public Instruction, and the San

Mateo County Superintendent of Schools by January 31, 2022. The deadline for school districts to file their audited financial statements for fiscal year 2021-22 was not extended.

Effective fiscal year 2018-19, the District's audit firm changed from Vavrinek, Trine, Day & Co., LLP, Rancho Cucamonga, California ("VTD") to Eide Bailly LLP, Rancho Cucamonga, California ("Eide Bailly") after VTD joined Eide Bailly on July 22, 2019. The following tables contain data extracted from general fund financial statements prepared by the District's former independent auditor, VTD, for fiscal year 2017-18, and by the District's current independent auditor, Eide Bailly, for fiscal years 2018-19 through 2021-22. VTD and Eide Bailly have not been requested to consent to the use or to the inclusion of their respective reports in this Official Statement, and they have not audited or reviewed this Official Statement. The following tables are only a summary of the general fund financial statements of the District for the fiscal years shown. The District's audited financial statements for fiscal year 2021-22 (the "Fiscal Year 2021-22 Audit") are described throughout this Appendix A and are included as Appendix B to this Official Statement. The complete audited financial statements of the District, including the notes to the audited financial statements, are an integral part of this Official Statement.

In connection with its review of the District's financial statements for fiscal year 2021-22, Eide Bailly identified audit findings for fiscal year 2021-22, including a finding related to internal controls that resulted in a restatement to the District's general fund balance in the amount of ($2,341,813). Such error was due to a reduction to the one-time stimulus grant by the California Department of Education, which occurred near the closing of the fiscal year. For more information on the audit finding, see Note 19 and pages 105-106 of the Fiscal Year 2021-22 Audit in Appendix B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2022."

The table on the following page sets forth the statement of revenues, expenditures and changes in fund balances for the District's general fund for fiscal years 2017-18 through 2021-22.

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SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT
(San Mateo County, California)
Statement of General Fund Revenues, Expenditures and Changes in Fund Balance
Fiscal Years 2017-18 through 2021-22[1]

	Fiscal Year 2017-18 Audited Actuals[2]	Fiscal Year 2018-19 Audited Actuals	Fiscal Year 2019-20 Audited Actuals[3]	Fiscal Year 2020-21 Audited Actuals[3][4]	Fiscal Year 2021-22 Audited Actuals[4][5]
REVENUES					
LCFF sources	$86,043,944	$97,121,918	$107,828,877	$109,671,219	$104,711,927
Federal sources	3,685,927	3,893,314	3,572,208	10,127,839	7,605,434
Other State sources	7,575,039	12,710,997	8,783,663	14,142,085	13,503,634
Other local sources	6,338,557	4,920,561	7,327,381	5,001,410	2,319,550
Total Revenues	103,643,467	118,646,790	127,512,129	138,942,553	128,140,545
EXPENDITURES					
Current:					
Instruction	58,864,888	63,766,384	65,546,621	74,436,709	82,725,492
Instruction-related activities:					
Supervision of instruction	3,541,419	4,020,822	4,348,738	5,645,710	3,252,672
Instructional library, media, and technology	2,687,102	2,480,613	2,798,482	3,294,188	3,532,349
School site administration	6,979,406	7,417,375	7,708,911	7,947,804	8,998,396
Pupil services:					
Home-to-school transportation	1,670,366	1,787,231	1,414,021	199,267	1,981,227
Food services	-	244	7,805	13,172	2,110
All other pupil services	8,585,553	9,159,737	9,524,639	10,004,207	11,951,373
Administration:					
Data processing	104,503	108,580	124,669	150,819	15,128
All other administration	4,702,526	5,131,784	5,281,486	5,427,172	6,152,035
Plant services	10,439,546	11,002,789	10,898,780	10,876,469	12,541,875
Facility acquisition and construction	4,824,563	1,439,765	1,770,033	7,633,897	20,000
Community services	130,550	163,139	114,909	47,361	65,748
Other outgo	3,331,247	3,404,979	4,024,251	4,939,065	1,899,430
Debt service:					
Principal	392,557	248,188	195,000	205,000	291,988
Interest and other	117,524	86,213	78,886	74,482	75,598
Total Expenditures	106,371,750	110,217,843	113,837,231	130,895,322	133,505,421
Excess (Deficiency) of Revenues Over Expenditures	(2,728,283)	8,428,947	13,674,898	8,047,231	(5,364,876)
OTHER FINANCING SOURCES (USES)					
Transfers in[6]	13,301	13,301	13,301	13,301	13,301
Transfers out[6]	(3,932,618)	(2,280,349)	(1,654,563)	(2,558,621)	(1,919,321)
Net Financing Sources (Uses)	(3,919,317)	(2,267,048)	(1,641,262)	(2,545,320)	(1,906,020)
NET CHANGE IN FUND BALANCES	(6,647,600)	6,161,899	12,033,636	5,501,911	(7,270,896)
Fund Balance – Beginning, as restated[4]	56,503,202	49,855,602	56,017,501	68,532,224	63,061,840
Fund Balance – Ending	$49,855,602	$56,017,501	$68,051,137	$74,034,135	$55,790,944

(1) Pursuant to Governmental Accounting Standards Board ("GASB") Statement No. 54, the District's audited financial statements include the financial activity of the special reserve fund for other than capital outlay projects, the foundation private-purpose trust fund (see footnote 3), and the deferred maintenance fund (see footnote 4) with the District's general fund.

(2) Expenditures exceeded revenues in fiscal year 2017-18 due to a textbook adoption and installation of security cameras.

(3) The difference in the ending fund balance for fiscal year 2019-20 and the beginning fund balance for fiscal year 2020-21 is due to a reclassification of the District's foundation private-purpose trust fund that is now consolidated with the general fund effective with the District's audited financial statements for fiscal year 2020-21, in accordance with GASB Statement No. 84.

(4) The difference in the ending fund balance for fiscal year 2020-21 and the beginning fund balance for fiscal year 2021-22 reflects a restatement to the general fund balance in fiscal year 2021-22 in the amount of ($2,341,813), and the reclassification of the District's deferred maintenance fund that is no longer consolidated with the general fund effective with the Fiscal Year 2021-22 Audit, in accordance with GASB Statement No. 54. For information regarding the restatement, see Note 19 and pages 105-106 to the Fiscal Year 2021-22 Audit, and regarding the reclassification, see Note 18 to the Fiscal Year 2021-22 Audit, in Appendix B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2022."

(5) Expenditures exceeded revenues due in part to one-time COVID-19 related expenses and one-time learning loss mitigation expenses.

(6) The District makes transfers to and from the cafeteria fund, the child development fund and the special reserve fund for capital outlay projects for operating costs.

Source: South San Francisco Unified School District Audited Financial Statements for fiscal years 2017-18 through 2021-22.

The following table sets forth the general fund balance sheet of the District for fiscal years 2017-18 through 2021-22.

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT
(San Mateo County, California)
Summary of General Fund Balance Sheet
Fiscal Years 2017-18 through 2021-22

	Fiscal Year 2017-18 Audited Actuals	Fiscal Year 2018-19 Audited Actuals	Fiscal Year 2019-20 Audited Actuals	Fiscal Year 2020-21 Audited Actuals	Fiscal Year 2021-22 Audited Actuals
ASSETS					
Deposits and investments	$51,939,295	$54,550,002	$65,856,165	$69,250,057	$57,246,310
Receivables	1,429,482	3,185,713	4,055,374	8,470,497	5,209,683
Due from other funds	1,852,053	833,521	280,788	1,487,872	842,229
Prepaid expenditures	310,145	248,280	115,831	164,258	134,974
Stores inventories	67,742	51,569	55,196	66,185	52,820
Lease receivable	-	-	-	-	16,797
Total Assets	$55,598,717	$58,869,085	$70,363,354	$79,438,869	$63,502,813
LIABILITIES:					
Accounts payable	$2,052,749	$2,556,689	$1,624,943	$3,856,714	$3,268,149
Due to other funds	3,317,504	164,576	201,520	125,960	3,022,691
Unearned revenue	372,862	130,319	485,754	1,422,060	1,391,049
Total Liabilities	5,743,115	2,851,584	2,312,217	5,404,734	7,681,889
DEFERRED INFLOWS OF RESOURCES[1]:	-	-	-	-	29,980
FUND BALANCES:					
Nonspendable	410,987	332,949	200,008	259,818	217,567
Restricted	5,419,034	7,015,545	11,051,683	17,174,845	19,005,166
Assigned	34,442,080	35,881,682	39,515,625	35,903,630	26,287,130
Unassigned	9,583,501	12,787,325	17,283,821	20,695,842	10,281,081
Total Fund Balance	49,855,602	56,017,501	68,051,137	74,034,135	55,790,944
Total Liabilities and Fund Balances	$55,598,717	$58,869,085	$70,363,354	$79,438,869	$63,502,813

(1) Included beginning in fiscal year 2021-22 in accordance with GASB Statement No. 87. For more information on GASB Statement No. 87, see "– District Debt Structure – *Leases*" below and the District's financial statements in APPENDIX B − "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2022."

Source: South San Francisco Unified School District Audited Financial Statements for fiscal years 2017-18 through 2021-22.

District Budget Process and County Review

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

Under current law, a school district 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 San Mateo County Superintendent of Schools.

The county superintendent must review and approve, conditionally approve or disapprove the budget no later than September 15. The county superintendent is required to examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance with the established standards. In the event that the county superintendent conditionally approves or disapproves the school district's budget, the county superintendent will submit to the governing board of the school district no later than September 15 of such year written recommendations regarding revisions of the budget and the reasons for the recommendations, including, but not limited to, the amounts of any budget adjustments needed before the county superintendent can approve that budget.

The governing board of the school district, together with the county superintendent, must review and respond to the recommendations of the county superintendent on or before October 8 at a regular meeting of the governing board of the school district. The county superintendent will examine and approve or disapprove of the revised budget by November 8 of such year. If the county superintendent disapproves a revised budget, the county superintendent will call for the formation of a budget review committee. By December 31 of each year, every school district must have an adopted budget, or the Superintendent of Public Instruction (the "State Superintendent") may impose a budget and will report such school district to the State Legislature and the Department of Finance.

Subsequent to approval, the county superintendent will monitor each school district under its jurisdiction throughout the fiscal year pursuant to its adopted budget to determine on an ongoing basis if the school district can meet its current or subsequent year financial obligations. If, after taking various remedial actions, the county superintendent determines that a school district cannot meet its current or the subsequent year's obligations, the county superintendent will notify the school district's governing board, the State Superintendent and the president of the State board (or the president's designee) of the determination and take at least one of the following actions, and all actions that are necessary to ensure that the school district meets its financial obligations: (a) develop and impose, after also consulting with the State Superintendent and the school district's governing board, revisions to the budget that will enable the school district to meet its financial obligations in the current fiscal year, (b) stay or rescind any action inconsistent with the ability of the school district to meet its obligations for the current or subsequent fiscal year, (c) assist in developing, in consultation with the school district's governing board, a financial plan that will enable the school district to meet its future obligations, (d) assist in developing, in consultation with the school district's governing board, a budget for the subsequent fiscal year, and (e) as necessary, appoint a fiscal advisor to perform the aforementioned duties. The county superintendent will also make a report to the State Superintendent and the president of the State board or the president's designee about the financial condition of the school district and the remedial actions proposed by the county superintendent. 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.

Interim Reporting. A State law adopted in 1991 (known as "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 and the California Education Code (Section 42100 *et seq.*), each school district is required to file two interim certifications with the county superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The county superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that, based on then-current projections, 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, based on then-current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that, based on then-current projections, may not meet its financial obligations for the current fiscal year or the two subsequent fiscal years. A certification may be revised to a negative or qualified certification by the county superintendent, as appropriate. A school district that receives a qualified or negative certification for its second interim report must provide to the county superintendent, the State Controller and the State Superintendent no later than June 1, financial statement projections of the school district's fund and cash balances through June 30 for the period ending April 30.

Any school district that receives 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 and revenue anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the school district, unless the county superintendent determines that the school district's repayment of indebtedness is probable. In the past five years, the District has not received a negative or qualified certification for an interim financial report.

County and State Response to School Districts Under Financial Distress. For school districts under fiscal distress, the county superintendent is authorized to take a number of actions to ensure that the school district meets its financial obligations, including budget revisions. However, the county superintendent is not authorized to approve any diversion of revenue from *ad valorem* property taxes levied to pay debt service on district general obligation bonds. A school district that becomes insolvent may, upon the approval of a fiscal plan by the county superintendent, request an emergency appropriation from the State, in which case the county superintendent, the State Superintendent and the president of the State board or the president's designee will appoint a trustee to serve the school district until it has adequate fiscal systems and controls in place. The acceptance by a school district of an emergency apportionment exceeding 200% of the reserve recommended for that school district constitutes an agreement that the county superintendent will assume control of the school district in order to ensure the school district's return to fiscal solvency.

In the event the State elects to provide an emergency apportionment to a school district, such apportionment will constitute an advance payment of apportionments owed to the school district from the State School Fund and the Education Protection Account. The emergency apportionment may be accomplished in two ways. First, a school district may participate in a two-part financing in which the school district receives an interim loan from the State general fund, with the agreement that the school district will subsequently enter into a lease financing with the California Infrastructure and Economic Development Bank for purposes of financing the emergency apportionment, including repaying such amounts advanced to the State general fund. State law provides that so long as bonds from such lease financing are outstanding, the recipient school district (via its administrator) cannot file for bankruptcy. As an alternative, a school district may receive an emergency apportionment from the State general fund that must be repaid in 20 years. Each year, the State Superintendent will withhold from the apportionments to be made to the school district from the State School Fund and the Education Protection Account an amount equal to the emergency apportionment repayment that becomes due that year. The determination as to whether the emergency apportionment will take the form of a lease financing or an emergency apportionment from the State general fund will be based upon the availability of funds within the State general fund.

District's Fiscal Year 2022-23 Budget and Second Interim Report. The District's original adopted general fund budget for fiscal year 2022-23 (the "Fiscal Year 2022-23 Budget"), which was adopted by the Board of Trustees on June 23, 2022, is included in the table that follows. The Fiscal Year 2022-23 Budget reflects the assumptions contained in the Governor's May revision to the proposed fiscal year 2022-23 State budget. However, such assumptions and any changes thereto reflected in the 2022-23 State Budget do not significantly impact the District's budgeting because the District is a community funded district that receives a minimal amount of general financial support from the State, and local property tax collections are the primary funding source for the District.

The Fiscal Year 2022-23 Budget does not contain historical facts but consist of forecasts and "forward-looking statements." The achievement of certain results or other expectations contained in the

Fiscal Year 2022-23 Budget involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described therein to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. All projections, forecasts, assumptions, expressions of opinions, estimates, and other forward-looking statements contained in the Fiscal Year 2022-23 Budget are expressly qualified in their entirety by the foregoing and the other cautionary statements.

The District revises its projections of revenues, expenditures, and ending fund balances contained in the Fiscal Year 2022-23 Budget as more financial data becomes available throughout the fiscal year. Accordingly, the Fiscal Year 2022-23 Second Interim Report reflects actual financial data for the period ending January 31, 2023 and projections for the remainder of fiscal year 2022-23 based on such data. The Fiscal Year 2022-23 Second Interim Report, which was approved by the Board of Trustees on March 9, 2023, is also included in the table that follows and described throughout this Appendix A. The District's general fund revenues and expenditures have increased from the Fiscal Year 2022-23 Budget to the Fiscal Year 2022-23 Second Interim Report. Such increases are primarily due to one-time State funds that the District expects to receive and the carryover of unspent one-time COVID-19 related funding. The impact of such increases is reflected in the table that follows under the column "2022-23 Second Interim Report."

The achievement of certain results or other expectations contained in the Fiscal Year 2022-23 Second Interim Report involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described therein to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. All projections, forecasts, assumptions, expressions of opinions, estimates, and other forward-looking statements contained in the Fiscal Year 2022-23 Second Interim Report are expressly qualified in their entirety by the foregoing and the other cautionary statements.

The table on the following page sets forth the District's original adopted general fund budgets for fiscal years 2020-21 through 2022-23, unaudited actuals for fiscal years 2020-21 and 2021-22, and the Fiscal Year 2022-23 Second Interim Report.

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SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT
(San Mateo County, California)
General Fund Budgets for Fiscal Years 2020-21 through 2022-23,
Unaudited Actuals for Fiscal Years 2020-21 and 2021-22,
and Second Interim Report for Fiscal Year 2022-23[1]

	2020-21 Original Budget	2020-21 Unaudited Actuals	2021-22 Original Budget[2]	2021-22 Unaudited Actuals[2][3]	2022-23 Original Budget[4]	2022-23 Second Interim Report[4][5]
REVENUES						
LCFF Sources	$ 96,322,568.00	$106,328,274.62	$104,941,552.00	$104,711,927.60	$115,074,522.83	$128,387,542.05
Federal Revenue	3,562,089.00	10,342,468.82	9,453,293.81	7,371,753.43	3,179,975.28	10,229,373.77
Other State Revenue	6,385,203.00	14,142,085.42	7,902,089.00	13,503,634.24	14,148,801.03	25,335,319.10
Other Local Revenue	2,502,621.00	4,474,442.29	2,354,874.40	3,864,204.32	3,133,102.30	5,423,541.77
Total Revenues	108,772,481.00	135,287,271.15	124,651,809.21	129,451,519.59	135,536,401.44	169,375,776.69
EXPENDITURES						
Certificated Salaries	46,413,933.00	51,059,329.60	52,307,418.00	55,039,553.93	55,000,333.06	58,046,799.76
Classified Salaries	17,567,252.00	17,450,262.39	19,673,293.44	19,823,403.62	20,993,842.01	20,379,859.99
Employee Benefits	27,265,772.95	28,809,508.14	32,462,012.89	32,755,110.33	36,043,323.68	37,427,054.49
Books and Supplies	5,466,120.87	6,271,462.16	10,694,086.08	4,707,287.40	4,312,213.11	34,539,723.00
Services, Other Operating Expenses	13,118,952.39	13,959,191.63	13,793,541.87	18,539,941.05	16,120,986.78	22,530,498.21
Capital Outlay	137,331.00	1,212,118.18	278,018.66	346,429.22	529,935.88	588,272.11
Other Outgo (excluding Transfers of Indirect Costs)	3,769,847.00	5,218,547.26	4,299,162.00	2,174,340.77	4,398,715.00	2,308,021.71
Other Outgo - Transfers of Indirect Costs	(202,559.00)	(227,757.39)	(202,317.00)	(267,107.28)	(194,203.90)	(245,773.43)
Total Expenditures	113,536,650.21	123,752,661.97	133,305,215.94	133,118,959.04	137,205,145.62	175,574,455.84
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,764,169.21)	11,534,609.18	(8,653,406.73)	(3,667,439.45)	(1,668,744.18)	(6,198,679.15)
OTHER FINANCING SOURCES (USES)						
Inter-fund Transfers In[6]	13,301.00	13,301.00	13,301.00	13,301.00	13,301.00	13,301.00
Inter-fund Transfers Out[6]	(1,000,000.00)	(2,558,620.70)	(1,850,000.00)	(1,919,320.71)	(1,500,000.00)	(2,917,813.98)
Other Sources (Uses)	-	-	-	-	-	-
Contributions	-	-	-	-	-	-
Total, Other Financing Sources (Uses)	(986,699.00)	(2,545,319.70)	(1,836,699.00)	(1,906,019.71)	(1,486,699.00)	(2,904,512.98)
NET INCREASE (DECREASE) IN FUND BALANCE	(5,750,868.21)	8,989,289.48	(10,490,105.73)	(5,573,459.16)	(3,155,443.18)	(9,103,192.13)
BEGINNING BALANCE, as of July 1	31,000,340.41	39,855,466.70	36,767,429.73	48,844,756.18	26,040,098.58	40,929,484.02
Audit Adjustments[3]	-	-	-	(2,341,813.00)	-	-
As of July 1 – Audited	31,000,340.41	39,855,466.70	36,767,429.73	46,502,943.18	26,040,098.58	40,929,484.02
Adjusted Beginning Balance	31,000,340.41	39,855,466.70	36,767,429.73	46,502,943.18	26,040,098.58	40,929,484.02
ENDING BALANCE	$ 25,249,472.20	$ 48,844,756.18	$ 26,277,324.00	$ 40,929,484.02	$ 22,884,655.40	$ 31,826,291.89

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT
(San Mateo County, California)
General Fund Budgets for Fiscal Years 2020-21 through 2022-23,
Unaudited Actuals for Fiscal Years 2020-21 and 2021-22,
and Second Interim Report for Fiscal Year 2022-23[(1)]
(Continued)

	2020-21 Original Budget	2020-21 Unaudited Actuals	2021-22 Original Budget[(2)]	2021-22 Unaudited Actuals[(2)(3)]	2022-23 Original Budget[(4)]	2022-23 Second Interim Report[(4)(5)]
FUND BALANCE						
Nonspendable	$ 200,100.00	$ 259,818.99	$ 250,100.00	$ 217,567.28	$ 250,100.00	$ 97,771.00
Restricted	3,850,608.11	17,174,845.16	5,398,072.28	19,005,165.53	5,590,525.38	6,328,372.84
Committed	-	-	-	-	-	-
Assigned[(7)]	10,839,189.00	11,198,726.86	9,831,000.00	10,059,153.64	9,615,000.00	11,650,000.00
Reserved for Economic Uncertainties	5,726,833.00	6,315,564.13	6,757,761.00	6,751,913.99	6,935,257.00	8,924,613.00
Unassigned/Unappropriated	4,632,742.09	13,895,801.04	4,040,390.72	4,895,683.58	493,773.02	4,825,535.05
	$ 25,249,472.20	$ 48,844,756.18	$ 26,277,324.00	$ 40,929,484.02	$ 22,884,655.40	$ 31,826,291.89

(1) Pursuant to GASB Statement No. 54, the District's audited financial statements reflect the unrestricted and restricted general fund, the deferred maintenance fund, the special reserve fund for other than capital outlay projects, and the foundation private-purpose trust fund, but the District's unaudited actuals, adopted budgets, and interim reports reflect only the unrestricted and restricted general fund without the inclusion of the deferred maintenance fund, the special reserve fund for other than capital outlay projects, and the foundation private-purpose trust fund.

(2) The operating deficit in fiscal year 2021-22 is due in part to one-time COVID-19 related expenses and one-time learning loss mitigation expenses.

(3) For information regarding the reconciliation between the District's unaudited actuals for fiscal year 2021-22 and the Fiscal Year 2021-22 Audit, see Note 19 and pages 105-106 to the Fiscal Year 2021-22 Audit in Appendix B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2022."

(4) The increase in deficit spending from the Fiscal Year 2022-23 Budget to the Fiscal Year 2022-23 Second Interim Report is due to the carryover of unspent one-time COVID-19 related funding from fiscal year 2021-22 that the District recognized in the Fiscal Year 2022-23 Second Interim Report. For information on the increases in revenues and expenditures from the Fiscal Year 2022-23 Budget to the Fiscal Year 2022-23 Second Interim Report, see "*– District's Fiscal Year 2022-23 Budget and Second Interim Report*" above.

(5) Figures are projections.

(6) The District makes transfers to and from the cafeteria fund, the child development fund and the special reserve fund for capital outlay projects for operating costs.

(7) Fiscal Year 2022-23 Second Interim Report assigned component of the general fund ending balance includes $2.10 million set aside to cover salary and benefit increases for employees represented by CSEA (as defined herein) in fiscal year 2022-23. For information on the District's recent labor agreement with CSEA, see "– Employment" below.

Source: South San Francisco Unified School District original adopted general fund budgets for fiscal years 2020-21 through 2022-23; unaudited actuals for fiscal years 2020-21 and 2021-22; and Fiscal Year 2022-23 Second Interim Report.

District Debt Structure

Long-Term Debt Summary. A schedule of changes in the District's long-term liabilities, other than other post-employment benefits ("OPEB") and pension obligations, for the fiscal year ended June 30, 2022, consisted of the following:

Long-Term Liabilities	Balance July 1, 2021, as restated	Additions	Deductions	Balance June 30, 2022	Due in One Year
General obligation bonds[1][2]	$154,766,242	$26,759,359	$(23,378,890)	$158,146,711	$1,050,000
Unamortized premiums	8,316,107	-	(1,602,062)	6,714,045	-
Revenue bonds[3]	12,440,000	-	(3,850,000)	8,590,000	4,225,000
Unamortized debt premiums	210,714	-	(210,714)	-	-
Finance purchase agreement	3,185,000	-	(205,000)	2,980,000	210,000
Leases[4]	229,228	-	(86,988)	142,240	81,534
Compensated absences	895,143	323,721	-	1,218,864	-
Total	$180,042,434	$27,083,080	$(29,333,654)	$177,791,860	$5,566,534

(1) Does not reflect the issuance of the Series 2023 Bonds.
(2) Excludes the 2006 District Bonds. See "THE SERIES 2023 BONDS – Aggregate Debt Service" in the front portion of this Official Statement for more information.
(3) Reflects the then outstanding principal amount of the 2006 Financing Authority Bonds. See "THE SERIES 2023 BONDS – Outstanding Bonds" in the front portion of this Official Statement for more information.
(4) Included as a long-term liability pursuant to GASB Statement No. 87. For more information on the District's leases and GASB Statement No. 87, see "– *Leases*" below and the District's financial statements in APPENDIX B − "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2022."
Source: South San Francisco Unified School District Audited Financial Statements for fiscal year 2021-22.

General Obligation Bonds. Prior to the issuance of the Series 2023 Bonds, the District has outstanding four series of general obligation bonds, each of which is secured by *ad valorem* taxes levied upon all property subject to taxation by the District on a parity with the Series 2023 Bonds.

See "THE SERIES 2023 BONDS – Outstanding Bonds" and "– Aggregate Debt Service" in the front portion of this Official Statement for more information about such outstanding bonds.

Finance Purchase Agreement. On November 30, 2016, in order to finance a variety of energy projects, including the installation of renewable energy, implementation of energy efficiency measures, and installation of athletic field lighting, the District and the South San Francisco Unified School District School Facilities Financing Authority (the "Financing Authority") entered into a Ground Lease, dated as of November 1, 2016 (the "Ground Lease"), pursuant to which the District leased certain land and improvements, consisting of the District administration site (the "Property"). The Financing Authority and the District entered into a Lease Agreement, dated as of November 1, 2016 (the "Lease Agreement"), pursuant to which the Financing Authority subleased the Property to the District. The Financing Authority assigned certain of its right, title and interest in and to the Ground Lease and the Lease Agreement, including its right to receive base rental payments due under the Lease Agreement to Banc of America Public Capital Corp, pursuant to the Assignment Agreement, dated as of November 1, 2016. Under the Lease Agreement, the District owes semiannual base rental payments on March 1 and September 1 of each year, commencing on September 1, 2017. As of June 30, 2022, the aggregate amount of base rental payments (including principal and interest components) due under the Lease Agreement was $2,980,000.

The base rental payments are due through September 1, 2034 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2023	$210,000	$65,283	$275,283
2024	210,000	60,600	270,600
2025	220,000	55,862	275,862
2026	220,000	50,956	270,956
2027	230,000	45,994	275,994
2028-2032	1,225,000	150,804	1,375,804
2033-2035	665,000	22,355	687,355
Total	$2,980,000	$451,854	$3,431,854

Source: South San Francisco Unified School District Audited Financial Statements for fiscal year 2021-22.

For more information regarding Finance Purchase Agreements for fiscal year 2021-22, see Note 11 to the District's financial statements in APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2022."

Leases. The District has entered into various operating leases for equipment with lease terms in excess of one year. At June 30, 2022, pursuant to GASB Statement No. 87 (as defined below), the District has recognized a right-to-use leased asset of $143,099 (net of accumulated amortization) and a lease liability of $142,240 related to such operating leases. The District is required to make principal and interest payments through fiscal year 2024. 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	$81,534	$3,096	$84,630
2024	60,706	836	61,542
Total	$142,240	$3,932	$146,172

Source: South San Francisco Unified School District Audited Financial Statements for fiscal year 2021-22.

For more information regarding Leases, see Note 11 to the District's financial statements in APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2022."

In June 2017, GASB issued Statement No. 87, Leases ("Statement No. 87"), which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Statement No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognizes as inflows of resources or outflows of resources based on the payment provisions of the contract. Under Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The District has implemented Statement No. 87 in its financial statements beginning with fiscal year 2021-22. For more information on Statement No. 87, see Note 1 to the District's financial statements in APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2022."

Compensated Absences. Total unpaid employee compensated absences (unpaid employee vacation) for the District as of June 30, 2022, amounted to $1,218,864.

For more information regarding compensated absences for fiscal year 2021-22, see Note 11 to the District's financial statements in APPENDIX B − "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2022."

Other Post-Employment Benefits (OPEBs). In addition to the retirement plan benefits with California State Teachers' Retirement System ("CalSTRS") and California Public Employees' Retirement System ("CalPERS"), the District provides OPEB under two different plans: (1) the District's single-employer defined OPEB plan (the "District Plan") and (2) the cost-sharing multiple-employer OPEB plan administered by CalSTRS through the Teachers' Health Benefits Fund (the "MPP Plan"). For fiscal year 2021-22, the District reported the net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the District Plan and the MPP Plan as follows:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$23,915,148	$5,586,761	$10,155,713	$2,256,865
MPP Plan	549,645	-	-	(101,895)
Total	$24,464,793	$5,586,761	$10,155,713	$2,154,970

District Plan. The District 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 District Plan. As of the June 30, 2022 valuation date, the District Plan membership consisted of 1,291 total employees, which included 882 active employees and 409 inactive employees or beneficiaries currently receiving benefits payments. The Board of Trustees administers the District Plan and has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements between the District, and its represented and unrepresented bargaining units.

The benefit payments are based on projected pay-as-you-go financing requirements as determined annually through such labor agreements. The District paid approximately $756,163 in benefits in fiscal year 2021-22 and, based on the Fiscal Year 2022-23 Second Interim Report, projects that it will pay $715,000 in benefits in fiscal year 2022-23, both on a pay-as-you-go basis. The decrease in contributions from fiscal year 2021-22 to fiscal year 2022-23 is due to a decrease in the number of retirees for which the District makes payments to the District Plan. No assets are accumulated in an irrevocable trust that meets the criteria of Statement No. 75 (as defined below).

Total Compensation Systems, Inc. prepared an actuarial valuation for the District Plan, dated October 5, 2022, using the June 30, 2022 valuation and measurement date (the "Actuarial Valuation"). According to the Actuarial Valuation, the District's total and net OPEB liability as of June 30, 2022 is $23,915,148, since there are no assets accumulated in a trust to prefund benefits due under the District Plan. Such total and net OPEB liability reflect a decrease from the total and net OPEB liability from the prior actuarial valuation, as of June 30, 2021, that provides a total and net OPEB Liability of $30,485,124, since there are no assets accumulated in a trust to prefund benefits due under the District Plan. The Actuarial Valuation uses the following assumptions: a discount rate of 3.54% per year net of expenses (previously 2.16% as of June 30, 2021), an inflation rate of 2.50% per year (previously 2.75% as of June 30, 2021), a payroll growth rate of 2.75% per year (same rate as of June 30, 2021), and a healthcare cost trend rate of 4.00% for 2022 (same rate for 2021).

The following table summarizes changes in the District's total OPEB liability, fiduciary net position, and net OPEB liability during the fiscal year ended June 30, 2022:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2021 Measurement Date	$30,485,124	$ -	$30,485,124
Service cost	1,998,339	-	1,998,339
Interest on total OPEB liability / Return on fiduciary net position	671,894	-	671,894
Employer contributions	-	756,163	(756,163)
Benefit payments	(756,163)	(756,163)	-
Administrative expense	-	-	-
Experience (gains)/losses	(2,727,187)	-	(2,727,187)
Changes in assumptions	(5,756,859)	-	(5,756,859)
Other	-	-	-
Net change	(6,569,976)	-	(6,569,976)
Actual Balance at June 30, 2022 Measurement Date	$23,915,148	$ -	$23,915,148

Source: Actuarial Valuation.

MPP Plan. The MPP Plan is established pursuant to Chapter 1032, Statutes of 2000 (SB 1435), and CalSTRS administers the MPP Plan through the Teachers' Health Benefit Fund ("THBF"). A full description of the MPP Plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021 annual actuarial valuation report, 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**. The information referred to at such website is prepared and maintained by CalSTRS and not by the District, and the District can take no responsibility for the continued accuracy of the internet address or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

The MPP Plan pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the Defined Benefit Program ("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 Plan is closed to new entrants as members who retire on or after July 1, 2012, are not eligible for coverage under the MPP Plan.

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

At June 30, 2022, the District reported a liability of $549,645 for its proportionate share of the net OPEB liability for the MPP Plan. 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 MPP 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 0.1378% and 0.1537%, resulting in a net decrease in the proportionate share of 0.0159%. For the year ended June 30, 2022, the District recognized an OPEB expense of $(101,895).

For more information regarding the District's OPEB obligations and liabilities for fiscal year 2021-22, see Note 12 to the District's financial statements in APPENDIX B − "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2022."

In June 2015, GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("Statement No. 75"). OPEBs generally include post-employment health benefits (medical, dental, vision, prescription drug and mental health), life insurance, disability benefits and long-term care benefits. The objective of Statement No. 75 is to improve accounting and financial reporting by the State and local governments for OPEB by requiring the recognition of entire OPEB liability, a more comprehensive measure of OPEB expense, new note disclosures and certain required supplementary information. In addition, Statement No. 75 sets forth additional accounting methods to improve the usefulness of information about OPEB included in the general purpose external financial reports of State and local governmental OPEB plans for making decisions and assessing accountability. Statement No. 75 results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all post-employment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. Statement No. 75 replaces GASB Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. The District has implemented Statement No. 75 in its financial statements beginning with fiscal year 2017-18.

Early Retirement Incentive Payment. The District routinely offers an annual "Early Tell" Retirement Inventive in the form of a $5,000 one-time payment for eligible employees (the "Retirement Incentive"). To be eligible for the Retirement Incentive, employees must have at least ten years of service with the District and submit their signed irrevocable letter of resignation to the District by a specified deadline. In fiscal year 2018-19, approximately 6 employees elected to participate in the Retirement Incentive, resulting in a total cost to the District of approximately $30,000. In fiscal year 2019-20, approximately 13 employees elected to participate in the Retirement Incentive, resulting in a total cost to the District of approximately $65,000. In fiscal year 2020-21, approximately 14 employees elected to participate in the Retirement Incentive, resulting in a total cost to the District of approximately $70,000. While the number of eligible employees electing to participate in the Retirement Incentive has more than doubled since fiscal year 2018-19, it is not the case that retirements have more than doubled since such fiscal year. Prior to the COVID-19 pandemic, employees would often make retirement decisions following the deadline for the Retirement Incentive. The District did not offer the Retirement Incentive in fiscal year 2021-22, and does not plan to offer the Retirement Inventive in fiscal year 2022-23.

Tax and Revenue Anticipation Notes. The District did not issue tax and revenue anticipation notes ("TRANS") or borrow funds to supplement the District's cash flow in fiscal years 2020-21 and 2021-22. The District does not currently plan to issue TRANS in fiscal year 2022-23. The District may issue TRANS or borrow funds in future fiscal years as and if necessary to supplement cash flow.

Employment

General. As of the Fiscal Year 2022-23 Second Interim Report, the District employs approximately 963.3 full-time equivalent ("FTE") employees, including approximately 545.2 FTE certificated (credentialed teaching) staff, approximately 362.1 FTE classified (non-teaching) staff, and approximately 56 FTE management personnel. For fiscal year 2021-22, the total certificated and classified salaries (including management personnel who are either counted as certificated or classified) paid from all applicable funds of the District were approximately $55.04 million and $19.82 million, respectively. As of the Fiscal Year 2022-23 Second Interim Report, the District projects that the total certificated and classified salaries (including management personnel who are either counted as certificated or classified) paid from all applicable funds of the District will be approximately $59.82 million and $23.40 million, respectively, in fiscal year 2022-23. These employees, except management employees, are represented by the South San Francisco Classroom Teachers Association ("SSFCTA"), the California School Employees Association, Chapter #197 ("CSEA") and the South San Francisco Federation of Adult School Educators, Local 6179 (the "Federation of Adult Educators"), as described in more detail below.

SSFCTA. SSFCTA represents approximately 545.2 FTE certificated (credentialed) employees in the District, which includes teachers, nurses, counselors and psychologists. The District and SSFCTA entered into a multi-year contract effective July 1, 2022 that expires on June 30, 2025 (the "SSFCTA Agreement"). Salary and benefit increases for fiscal year 2022-23 are settled and, in accordance with the terms of the SSFCTA Agreement, there are no reopeners for salary or benefits in fiscal years 2023-24 and 2024-25. The financial impact of the SSFCTA Agreement for fiscal years 2022-23 through 2024-25 is reflected in the Fiscal Year 2022-23 Second Interim Report.

CSEA. CSEA represents approximately 362.1 FTE classified (non-credentialed) employees in the District. In February 2023, the District and CSEA entered into a multi-year contract effective July 1, 2022 that expires on June 30, 2025 (the "CSEA Agreement"). Salary and benefit increases for fiscal year 2022-23 are settled as a part of the CSEA Agreement and, in accordance with the terms of the CSEA Agreement, there are no reopeners for salary or benefits in fiscal years 2023-24 and 2024-25. The CSEA Agreement provides for a 5.00% salary schedule increase, retroactive to July 1, 2022 for fiscal year 2022-23, a 5.00% salary schedule increase for fiscal year 2023-24, and a 3.00% salary schedule increase for fiscal year 2024-25. The CSEA Agreement also includes retroactive longevity schedule increases, retroactive to July 1, 2022. Lastly, the CSEA Agreement provides for certain stipend increases and additions, including but not limited to, an increase to the overnight stipend from $125 to $150 dollars retroactive to July 1, 2022 for fiscal year 2022-23, an increase to the paraeducator workload stipend from $60 to $80 per day effective July 1, 2023, and a new annual stipend for bilingual positions of $1,500 effective July 1, 2023. The cost of the longevity increases and stipends are roughly equivalent to an additional 1% salary schedule increase in fiscal year 2022-23.

According to the District's A.B. 1200 disclosure regarding the CSEA Agreement, the District estimates that the financial impact of such salary and benefits will increase its general fund operating expenditures by approximately $1.40 million, $1.24 million and $781,622 in fiscal years 2022-23, 2023-24 and 2024-25, respectively, which the District expects to pay with its unrestricted general fund balance. The financial impact of the CSEA Agreement is not reflected as an expenditure in the Fiscal Year 2022-23 Second Interim Report. The District has, however, set aside funds for salary and benefit increases for fiscal year 2022-23 in the amount of $2.10 million in the assigned component of its general fund balance in the Fiscal Year 2022-23 Second Interim Report. For more information, see "– District Budget Process and County Review – *District's Fiscal Year 2022-23 Budget and Second Interim Report*" and the table that follows.

The Federation of Adult Educators. The Federation of Adult Educators represents approximately 8 FTE certificated (credentialed teaching) employees that are adult educators in the District. The District and the Federation of Adult Educators entered into a multi-year contract effective July 1, 2022 that expires on June 30, 2025 (the "FAF Agreement"). Salary and benefit increases for fiscal year 2022-23 are settled and, in accordance with the terms of the FAF Agreement, there are no reopeners for salary or benefits in fiscal years 2023-24 and 2024-25. Bargaining unit members of the Federation of Adult Educators are paid out of the adult education fund. The financial impact to the District of the FAF Agreement for fiscal years 2022-23 through 2024-25 is reflected in the Fiscal Year 2022-23 Second Interim Report.

Retirement Benefits

The District participates in retirement plans with CalSTRS, which covers all full-time certificated District employees, including teachers and administrators, and CalPERS, which covers certain classified employees. Classified school personnel who are employed four or more hours per day may participate in CalPERS.

CalSTRS. The CalSTRS defined benefit pension plan provides retirement benefits (generally 2% of final compensation for each year of credited service) to participating employees based on hiring date, age, final compensation and years of credited service. The CalSTRS benefit pension plan is funded through a combination of investment earnings and statutorily set contributions from participating employees, employers (including the District) and the State. Prior to fiscal year 2014-15, the statutorily set rates did not vary annually to adjust for funding shortfalls or actuarial surpluses. As a result, the combined employee, employer and State contributions to CalSTRS were not sufficient to pay actuarially determined amounts. To address the shortfall and implement a new funding strategy, Assembly Bill 1469, signed into law by former Governor Brown as part of the fiscal year 2014-15 State budget, increased employee, employer and State contributions to CalSTRS as part of a plan to eliminate by June 30, 2046, CalSTRS' unfunded liability for service credited to members of the CalSTRS defined benefit program before July 1, 2014.

The employee contribution rate for CalSTRS members first hired on or before December 31, 2012 to perform CalSTRS creditable activities (i.e. CalSTRS 2% at 60 members) was 10.25% for fiscal years 2016-17 through 2021-22 and will remain 10.25% for fiscal year 2022-23. The employee contribution rate for CalSTRS members first hired on or after January 1, 2013 to perform CalSTRS creditable activities (i.e., CalSTRS 2% at 62 members) was 9.205% for fiscal years 2016-17 and 2017-18, 10.205% for fiscal years 2018-19 through 2021-22, and will remain 10.205% for fiscal year 2022-23. Under Assembly Bill 1469, employer contribution rates increased in fiscal year 2014-15 to 8.88% of payroll, with such rate increasing by 1.85% each year thereafter, plateauing at 19.10% of payroll in July 2020. On behalf of employers, the State made supplemental pension payments to CalSTRS in fiscal year 2019-20 to help pay down long-term unfunded liabilities, but in fiscal year 2020-21, the State redirected approximately $1.6 billion of such funding to reduce employer contribution rates in fiscal years 2020-21 and 2021-22. As a result, the employer contribution rate for fiscal year 2021-22 was 16.92%, which reflects a 2.18% reduction from the statutorily prescribed rate. For fiscal year 2022-23, the employer contribution rate is approximately 19.10% of covered payroll. The employer contribution rate is inclusive of the employer base contribution of 8.25% of payroll provided by the California Education Code. The State's total contribution was increased from approximately 3% in fiscal year 2013-14 to 6.828% of payroll in fiscal year 2017-18, and to 10.828% of payroll in fiscal year 2021-22. The State's contribution rate is 10.828% of payroll for fiscal year 2022-23. The State's contribution includes an annual payment of 2.5% of payroll pursuant to a supplemental inflation protection program.

The following table sets forth the District's employer contributions from all applicable funds of the District to CalSTRS as well as the State's non-employer contributions to CalSTRS on behalf of the District for fiscal years 2018-19 through 2021-22, and the projected contributions for fiscal year 2022-23.

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT
(San Mateo County, California)
Contributions to CalSTRS for Fiscal Years 2018-19 through 2022-23

Fiscal Year	District Contribution	State On-Behalf Contribution
2018-19	$7,440,316	$6,962,792
2019-20	8,235,843	4,260,715
2020-21	8,231,546	4,988,379
2021-22	8,971,297	5,895,875
2022-23[(1)]	10,901,923	6,000,000

(1) Figures are projections based on Fiscal Year 2022-23 Second Interim Report.
Source: South San Francisco Unified School District.

The District's total employer contributions to CalSTRS for fiscal years 2018-19 through 2021-22 were equal to 100% of the required contributions for each year. The State Teachers' Retirement Board is authorized to modify the percentages paid by employers and employees beginning fiscal year 2021-22 to eliminate by June 30, 2046, CalSTRS' unfunded liability for service credited to members of the CalSTRS defined benefit program before July 1, 2014, based upon actuarial recommendations. A decrease in investment earnings may result in increased employer contribution rates in order to timely eliminate by June 30, 2046, CalSTRS' unfunded liability for service credited to members of the CalSTRS defined benefit program before July 1, 2014, based upon actuarial recommendations. The District cannot predict the impact of State, national, and international events on investment earnings and employer contribution rates. However, under existing law, the State Teachers' Retirement Board may not increase the employer contribution rate by more than 1% in any fiscal year up to a maximum contribution rate of 20.25%. The State Teachers' Retirement Board may also adjust the State's contribution rate by a maximum of 0.5% from year to year, based on the funding status of the CalSTRS actuarially determined unfunded liability. The District is unable to predict what the amount of pension liabilities will be beyond the fiscal years set forth in AB 1469 or the amount the District will be required to pay for pension related costs, as these amounts are subject to future rate actions taken by CalSTRS. Accordingly, there can be no assurances that the District's required contributions to CalSTRS will not significantly increase in the future above levels currently approved under State law.

The actuarial valuation for the entire CalSTRS defined benefit program as of June 30, 2021 (the "2021 CalSTRS Actuarial Valuation") showed an estimated unfunded actuarial liability of $89.7 billion, a decrease of approximately $16.2 billion from the June 30, 2020 valuation. Such estimated unfunded actuarial liability was projected to increase in the June 30, 2020 valuation, which projected an unfunded actuarial liability of $108.0 billion as of June 30, 2021. The actual unfunded actuarial liability as of June 30, 2021 represents a net actuarial gain of approximately $18.2 billion. Such net actuarial gain is due primarily to member salary increases being less than assumed and market value returns (estimated at 27.1%) being greater than assumed (7.0%). The funded ratios of the actuarial value of valuation assets over the actuarial accrued liabilities as of June 30, 2021 and June 30, 2020, based on the actuarial assumptions, were approximately 73.0% and 67.1%, respectively. According to the 2021 CalSTRS Actuarial Valuation, the funded ratio increased by 5.9% during the past year. As described in the 2021 CalSTRS Actuarial Valuation, the primary causes for the increase in the funded ratio are investment returns being greater than expected, salary increases being less than assumed, additional State contributions made in the prior fiscal year, and contributions to pay down the unfunded actuarial liability under the State Teachers' Retirement Board's valuation policy.

The following are certain of the actuarial assumptions set forth in the 2021 CalSTRS Actuarial Valuation: measurement of accruing costs by the "Entry Age Normal Actuarial Cost Method," an assumed 7.00% investment rate of return for measurements subsequent to June 30, 2016, 3.00% interest on member accounts, 3.50% projected wage growth, and 2.75% projected inflation and demographic assumptions relating to mortality rates, length of service, rates of disability, rates of withdrawal, probability of refund, and merit salary increases. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions and other experience that may differ from the actuarial assumptions used for the CalSTRS valuation. The 2021 CalSTRS Actuarial Valuation also assumes that all members hired on or after January 1, 2013 are subject to the provisions of PEPRA (as defined herein). See "− Governor's Pension Reform" below for a discussion of the pension reform measure signed by the Governor in September 2012 expected to help reduce future pension obligations of public employers with respect to employees hired on or after January 1, 2013.

On July 29, 2022, after the release of the 2021 CalSTRS Actuarial Valuation, CalSTRS reported a negative 1.3% net return on investments for fiscal year 2021-22, which is CalSTRS' first negative return on investments since fiscal year 2008-09. The negative 1.3% net return on investments is less than the assumed annual rate of return on investments of 7.00%. Persistent negative returns on investments may result in increased employer contribution rates above the current level of expected increases. The District cannot predict the impact of State, national, and international events on investment returns and employer contribution rates or the amount the District will be required to pay for pension related costs. Accordingly, there can be no assurances that the District's required contributions to CalSTRS will not significantly increase in the future.

CalSTRS produces a comprehensive annual financial report and actuarial valuations which include financial statements and required supplementary information. Copies of the CalSTRS comprehensive annual financial report and actuarial valuations may be obtained from CalSTRS. The information presented in these reports is not incorporated by reference in this Official Statement.

CalPERS. All qualifying classified employees of K-12 school districts in the State are members in CalPERS. All school districts contributing to CalPERS participate in the same plan and share the same contribution rate in each year. However, unlike contributions to CalSTRS, which incrementally increase at statutorily set rates, school districts' contributions to CalPERS fluctuate each year and include a normal cost component and a component equal to an amortized amount of the unfunded liability of CalPERS. Accordingly, the District cannot provide any assurances that the District's required contributions to CalPERS in future years will not significantly vary from any current projected levels of contributions to CalPERS.

CalPERS is funded by employee contributions and investment earnings, with the balance of the funding provided by employer contributions. School districts' contributions decrease when investment earnings rise and increase when investment earnings decline. As a result, declines in investment earnings may result in substantial increases in school district contributions. The District cannot make any predictions as to the effect of State, national or international events on investment earnings and school district contributions. Participating employees enrolled in CalPERS prior to January 1, 2013 contribute 7.00% of their respective salaries, while participating employees enrolled after January 1, 2013 contribute the higher of fifty percent of normal costs of benefits or an actuarially determined rate of 7.00% in fiscal year 2021-22, which increased to 8.00% in fiscal year 2022-23 and is expected to remain at 8.00% for fiscal year 2023-24. School districts are required to contribute to CalPERS at an actuarially determined rate, which was 18.062% of eligible salary expenditures for fiscal year 2018-19 and originally 20.733% and 22.68%

for fiscal years 2019-20 and 2020-21, respectively. However, the employer contribution rate for fiscal year 2019-20 was reduced to 19.721% as a result of the State's buydown of employer contribution rates in fiscal year 2019-20. Similarly, the fiscal year 2020-21 State budget allocated funding to buy down employer contribution rates in fiscal years 2020-21 and 2021-22 to an estimated 20.70% and 22.91%, respectively. The actuarially determined rate for employer contributions is 25.37% for fiscal year 2022-23 and is expected to be 26.68% for fiscal year 2023-24.

The following table sets forth the District's total employer contributions from all applicable funds of the District to CalPERS for fiscal years 2018-19 through 2021-22, and the projected contribution for fiscal year 2022-23.

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT
(San Mateo County, California)
Contributions to CalPERS for Fiscal Years 2018-19 through 2022-23

Fiscal Year	District Contribution
2018-19	$2,994,717
2019-20	3,648,465
2020-21	4,029,360
2021-22	5,167,720
2022-23[1]	6,438,398

[1] Figures are projections based on Fiscal Year 2022-23 Second Interim Report.
Source: South San Francisco Unified School District.

The District's total employer contributions to CalPERS for fiscal years 2018-19 through 2021-22 were equal to 100% of the required contributions for each year.

The CalPERS Schools Pool Actuarial Valuation as of June 30, 2021 (the "2021 CalPERS Schools Pool Actuarial Valuation") reported an actuarial accrued liability of $110.5 billion with the market value of assets at $86.5 billion, and a funded status of 78.3%. The actuarial funding method used in the 2021 CalPERS Schools Pool Actuarial Valuation is the "Entry Age Normal Cost Method." The 2021 CalPERS Schools Pool Actuarial Valuation assumes, among other things, 2.30% inflation and payroll growth of 2.80% compounded annually. The 2021 CalPERS Schools Pool Actuarial Valuation reflects a discount rate of 6.80% compounded annually (net of administrative expenses) as of June 30, 2021. The CalPERS Board adopted new demographic assumptions on November 17, 2021, including a reduction in the discount rate from 7.00% as of June 30, 2020 to 6.80% as of June 30, 2021, a reduction in the inflation assumption from 2.50% as of June 30, 2020 to 2.30% as of June 30, 2021, and an increase in payroll growth from 2.75% as of June 30, 2020 to 2.80% as of June 30, 2021. The net impact of these assumption changes on the required employer contribution rate in fiscal year 2022-23 is an increase of 0.54%, which accounts for the increase in normal cost and unfunded liability to be paid over 20 years.

On July 20, 2022, CalPERS reported a negative 6.1% net return on investments for fiscal year 2021-22, which is CalPERS' first negative return on investments since fiscal year 2008-09. The negative 6.1% net return on investments is less than the assumed annual rate of return on investments of 6.80%. Persistent negative returns on investments may result in increased employer contribution rates above the current level of expected increases. The District cannot predict the impact of State, national, and international events on investment returns and employer contribution rates. Accordingly, there can be no assurances that the District's required contributions to CalPERS will not significantly increase in the future.

The CalPERS Schools Pool Actuarial Valuation as of June 30, 2022 (the "2022 CalPERS Schools Pool Actuarial Valuation"), which has not been released in full, was presented in summary form to the Finance and Administration Committee of the CalPERS Board of Administration (the "CalPERS Committee") on April 17, 2023. Such summary reported an actuarial accrued liability of approximately $117.0 billion with the market value of assets at approximately $79.4 billion, and a funded status of approximately 67.9%. From June 30, 2021 to June 30, 2022, the funded status of the CalPERS Schools Pool decreased by approximately 10.4%, and the unfunded accrued liability increased by approximately $13.6 billion, largely due to the difference between the expected and actual rate of return on investments.

CalPERS reported a negative 7.50% (before recognition of administrative expenses) return on investments for fiscal year 2021-22, which is CalPERS' first negative return on investments since fiscal year 2008-09. The negative 7.50% return on investments was less than the assumed annual rate of return on investments of 6.80%. Such negative return generated an actuarial investment loss of approximately $12.40 billion, which will be amortized over 20 years with a five-year phase in, increasing the component of the expected employer contribution rate related to the unfunded liability contribution in fiscal year 2023-24 by 1.69% of payroll. Due to the five-year phase in, the component of the employer contribution rate related to the unfunded liability contribution will increase each year until it reaches an estimated 7.60% of payroll in fiscal year 2027-28. CalPERS, however, does not currently project that the total expected employer contribution rate will increase by 7.60% over the next five years, because the employer contribution rate consists of other components, which are affected by investment and non-investment factors, that are currently expected to offset, to some extent, the impact of the five-year phase in. Persistent negative returns on investments may result in increased employer contribution rates above the current level of expected increases reflected in the 2022 CalPERS Schools Pool Actuarial Valuation. The District cannot predict the impact of State, national, and international events on investment returns and employer contribution rates. Accordingly, there can be no assurances that the District's required contributions to CalPERS will not significantly increase in the future.

The 2022 CalPERS Schools Pool Actuarial Valuation as summarized assumes, among other things, 2.30% inflation and payroll growth of 2.80% compounded annually. The 2022 CalPERS Schools Pool Actuarial Valuation as summarized reflects a discount rate of 6.80% compounded annually (net of administrative expenses) as of June 30, 2022. The CalPERS Board of Administration adopted new demographic assumptions on November 17, 2021, including a reduction in the discount rate from 7.00% as of June 30, 2020 to 6.80% as of June 30, 2021, a reduction in the inflation assumption from 2.50% as of June 30, 2020 to 2.30% as of June 30, 2021, and an increase in payroll growth from 2.75% as of June 30, 2020 to 2.80% as of June 30, 2021. Such assumption changes result in increases in both the normal cost and unfunded liabilities contributions to be paid in the future. The actuarial funding method used in the 2022 CalPERS Schools Pool Actuarial Valuation is the "Entry Age Normal Cost Method."

CalPERS produces a comprehensive annual financial report and actuarial valuations that include financial statements and required supplementary information. Copies of the CalPERS comprehensive annual financial report and actuarial valuations may be obtained from CalPERS Financial Services Division. The information presented in these reports is not incorporated by reference in this Official Statement.

Social Security. As established by federal law, all public sector employees who are not members of their employer's existing retirement system (CalPERS) must be covered by social security or an alternative plan. The District has elected to use Social Security as its alternative plan (the "Alternative Plan"). The District makes contributions to the Alternative Plan for all classified staff. The District contributes 6.2% of an employee's gross earnings. An employee is also required to contribute 6.2% of his or her gross earnings to the Alternative Plan. The District contributed approximately $1.5 million to the

Alternative Plan for fiscal year 2021-22 and, based on the Fiscal Year 2022-23 Second Interim Report, projects it will contribute approximately $1.6 million to the Alternative Plan for fiscal year 2022-23.

The District is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the District may be required to make. CalSTRS, CalPERS and the Alternative Plan are more fully described in Note 15 to the District's financial statements in APPENDIX B − "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2022."

Governor's Pension Reform. On August 28, 2012, Governor Brown and the State Legislature reached agreement on a law that reforms pensions for State and local government employees. AB 340, which was signed into law on September 12, 2012, established the California Public Employees' Pension Reform Act of 2012 ("PEPRA") which governs pensions for public employers and public pension plans on and after January 1, 2013. For new employees, PEPRA, among other things, caps pensionable salaries at the Social Security contribution and wage base, which is $160,200 for 2023, or 120% of that amount for employees not covered by Social Security, increases the retirement age by two years or more for all new public employees while adjusting the retirement formulas, requires State employees to pay at least half of their pension costs, and also requires the calculation of benefits on regular, recurring pay to stop income spiking. For all employees, changes required by PEPRA include the prohibition of retroactive pension increases, pension holidays and purchases of service credit. PEPRA applies to all State and local public retirement systems, including county and district retirement systems. PEPRA only exempts the University of California system and charter cities and counties whose pension plans are not governed by State law.

Insurance, Risk Pooling and Joint Powers Agreements and Joint Ventures

The District is a member of the San Mateo County Schools Insurance Group ("SMCSIG") and CalPERS public entity risk pools (collectively, the "JPAs"). The District pays an annual premium to each entity (as applicable) for its workers' compensation, property and liability, and health coverage. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes. The JPAs have budgeting and financial reporting requirements independent of member units, such as the District, and their financial statements are not presented in the District's financial statements; however, fund transactions between the JPAs and the District are included in the District's financial statements.

Property and Liability Coverage. 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 2021-22, the District contracted with SMCSIG for property and liability insurance coverage.

Workers' Compensation Coverage. For fiscal year 2021-22, the District participated in SMCSIG entity risk pool. The intent of SMCSIG is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in SMCSIG. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts. Each participant pays its workers' compensation premium based on its individual rate.

Employee Medical Benefits. The District has contracted with CalPERS to provide employee medical insurance and with SMCSIG for dental and vision benefits. CalPERS and SMCSIG are shared risk pools. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts.

During the fiscal year ended June 30, 2022, the District made aggregate payments of $4,386,841 and $10,035,954 to SMCSIG and CalPERS, respectively, for its property and liability, workers' compensation, and medical benefits coverage.

See Notes 14 and 17 to the Fiscal Year 2021-22 Audit in APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2022" for more information.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Limitations on Revenues

On June 6, 1978, voters of the State approved Proposition 13 ("Proposition 13"), which added Article XIIIA to the California 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) 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) 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. 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.

County of Orange v. Orange County Assessment Appeals Board No. 3. Section 51 of the California Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor's measure of the restoration of value of the damaged property. The constitutionality of this procedure was challenged in a lawsuit brought in 2001 in the Orange County Superior Court, and in similar lawsuits brought in other counties, on the basis that the decrease in assessed value creates a new "base year value" for purposes of Proposition 13 and that subsequent increases in the assessed value of a property by more than 2% in a single year violate Article XIIIA. On appeal, the California Court of Appeal upheld the recapture practice in 2004, and the California Supreme Court declined to review the ruling, leaving the recapture law in place.

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 2% annual adjustment 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.

The tax rate is expressed as $1 per $100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of market value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

Article XIIIB of the California Constitution

An initiative to amend the California Constitution entitled "Limitation of Government Appropriations" was approved on September 6, 1979, thereby adding Article XIIIB to the California Constitution ("Article XIIIB"). Under Article XIIIB state and local governmental entities have an annual "appropriations limit" and are not permitted to spend certain moneys which are called "appropriations subject to limitation" (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the "appropriations limit." Article XIIIB does not affect the appropriation of moneys which are excluded from the definition of "appropriations subject to limitation," including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the "appropriations limit" is to be based on certain 1978-79 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIIIB, if these entities' revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years. Any proceeds of taxes received by the District in excess of the allowable limit are absorbed into the State's allowable limit.

Article XIIIC and Article XIIID of the California Constitution

On November 5, 1996, voters of the State approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the California Constitution Articles XIIIC and XIIID ("Article XIIIC" and "Article XIIID," respectively), 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. 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.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIIIA of the California Constitution.

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.

Statutory Limitations

On November 4, 1986, voters of the State approved Proposition 62, an initiative statute limiting the imposition of new or higher taxes by local agencies. The statute (a) requires new or higher general taxes to be approved by two-thirds of the local agency's governing body and a majority of its voters; (b) requires the inclusion of specific information in all local ordinances or resolutions proposing new or higher general or special taxes; (c) penalizes local agencies that fail to comply with the foregoing; and (d) required local agencies to stop collecting any new or higher general tax adopted after July 31, 1985, unless a majority of the voters approved the tax by November 1, 1988.

Appellate court decisions following the approval of Proposition 62 determined that certain provisions of Proposition 62 were unconstitutional. However, the California Supreme Court upheld Proposition 62 in its decision on September 28, 1995 *in Santa Clara County Transportation Authority v. Guardino.* This decision reaffirmed the constitutionality of Proposition 62. Certain matters regarding Proposition 62 were not addressed in the California Supreme Court's decision, such as whether the decision applies retroactively, what remedies exist for taxpayers subject to a tax not in compliance with Proposition 62, and whether the decision applies to charter cities.

Proposition 98 and Proposition 111

On November 8, 1988, voters of the State approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). The Accountability Act changed 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 districts and community college districts (collectively, "K-14 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, which percentage is equal to 40.9%, or (b) the amount actually appropriated to such districts from the general fund in the previous fiscal year, adjusted for growth in enrollment and inflation.

Since the Accountability Act is unclear in some details, there can be no assurance that the Legislature or a court might not interpret the Accountability Act to require a different percentage of general fund revenues to be allocated to K-14 districts than the 40.9%, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's Budget. In any event, the Governor and other fiscal observers expect the Accountability Act to place increasing pressure on the State's budget over future years, potentially reducing resources available for other State programs, especially to the extent the Article XIIIB spending limit would restrain the State's ability to fund such other programs by raising taxes.

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 districts. Such transfer would be excluded from the appropriations limit for K-14 districts and the K-14 districts 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 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 schools is 4% of the minimum State spending for education mandated by the Accountability Act, as described above.

On June 5, 1990, voters of the State approved Proposition 111 (Senate Constitutional Amendment 1), which further modified the California Constitution to alter the spending limit and education funding provisions of Proposition 98. Most significantly, Proposition 111 (1) liberalized the annual adjustments to the spending limit by measuring the "change in the cost of living" by the change in State per capita personal income rather than the Consumer Price Index, and specified that a portion of the State's spending limit would be adjusted to reflect changes in school attendance; (2) provided that 50% of the "excess" tax revenues, determined based on a two-year cycle, would be transferred to K-14 districts with the balance returned to taxpayers (rather than the previous 100% but only up to a cap of 4% of the districts' minimum funding level), and that any such transfer to K-14 districts would not be built into the school districts' base expenditures for calculating their entitlement for State aid in the following year and would not increase the State's appropriations limit; (3) excluded from the calculation of appropriations that are subject to the limit appropriations for certain "qualified capital outlay projects" and certain increases in gasoline taxes, sales and use taxes, and receipts from vehicle weight fees; (4) provided that the appropriations limit for each unit of government, including the State, would be recalculated beginning in the 1990-91 fiscal year, based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Senate Constitutional Amendment 1 had been in effect; and (5) adjusted the Proposition 98 formula that guarantees K-14 districts a certain amount of general fund revenues, as described below.

Under prior law, K-14 districts were guaranteed the greater of (a) 40.9% of general fund revenues (the "first test") or (b) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to per capita personal income) and enrollment (the "second test"). Under Proposition 111, school districts would receive the greater of (a) the first test, (b) the second test or (c) a third test, which would replace the second test in any year when growth in per capita general fund revenues from the prior year was less than the annual growth in State per capita personal income. Under the third test, school districts would receive the amount appropriated in the prior year adjusted for change in enrollment and per capita general fund revenues, plus an additional small adjustment factor. If the third test were used in any year, the difference between the third test and the second test would become a "credit" to be paid in future years when general fund revenue growth exceeds personal income growth.

Assembly Bill No. 26 & *California Redevelopment Association v. Matosantos*

On February 1, 2012, pursuant to the California Supreme Court's decision in *California Redevelopment Association v. Matosantos*, Assembly Bill No. 26 (First Extraordinary Session) ("AB1X 26") dissolved all redevelopment agencies in existence and designated "successor agencies" and "oversight boards" to satisfy "enforceable obligations" of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies. With limited exceptions, all assets, properties, contracts, leases, records, buildings and equipment, including cash and cash equivalents of a former redevelopment agency were transferred to the control of its successor agency and, unless otherwise required pursuant to the terms of an enforceable obligation, distributed to various related taxing agencies pursuant to AB1X 26.

It is possible that there will be additional legislation proposed and/or enacted to clarify various inconsistencies contained in AB1X 26 and there may be additional legislation proposed and/or enacted in the future affecting the current scheme of dissolution and winding up of redevelopment agencies currently contemplated by AB1X 26. For example, AB 1484 was signed by the Governor on June 27, 2012, to clarify and amend certain aspects of AB1X 26. AB 1484, among other things, attempts to clarify the role and requirements of successor agencies, provides successor agencies with more control over agency bond proceeds and properties previously owned by redevelopment agencies and adds other new and modified requirements and deadlines. AB 1484 also provides for a "tax claw back" provision, wherein the State is authorized to withhold sales and use tax revenue allocations to local successor agencies to offset payment of property taxes owed and not paid by such local successor agencies to other local taxing agencies. This "tax claw back" provision has been challenged in court by certain cities and successor agencies. The District cannot predict the outcome of such litigation and what effect, if any, it will have on the District. Additionally, no assurances can be given as to the effect of any such future proposed and/or enacted legislation on the District.

Proposition 30 and Proposition 55

On November 6, 2012, voters of the State approved Proposition 30, also referred to as the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment. Proposition 30 temporarily (a) increased the personal income tax on certain of the State's income taxpayers by one to three percent for a period of seven years beginning with the 2012 tax year and ending with the 2019 tax year, and (b) increased the sales and use tax by one-quarter percent for a period of four years beginning on January 1, 2013 and ending with the 2016 tax year. The revenues generated from such tax increases are included in the calculation of the Proposition 98 minimum funding guarantee (see "– Proposition 98 and Proposition 111" above). The revenues generated from such temporary tax increases are deposited into a State account created pursuant to Proposition 30 (the Education Protection Account), and 89% of the amounts therein are allocated to school districts and 11% of the amounts therein are allocated to community college districts.

The Proposition 30 sales and use tax increases expired at the end of the 2016 tax year. Under Proposition 30, the personal income tax increases were set to expire at the end of the 2018 tax year. However, the California Tax Extension to Fund Education and Healthcare Initiative ("Proposition 55"), approved by voters of the State on November 8, 2016, extends by 12 years the temporary personal income tax increases on incomes over $250,000 that was first enacted by Proposition 30; Proposition 55 did not extend the sales and use tax increases imposed by Proposition 30. Revenues from the income tax increase under Proposition 55 will be allocated to school districts and community colleges in the State.

Applications of Constitutional and Statutory Provisions

The application of Proposition 98 and other statutory regulations has become increasingly difficult to predict accurately in recent years. For a discussion of how the provisions of Proposition 98 have been applied to school funding see "DISTRICT FINANCIAL MATTERS – State Funding of Education; State Budget Process."

Proposition 2

General. Proposition 2, which included certain constitutional amendments to the State Rainy Day Fund and, upon its approval, triggered the implementation of certain provisions which could limit the amount of reserves that may be maintained by a school district, was approved by voters of the State in the November 2014 election.

State Rainy Day Fund. The Proposition 2 constitutional amendments related to the State Rainy Day Fund (i) require deposits into the State Rainy Day Fund whenever capital gains revenues rise to more than 8% of general fund tax revenues; (ii) set the maximum size of the State Rainy Day Fund at 10% of general fund revenues; (iii) for the next 15 years, require half of each year's deposit to be used for supplemental payments to pay down the budgetary debts or other long-term liabilities and, thereafter, require at least half of each year's deposit to be saved and the remainder used for supplemental debt payments or savings; (iv) allow the withdrawal of funds only for a disaster or if spending remains at or below the highest level of spending from the past three years; (v) require the State to provide a multi-year budget forecast; and (vi) create a Proposition 98 reserve (the "Proposition 98 Rainy Day Fund") to set aside funds in good years to minimize future cuts and smooth school spending. The State may deposit amounts into such account only after it has paid all amounts owing to school districts relating to the Proposition 98 maintenance factor for fiscal years prior to fiscal year 2014-15. The State, in addition, may not transfer funds to the Proposition 98 Rainy Day Fund unless the State is in a Test 1 year under Proposition 98 or in any year in which a maintenance factor is created.

SB 858. Senate Bill 858 ("SB 858") became effective upon the passage of Proposition 2. SB 858 includes provisions which could limit the amount of reserves that may be maintained by a school district in certain circumstances. Under SB 858, in any fiscal year immediately following a fiscal year in which the State has made a transfer into the Proposition 98 Rainy Day Fund, any adopted or revised budget by a school district would need to contain a combined unassigned and assigned ending fund balance that (a) for school districts with an A.D.A. of less than 400,000, is not more than two times the amount of the reserve for economic uncertainties mandated by the California Education Code, or (b) for school districts with an A.D.A. that is more than 400,000, is not more than three times the amount of the reserve for economic uncertainties mandated by the California Education Code. In certain cases, the county superintendent of schools may grant a school district a waiver from this limitation on reserves for up to two consecutive years within a three-year period if there are certain extraordinary fiscal circumstances.

SB 751. Senate Bill 751 ("SB 751"), enacted on October 11, 2017, alters the reserve requirements imposed by SB 858. Under SB 751, in a fiscal year immediately after a fiscal year in which the amount of moneys in the Proposition 98 Rainy Day Fund is equal to or exceeds 3% of the combined total general fund revenues appropriated for school districts and allocated local proceeds of taxes for that fiscal year, a school district budget that is adopted or revised cannot have an assigned or unassigned ending fund balance that exceeds 10% of those funds. SB 751 excludes from the requirements of those provisions basic aid school districts (also known as community funded districts) and small school districts having fewer than 2,501 units of average daily attendance.

Since the District is a community funded district, the District is not impacted by the reserve requirements imposed by SB 858. For more information on the District's reserves, current projections with respect to such reserves, and related policies, see "DISTRICT FINANCIAL MATTERS – State Funding of Education; State Budget Process – *School District Reserves*."

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC, Article XIIID, as well as Propositions 2, 30, 55, 62, 98, 111 and 218, were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting District revenues or the District's ability to expend revenue.

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APPENDIX B

FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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Financial Statements
June 30, 2022

South San Francisco Unified School District

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

Governing Board
South San Francisco Unified School District
South San Francisco, 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 South San Francisco 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 South San Francisco 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 South San Francisco 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.

Correction of an Error

As discussed in Note 19 to the financial statements, certain errors resulting in an overstatement of amounts previously reported for accounts receivable as of June 30, 2021, were discovered during the current year. Accordingly, a restatement has been made to the fund balance of the General Fund and governmental activities net position as of July 1, 2021, to correct the error. Our opinions are not modified with respect to this matter.

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Change in Accounting Principle

As discussed in Note 18 to the financial statements, as of July 1, 2021, the District's Deferred Maintenance Fund became substantially composed of committed resources, resulting in this fund being presented separately from the District's General Fund in accordance with GASB Statement No. 54. Accordingly, a restatement has been made to the fund balance of the General Fund and the Deferred Maintenance Fund as of July 1, 2021. Our opinions are not modified with respect to this matter.

Adoption of New Accounting Standard

As discussed in Notes 1 and 20 to the financial statements, the South San Francisco Unified School District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities net position and fund balance as of July 1, 2021, to restate beginning net position and fund balance. 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 South San Francisco 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 South San Francisco 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 South San Francisco 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 South San Francisco 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 January 9, 2023 on our consideration of South San Francisco 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 South San Francisco 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 South San Francisco Unified School District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
January 9, 2023

This section of South San Francisco Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022, with comparative information for the year ending June 30, 2021. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

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

The *Fund Financial Statements* include statements for governmental activities.

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

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

The Primary unit of the government is the South San Francisco Unified School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

In the *Statement of Net Position* and the *Statement of Activities*, the District reports all of its services in the following category:

Governmental Activities - This includes the education of kindergarten through grade twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

FINANCIAL HIGHLIGHTS

Total Net Position decreased 8.8 percent over the course of the year. Overall revenues were $150,986,484, $1,129,588 less than expenses. The total cost of basic programs was $152,116,072.

THE DISTRICT AS A WHOLE

Net Position

The District's Net Position was $11,695,833 for the fiscal year ended June 30, 2022. Of this amount, $(56,297,373) was unrestricted (deficit). Restricted Net Position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use that Net Position for day-to-day operations. Our analysis below, in summary form, focuses on the Net Position (Table 1) and change in Net Position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2022	2021 as restated
Assets		
Current and other assets	$ 116,901,302	$ 118,768,204
Capital and right-to-use leased assets	195,102,769	204,443,959
Total assets	312,004,071	323,212,163
Deferred outflows of resources	37,076,772	38,623,120
Liabilities		
Current liabilities	7,452,093	7,809,962
Long-term liabilities	271,428,777	335,032,236
Total liabilities	278,880,870	342,842,198
Deferred inflows of resources	58,504,140	6,167,664
Net Position		
Net investment in capital assets	32,100,866	34,436,088
Restricted	35,892,340	30,346,306
Unrestricted (deficit)	(56,297,373)	(51,956,973)
Total net position	$ 11,695,833	$ 12,825,421

The $(56,297,373) in unrestricted (deficit) net position of governmental activities represents the accumulated results of all past years' operations. Unrestricted (deficit) net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements increased by 8.4% ($56,297,373) compared to ($51,956,973).

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 15. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2022	2021*
Revenues		
Program revenues		
Charges for services and sales	$ 1,944,101	$ 1,317,621
Operating grants and contributions	22,411,291	29,947,416
Capital grants and contributions	4,153,433	-
General revenues		
Federal and State aid not restricted	6,717,141	6,686,364
Property taxes	118,550,030	115,824,026
Other general revenues	(2,789,512)	6,406,763
Total revenues	150,986,484	160,182,190
Expenses		
Instruction-related	106,725,609	116,323,667
Pupil services	17,501,858	15,009,279
Administration	6,265,136	6,145,617
Plant services	13,314,777	12,142,744
All other services	8,308,692	18,077,467
Total expenses	152,116,072	167,698,774
Change in net position	$ (1,129,588)	$ (7,516,584)

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

Governmental Activities

As reported in the *Statement of Activities* on page 15, the cost of all of our governmental activities this year was $152,116,072. The amount that our taxpayers ultimately financed for these activities through local taxes was only $118,550,030. The District also collected $1,944,101 in charges for services from those that benefited from the programs. Other governmental agencies and organizations subsidized certain programs with grants and contributions of $26,564,724. We paid for the remaining "public benefit" portion of our governmental activities with $3,927,629 in unrestricted State and Federal funds, and with other revenues and other entitlements.

In Table 3, we have presented the cost and net cost of each of the District's largest functions: instruction, including, special instruction programs and other instructional programs, 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

	Total Cost of Services		Net Cost of Services	
	2022	2021*	2022	2021*
Instruction-related	$ 106,725,609	$ 116,323,667	$ (88,932,011)	$ (92,974,087)
Pupil services	17,501,858	15,009,279	(12,425,210)	(12,324,710)
Administration	6,265,136	6,145,617	(5,740,580)	(5,848,498)
Plant services	13,314,777	12,142,744	(12,701,432)	(10,852,306)
All other services	8,308,692	18,077,467	(3,808,014)	(14,434,136)
Total	$ 152,116,072	$ 167,698,774	$ (123,607,247)	$(136,433,737)

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

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $102,180,349, which is an increase of $2,937,413 from last year (Table 4).

Table 4

	Balances and Activity			
Governmental Fund	June 30, 2021 as restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2022
General Fund	$ 63,061,840	$ 128,153,846	$ 135,424,742	$ 55,790,944
Student Activity Fund	775,100	1,051,098	915,327	910,871
Adult Education Fund	1,724,174	1,481,024	1,597,317	1,607,881
Child Development Fund	756,334	3,838,003	3,661,162	933,175
Cafeteria Fund	576,947	4,508,720	4,051,320	1,034,347
Deferred Maintenance	8,630,482	6,117,814	2,504,542	12,243,754
Building Fund	5,512,239	4,056,017	280,327	9,287,929
Capital Facilities Fund	6,045,284	1,452,197	69,101	7,428,380
County School Facilities Fund	7	4,039,683	4,169,426	(129,736)
Special Reserve Fund for Capital Outlay Projects Fund	4,403,517	1,702,017	1,561,562	4,543,972
Bond Interest and Redemption Fund	7,665,769	36,688,429	35,910,568	8,443,630
Debt Service Fund for Blended Component Units Fund	91,243	4,397,696	4,403,737	85,202
Total	$ 99,242,936	$ 197,486,544	$ 194,549,131	$ 102,180,349

The primary reasons for these increases/decreases are:

- The General Fund balance decrease of $7,270,896 is due to a net decrease in property taxes and RDA revenue, increased in expenditures from the many one-time Federal and State stimulus grants carried over from the prior year, increased in local grants and donations, and employee salary increases in 2021-22.
- Student Activity Fund balance increase by $135,771 due to an increase in school fundraising activities after the pandemic is more settled.
- Child Development Fund balance increased by $176,841 due to some one-time Federal and State Grants.
- Deferred Maintenance Fund balance increased by $3,613,272 due to additional contribution and reduction of facility projects.
- Building Fund balance increase of $3,775,690 is due to receipt of State matching funds for facilities.
- Special Reserve Fund for Capital Outlay Projects Fund balance increase of $140,455 is due to increase RDA pass-through funds and a reduction of one-time facility projects.
- Adult Education Fund balance decreased by $116,293 due to a reduction of programs during the pandemic, resulting in a decrease in local revenue.
- Cafeteria Fund increased by $457,400 is due to an increase in student participation in the school meals program, which increase reimbursement from the State.

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- Capital Facilities Fund increase of $1,383,096 is due to increased developer fees collected.
- Bond Interest and Redemption Fund balance increased by $777,861. This fund is relatively stable as it serves as a holding fund.
- Debt Service Fund for Blended Component Units Fund decreased by $6,041. This fund is relatively stable as its services as a holding fund.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 30, 2022. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 69).

- The District received its share of the proceeds ($459,448) from the City of South San Francisco for the sale of RDA property.
- During the year, the District received one-time Federal and State stimulus funds of over $12 million to address the impact of COVID-19 and learning loss on students and staff.
- Contributions to Deferred Maintenance of $6.3 million for facilities upkeep.
- Received a donation of $3,000 from Genentech for Title I schools to purchase supplies.
- Applied for and received $179.4 million of Federal E-Rate Subsidies.
- District settled negotiation with its employee bargaining units in 2021-22 and provided a 3% on-going salary increase to support its employees.

CAPITAL ASSETS, RIGHT-TO-USE LEASED ASSETS, AND DEBT ADMINISTRATION

Capital Assets and Right-to-Use Leased Assets

At June 30, 2022, the District had $195,102,769 in a broad range of capital and right-to-use leased assets (net of depreciation and amortization), including land, buildings, furniture, and equipment. This amount represents a net decrease (including additions, deductions, depreciation, and amortization) of $9,341,190, or 4.6%, from last year (Table 5).

Table 5

	Governmental Activities 2022	Governmental Activities 2021 as restated
Land and construction in progress	$ 12,989,617	$ 11,509,748
Buildings and improvements	178,473,629	188,186,336
Equipment	3,496,424	4,518,647
Right-to- use leased assets	143,099	229,228
Total	$ 195,102,769	$ 204,443,959

Additional information can be found in Notes to the financial statements.

Long-Term Liabilities

At June 30, 2022, the District had $271,428,777 in long-term liabilities outstanding versus $335,032,236 last year, a decrease of 19.3%. Those liabilities consisted of:

Table 6

	Governmental Activities 2022	Governmental Activities 2021 as restated
Long-Term Liabilities		
General obligation bonds	$ 158,146,711	$ 154,766,242
Unamortized debt premiums	6,714,045	8,316,107
Revenue bonds	8,590,000	12,440,000
Unamortized debt premiums	-	210,714
Finance purchase agreement	2,980,000	3,185,000
Leases	142,240	229,228
Compensated absences	1,218,864	895,143
Net other postemployment benefits liability	24,464,793	31,136,664
Aggregate net pension liability	69,172,124	123,853,138
Total	$ 271,428,777	$ 335,032,236

Additional information can be found in the Notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2022-2023 year, the governing board and management used the following criteria:

The key assumptions in our revenue forecast are:

Lottery and Mandated Block Grant revenues are budgeted.

1. Carryover of unspent categorical funds from prior year is budgeted.
2. Increase in in Federal and State revenues from additional one-time stimulus funds is budgeted.
3. Other revenue categories were also adjusted as grants became available from the Federal, State, and local agencies.
4. Gift and donations are budgeted when they are received.
5. General Fund contributions to Nutrition Services and Child Development Funds are budgeted.

Expenditures are based on the following forecasts:

1. Increase in employee benefits for State Teacher Retirement System (CalSTRS) from 16.92 percent to 19.10 percent; and Public Employee Retirement System (CalPERS) from 22.91 percent to 26.10 percent of the employees' gross payroll.
2. Budget expenditures were adjusted in accordance to the increase in categorical program revenues.
3. Budget for unspent categorical programs (entitlements) with fund balance from the prior year were increased.
4. Other expenditure categories were adjusted to cover any unexpected changes during the year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Assistant Superintendent of Business Services at South San Francisco Unified School District, 398 B Street, South San Francisco, California 94080.

	Governmental Activities
Assets	
Deposits and investments	$ 101,603,984
Receivables	5,906,591
Prepaid expense	135,299
Stores inventories	202,655
Long-term receivable	9,035,976
Lease receivable	16,797
Capital assets not depreciated	12,989,617
Capital assets, net of accumulated depreciation	181,970,053
Right-to-use leased assets, net of accumulated amortization	143,099
Total assets	312,004,071
Deferred Outflows of Resources	
Deferred charge on refunding	1,724,129
Deferred outflows of resources related to OPEB	5,586,761
Deferred outflows of resources related to pensions	29,765,882
Total deferred outflows of resources	37,076,772
Liabilities	
Accounts payable	3,840,348
Interest payable	1,797,096
Unearned revenue	1,814,649
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	5,566,534
Long-term liabilities other than OPEB and pensions due in more than one year	172,225,326
Other postemployment benefits (OPEB) liability	24,464,793
Aggregate net pension liability	69,172,124
Total liabilities	278,880,870
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	10,155,713
Deferred inflows of resources related to pensions	48,318,447
Deferred inflows of resources related to leases	29,980
Total deferred inflows of resources	58,504,140
Net Position	
Net investment in capital assets	32,100,866
Restricted for	
Debt service	6,731,736
Capital projects	7,428,380
Educational programs	19,005,166
Other activities	2,727,058
Unrestricted	(56,297,373)
Total net position	$ 11,695,833

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	$ 90,680,733	$ 253,937	$ 11,377,287	$ 4,153,433	$ (74,896,076)
Instruction-related activities					
Supervision of instruction	3,010,117	22,933	796,653	-	(2,190,531)
Instructional library, media, and technology	3,400,940	1,278	5,966	-	(3,393,696)
School site administration	9,633,819	77,495	1,104,616	-	(8,451,708)
Pupil services					
Home-to-school transportation	2,384,714	-	-	-	(2,384,714)
Food services	3,822,371	222,069	3,989,909	-	389,607
All other pupil services	11,294,773	81	864,589	-	(10,430,103)
Administration					
Data processing	15,128	-	-	-	(15,128)
All other administration	6,250,008	14,709	509,847	-	(5,725,452)
Plant services	13,314,777	30,876	582,469	-	(12,701,432)
Ancillary services	915,327	-	1,051,097	-	135,770
Community services	64,246	-	-	-	(64,246)
Interest on long-term liabilities	5,427,989	-	-	-	(5,427,989)
Other outgo	1,901,130	1,320,723	2,128,858	-	1,548,451
Total governmental activities	$ 152,116,072	$ 1,944,101	$ 22,411,291	4,153,433	(123,607,247)
General Revenues and Subventions					
Property taxes, levied for general purposes					106,261,890
Property taxes, levied for debt service					10,468,819
Taxes levied for other specific purposes					1,819,321
Federal and State aid not restricted to specific purposes					6,717,141
Interest and investment earnings					(2,407,345)
Miscellaneous					(382,167)
Subtotal, general revenues and subventions					122,477,659
Change in Net Position					(1,129,588)
Net Position - Beginning, as restated					12,825,421
Net Position - Ending					$ 11,695,833

	General Fund	Deferred Maintenance Fund	Building Fund
Assets			
Deposits and investments	$ 57,246,310	$ 9,308,381	$ 5,125,155
Receivables	5,209,683	18,650	14,345
Due from other funds	842,229	3,000,000	4,169,426
Prepaid expenditures	134,974	-	325
Stores inventories	52,820	-	-
Lease receivable	16,797	-	-
Total assets	$ 63,502,813	$ 12,327,031	$ 9,309,251
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	$ 3,268,149	$ 83,277	$ 21,322
Due to other funds	3,022,691	-	-
Unearned revenue	1,391,049	-	-
Total liabilities	7,681,889	83,277	21,322
Deferred Inflows of Resources			
Deferred inflows of resources related to leases	29,980	-	-
Fund Balances			
Nonspendable	217,567	-	325
Restricted	19,005,166	-	9,287,604
Committed	-	12,243,754	-
Assigned	26,287,130	-	-
Unassigned	10,281,081	-	-
Total fund balances	55,790,944	12,243,754	9,287,929
Total liabilities and fund balances	$ 63,502,813	$ 12,327,031	$ 9,309,251

	County School Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets			
Deposits and investments	$ 4,028,684	$ 25,895,454	$ 101,603,984
Receivables	11,006	652,907	5,906,591
Due from other funds	-	36,037	8,047,692
Prepaid expenditures	-	-	135,299
Stores inventories	-	149,835	202,655
Lease receivable	-	-	16,797
Total assets	$ 4,039,690	$ 26,734,233	$ 115,913,018
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	$ -	$ 467,600	$ 3,840,348
Due to other funds	4,169,426	855,575	8,047,692
Unearned revenue	-	423,600	1,814,649
Total liabilities	4,169,426	1,746,775	13,702,689
Deferred Inflows of Resources			
Deferred inflows of resources related to leases	-	-	29,980
Fund Balances			
Nonspendable	-	151,335	369,227
Restricted	-	18,684,270	46,977,040
Committed	-	1,607,881	13,851,635
Assigned	-	4,543,972	30,831,102
Unassigned	(129,736)	-	10,151,345
Total fund balances	(129,736)	24,987,458	102,180,349
Total liabilities and fund balances	$ 4,039,690	$ 26,734,233	$ 115,913,018

Total Fund Balance - Governmental Funds		$ 102,180,349
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	$ 346,035,387	
Accumulated depreciation is	(151,075,717)	
Net capital assets		194,959,670
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	229,228	
Accumulated amortization is	(86,129)	
Net right-to-use leased assets		143,099
Long-term receivables related to South San Francisco Unified School District Schools Facilities Financing Authority are not received in the near term (within a year) and therefore, are not reported as receivable in the governmental funds.		9,035,976
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(1,797,096)
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Debt refundings (deferred charge on refunding)	1,724,129	
Other postemployment benefits (OPEB) liability	5,586,761	
Aggregate net pension liability	29,765,882	
Total deferred outflows of resources		37,076,772
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) liability	(10,155,713)	
Aggregate net pension liability	(48,318,447)	
Total deferred inflows of resources		(58,474,160)

Aggregate net pension liability are not due and payable in the current period, and is not reported as a liability in the funds.		$ (69,172,124)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(24,464,793)
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	$ (155,587,351)	
Unamortized debt premium	(6,714,045)	
Revenue bonds	(8,590,000)	
Finance purchase agreement	(2,980,000)	
Leases	(142,240)	
Compensated absences (vacations)	(1,218,864)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	(2,559,360)	
Total long-term liabilities		(177,791,860)
Total net position - governmental activities		$ 11,695,833

	General Fund	Deferred Maintenance Fund	Building Fund
Revenues			
Local Control Funding Formula	$ 104,711,927	$ 6,342,944	$ -
Federal sources	7,605,434	-	-
Other State sources	13,503,634	-	-
Other local sources	2,319,550	(225,130)	(113,409)
Total revenues	128,140,545	6,117,814	(113,409)
Expenditures			
Current			
Instruction	82,725,492	-	-
Instruction-related activities			
Supervision of instruction	3,252,672	-	-
Instructional library, media, and technology	3,532,349	-	-
School site administration	8,998,396	-	-
Pupil services			
Home-to-school transportation	1,981,227	-	-
Food services	2,110	-	-
All other pupil services	11,951,373	-	-
Administration			
Data processing	15,128	-	-
All other administration	6,152,035	-	-
Plant services	12,541,875	119,585	280,327
Ancillary services	-	-	-
Community services	65,748	-	-
Other outgo	1,899,430	-	-
Facility acquisition and construction	20,000	2,384,957	-
Debt service			
Principal	291,988	-	-
Interest and other	75,598	-	-
Total expenditures	133,505,421	2,504,542	280,327
Excess (Deficiency) of Revenues Over Expenditures	(5,364,876)	3,613,272	(393,736)
Other Financing Sources (Uses)			
Transfers in	13,301	-	4,169,426
Other sources - proceeds from issuance of general obligation bonds	-	-	-
Transfers out	(1,919,321)	-	-
Other uses - payment to refunded bond escrow agent	-	-	-
Net Financing Sources (Uses)	(1,906,020)	-	4,169,426
Net Change in Fund Balances	(7,270,896)	3,613,272	3,775,690
Fund Balance - Beginning, as restated	63,061,840	8,630,482	5,512,239
Fund Balance - Ending	$ 55,790,944	$ 12,243,754	$ 9,287,929

	County School Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Local Control Funding Formula	$ -	$ 160,699	$ 111,215,570
Federal sources	-	4,481,350	12,086,784
Other State sources	4,153,433	2,654,236	20,311,303
Other local sources	(113,750)	15,080,908	16,948,169
Total revenues	4,039,683	22,377,193	160,561,826
Expenditures			
Current			
Instruction	-	3,220,284	85,945,776
Instruction-related activities			
Supervision of instruction	-	122,322	3,374,994
Instructional library, media, and technology	-	-	3,532,349
School site administration	-	1,481,800	10,480,196
Pupil services			
Home-to-school transportation	-	-	1,981,227
Food services	-	3,943,660	3,945,770
All other pupil services	-	-	11,951,373
Administration			
Data processing	-	-	15,128
All other administration	-	267,107	6,419,142
Plant services	-	520,349	13,462,136
Ancillary services	-	915,327	915,327
Community services	-	-	65,748
Other outgo	-	1,700	1,901,130
Facility acquisition and construction	-	1,371,639	3,776,596
Debt service			
Principal	-	4,250,000	4,541,988
Interest and other	-	5,533,577	5,609,175
Total expenditures	-	21,627,765	157,918,055
Excess (Deficiency) of Revenues Over Expenditures	4,039,683	749,428	2,643,771
Other Financing Sources (Uses)			
Transfers in	-	6,316,991	10,499,718
Other sources - proceeds from issuance of general obligation bonds	-	26,425,000	26,425,000
Transfers out	(4,169,426)	(4,410,971)	(10,499,718)
Other uses - payment to refunded bond escrow agent	-	(26,131,358)	(26,131,358)
Net Financing Sources (Uses)	(4,169,426)	2,199,662	293,642
Net Change in Fund Balances	(129,743)	2,949,090	2,937,413
Fund Balance - Beginning, as restated	7	22,038,368	99,242,936
Fund Balance - Ending	$ (129,736)	$ 24,987,458	$ 102,180,349

Total Net Change in Fund Balances - Governmental Funds		$ 2,937,413
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expenses in the Statement of Activities.		
This is the amount by which depreciation and amortization expense exceed capital outlay in the period.		
Depreciation and amortization expense	$ (13,535,705)	
Capital outlay	4,194,515	
Net expense adjustment		(9,341,190)
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.		(323,721)
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and aggregate net pension liability during the year.		6,964,855
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.		(1,398,807)
Proceeds received from general obligation refunding bonds is a revenue, in the governmental funds, but it increases long-term obligations in the Statement of Net Position and does not affect the Statement of Activities.		(26,425,000)
Deferred amounts on refunding (the difference between the reacquisition price of 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.		1,970,433

Governmental funds report the effect of premiums, discounts, and the deferred amount on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.		
Amortization of deferred charge on refunding	$	(246,304)
Amortization of premium on issuance		1,812,776
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		23,378,890
Revenues bonds		3,850,000
Finance purchase agreement		205,000
Leases		86,988
Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.		(203,251)
The collection of local obligations are revenues in the governmental funds, but it reduces the long-term receivable in the Statement of Net Position and does not affect the Statement of Activities.		(4,397,670)
Change in net position of governmental activities	$	(1,129,588)

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The South San Francisco Unified School District was unified on July 1, 1960 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District operates nine elementary schools, three middle schools, two comprehensive high schools, and one continuation high school.

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

Component Units

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

The South San Francisco Unified School District Schools Financing Authority's (the Authority) financial activity is presented in the financial statements as the Debt Service Fund for Blended Component Units. Revenue Bonds issued by the Authority are included as long-term liabilities in the government-wide financial statements.

Basis of Presentation - Fund Accounting

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

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.

A fund currently defined as 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, 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, this fund functions effectively as extensions of the General Fund, and accordingly has been combined with the General Fund for presentation in these audited financial statements.

Due to implementation of GASB Statement No. 84, Fiduciary Activities, the District’s Fund 73, Foundation Private-Purpose Trust Fund is consolidated into the General Fund.

As a result, the General Fund reflects an increase in fund balance of $16,187,731.

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).

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.

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 Schools Facilities Fund (Proposition 1D), or the 2013 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.).

Non-Major Governmental Funds

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

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

- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted and 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).

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

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

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

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

Basis of Accounting - Measurement Focus

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

The government-wide *Statement of Activities* presents a comparison between expenses, both direct and indirect, of the District and for each governmental function, and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the *Statement of Activities*, except for depreciation 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 financial statements is on major governmental 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 restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

Prepaid Expenditures (Expenses)

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures when consumed rather than when purchased.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the weighted average basis. The costs of inventory items are recorded as expenditures in the governmental funds when consumed rather than 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. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized but are expensed as incurred.

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

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, five 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 columns of the Statement of Net Position.

Compensated Absences

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

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

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Issuance Costs, Premiums, and Discounts

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

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

Deferred Outflows/Inflows of Resources

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan 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.

The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of 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 of the District. Commitments may be established, modified, or rescinded only through resolutions or other actions 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/assistant superintendent of business services may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

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

Net Position

Net Position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net Position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. 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 $35,892,340 of restricted Net Position restricted by enabling legislation.

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 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 San Mateo 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. The effect of the implementation of this standard on beginning net position is disclosed in Note 20 and the additional disclosures required by this standard are included in Notes 6, 7, and 11.

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	$ 101,603,984

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

Cash on hand and in banks	$ 2,094,814
Cash with fiscal agent	531
Cash in revolving	31,273
Investments	99,477,366
Total deposits and investments	$ 101,603,984

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. The San Mateo County Treasury Investment Pool has a daily redemption frequency period and a one-day redemption notice period.

Investment in the State Investment Pool - The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in the Pool is reported in the accompanying financial statement at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on the amortized cost basis.

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the San Mateo County Treasury Investment Pool and having the Pool purchase a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Specific Identification

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

Investment Type	Reported Amount	Average Maturity Days
First American Treasury Obligations, Class D	$ 85,202	5
Local Agency Investment Fund	34,553	304
San Mateo County Treasury Investment Pool	99,357,611	529
Total	$ 99,477,366	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the San Mateo County Treasury Investment Pool is rated AAA by Standard & Poor's. In addition, the First American Treasury Obligation Money Market Funds is rated Aaa by Moody's Investor Service. The investment with Local Agency Investment Fund is not required to be rated, nor have been rated as of June 30, 2022.

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 percent 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 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2022, the District's bank balance of $770,210 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 3 - Fair Value Measurements

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

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

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

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

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

Investment Type	Reported Amount	Fair Value Measurements Using Level 2 Inputs	Uncategorized
First American Treasury Obligations, Class D	$ 85,202	$ 85,202	$ -
Local Agency Investment Fund	34,553	-	34,553
San Mateo County Treasury Investment Pool	99,357,611	-	99,357,611
Total	$ 99,477,366	$ 85,202	$ 99,392,164

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

Note 4 - Receivables

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

	General Fund	Deferred Maintenance Fund	Building Fund	County School Facilities Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal Government						
Categorical aid	$ 2,658,450	$ -	$ -	$ -	$ 312,513	$ 2,970,963
State Government						
Categorical aid	1,460,209	-	-	-	3,996	1,464,205
Lottery	473,367	-	-	-	-	473,367
Local Government						
Interest	44,996	18,650	14,345	11,006	52,179	141,176
Other local sources	572,661	-	-	-	284,219	856,880
Total	$ 5,209,683	$ 18,650	$ 14,345	$ 11,006	$ 652,907	$ 5,906,591

Note 5 - Long-Term Receivables

The proceeds from the issuance of 2006 Revenue Bonds issued by the South San Francisco Unified School Facilities Financing Authority (FFA) were used to purchase existing debt obligations related to the 2006 General Obligation Bonds. In accordance with the financing agreement, tax receipts from the General Obligation Bonds will be pledged to pay the debt service on the revenue bonds until the bonds are fully defeased. The total amount of benefit provided by the FFA through the issuance of revenues bonds was $62,756,806. Current year payments totaling $4,397,670 were received, leaving a total balance outstanding of $9,035,976 as of June 30, 2022.

Note 6 - Lease Receivable

The District has entered into a lease agreement with a lessee. Lease receivables are recorded by the District at the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the District charges the lessee. The District has accrued a receivable for leasing a portion of its facilities to one lessee. The lease is non-cancelable for a period more than one year. During the fiscal year, the District recognized $193,067 in lease revenue and $3,124 in interest revenue related to the agreement. As of June 30, 2022, the District recorded $16,797 in lease receivable and $29,980 in deferred inflows of resources for this arrangement. The interest rate on the lease was three percent.

Note 7 - Capital Assets and Right-To-Use Leased Assets

Capital asset and right-to-use leased asset activity for the fiscal year ended June 30, 2022, was as follows:

	Balance July 1, 2021 as restated	Additions	Deductions	Balance June 30, 2022
Governmental Activities				
Capital assets not being depreciated				
Land	$ 4,305,188	$ -	$ -	$ 4,305,188
Construction in progress	7,204,560	3,107,402	(1,627,533)	8,684,429
Total capital assets not being depreciated	11,509,748	3,107,402	(1,627,533)	12,989,617
Capital assets being depreciated				
Land improvements	108,838,453	559,412	-	109,397,865
Buildings and improvements	206,322,557	1,713,064	-	208,035,621
Furniture and equipment	15,170,114	442,170	-	15,612,284
Total capital assets being depreciated	330,331,124	2,714,646	-	333,045,770
Total capital assets	341,840,872	5,822,048	(1,627,533)	346,035,387
Accumulated depreciation				
Land improvements	(22,566,578)	(4,554,793)	-	(27,121,371)
Buildings and improvements	(104,408,096)	(7,430,390)	-	(111,838,486)
Furniture and equipment	(10,651,467)	(1,464,393)	-	(12,115,860)
Total accumulated depreciation	(137,626,141)	(13,449,576)	-	(151,075,717)
Net capital assets	204,214,731	(7,627,528)	(1,627,533)	194,959,670
Right-to-use leased assets being amortized				
Furniture and equipment	229,228	-	-	229,228
Total right-to-use leased assets being amortized	229,228	-	-	229,228
Accumulated amortization				
Furniture and equipment	-	(86,129)	-	(86,129)
Total accumulated amortization	-	(86,129)	-	(86,129)
Net right-to-use leased assets	229,228	(86,129)	-	143,099
Governmental activities capital assets and right-to-use leased assets, net	$ 204,443,959	$ (7,713,657)	$ (1,627,533)	$ 195,102,769

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

Governmental Activities	
Instruction	$ 12,174,824
Home-to-school transportation	403,487
All other pupil services	537,983
All other administration	15,924
Plant services	403,487
Total depreciation and amortization expense governmental activities	$ 13,535,705

Note 8 - 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, are as follows:

	Due From			
Due To	General Fund	County School Facilities Fund	Non-Major Governmental Funds	Total
General Fund	$ -	$ -	$ 842,229	$ 842,229
Deferred Maintenance Fund	3,000,000	-	-	3,000,000
Building Fund	-	4,169,426	-	4,169,426
Non-Major Governmental Funds	22,691	-	13,346	36,037
Total	$ 3,022,691	$ 4,169,426	$ 855,575	$ 8,047,692

A balance of $130,334 due to the General Fund from the Adult Education Non-Major Governmental Fund resulted from reimbursement of benefits and other operating costs.

A balance of $317,758 due to the General Fund from the Child Development Non-Major Governmental Fund resulted from reimbursement of benefits and other operating costs.

A balance of $394,137 due to the General Fund from the Cafeteria Non-Major Governmental Fund resulted from reimbursement of benefits and other operating costs.

A balance of $13,301 due to the Child Development Non-Major Governmental Fund from the General Fund resulted from reimbursement of various operating costs.

A balance of $6,675 due to the Cafeteria Non-Major Governmental Fund from the General Fund resulted from reimbursement of various operating costs.

A balance of $3,000,000 due to the Deferred Maintenance Fund from the General Fund resulted from a deferred maintenance contribution.

A balance of $2,715 due to the Special Reserve Non-Major Governmental Fund for Capital Outlay from the General Fund resulted from reimbursement of various operating expenditures.

A balance of $4,169,426 due to the Building Fund from the County School Facilities Fund resulted from reimbursement of project expenditures.

A balance of $13,346 due to the Cafeteria Non-Major Governmental Fund from the Child Development Non-Major Governmental Fund resulted from reimbursement of various operating costs.

Operating Transfers

Interfund transfers for the year ended June 30, 2022, consisted of the following:

	Transfer From			
Transfer To	General Fund	County School Facilities Fund	Non-Major Governmental Funds	Total
General Fund	$ -	$ -	$ 13,301	$ 13,301
Building Fund	-	4,169,426	-	4,169,426
Non-Major Governmental Funds	1,919,321	-	4,397,670	6,316,991
Total	$ 1,919,321	$ 4,169,426	$ 4,410,971	$ 10,499,718

The General Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects to set aside redevelopment funds received for future capital outlay projects.	$ 1,819,321
The General Fund transferred to the Child Development Non-Major Governmental Fund for operating contributions to compensate for deficit spending.	100,000
The Child Development Non-Major Governmental Fund transferred to the General Fund for reimbursement of benefits and other operating costs.	13,301
The County School Facilities Fund transferred to the Building Fund for reimbursement of project expenditures related to State School Facility Funding received.	4,169,426
The Bond Interest and Redemption Non-Major Governmental Fund transferred to the Debt Service Non-Major Governmental Fund for Blended Component Units for debt service payments for the revenue bonds.	4,397,670
Total	$ 10,499,718

Note 9 - Accounts Payable

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

	General Fund	Deferred Maintenance Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Activities
Salaries and benefits	$ 1,334,817	$ -	$ -	$ 64,118	$ 1,398,935
Materials and supplies	87,585	-	-	11,233	98,818
Services	1,783,350	2,639	21,322	108,242	1,915,553
Construction	-	80,638	-	281,973	362,611
Due to SMCOE	62,397	-	-	-	62,397
Other	-	-	-	2,034	2,034
Total	$ 3,268,149	$ 83,277	$ 21,322	$ 467,600	$ 3,840,348

Note 10 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal financial assistance	$ 591,221	$ 10,231	$ 601,452
State categorical aid	799,828	413,369	1,213,197
Total	$ 1,391,049	$ 423,600	$ 1,814,649

Note 11 - 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 as restated	Additions	Deductions	Balance June 30, 2022	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 154,766,242	$ 26,759,359	$ (23,378,890)	$ 158,146,711	$ 1,050,000
Unamortized debt premiums	8,316,107	-	(1,602,062)	6,714,045	-
Revenue bonds	12,440,000	-	(3,850,000)	8,590,000	4,225,000
Unamortized debt premiums	210,714	-	(210,714)	-	-
Finance purchase agreement	3,185,000	-	(205,000)	2,980,000	210,000
Leases	229,228	-	(86,988)	142,240	81,534
Compensated absences	895,143	323,721	-	1,218,864	-
Total	$ 180,042,434	$ 27,083,080	$ (29,333,654)	$ 177,791,860	$ 5,566,534

Payments on the General Obligation Bonds are made by the Bond Interest and Redemption Fund. Payments on the Revenue Bonds are made by the Debt Service Fund for Blended Component Units. Payments for finance purchase agreement and leases are made by the General Fund. The compensated absences will be paid by primarily by the General Fund and the Cafeteria Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2021	Issued	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2022
06/24/2015	9/1/2040	2.00-5.00%	$ 26,000,000	$ 24,231,843	$ -	$ 121,603	$ (22,978,890)	$ 1,374,556
06/21/2016	9/1/2041	2.00-5.00%	128,999,061	130,534,399	-	212,756	(400,000)	130,347,155
1/26/2022	9/1/2040	0.673-3.130%	26,425,000	-	26,425,000	-	-	26,425,000
				$ 154,766,242	$ 26,425,000	$ 334,359	$ (23,378,890)	$ 158,146,711

2015 General Obligation Bonds, Series B

On June 24, 2015, South San Francisco Unified School District issued the 2015 General Obligation Bonds, Series B in the amount of $26,000,000. The Series B bonds were issued as both current interest and capital appreciation bonds, with the value of the capital appreciation bonds accreting to $4,165,000. The bonds have an aggregate principal debt service balance of $30,165,000. The bonds have a final maturity to occur on September 1, 2040 and interest rates ranging from 2.00 to 5.00 percent. Proceeds from the sale of bonds were used to defease the remaining balance on the District's 2012 General Obligation Bonds Anticipation Notes, Series C. At June 30, 2022, the principal outstanding, including accreted interest, was $1,374,556. Unamortized premium received on issuance amounted to $337,724.

2016 General Obligation Bonds, Series C

On June 21, 2016, South San Francisco Unified School District issued the 2016 General Obligation Bonds, Series C in the amount of $128,999,061. The Series C bonds were issued as current interest bonds and capital appreciation bonds with the value of the capital appreciation bonds accreting to $4,440,939, and an aggregate principal debt service balance of $133,440,000. The bonds have a final maturity which occurs on September 1, 2041 and interest rates ranging from 2.00 to 5.00 percent. A portion of the proceeds from the sale of Series C bonds were used to pay and defease the District's outstanding General Obligation Bond Anticipation Notes Series D, Series E, Series F, and Series G. The remaining proceeds will be used to finance the renovation, acquisition, and construction of District buildings and facilities. At June 30, 2022, the principal outstanding, including accreted interest, was $130,347,155. Unamortized premium received on issuance amounted to $6,376,321.

General Obligation Refunding Bonds, Series 2022

On January 26, 2022, South San Francisco Unified School District issued the General Obligation Refunding Bonds, Series 2022 in the amount of $26,425,000. The Series 2022 bonds were issued as current interest bonds. The bonds have a final maturity to occur on September 1, 2040 and interest rates ranging from 0.673 to 3.130 percent. The refunding resulted in a cumulative cash flow savings of $3,606,975 over the life of the new debt and an economic gain of $2,482,644 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.79 percent. At June 30, 2022, the principal outstanding was $26,425,000.

The bonds mature through September 1, 2042 as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Interest to Maturity	Total
2023	$ 1,050,000	$ -	$ 4,860,346	$ 5,910,346
2024	1,130,000	-	4,825,850	5,955,850
2025	4,104,873	225,127	4,803,887	9,133,887
2026	4,288,441	376,559	4,801,886	9,466,886
2027	4,459,214	405,786	4,792,607	9,657,607
2028-2032	29,224,183	1,315,817	22,648,023	53,188,023
2033-2037	46,910,000	-	15,886,056	62,796,056
2038-2042	66,980,000	-	5,745,928	72,725,928
Total	$ 158,146,711	$ 2,323,289	$ 68,364,583	$ 228,834,583

2006 Revenue Bonds

In January 2006, South San Francisco Unified School District School Facilities Financing Authority issued the 2006 Revenue Bonds in the amount of $39,035,000. The revenue bonds were issued as current interest bonds. The bonds have a final maturity to occur on September 1, 2023 and interest rates ranging from 4.00 to 5.25 percent. Proceeds from the revenue bonds were used to purchase the 2006 General Obligation Refunding Bonds, to finance the new construction and renovation of District's facilities, and to cover the cost arising from the issuance of the bonds. The 2006 Revenue Bonds were issued simultaneously with 2006 General Obligation Refunding Bonds. Under the financing agreement, tax receipts from the General Obligation Bonds will be pledged to pay the debt service on the revenue bonds until the bonds are fully defeased. At June 30, 2022, the principal outstanding was $8,590,000.

The revenue bonds mature through September 1, 2023 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2023	$ 4,225,000	$ 340,069	$ 4,565,069
2024	4,365,000	114,581	4,479,581
Total	$ 8,590,000	$ 454,650	$ 9,044,650

Finance Purchase Agreement

On November 1, 2016, the South San Francisco Unified School District entered into a finance purchase agreement with the South San Francisco Unified School District School Facilities Financing Authority (the Authority) for the energy efficiency renovations performed on the property. Payment period commenced on September 1, 2017 and the final payment is set to occur on September 1, 2034. At June 30, 2022, the principal balance outstanding was $2,980,000.

The payments are due through September 1, 2034 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2023	$ 210,000	$ 65,283	$ 275,283
2024	210,000	60,600	270,600
2025	220,000	55,862	275,862
2026	220,000	50,956	270,956
2027	230,000	45,994	275,994
2028-2032	1,225,000	150,804	1,375,804
2033-2035	665,000	22,355	687,355
Total	$ 2,980,000	$ 451,854	$ 3,431,854

Leases

The District has entered into agreements to lease various equipment. At June 30, 2022, the District has recognized right-to-use leased asset of $143,099 (net of accumulated amortization) and lease liability of $142,240 related to the lease agreements. The District is required to make principal and interest payments through fiscal year 2024. The lease agreements have interest rate of 3.00%.

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	$ 81,534	$ 3,096	$ 84,630
2024	60,706	836	61,542
Total	$ 142,240	$ 3,932	$ 146,172

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2022, amounted to $1,218,864.

Note 12 - Net Other Postemployment Benefit (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	$ 23,915,148	$ 5,586,761	$ 10,155,713	$ 2,256,865
Medicare Premium Payment (MPP) Program	549,645	-	-	(101,895)
Total	$ 24,464,793	$ 5,586,761	$ 10,155,713	$ 2,154,970

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 four of GASB Statement No. 75.

Plan Membership

At June 30, 2022, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	409
Active employees	882
Total	1,291

Benefits Provided

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

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the South San Francisco Classroom Teachers Association (SSFCTA) 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, SSFCTA, CSEA, and the unrepresented groups. For measurement period of June 30, 2022, the District paid $756,163 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $23,915,148 was measured as of June 30, 2022, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2022.
:

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50	percent
Salary increases	2.75	percent, average, including inflation
Discount rate	3.54	percent
Healthcare cost trend rates	4.00	percent for 2022

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, 2022 valuation were based on the results of an actual experience study for the period July 1, 2021 to June 30, 2022.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2021	$ 30,485,124
Service cost	1,998,339
Interest	671,894
Differences between expected and actual experience	(2,727,187)
Changes of assumptions	(5,756,859)
Benefit payments	(756,163)
Net change in total OPEB liability	(6,569,976)
Balance, June 30, 2022	$ 23,915,148

Changes of assumptions and other inputs reflect a change in the inflation assumption from 2.75 percent in 2021 to 2.50 percent in 2022 and a change in the discount rate from 2.16 percent in 2021 to 3.54 percent in 2022.

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

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

Discount Rate	Total OPEB Liability
1% decrease (2.54%)	$ 27,902,512
Current discount rate (3.54%)	23,915,148
1% increase (4.54%)	20,716,826

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

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

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (3.00%)	$ 20,168,434
Current healthcare cost trend rate (4.00%)	23,915,148
1% increase (5.00%)	28,812,886

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 $2,256,865. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 4,992,345
Changes of assumptions	5,586,761	5,163,368
Total	$ 5,586,761	$ 10,155,713

The deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ (413,368)
2024	(413,368)
2025	(413,368)
2026	(413,368)
2027	(413,368)
Thereafter	(2,502,112)
Total	$ (4,568,952)

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 $549,645 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 0.1378%, and 0.1537%, resulting in a net decrease in the proportionate share of 0.0159%.

For the year ended June 30, 2022, the District recognized OPEB expense of $(101,895).

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	July 1, 2015 through June 30, 2018	July 1, 2014 through June 30, 2015
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 percent 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.

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%)	$ 605,859
Current discount rate (2.16%)	549,645
1% increase (3.16%)	501,615

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

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	$ 499,838
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	549,645
1% increase (5.50% Part A and 6.40% Part B)	606,747

Note 13 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Deferred Maintenance Fund	Building Fund	County School Facilities Fund	Non-Major Governmental Funds	Total
Nonspendable						
Revolving cash	$ 29,773	$ -	$ -	$ -	$ 1,500	$ 31,273
Stores inventories	52,820	-	-	-	149,835	202,655
Prepaid expenditures	134,974	-	325	-	-	135,299
Total nonspendable	217,567	-	325	-	151,335	369,227
Restricted						
Legally restricted programs	19,005,166	-	-	-	1,843,546	20,848,712
Food service	-	-	-	-	883,512	883,512
Capital projects	-	-	9,287,604	-	7,428,380	16,715,984
Debt service	-	-	-	-	8,528,832	8,528,832
Total restricted	19,005,166	-	9,287,604	-	18,684,270	46,977,040
Committed						
Adult education program	-		-	-	1,607,881	1,607,881
Deferred maintenance program	-	12,243,754	-	-	-	12,243,754
Total committed	-	12,243,754	-	-	1,607,881	13,851,635
Assigned						
STRS/PERS Increases:2025-26	200,000	-	-	-	-	200,000
STRS/PERS Increases:2026-27	425,000	-	-	-	-	425,000
Property tax repayment litigation	8,500,000	-	-	-	-	8,500,000
Carryover- Site discretionary funds	554,144	-	-	-	-	554,144
Carryover - Site LCAP funds	126,010	-	-	-	-	126,010
Carryover - Other programs	254,000	-	-	-	-	254,000
Capital projects	-	-	-	-	4,543,972	4,543,972
Other	16,227,976		-	-	-	16,227,976
Total assigned	26,287,130	-	-	-	4,543,972	30,831,102
Unassigned						
Reserve for economic uncertainties	6,751,914	-	-	-	-	6,751,914
Remaining unassigned	3,529,167	-	-	(129,736)	-	3,399,431
Total unassigned	10,281,081	-	-	(129,736)	-	10,151,345
Total	$ 55,790,944	$ 12,243,754	$ 9,287,929	$ (129,736)	$ 24,987,458	$ 102,180,349

Note 14 - 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 San Mateo County Schools Insurance Group (SMCSIG) risk pool for property and liability insurance coverage.

Workers' Compensation

For fiscal year 2022, the District participated in San Mateo County Schools Insurance Group (SMCSIG) entity risk pool. The intent of SMCSIG is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the SMCSIG. The workers' compensation experience of the participating district is calculated as one experience and a common premium rate is applied to all districts in the SMCSIG. Each participant pays its workers' compensation premium based on its individual rate.

Employee Medical Benefits

The District has contracted with the California Public Employees' Retirement System (CalPERS) to provide employee medical insurance and San Mateo County Schools Insurance Group (SMCSIG) for dental and vision benefits. CalPERS and SMCSIG are shared risk pools. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts.

Note 15 - 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	$ 41,719,520	$ 21,305,908	$ 37,618,888	$ 3,455,445
CalPERS	27,452,604	8,459,974	10,699,559	3,718,717
Total	$ 69,172,124	$ 29,765,882	$ 48,318,447	$ 7,174,162

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 percent 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	
Hire date	On or before December 31, 2012	On or after 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 percent 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 $8,971,297.

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	$ 41,719,520
State’s proportionate share of the net pension liability	20,991,644
Total	$ 62,711,164

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 0.0917% and 0.0882%, resulting in a net increase in the proportionate share of 0.0035%.

For the year ended June 30, 2022, the District recognized pension expense of $3,455,445. In addition, the District recognized pension expense and revenue of $718,203 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	$8,971,297	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	6,318,889	177,846
Differences between projected and actual earnings on pension plan investments	-	33,001,215
Differences between expected and actual experience in the measurement of the total pension liability	104,510	4,439,827
Changes of assumptions	5,911,212	-
Total	$ 21,305,908	$ 37,618,888

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 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 Inflows of Resources
2023	$ (8,380,329)
2024	(7,665,263)
2025	(7,855,490)
2026	(9,100,133)
Total	$ (33,001,215)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$3,229,917
2024	3,564,528
2025	472,370
2026	194,531
2027	433,145
Thereafter	(177,553)
Total	$ 7,716,938

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 percent 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%)	$ 84,926,010
Current discount rate (7.10%)	41,719,520
1% increase (8.10%)	5,858,958

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

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

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	22.910%	22.910%

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 $5,167,720.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows 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 $27,452,604. 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 0.1350% and 0.1250%, resulting in a net increase in the proportionate share of 0.0100%.

For the year ended June 30, 2022, the District recognized pension expense of $3,718,717. 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	$5,167,720	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	2,472,723	99,350
Differences between projected and actual earnings on pension plan investments	-	10,535,492
Differences between expected and actual experience in the measurement of the total pension liability	819,531	64,717
Total	$ 8,459,974	$ 10,699,559

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 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 Inflows of Resources
2023	$ (2,642,292)
2024	(2,429,824)
2025	(2,533,251)
2026	(2,930,125)
Total	$ (10,535,492)

The deferred outflows/(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 of Resources
2023	$1,342,669
2024	1,009,419
2025	708,215
2026	67,884
Total	$ 3,128,187

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 percent 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 percent. 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%)	$ 46,288,945
Current discount rate (7.15%)	27,452,604
1% increase (8.15%)	11,814,399

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 as its alternative plan. 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 $5,895,875 (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 16 - 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 involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2022.

Construction Commitments

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

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Martin ES Speakers/Paging System	$ 34,824	November 30, 2022
South SF High Drainage	440,533	September 30, 2022
El Camino High School Kitchen Improvement	502,000	June 30, 2023
South SF High School Kitchen Improvement	401,600	June 30, 2023
El Camino High School Accessible Bridge	638,000	March 31, 2023
Alta Loma Middle School Flooding	350,000	March 31, 2023
Martin Elementary School Paving	10,500	July 31, 2022
District Office Technology Modular Data Center Project	178,000	April 30, 2023
District Office Technology Infrastructure	900,000	March 31, 2023
Total	$ 3,455,457	

Note 17 - Participation in Public Entity Risk Pools, Joint Powers Authorities and Other Related Party Transactions

The District is a member of the San Mateo County Schools Insurance Group (SMCSIG) and California Public Employees' Retirement System (CalPERS) public entity risk pools. The District pays an annual premium to be applicable entity for its workers' compensation, property and liability, and health coverage. The relationship between the District and the JPA's 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 Districts are included in these statements. Audited financial statements are generally available from the respective entities.

During the year ended June 30, 2022, the District made payments of $4,386,841 and $10,035,954 to SMCSIG and CalPERS, respectively.

Note 18 - Change in Accounting Principle

As of July 1, 2021, the District's Deferred Maintenance Fund became substantially composed of committed resources, resulting in this fund being presented separately from the District's General Fund in accordance with GASB Statement No. 54. Beginning fund balances were restated to show the impact of this change as follows:

	General Fund	Deferred Maintenance Fund	Total Governmental Funds
Governmental Funds			
Beginning fund balance as previously reported as of June 30, 2021	$ 74,034,135	$ -	$ 101,584,749
Increase/(decrease) in deposits and investments	(9,549,228)	9,549,228	-
Increase/(decrease) in accounts receivable	(20,546)	20,546	-
(Increase)/decrease in accounts payable	939,292	(939,292)	-
Fund Balance as Restated, July 1, 2021 (Before GASB 87 implementation and correction of error)	$ 65,403,653	$ 8,630,482	$ 101,584,749

Note 19 - Correction of an Error

The District's prior year governmental activities net position and General Fund balance have been restated as of July 1, 2021 to correct an error reported in the prior year financial statements. The error was related to an overstatement of accounts receivable.

Governmental Activities Financial Statements	
Beginning net position as previously reported as of June 30, 2021	$ 15,167,234
Decrease accounts receivable	(2,341,813)
Net Position as Restated, July 1, 2021 (Before GASB 87 implementation)	$ 12,825,421

	General Fund	Total Governmental Funds
General Fund		
Beginning fund balance as previously reported as of June 30, 2021 (After change in accounting principle, but before GASB 87 implementation and correction of error)	$ 65,403,653	$ 101,584,749
Decrease accounts receivable	(2,341,813)	(2,341,813)
Fund Balance as Restated, July 1, 2021 (After change in accounting principle and correction of error, but before GASB 87 implementation)	$ 63,061,840	$ 99,242,936

Note 20 - Adoption of New Accounting Standard - Restatement of Prior Year Net Position and Fund Balance

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 Statement 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. Beginning net position and fund balance were restated to retroactively adopt the provisions of GASB Statement No. 87 as follows:

Governmental Activities Financial Statements	
Beginning net position as previously reported as of June 30, 2021	
(After correction of error, but before GASB 87 implementation)	$ 12,825,421
Lease receivable	209,864
Right-to-use leased asset, net of amortization	229,228
Lease liability	(229,228)
Deferred inflows of resources related to leases	(209,864)
Net Position as Restated, July 1, 2021	$ 12,825,421

General Fund	General Fund	Total Governmental Funds
Fund Balance - Beginning		
(After change in accounting principle and correction of error, but before GASB 87 implementation)	$ 63,061,840	$ 99,242,936
Lease receivable	209,864	209,864
Deferred inflows of resources related to leases	(209,864)	(209,864)
Fund Balance as Restated, July 1, 2021	$ 63,061,840	$ 99,242,936

Required Supplementary Information
June 30, 2022

South San Francisco Unified School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$104,941,552	$107,711,929	$ 104,711,927	$ (3,000,002)
Federal sources	9,453,294	14,302,373	7,605,434	(6,696,939)
Other State sources	7,902,089	14,580,991	13,503,634	(1,077,357)
Other local sources	2,354,874	3,835,232	2,319,550	(1,515,682)
Total revenues [1]	124,651,809	140,430,525	128,140,545	(12,289,980)
Expenditures				
Current				
Certificated salaries	52,307,418	56,002,250	55,039,554	962,696
Classified salaries	19,673,293	20,553,234	19,823,405	729,829
Employee benefits	32,462,013	33,786,089	32,755,109	1,030,980
Books and supplies	10,694,086	23,355,940	4,707,288	18,648,652
Services and operating expenditures	13,793,542	20,545,926	18,917,003	1,628,923
Other outgo	3,821,934	1,738,454	263,153	1,475,301
Capital outlay	278,019	652,065	1,632,323	(980,258)
Debt service				
Debt service - principal	201,000	205,000	291,988	(86,988)
Debt service - interest and other	73,911	69,911	75,598	(5,687)
Total expenditures [1]	133,305,216	156,908,869	133,505,421	23,403,448
Excess (Deficiency) of Revenues Over Expenditures	(8,653,407)	(16,478,344)	(5,364,876)	11,113,468
Other Financing Sources (Uses)				
Transfers in	13,301	13,301	13,301	-
Transfers out	(1,850,000)	(1,919,321)	(1,919,321)	-
Net Financing Sources (Uses)	(1,836,699)	(1,906,020)	(1,906,020)	-
Net Change in Fund Balances	(10,490,106)	(18,384,364)	(7,270,896)	11,113,468
Fund Balance - Beginning, as restated	63,061,840	63,061,840	63,061,840	-
Fund Balance - Ending	$ 52,571,734	$ 44,677,476	$ 55,790,944	$ 11,113,468

[1] Due to the consolidation of Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects and Fund 73, Foundation Private-Purpose Trust Fund, 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, they are not included in the original and final General Fund budgets.

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ 2,342,944	$ 3,342,944	$ 6,342,944	$ 3,000,000
Other local sources	150,000	80,000	(225,130)	(305,130)
Total revenues	2,492,944	3,422,944	6,117,814	2,694,870
Expenditures				
Current				
Books and supplies	40,982	16,609	7,308	9,301
Services and operating expenditures	263,960	235,396	99,307	136,089
Capital outlay	2,599,157	7,287,351	2,397,927	4,889,424
Total expenditures	2,904,099	7,539,356	2,504,542	5,034,814
Net Change in Fund Balances	(411,155)	(4,116,412)	3,613,272	7,729,684
Fund Balance - Beginning, as restated	8,630,482	8,630,482	8,630,482	-
Fund Balance - Ending	$ 8,219,327	$ 4,514,070	$ 12,243,754	$ 7,729,684

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	$ 1,998,339	$ 1,923,617	$ 1,488,745	$ 1,334,664	$ 1,298,943
Interest	671,894	638,943	838,712	752,163	763,324
Difference between expected and actual experience	(2,727,187)	-	(3,669,686)	-	-
Changes of assumptions	(5,756,859)	206,063	6,939,557	1,033,908	-
Benefit payments	(756,163)	(729,107)	(741,123)	(708,733)	(681,474)
Net change in total OPEB liability	(6,569,976)	2,039,516	4,856,205	2,412,002	1,380,793
Total OPEB Liability - Beginning	30,485,124	28,445,608	23,589,403	21,177,401	19,796,608
Total OPEB Liability - Ending	$ 23,915,148	$ 30,485,124	$ 28,445,608	$ 23,589,403	$ 21,177,401
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, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

[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	0.1378%	0.1537%	0.1464%	0.1490%	0.1456%
Proportionate share of the net OPEB liability	$ 549,645	$ 651,540	$ 545,362	$ 570,207	$ 612,550
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	2018	2017	2016	2015
CalSTRS								
Proportion of the net pension liability	0.0917%	0.0882%	0.0828%	0.0830%	0.0804%	0.0766%	0.0782%	0.0790%
Proportionate share of the net pension liability	$ 41,719,520	$ 85,506,190	$ 74,767,499	$ 76,279,006	$ 74,375,113	$ 61,926,585	$ 52,680,238	$ 46,177,004
State's proportionate share of the net pension liability	20,991,644	44,078,451	40,790,662	43,673,298	43,999,689	35,253,700	27,682,039	27,883,669
Total	$ 62,711,164	$129,584,641	$115,558,161	$119,952,304	$118,374,802	$ 97,180,285	$ 80,362,277	$ 74,060,673
Covered payroll	$ 50,969,325	$ 48,162,825	$ 45,702,187	$ 44,523,105	$ 43,383,029	$ 38,347,651	$ 36,515,800	36,404,423
Proportionate share of the net pension liability as a percentage of its covered payroll	81.85%	177.54%	163.60%	171.32%	171.44%	161.49%	144.27%	126.84%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS								
Proportion of the net pension liability	0.1350%	0.1250%	0.1187%	0.1205%	0.1189%	0.1155%	0.1200%	0.1136%
Proportionate share of the net pension liability	$ 27,452,604	$ 38,346,948	$ 34,596,810	$ 32,129,742	$ 28,378,748	$ 22,807,523	$ 17,693,320	$ 12,891,955
Covered payroll	$ 19,465,507	$ 18,500,406	$ 16,613,320	$ 20,090,954	$ 19,500,634	$ 18,959,897	$ 18,748,271	13,270,962
Proportionate share of the net pension liability as a percentage of its covered payroll	141.03%	207.28%	230.82%	159.92%	145.53%	120.29%	94.37%	97.14%
Plan fiduciary net position as a percentage of the total pension liability	81%	70%	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	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	2018	2017	2016	2015
CalSTRS								
Contractually required contribution	$ 8,971,297	$ 8,231,546	$ 8,235,843	$ 7,440,316	$ 6,424,684	$ 5,457,585	$ 4,114,703	$ 3,242,603
Less contributions in relation to the contractually required contribution	8,971,297	8,231,546	8,235,843	7,440,316	6,424,684	5,457,585	4,114,703	3,242,603
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 53,021,850	$ 50,969,325	$ 48,162,825	$ 45,702,187	$ 44,523,105	$ 43,383,029	$ 38,347,651	$ 36,515,800
Contributions as a percentage of covered payroll	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS								
Contractually required contribution	$ 5,167,720	$ 4,029,360	$ 3,648,465	$ 2,994,717	$ 3,120,326	$ 2,708,248	$ 2,246,179	$ 2,206,859
Less contributions in relation to the contractually required contribution	5,167,720	4,029,360	3,648,465	2,994,717	3,120,326	2,708,248	2,246,179	2,206,859
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 22,556,613	$ 19,465,507	$ 18,500,406	$ 16,613,320	$ 20,090,954	$ 19,500,634	$ 18,959,897	$ 18,748,271
Contributions as a percentage of covered payroll	22.910%	20.700%	19.721%	18.026%	15.531%	13.888%	11.847%	11.771%

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedules

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

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

These scheduled present information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

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

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

- *Changes in Benefit Terms* – There were no changes to benefit terms.
- *Changes of Assumptions* –Changes of assumptions and other inputs reflect a change in the inflation assumption from 2.75 percent in 2021 to 2.50 percent in 2022 and a change in the discount rate from 2.16 percent in 2021 to 3.54 percent in 2022.

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

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

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

South San Francisco Unified School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed through California Department of Education (CDE)			
Adult Basic Education & ELA	84.002A	14508	$ 104,474
Adult Secondary Education	84.002	13978	18,728
Subtotal			123,202
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	63
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	1,751,055
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	2,100,236
COVID-19 Expanded Learning Opportunities (ELO) Grant: GEER II	84.425C	15619	1,000
Subtotal			3,852,354
Strengthening Career and Technical Education for the 21st Century (Perkins V): Secondary, Section 131	84.048	14894	50,825
Title I, Part A, Basic Grants Low-Income and Neglected Neglected	84.010	14329	1,040,093
Title I, Part C, Migrant Ed (Regular and Summer Program)	84.011	14326	10,124
Title II, Part A, Supporting Effective Instruction	84.367	14341	183,846
Title III, English Learner Student Program Program	84.365	14346	228,207
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	54,614
Passed through San Mateo County Office of Education			
Special Education (IDEA) Cluster			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	1,586,876
Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	46,925
Subtotal			1,633,801
Preschool Grants, Part B, Sec 619	84.173	13430	56,181
Preschool Staff Development, Part B, Sec 619	84.173A	13431	529
Subtotal			56,710
Subtotal Special Education (IDEA) Cluster			1,690,511

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Passed through California Department of Rehabilitation			
Workability II, Transition Partnership	84.126	10006	$ 117,798
Total U.S. Department of Education			7,351,574
U.S. Department of Health and Human Services			
Passed through CDE			
Child Care and Development Fund Cluster			
Federal Child Care, Center-based	93.575	15136	55,542
COVID-19 ARP California State Preschool Program			
One-time Stipend	93.575	15640	23,400
Child Development Program	96.575	14551	28,278
Subtotal			107,220
Federal Child Care, Center-based	93.596	13609	158,566
Subtotal Child Care and Development Fund Cluster			265,786
Total U.S. Department of Health and Human Services			265,786
U.S. Department of Interior			
Payments in Lieu of Taxes	15.226	[1]	444
Total U.S. Department of Interior			444
U.S Department of Agriculture			
Passed through CDE			
Child Nutrition Cluster			
School Programs (NSL Sec 4)	10.555	13523	296,406
School Programs (NSL Sec 11)	10.555	13524	2,836,734
Commodities	10.555	13524	359,886
Supply Chain Assistance (SCA) Funds	10.555	15655	190,327
COVID-19 SNP COVID-19 Emergency Operational Costs			
Reimbursement (ECR)	10.555	15637	75,639
Subtotal			3,758,992
School Programs (School Breakfast Needy)	10.553	13526	194,568
Subtotal Child Nutrition Cluster			3,953,560

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
NSLP Equipment Assistance Grants	10.579	14906	$ 78,784
Passed Through California Department of Social Services			
CACFP Claims - Centers and Family Day Care Homes	10.558	13529	44,089
CACFP Cash in Lieu of Commodities	10.558	13534	2,475
COVID-19 CACFP COVID-19 Emergency Operational Costs Reimbursement (ECR)	10.558	15577	13,010
Subtotal			59,574
Total U.S. Department of Agriculture			4,091,918
Federal Communications Commission			
COVID-19 Emergency Connectivity Fund (ECF)	32.009	[1]	377,062
Total Federal Communications Commission			377,062
Total Federal Financial Assistance			$ 12,086,784

[1] Direct award

ORGANIZATION

The South San Francisco Unified School District was unified on July 1, 1960, under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District operates nine elementary schools, three middle schools, two comprehensive high schools, and one continuation high school. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Mr. John C. Baker	President	2022
Mrs. Mina A. Richardson	Vice President	2022
Mrs. Daina R. Lujan	Clerk	2024
Mrs. Patricia A. Murray	Member	2024
Dr. Chialin Hsieh	Member	2022

ADMINISTRATION

NAME	TITLE
Dr. Shawnterra Moore	Superintendent
Mr. Ted O	Assistant Superintendent, Business Services
Mr. Keith Irish	Assistant Superintendent, Educational Services
Dr. Jay Spaulding	Assistant Superintendent, Human Resources and Student Services

	Final Report	
	Second Period Report E45FD2D5	Annual Report CEFBB6DA
Regular ADA		
Transitional kindergarten through third	2,181.62	2,194.33
Fourth through sixth	1,618.73	1,627.83
Seventh and eighth	1,029.32	1,030.99
Ninth through twelfth	2,404.43	2,391.68
Total Regular ADA	7,234.10	7,244.83
Extended Year Special Education		
Transitional kindergarten through third	33.30	33.30
Fourth through sixth	21.85	21.85
Seventh and eighth	12.30	12.30
Ninth through twelfth	23.40	23.40
Total Extended Year Special Education	90.85	90.85
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	1.89	1.91
Fourth through sixth	2.79	2.76
Seventh and eighth	3.38	3.27
Ninth through twelfth	9.89	10.67
Total Special Education, Nonpublic, Nonsectarian Schools	17.95	18.61
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	1.76	1.76
Fourth through sixth	1.75	1.75
Seventh and eighth	3.00	3.00
Ninth through twelfth	11.55	11.55
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	18.06	18.06
Total ADA	7,360.96	7,372.35

Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar Number of Actual Days	Traditional Calendar Number of Days Credited Form J-13A	Traditional Calendar Total Days Offered	Multitrack Calendar Number of Actual Days	Multitrack Calendar Number of Days Credited Form J-13A	Multitrack Calendar Total Days Offered	Status
Kindergarten	36,000	42,430	-	42,430	180	-	180	N/A	N/A	N/A	Complied
Grades 1 - 3	50,400										
Grade 1		50,625	-	50,625	180	-	180	N/A	N/A	N/A	Complied
Grade 2		50,625	-	50,625	180	-	180	N/A	N/A	N/A	Complied
Grade 3		50,625	-	50,625	180	-	180	N/A	N/A	N/A	Complied
Grades 4 - 8	54,000										
Grade 4		54,000	-	54,000	180	-	180	N/A	N/A	N/A	Complied
Grade 5		54,000	-	54,000	180	-	180	N/A	N/A	N/A	Complied
Grade 6		61,890	-	61,890	180	-	180	N/A	N/A	N/A	Complied
Grade 7		61,890	-	61,890	180	-	180	N/A	N/A	N/A	Complied
Grade 8		61,890	-	61,890	180	-	180	N/A	N/A	N/A	Complied
Grades 9 - 12	64,800										
Grade 9		65,362	-	65,362	180	-	180	N/A	N/A	N/A	Complied
Grade 10		65,362	-	65,362	180	-	180	N/A	N/A	N/A	Complied
Grade 11		65,362	-	65,362	180	-	180	N/A	N/A	N/A	Complied
Grade 12		65,362	-	65,362	180	-	180	N/A	N/A	N/A	Complied

Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	General Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund
Fund Balance				
Balance, June 30, 2022, Unaudited Actuals	$ 57,637,088	$ 1,662,052	$ 979,140	$ 1,042,090
Decrease in				
Cash in county treasury (change in FMV)	(1,832,961)	(54,171)	(45,965)	(7,743)
Increase in				
Lease receivable	16,797	-	-	-
Deferred inflows related to leases	(29,980)	-	-	-
Balance, June 30, 2022, Audited Financial Statements	$ 55,790,944	$ 1,607,881	$ 933,175	$ 1,034,347

	Deferred Maintenance Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund
Fund Balance				
Balance, June 30, 2022, Unaudited Actuals	$ 12,543,528	$ 9,452,984	$ 7,668,514	$ 7
Decrease in				
Cash in county treasury (change in FMV)	(299,774)	(165,055)	(240,134)	(129,743)
Increase in				
Lease receivable	-	-	-	-
Deferred inflows related to leases	-	-	-	-
Balance, June 30, 2022, Audited Financial Statements	$ 12,243,754	$ 9,287,929	$ 7,428,380	$ (129,736)

	Special Reserve Fund for Capital Outlay	Bond Interest and Redemption Fund
Fund Balance		
Balance, June 30, 2022, Unaudited Actuals	$ 4,696,953	$ 8,714,894
Decrease in		
Cash in county treasury (change in FMV)	(152,981)	(271,264)
Increase in		
Lease receivable	-	-
Deferred inflows related to leases	-	-
Balance, June 30, 2022, Audited Financial Statements	$ 4,543,972	$ 8,443,630

	(Budget) 2023 [1]	2022	2021 [1]	2020 [1]
General Fund [3]				
Revenues	$ 135,536,401	$ 128,502,311	$ 132,945,458	$ 122,713,625
Other sources	13,301	13,301	13,301	13,301
Total Revenues and Other Sources	135,549,702	128,515,612	132,958,759	122,726,926
Expenditures	137,205,146	133,496,021	123,752,662	111,992,087
Other uses	1,500,000	1,919,321	2,558,621	1,654,563
Total Expenditures and Other Uses	138,705,146	135,415,342	126,311,283	113,646,650
Increase/(Decrease) in Fund Balance	(3,155,444)	(6,899,730)	6,647,476	9,080,276
Ending Fund Balance	$ 36,447,769	$ 39,603,213	$ 46,502,943	$ 39,855,467
Available Reserves [2]	$ 8,495,461	$ 10,281,081	$ 19,211,365	$ 17,283,821
Available Reserves as a Percentage of Total Outgo	6.12%	7.59%	15.21%	15.21%
Long-Term Liabilities	N/A	$ 271,428,777	$ 335,032,236	$ 321,986,414
K-12 Average Daily Attendance at P-2	7,390	7,361	7,976	7,976

The General Fund balance has decreased by $252,254 over the past two years. The fiscal year 2022-2023 budget projects a decrease of $3,155,444 (8.0 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, and other uses (total outgo).

The District has incurred an operating surplus in two of the past three years, but anticipates incurring an operating deficit during the 2022-2023 fiscal year. Total long-term liabilities have decreased by $50,557,637 over the past two years.

Average daily attendance has decreased by 615 over the past two years. However, a growth of 29 ADA is expected in fiscal year 2022-2023.

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[1] Financial information for 2023, 2021, and 2020 are included for analytical purposes only and has not been subjected to audit.
[2] Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.
[3] General Fund amounts do not include activity related to the consolidation of the Fund 17, Special Reserve Fund for Other than Capital Outlay Project as required by GASB Statement No. 54 and Fund 73, Foundation Private-Purpose Trust Fund as required by GASB Statement No. 84.

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund
Assets					
Deposits and investments	$ 910,871	$ 1,682,066	$ 1,428,466	$ 1,141,525	$ 7,473,974
Receivables	-	72,500	288,217	244,274	17,715
Due from other funds	-	-	13,301	20,021	-
Stores inventories	-	-	-	149,835	-
Total assets	$ 910,871	$ 1,754,566	$ 1,729,984	$ 1,555,655	$ 7,491,689
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ -	$ 16,351	$ 52,336	$ 116,940	$ 63,309
Due to other funds	-	130,334	331,104	394,137	-
Unearned revenue	-	-	413,369	10,231	-
Total liabilities	-	146,685	796,809	521,308	63,309
Fund Balances					
Nonspendable	-	-	500	150,835	-
Restricted	910,871	-	932,675	883,512	7,428,380
Committed	-	1,607,881	-	-	-
Assigned	-	-	-	-	-
Total fund balances	910,871	1,607,881	933,175	1,034,347	7,428,380
Total liabilities and fund balances	$ 910,871	$ 1,754,566	$ 1,729,984	$ 1,555,655	$ 7,491,689

	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Assets				
Deposits and investments	$ 4,750,271	$ 8,423,079	$ 85,202	$ 25,895,454
Receivables	9,650	20,551	-	652,907
Due from other funds	2,715	-	-	36,037
Stores inventories	-	-	-	149,835
Total assets	$ 4,762,636	$ 8,443,630	$ 85,202	$ 26,734,233
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 218,664	$ -	$ -	$ 467,600
Due to other funds	-	-	-	855,575
Unearned revenue	-	-	-	423,600
Total liabilities	218,664	-	-	1,746,775
Fund Balances				
Nonspendable	-	-	-	151,335
Restricted	-	8,443,630	85,202	18,684,270
Committed	-	-	-	1,607,881
Assigned	4,543,972	-	-	4,543,972
Total fund balances	4,543,972	8,443,630	85,202	24,987,458
Total liabilities and fund balances	$ 4,762,636	$ 8,443,630	$ 85,202	$ 26,734,233

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund
Revenues					
Local Control Funding Formula	$ -	$ 160,699	$ -	$ -	$ -
Federal sources	-	123,202	265,786	4,091,918	-
Other State sources	-	1,232,350	1,196,104	195,657	-
Other local sources	1,051,098	(35,227)	2,276,113	221,145	1,452,197
Total revenues	1,051,098	1,481,024	3,738,003	4,508,720	1,452,197
Expenditures					
Current					
Instruction	-	751,677	2,468,607	-	-
Instruction-related activities					
Supervision of instruction	-	122,322	-	-	-
School site administration	-	523,433	958,367	-	-
Pupil services					
Food services	-	-	-	3,943,660	-
Administration					
All other administration	-	33,369	126,078	107,660	-
Plant services	-	166,516	94,809	-	69,101
Ancillary services	915,327	-	-	-	-
Other outgo	-	-	-	-	-
Facility acquisition and construction	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest and other	-	-	-	-	-
Total expenditures	915,327	1,597,317	3,647,861	4,051,320	69,101
Excess (Deficiency) of Revenues Over Expenditures	135,771	(116,293)	90,142	457,400	1,383,096
Other Financing Sources (Uses)					
Transfers in	-	-	100,000	-	-
Other sources - proceeds from issuance of general obligation bonds	-	-	-	-	-
Transfers out	-	-	(13,301)	-	-
Other uses - payment to refunded bond escrow agent	-	-	-	-	-
Net Financing Sources (Uses)	-	-	86,699	-	-
Net Change in Fund Balances	135,771	(116,293)	176,841	457,400	1,383,096
Fund Balance - Beginning	775,100	1,724,174	756,334	576,947	6,045,284
Fund Balance - Ending	$ 910,871	$ 1,607,881	$ 933,175	$ 1,034,347	$ 7,428,380

	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Revenues				
Local Control Funding Formula	$ -	$ -	$ -	$ 160,699
Federal sources	-	444	-	4,481,350
Other State sources	-	30,125	-	2,654,236
Other local sources	(117,304)	10,232,860	26	15,080,908
Total revenues	(117,304)	10,263,429	26	22,377,193
Expenditures				
Current				
Instruction	-	-	-	3,220,284
Instruction-related activities				
Supervision of instruction	-	-	-	122,322
School site administration	-	-	-	1,481,800
Pupil services				
Food services	-	-	-	3,943,660
Administration				
All other administration	-	-	-	267,107
Plant services	189,923	-	-	520,349
Ancillary services	-	-	-	915,327
Other outgo	-	-	1,700	1,700
Facility acquisition and construction	1,371,639	-	-	1,371,639
Debt service				
Principal	-	400,000	3,850,000	4,250,000
Interest and other	-	4,981,540	552,037	5,533,577
Total expenditures	1,561,562	5,381,540	4,403,737	21,627,765
Excess (Deficiency) of Revenues Over Expenditures	(1,678,866)	4,881,889	(4,403,711)	749,428
Other Financing Sources (Uses)				
Transfers in	1,819,321	-	4,397,670	6,316,991
Other sources - proceeds from issuance of general obligation bonds	-	26,425,000	-	26,425,000
Transfers out	-	(4,397,670)	-	(4,410,971)
Other uses - payment to refunded bond escrow agent	-	(26,131,358)	-	(26,131,358)
Net Financing Sources (Uses)	1,819,321	(4,104,028)	4,397,670	2,199,662
Net Change in Fund Balances	140,455	777,861	(6,041)	2,949,090
Fund Balance - Beginning	4,403,517	7,665,769	91,243	22,038,368
Fund Balance - Ending	$ 4,543,972	$ 8,443,630	$ 85,202	$ 24,987,458

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 South San Francisco 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 South San Francisco Unified School District, it is not intended to and does not present the financial position and change in fund balance of South San Francisco Unified School 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 did not report any commodities as inventory.

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the 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 - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances

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

Independent Auditor's Reports
June 30, 2022

South San Francisco Unified School District

CPAs & BUSINESS ADVISORS

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
South San Francisco Unified School District
South San Francisco, 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 South San Francisco Unified School District (the 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 and have issued our report thereon dated January 9, 2023.

Correction of an Error

As discussed in Note 19 to the financial statements, certain errors resulting in an overstatement of amounts previously reported for accounts receivable as of June 30, 2021, were discovered during the current year. Accordingly, a restatement has been made to the fund balance of the General Fund and governmental activities net position as of July 1, 2021, to correct the error. Our opinions are not modified with respect to this matter.

Change in Accounting Principle

As discussed in Note 18 to the financial statements, as of July 1, 2021, the District's Deferred Maintenance Fund became substantially composed of committed resources, resulting in this fund being presented separately from the District's General Fund in accordance with GASB Statement No. 54. Accordingly, a restatement has been made to the fund balance of the General Fund and the Deferred Maintenance Fund as of July 1, 2021. Our opinions are not modified with respect to this matter.

Adoption of New Accounting Standard

As discussed in Notes 1 and 20 to the financial statements, the South San Francisco Unified School District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities net position and fund balance as of July 1, 2021, to restate beginning net position and fund balance. Our opinions are not modified with respect to this matter.

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Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the District in a separate letter dated January 9, 2023.

South San Francisco Unified School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the 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 other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

Rancho Cucamonga, California
January 9, 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
South San Francisco Unified School District
South San Francisco, California

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited South San Francisco Unified School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on COVID-19 Emergency Connectivity Fund Program

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 compliance requirements referred to above that could have a direct and material effect on the Emergency Connectivity Fund Program for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2022.

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 (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on COVID-19 Emergency Connectivity Fund Program

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding Assistance Listing Number 32.009 COVID-19 Emergency Connectivity Fund as described in finding number 2022-002 for Equipment and Special Tests and Provisions.

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District 's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District 's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report

on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District 's internal control over compliance. Accordingly, no such opinion is expressed.

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

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance 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.

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. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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. 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 material weakness.

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 compliance 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 requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
January 9, 2023

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on State Compliance

To the Governing Board
South San Francisco Unified School District
South San Francisco, California

Report on Compliance

Opinion on State Compliance

We have audited South San Francisco Unified School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the state laws and regulations listed in the table below for the year ended June 30, 2022.

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.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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 the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *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	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes

2021-2022 K-12 Audit Guide Procedures	Procedures Performed
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	Yes
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	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	No, see below
Immunizations	Yes, see below
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
In Person Instruction Grant	No, see below
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

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

We did not perform Juvenile Court Schools procedures because the program is not offered by the District.

We did not perform 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.

We did not perform procedures for the After/Before School Education and Safety Program because the District did not offer the program.

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

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

We did not perform In Person Instruction Grant procedures because the District did not receive funding for this grant.

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 identify during the audit.

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *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

Rancho Cucamonga, California
January 9, 2023

Schedule of Findings and Questioned Costs
June 30, 2022

South San Francisco 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	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Qualified*

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

Name of Federal Program or Cluster	Federal Financial Assistance Listing Number
COVID-19 Emergency Connectivity Fund (ECF)	32.009

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	Yes

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing Number
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U
COVID-19 Expanded Learning Opportunities (ELO) Grant: GEER II	84.425C
COVID-19 Emergency Connectivity Fund (ECF)	32.009

Dollar threshold used to distinguish between type A and type B programs	$750,000
Auditee qualified as low-risk auditee?	Yes

State Compliance

Internal control over state compliance 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 programs	Unmodified

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 (Material Weakness)

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 the course of our engagement, we identified certain material misstatements of balances within the District's 2021-2022 unaudited actuals financial report. Through review of supporting records, we noted that the District's beginning net position of the governmental activities and beginning fund balance of the General Fund were overstated as a result overstatement of accounts receivable of $2,341,813. This misstatement was caused by an error, which has been detailed in Note 19. In addition, we also noted that the ending net position and ending fund balances in the governmental funds were overstated as a results of fair market value adjustments to cash in county of $3,199,791. This misstatement was caused by an error, which has been detailed in the Supplementary Information in the Reconciliation of Annual Financial and Budget Report with Audited Financial Statements schedule.

Cause

The cause of the condition identified appears to be due to inadequate review processes related to the preparation of the District's year-end financial statements, which includes the related conversion entries in preparation of the government-wide financial statements.

Effect

Due to the condition identified, the District's prior period ending net position and the prior period ending fund balance of the General Fund were overstated by $2,341,813. In addition, the ending net position and governmental fund balances were overstated by $3,199,791, as detailed in the Supplementary Information in the Reconciliation of Annual Financial and Budget Report with Audited Financial Statements schedule. The net effect of these errors resulted in misstatements that were not detected or prevented by the District's internal accounting control and review process.

Questioned Costs

There were no questioned costs associated with this condition.

Context

The condition was identified through review of available District records related to the financial account balances in the Governmental Funds.

Repeat Finding

No

Recommendation

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

Corrective Action Plan and Views of Responsible Officials

Staff is aware of this year-end closing requirement. The overstatement of accounts receivable was due to the last-minute grant reduction to the one-time stimulus grant by the California Department of Education, which staff did not catch in time. The new requirement of adjusting the FMV of cash in county was missed by staff during the closing of the books. Staff has noted this and will make the necessary entries in the future.

The following finding represents a material weakness and material instances of noncompliance including questioned costs that are required to be reported by the Uniform Guidance. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
50000	Federal Compliance

2022-002 50000 – COVID-19 Emergency Connectivity Fund Program – Equipment and Special Tests and Provisions (Material Weakness, Noncompliance)

Federal Program Affected

Program Name: COVID-19 Emergency Connectivity Fund Program
Assistance Listing Number: 32.009
Pass-Through Entity: N/A – Direct Award
Federal Agency: Federal Communications Commission

Criteria or Specific Requirements

In accordance with Federal Communications Commission (FCC) Report and Order 21-58 paragraphs 116-118, COVID-19 Emergency Connectivity Fund (ECF) Program participants are required to maintain asset and service inventories of the devices and services purchased with ECF Program support. Asset inventories are required to contain the following elements: (a) device type, (b) device make/model, (c) equipment serial number, (d) the name of the person to whom the device was provided, and (e) the dates the device was loaned out and returned to the school. The asset inventory for devices not provided to individual students or school staff, but used to provide service to multiple eligible users must include the following information: (a) device type, (b) device make/model, (c) equipment serial number, (d) the name of the school or library employee responsible for that device, and (e) the dates the device was in service. Service records must include (a) type of service provided, (b) broadband plan details, including: upload and download speeds and monthly data cap, (c) the name(s) of the person(s) to whom the service was provided, and for fixed broadband service; (d) the service address, and (e) the installation date of service, and (f) the last date of service (as applicable).

In accordance with FCC Report and Order 21-58 paragraph 5, ECF Program support shall be used by schools to meet the otherwise unmet connectivity needs of students and school staff during the COVID-19 pandemic. In accordance with FCC Report and Order 21-58 paragraph 54, ECF Program support shall not be used to fund more than one connected device and more than one Wi-Fi hotspot per students or school staff member during the COVID-19 emergency period.

Condition

The District did not maintain adequate asset or service inventories for Wi-Fi hotspots purchased using ECF support, as inventory records are not up-to-date and do not contain all of the aforementioned required elements. In addition, the District did not maintain adequate documentation to substantiate unmet need and per-user limitations.

Cause

Due to the time-sensitive need to maintain connectivity for student learning, the District did not prioritize adequate record-keeping in accordance with program requirements.

Effect

The District is not in compliance with the Equipment or Restricted Purpose Special Tests for the ECF Program.

Questioned Costs

Due to lack of records to substantiate the unmet need, which was the primary goal of the program, we identify the entire program reimbursement of $377,062 as questioned costs.

Context

The condition was identified through inquiries with District management and review of program records.

Repeat Finding

No

Recommendation

The District should ensure that program requirements are reviewed and adequate controls over compliance are in place prior to commencing program activities under new federal programs.

Corrective Action Plan and Views of Responsible Officials

Due to the need to get the hotspots out to the students quickly for virtual learning during the pandemic, staff was not able to maintain very good record-keeping of the devices distributed, which is required to meet the very strict requirements of this new grant funding. For similar grants in the future, a designated individual will be assigned to oversee the distribution of devices at all sites in the district to ensure they are maintaining the required information.

None reported.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Management
South San Francisco Unified School District
South San Francisco, California

In planning and performing our audit of the financial statements of South San Francisco Unified School District (the District) for the year ended June 30, 2022, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated January 9, 2023 on the government-wide financial statements of the District.

Associated Student Body

South San Francisco High School

Observations

1. Based on the review of the cash receipting procedures, it was noted that two of 23 receipts tested were not deposited in a timely manner. The delay in deposit ranged from approximately 14 to 20 days from the date of receipt. This could result in large cash balances being maintained at the sites which can hinder the safeguarding of ASB assets.
2. Based on the review of the disbursement procedures, it was noted that 11 of 17 disbursements tested were not approved prior to transactions taking place. This could potentially lead to spending in excess of available funds. Additionally, expenditures of a questionable nature could arise if disbursements are not pre-approved.
3. Based on the review of the disbursement procedures, it was noted that 11 of 17 disbursements were made without explicit receiving documentation for goods being ordered.

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Recommendations

1. The ASB should, at a minimum, make their deposits once a week to minimize the amount of cash held at the sites. During weeks of high cash activity, there may be a need to make more than one deposit. The District should communicate specific guidelines for this procedure including the maximum cash on hand that should be maintained at the site.
2. In order to ensure proper internal controls over the ASB disbursements, the site should ensure that all disbursement transactions are pre-approved by authorized administrative personnel and the student council. This would allow the reviewing administrator and/or the student council to determine if the proposed activities are appropriate and to determine if sufficient funding is available to finance the activities or the purchases.
3. All goods being ordered should be documented with explicit receiving documentation. Documentation should indicate the date that the goods have been received and documentation regarding whether or not the goods have been received intact, undamaged, and in the correct quantities. Payments for vendor invoices should only be made once the receiving documentation is available.

We will review the status of the current year comments during our next audit engagement.

Eide Bailly LLP

Rancho Cucamonga, California
January 9, 2023

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APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon issuance and delivery of the Series 2023 Bonds, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, proposes to render its final approving opinion with respect to the Series 2023 Bonds in substantially the following form:

[Date of Delivery]

South San Francisco Unified School District
South San Francisco, California

South San Francisco Unified School District
(San Mateo County, California)
General Obligation Bonds, Election of 2022, Series 2023
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the South San Francisco Unified School District (the "District"), which is located in the County of San Mateo (the "County"), in connection with the issuance by the District of $150,000,000 aggregate principal amount of bonds designated as "South San Francisco Unified School District (San Mateo County, California) General Obligation Bonds, Election of 2022, Series 2023" (the "Series 2023 Bonds"), representing part of an issue in the aggregate principal amount of $436,000,000 authorized at an election held in the District on November 8, 2022. The Series 2023 Bonds are issued under and pursuant to a resolution of the Board of Trustees of the District adopted on March 9, 2023 (the "Resolution"). Capitalized undefined terms used herein have the meanings ascribed thereto in the Resolution.

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

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Series 2023 Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Series 2023 Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Series 2023 Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution and the Tax Certificate, including, without limitation, covenants and agreements compliance with which is necessary to ensure that future actions, omissions or events will not cause interest on the Series 2023 Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Series 2023 Bonds, the Resolution and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities such as the District or the County in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or to have the effect of a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Resolution, or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, dated April 12, 2023, as amended on April 17, 2023, or other offering material relating to the Series 2023 Bonds and express no opinion or view with respect thereto.

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

1. The Series 2023 Bonds constitute valid and binding obligations of the District.

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

3. The Board of Supervisors of the County has power and is obligated to levy ad valorem taxes without limitation as to rate or amount upon all property within the District's boundaries subject to taxation by the District (except certain personal property which is taxable at limited rates) for the payment of the Series 2023 Bonds and the interest thereon.

4. Interest on the Series 2023 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Series 2023 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that, for tax years beginning after December 31, 2022, interest on the Series 2023 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2023 Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (this "Disclosure Certificate") is executed and delivered by the South San Francisco Unified School District (the "District") in connection with the issuance of $150,000,000 aggregate principal amount of South San Francisco Unified School District (San Mateo County, California) General Obligation Bonds, Election of 2022, Series 2023 (the "Bonds"). The Bonds are being issued pursuant to a resolution adopted by the Board of Trustees of the District on March 9, 2023 (the "Resolution"). The District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

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

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 hereof.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean 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.

"Financial Obligation" shall mean, for the purposes of the Listed Events set out in Section 5(a)(x) and 5(b)(viii), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"Holder" shall mean the person in whose name any Bond shall be registered.

"Listed Events" shall mean any of the events listed in Section 5(a) or (b) hereof.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

"Official Statement" shall mean the Official Statement, dated April 12, 2023, as amended on April 17, 2023 (including all exhibits or appendices thereto), relating to the offer and sale of Bonds.

"Participating Underwriter" shall mean the original underwriter(s) of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. <u>Provision of Annual Reports</u>. (a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (which due date shall be March 31 of each year, so long as the District's fiscal year ends on June 30), commencing with the report for the 2022-23 Fiscal Year (which is due not later than March 31, 2024), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 hereof. The Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 hereof; provided, however, that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Bonds by name and CUSIP number.

(b) Not later than 15 business days prior to the date specified in subsection (a), the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the District shall, in a timely manner, send or cause to be sent to the MSRB a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) (if the Dissemination Agent is other than the District), provide any Annual Report received by it to the MSRB as provided herein; and

(ii) (if the Dissemination Agent is other than the District), file a report with the District certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

Section 4. <u>Content of Annual Reports</u>. The District's Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the District's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a) hereof, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statements of the District, the Annual Report shall also include the following:

(i) The adopted general fund budget of the District for the then current fiscal year, or a summary thereof;

(ii) The District's average daily attendance for the last completed fiscal year;

(iii) The District's outstanding debt;

(iv) Information regarding total assessed valuation (secured, unsecured and total) of taxable properties within the District for the then current fiscal year, if and to the extent made available by the County of San Mateo (the "County");

(v) Information regarding twenty taxpayers with the greatest combined ownership of taxable property in the District for the then current fiscal year, if and to the extent made available by the County; and

(vi) Information regarding total secured tax charges and delinquencies on taxable properties within the District for the last completed fiscal year, if and to the extent provided to the District by the County.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been made available to the public on the MSRB's website. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events. (a) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

(i) principal and interest payment delinquencies;

(ii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iii) unscheduled draws on credit enhancements reflecting financial difficulties;

(iv) substitution of credit or liquidity providers or their failure to perform;

(v) adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

(vi) tender offers;

(vii) defeasances;

(viii) rating changes;

(ix) bankruptcy, insolvency, receivership or similar event of the District; or

(x) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

For the purposes of the event identified in subparagraph (ix), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

(i) unless described in paragraph 5(a)(v), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

(ii) modifications to rights of Bond Holders;

(iii) Bond calls;

(iv) release, substitution, or sale of property securing repayment of the Bonds;

(v) non-payment related defaults;

(vi) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

(vii) appointment of a successor or additional paying agent or the change of name of a paying agent; or

(viii) incurrence of a Financial Obligation of the District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect Bond holders.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3 hereof, as provided in Section 3(b) hereof.

(d) Upon the occurrence of a Listed Event described in Section 5(a), or upon the occurrence of a Listed Event described in Section 5(b) which the District determines would be material under applicable federal securities laws, the District shall within ten business days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

(e) The District intends to comply with the Listed Events described in subsection (a)(x) and subsection (b)(viii), and the definition of "Financial Obligation" in Section 1, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Securities and Exchange Commission in Release No. 34-83885, dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the Securities and Exchange Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

Section 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in a filing with the MSRB.

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be Isom Advisors, a Division of Urban Futures, Inc.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Section 3(a) hereof, Section 4 hereof, or Section 5(a) or (b) hereof, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the District with respect to the Bonds, or the type of business conducted;

(b) the undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by the Holders in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice required to be filed pursuant to this Disclosure Certificate, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

Section 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate; provided, that any such action may be instituted only in Superior Court of the State of California in and for the County or in U.S. District Court in or nearest to the County. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and (if the Dissemination Agent is other than the District), the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Electronic Signature. Each of the parties hereto agrees that the transaction consisting of this Disclosure Certificate may be conducted by electronic means. Each party agrees and acknowledges that it is such party's intent that, by signing of this Disclosure Certificate using an electronic signature, it is signing, adopting and accepting this Disclosure Certificate, and that signing this Disclosure Certificate using an electronic signature is the legal equivalent of having placed the undersigned officer's handwritten signature on this Disclosure Certificate on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Disclosure Certificate in a usable format.

Dated: April 26, 2023

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

By: ______________________________

ACCEPTED AND AGREED TO:

ISOM ADVISORS, A DIVISION OF URBAN FUTURES, INC., as Dissemination Agent

By: ______________________________
Managing Principal

EXHIBIT A

NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	**SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT**
Name of Issue:	South San Francisco Unified School District (San Mateo County, California) General Obligation Bonds, Election of 2022, Series 2023
Date of Issuance:	April 26, 2023

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the District, dated April 26, 2023. [The District anticipates that the Annual Report will be filed by _____________.]

Dated:_______________

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

APPENDIX E

COUNTY OF SAN MATEO INVESTMENT POLICIES AND PRACTICES; DESCRIPTION OF INVESTMENT POOL

In accordance with California Education Code Section 41001, substantially all District operating funds are required to be held by the Treasurer/Tax Collector of the County of San Mateo (the "County Treasurer"). The Investment Policy describes (i) the policies applicable to investment of District funds, including bond proceeds and tax levies, and funds of other agencies held by the County Treasurer and (ii) the composition, carrying amount, market value and other information relating to the investment pool. Further information may be obtained directly from the Treasurer/Tax Collector, 555 County Center 1st Floor, Redwood City, CA 94063.

The District and the Underwriter have not made an independent investigation of the investments in the Pool and have made no assessment of the current Investment Policy. The value of the various investments in the Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the County Treasurer, with the consent of the Treasury Oversight Committee and the County Board of Supervisors, may change the Investment Policy at any time. Therefore, there can be no assurance that the values of the various investments in the Pool will not vary significantly from the values described herein.

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SAN MATEO COUNTY

Investment Policy Statement

Calendar Year 2023

Approved by the
San Mateo County Board of Supervisors
Updated Date: January 17, 2023
Resolution: 079414

Table of Contents

SAN MATEO COUNTY

Investment Policy Statement

Calendar Year 2023

I. Introduction

It is the policy of the San Mateo County Treasurer, consistent with controlling legal mandates, to invest public funds in a manner which will provide maximum security of principal invested with secondary emphasis on providing adequate liquidity to pool participants, achieving a competitive yield while conforming to all applicable statutes and resolutions governing the investment of public funds. Moreover, while complying with these legal mandates, the Treasurer will also promote investments in authorized issuers that display adherence to strong environmental, social, and governance principles.

To meet liquidity and long-term investing needs, the County has established the County Investment Pool. This fund is suitable for planned expenditures or capital funds.

II. Delegation of Authority

By Resolution 079414, approved on January 17, 2023 the County Board of Supervisors has delegated to the Treasurer authority to invest and reinvest the funds of the County and other depositors as specified in California Government Code Sections §27000.1 and §53607 for the period calendar year 2023. The Treasurer may delegate investment authority to whoever has been retained to perform the investment function.

III. Policy Statement

This Investment Policy establishes cash management and investment guidelines for the Treasurer, and those to whom he/she delegates investment authority, who are responsible for the stewardship of the San Mateo County Pooled Investment Fund. Each transaction and the entire portfolio must comply with California Government Code and this Policy. All portfolio activities will be monitored and judged by the standards of this Policy and its investment objectives. Activities that violate its spirit and intent will be considered contrary to policy.

The Treasurer will annually render to the Board of Supervisors and any Oversight Committee a statement of investment policy, which the Board shall review and approve at a public meeting. Any change in the policy shall also be reviewed and approved by the Board at a public meeting.

IV. Standard of Care

The Treasurer is a fiduciary of the pooled investment fund and therefore subject to the prudent investor standard. The Treasurer, employees involved in the investment process and members of the San Mateo County Treasury Oversight Committee shall refrain from all personal business activities that could conflict with the management of the investment program.

All individuals involved will be required to report all gifts and income in accordance with California state law. (See Section XXI)

When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the Treasurer, and those to whom he/she delegates investment authority, shall act with due professional care, skill, prudence and diligence taking into consideration circumstances then prevailing, including, but limited to, general economic conditions and anticipated needs of the County and other depositors. This should be accomplished with the care that a prudent person acting in a like capacity would use to safeguard the principal and maintain the liquidity needs of the County and other depositors.

As outlined in California Government Code Section §27000.3, the standard of prudence to be used by the County investment officers shall be the “prudent investor” standard and shall be applied in the context of managing the portfolio. Investment officers shall act in accordance with written procedures and the investment policy, exercise due diligence, report in a timely fashion, and implement appropriate controls for adverse development.

V. Investment Objectives

The San Mateo County Investment Pool shall be prudently invested in order to preserve principal while earning a reasonable rate of return while awaiting application for governmental purposes. Investments should be made with precision and care considering the safety of the principal investment, as well as the income to be derived from the investment. The specific objectives for the program are ranked in order of importance:

A. Safety of Principal - The Treasurer shall seek to preserve principal and minimize capital losses by mitigating credit risk and market risk as follows:

Credit Risk - Defined as an issuer(s) ability and willingness to repay interest and principal. Credit risk shall be minimized by diversifying the fund among issues and issuers so that the failure of any one issue or issuer would not result in a significant loss of income or principal to participants. Credit rating evaluations for all securities are monitored on a consistent basis.

Market Risk - Defined as the risk of market value fluctuations due to changes in the general level of interest rates. Because longer-term securities generally have greater market risk than shorter-term securities; market risk will be minimized by establishing the maximum Weighted Average Maturity of the pool at three years. The maximum allowable maturity for any instrument in the pool at time of purchase is 7 years (Treasuries and Agencies only). Occasional market losses on individual securities are inevitable with active portfolio management and must be considered within the context of the overall investment return.

B. Liquidity

The Treasurer's Office attempts to match maturities with its 12-month projected cash flow. The nature of the planning process behind the cash flow of the pool is relatively predictable and less volatile than is the case of discretionary money.

This allows leeway for some of the underlying investments in the County Pool to maintain a somewhat longer duration.

C. Yield

The County Pool is designed as an income fund to maximize the return on investable funds over various market cycles, consistent with the pool's first priority of safeguarding principal. Yield will be considered only after the basic requirements of safety and liquidity have been met. The County Pool is managed as an income fund whose purpose is to provide its investors with a reasonably predictable level of income, as opposed to a growth fund or fund measured on the basis of total return.

D. Socially Responsible Investment Objectives

In addition to and while complying with California Government Code provisions that regulate the investment of public funds (which require that, when managing and investing public funds, the objectives shall be, primarily, to safeguard principal of invested funds; secondarily, to meet the liquidity needs of the local government; and third, to achieve a return on invested funds), the County Treasurer recognizes the importance of socially responsible investing. The Treasurer will consider and promote investment in authorized issuers that display adherence to strong environmental, social and governance (ESG) principles, including but not limited to, environmental sustainability, social and economic justice, and good corporate governance. The Treasurer will forego investments in fossil fuel issuers if able to do so while complying with all legal and fiduciary mandates, including with respect to safety of principal, liquidity, and return on invested funds. The Treasurer will seek to invest in a socially responsible manner by considering investments in corporate issuers that meet designated risk score thresholds, as provided by an independent organization or organizations that supply analytical research, ratings, and data to institutional investors regarding issuers' environmental, social and governance (ESG) practices. Issuers will be reviewed and confirmed against these thresholds on a periodic basis, and any investments in issuers that fall below designated thresholds may be sold or held to maturity.

VI. Management Style and Strategy

This policy describes the County's strategic investment objective, risk tolerance and investment constraints. The County Treasurer or designee, at the Treasurer's discretion, prepares an economic outlook and evaluates the capital markets environment. The investment programs reflect a common strategy that is based on conservative principles of fixed income portfolio management consistently applied in a disciplined fashion.

VII. Authorized Investments

Subject to the limitations set forth in California Government Code §53600 et seq. which may be amended from time to time, the Treasurer may invest in the following instruments, subject to the limits described in the following sections. Long-term credit ratings, where shown, specify the minimum credit rating category required at time of purchase. As noted previously, all securities purchased shall be regularly monitored and re-evaluated should their ratings be downgraded below the minimum investment grade level required of the Pool. The Treasury Oversight Committee will be notified, within 10 days of any security downgrades that fall below the pool's investment standards and the course of action to be taken if any. In addition, the information will be posted on the Treasurer's website within the same time frame. Decisions regarding the holding of, or the potential sale of, securities are based on factors such as remaining time to maturity and the need for liquidity in the Pool.

Where a percentage limitation of eligible security percentages and maximum maturity is established, for the purpose of determining investment compliance, that maximum amount will be applied on the date of trade settlement. Therefore, depending on the liquidation of other securities and the performance of other securities in the pool, the percentage of the pool of any given security or instrument could exceed the initial percentage limitations without violating the Investment Policy.

A. U.S. Treasury Securities

United States Treasury bills, notes, bond or certificates of indebtedness, for which the full faith and credit of the United States is pledged for the payment of principal and interest. The maximum maturity of U.S. Treasury Securities is 7 years.

B. U.S. Government Agency/GSE (Government Sponsored Enterprise)

Obligations, participations, or other instruments of, or issued by, a federal agency or a United States government sponsored enterprise. The maximum percent of the fund per issuer is 40%. The maximum percent of the fund for U.S. Agencies Callables Securities is 25%. U.S. Government Agency/GSE securities must be rated in a rating category of "AA," long-term, or "A-1," Short-term, or their equivalent or higher by at least two of the three nationally recognized rating services (S&P, Moody's and Fitch). The maximum maturity for Agency Securities is 7 years.

C. Commercial Paper

At the time of purchase, commercial paper must be rated either A-1/P-1/F1 or better by at least two of the three nationally recognized rating services (S&P, Moody's and Fitch). Eligibility is limited to U.S. organized and operating corporations. Corporations must have assets in excess of $5 Billion and have debt other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by at least two of the three nationally recognized rating services (S&P, Moody's and Fitch). Maturities may not exceed 270 days. Purchases of commercial paper will not exceed 40% of the pool's investable money.

D. Negotiable Certificates of Deposit

Negotiable certificates are negotiable money market instruments that trade on the open market. At the time of purchase, negotiable certificates of deposit must be rated in a rating category of "A," long-term, or "A-1"/"P-1"/"F1, short-term," or their equivalents or better by at least two of the three nationally recognized rating services (S&P, Moody's and Fitch). These certificates must be issued by a U.S. National or State chartered bank or state or federal association (as defined by section 5102 of the California Financial Code) or by a state licensed branch of a foreign bank. Eligible foreign banks must have branches or agencies in the U.S. Issuers must be a corporation with total assets in excess of $5 Billion. Purchases of Negotiable Certificates of Deposit will not exceed 30% of the pool.

E. Bankers Acceptance

A Bankers Acceptance (BA) is a draft drawn and accepted by banks that is based upon funds that will pay its face value at maturity. The security is normally traded at a discounted price. Because the accepting institution is obligated to pay for the bill, a Bankers Acceptance is considered less risky than commercial paper.

At the time of purchase, BAs must be rated A-1/P-1/F1 or better by at least two of the three nationally recognized rating services (S&P, Moody's and Fitch). BAs are primarily used to finance international trade. BAs are timed drafts (bills of exchange) drawn on and accepted by a commercial bank Issuers must be a corporation with total assets in excess of $5 Billion. Purchases of Bankers Acceptances will not exceed 15% of the pool for domestic commercial banks and 15% of the pool for foreign commercial banks.

F. Collateralized Time Deposits

Collateralized Certificates of Deposit must comply with Bank Deposit Law. Purchases of Collateralized Certificates of Deposit will not exceed 15% of the pool.

G. Mortgage Backed Securities and Asset Backed Securities

A. Mortgage Backed Securities
The securities must be rated in a rating category of "AA" or its equivalent or higher by at least two of the three nationally recognized rating services (S&P, Moody's and Fitch). Securities shall have a maximum remaining maturity of five years. Combined holdings of Mortgage Backed Securities and Asset Backed Securities will not exceed 20% of the pool.

The allowable types of Mortgage Backed Securities include the following:

1. U.S. Government Agency Mortgage pass-through securities.
2. Collateralized Mortgage Obligations (CMO) where the underlying mortgages have U.S. government backing.

B. Asset Backed Securities

The securities must be rated “AAA” or its equivalent by at least two of the three nationally recognized rating services (S&P, Moody’s and Fitch). Securities shall have a maximum remaining maturity of five years. Combined holdings of Asset Backed Securities and Mortgage backed Securities will not exceed 20% of the pool.

The allowable types of Asset Backed Securities include the following:

1. Equipment lease back certificates.
2. Consumer receivable backed bonds.
3. Auto loan receivable backed bonds.

H. Corporate Securities

The maximum maturity for corporate securities is five years. Eligible securities shall be 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. At the time of purchase, corporate securities must be rated in a rating category of “A” or its equivalent or better by at least two of the three nationally recognized rating services (S&P, Moody’s and Fitch). Securities in this classification must be dollar denominated. If a security is owned and downgraded below the pool’s investment standards, the Treasury Oversight Committee will be notified within 10 days of any security downgrades that fall below the pool’s investment standards and the course of action to be taken if any. In addition, the information will be posted on the Treasurer’s website within the same time frame.

Purchases of Corporate Securities shall not exceed 30% of the pool. The amount invested in corporate securities in the “A” rating category may not exceed 27% of the pool (90% of the 30% permitted corporate allocation). For purposes of determining compliance with this requirement, a security’s rating will be determined by its highest rating by either S&P, Moody’s, or Fitch. There is a 5% limitation of the fund in any single issuer of Money Market/Corporate Securities, however, the Pool has a target of holding no more than 3%. The 3% target may be exceeded under exceptional circumstances (i.e.: peak tax collection periods, G.O. Bond issuances, etc.) when there is a large influx of cash.

I. US Instrumentalities

United States dollar denominated senior unsecured, unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American

Development Bank, with a maximum maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category “AA” or its equivalent or higher by at least two of the three nationally recognized rating services (S&P, Moody’s and Fitch). Purchases of US Instrumentalities are not to exceed 30% of the pool.

J. CA Municipal Obligations

Registered state warrants or municipal notes or bonds of this state, 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. Investments under this subdivision shall be rated in a rating category “AA” or its equivalent or higher by at least two of the three nationally recognized rating services (S&P, Moody’s and Fitch). Such investments shall have a maximum security of five years or less, and shall not exceed 30% of the pool, 5% per issuer. The foregoing investments shall be limited to the General Obligation (GO) bonds, Tax & Revenue Anticipation Notes (TRANs), or other debt, which is issued by the state of California, the University of California Regents or the California State University Regents.

K. Repurchase Agreements

Repurchase Agreements must be executed with dealers with whom the County has written agreements and are either banking institutions that meet the rating requirements of this policy or dealers who report to the Market Reports Division of the Federal Reserve Bank of N.Y. (Primary Dealers). All transactions must be collateralized at 102% of current value plus accrued interest and must be marked to market daily. The only acceptable collateral for these transactions include Treasuries or Agencies with a maximum maturity of seven years.

For purposes of this authorized investments section, the term “Repurchase Agreement” means a purchase of a security by the County pursuant to an agreement by which the seller will repurchase the securities on or before a specified date and for a specified dollar amount and will deliver the underlying securities to the County by book entry. All County pool transactions are conducted through the County custodian on a payment vs. delivery basis. When the transaction is unwound, the transfer of the underlying securities will revert to the counter party’s bank account by book entry. The term “Counter party” means the other party to the transaction with the County. The Counter Party, or its parent, must have a short-term rating of “A-1,” “P-1,” or “F1” by at least two of the three nationally recognized rating services (S&P, Moody’s and Fitch). The maximum allowable term of a repurchase agreement shall not exceed 92 days.

L. Local Agency Investment Fund (LAIF)

The Local Agency Investment Fund (LAIF) is an investment fund run by the Treasurer of the State of California to pool local agency monies. LAIF will be used as a comparative fund to the County's pool. The maximum percent of the fund that can be invested is up to the current State limit.

M. Mutual Funds

Shares of beneficial interest issued by diversified management companies as defined in Government Code Section § 53601. Purchases of Mutual Funds will not exceed 20% of the pool, 10% per mutual fund.

N. Local Government Investment Pools (LGIPs)

Shares of beneficial interest issued by a joint power's authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized by the Government Code. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. Purchases are limited to LGIPs that seek to maintain a stable share price and will not exceed 20% of the pool, 10% per LGIP.

VIII. Security Lending

Security Lending is a temporary exchange of portfolio assets for acceptable collateral between a lender and an approved borrower. The additional income generated from this transaction can be used to enhance portfolio performance. This process can be summarized in three key steps:

A. The Security Lending agent lends securities from our portfolio to an approved borrower at a negotiated rate. The negotiated rate is dependent upon the level of demand for the securities.

B. The Security Lending agent invests the cash collateral in highly liquid, short duration, high credit quality instruments approved by our investment policy.

C. The earnings generated net of rebates from these transactions are split between the third party agent and the County based on the contract agreement.

Our contract with The Bank of New York requires daily reporting of the securities borrowed, the borrowers, and the short term investments made with the collateral. The County retains the right to recall securities at any given time; cutoffs are 9:30 a.m. eastern standard time for same day recalls of treasuries/agencies and 1:30 p.m. eastern standard time on trade date for corporates. We also require acknowledgement of the County Investment Policy, and check the adherence to that policy daily.

All securities purchased with any funds received as a result of such lending shall be regularly monitored and re-evaluated. Should their ratings fall below the pool's investment standards, the Treasury Oversight Committee will be notified within 10 days of any security downgrades that fall below the pool's investment standards and the course of action if any. In addition, the information will be posted on the Treasurer's website within the same time frame.

Additionally, the percentage of the Fund's market value in any one issuer's securities shall be regularly monitored and the Treasury Oversight Committee will be notified within 10 days, and the information posted on the Treasurer's website, of any instances where the percentage of the Fund's market value in any one issuer's securities exceeds the percentage limitations set forth herein or where there is any change in diversification and the course of action, if any.

There are always risks in any financial transaction. The three most common risks in Security Lending are as follows:

A. Borrower Default Risk – Although rare, a borrower may not return a security in a timely manner. To protect against this risk, we require 102% cash collateral, which is marked to market and monitored daily. In the event of borrower default, the Security Lending agent is responsible for replacing the securities or providing the cash value of the securities. In other words, The Bank of New York indemnifies the County of San Mateo against borrower default.

B. Collateral Investment Risk – The value of the securities in which we invest the cash collateral may decline due to fluctuations in interest rates or other market related events. This risk is controlled by investing in a huge investment pool with highly liquid short duration, high credit quality instruments identified in this investment policy.

C. Operational Risks – Critical operations, such as maintaining the value of the collateral, collecting interest and dividend payments are essential to a smooth running Security Lending operation. Operational risks are the responsibility of the Security Lending agent. We further mitigate this risk by reviewing all transactions and collateral requirements on a daily basis.

Schedule 1 – Securities Lending

Securities Loans

- No more than 5% of the Pool can be on loan to any single counterparty.
- A single loan shall not exceed 3% of the total portfolio.
- The maximum maturity of a securities loan shall not exceed 92 days.

Collateral

Acceptable Collateral
U.S. Treasuries and Agencies and cash.

Collateral Investment
The only authorized investments are shown in the following table. No floating or reset notes are permitted.

"Fund" means actual market value of all securities lending collateral.

INSTRUMENT	RATING	-	LIMITATIONS	
		% of Fund	% of Fund per Issuer	Maturity
U.S. Treasury Obligations		100	100%	1 year

INSTRUMENT	RATING	-	LIMITATIONS	
Obligations of U.S. Agencies or government sponsored enterprises	AA or A-1	100	40% per issuer	1 year
Repurchase agreements secured by U.S. Treasury or agency obligation (102% collateral)	A-1	100	50%	overnight
Bankers Acceptances Domestic Foreign	A-1 / P-1/ F1	 15 15	 5% Aggregate 5% Aggregate	 180 days 180 days
Commercial paper	A-1 / P-1 / F1	40	5% Aggregate	270 days or less

Other

Agent Qualifications
The only acceptable Agent is the Pool's custodian bank.

Contract Provisions
The Agent must indemnify the Pool against borrower default.

The Agent must acknowledge and accept the Policy in writing. A copy of this acceptance will be attached to future policies.

The Agent must submit monthly reports showing securities out on loan (terms and borrowers), defaults, earnings, and the percent by sector of Pool assets out on loan as well as information on the collateral investments (including market values, income and realized and unrealized gains and losses).

Oversight
The Treasurer shall include copies of the Agent's most recent report with their reports to the Treasury Oversight Committee.

IX. Community Reinvestment Act Program

A. This policy sets aside up to $5 million dollars for investment in banks whose primary operations are located in San Mateo County. Investments from this fund must meet the requirements of this investment policy. Eligible banks must have Community Reinvestment Act performance ratings of "satisfactory" or "outstanding" from each financial institution's regulatory authority. In addition, deposits greater than the federally-insured amount must be collateralized. Banks must place securities worth between 110% and 150% of the value of the deposit with a custodial bank.

X. Diversification and Maturity Restrictions

It is the policy of the Treasurer to diversify the Fund's portfolios. Investments are diversified to minimize the risk of loss resulting in over concentration of assets in a specific maturity, specific issuer or a specific class of securities. Diversification strategies shall be established by the Treasurer and whoever has been retained to perform the investment function.

Instrument	Min. Rating Category	% of Fund	Limitations % of Fund per Issuer	Maturity
U.S. Treasury Obligations		100%	100%	7 years
Obligations of U.S. Agencies or government sponsored enterprises U.S. Agencies Callables	AA or A-1 AA	100%	40% 25%	7 years 7 years
Commercial paper (two agencies)	A-1/P-1/F1	40%	5% Aggregate	270 days or less
Negotiable Certificates of Deposit ($5 billion minimum assets) (two agencies)	A-1/P-1/F1	30%	5% Aggregate	5 years
Bankers Acceptances *Domestic: ($5 billion minimum assets) *Foreign: ($5 billion minimum assets) (two agencies)	A-1 / P-1/ F1	15% 15%	5% Aggregate 5% Aggregate	180 days 180 days
Collateralized Time Deposits within the state of CALIFORNIA	A-1/P-1/ F1	15%	5% Aggregate	1 year
Mortgage Backed Securities/CMO's: No Inverse Floaters No Range Notes No Interest only strips derived from a pool of Mortgages Asset Backed Securities	AA AAA	20% Combined total	5% Aggregate 5% Aggregate	5 Years 5 Years
Corporate bonds, Medium Term Notes & Covered Bonds (two agencies)	A	30% A maximum of 27% may be invested in	5% Aggregate	5 years

Instrument	Min. Rating Category	% of Fund	Limitations % of Fund per Issuer	Maturity
		A rated securities (90% of the 30% allocation)		
US Instrumentalities	AA	30%		5 Years
CA Municipal Obligations	AA	30%	5% Aggregate	5 Years
Repurchase Agreements secured by U.S. Treasury or agency obligation (102% collateral)	A-1	100%	See limitations for Treasuries and Agencies above	92 days
Local Agency Investment Fund (LAIF)			Up to the current state limit	
Shares of beneficial interest issued by diversified management companies as defined in Government Code Section§ 53601(Mutual Funds)	Money Market AAAm	20%	10% per mutual fund	
Local Government Investment Pools (LGIPs)		20%	10% per LGIP	

XI. Average Life

The maximum dollar weighted average maturity of the fund will be 3 years. The focus of this fund is in order of priority: preservation of principal, liquidity and then yield. The policy of maintaining a maximum dollar weighted maturity or weighted average maturity (WAM) of 3 years leaves open the flexibility to take advantage of interest rate trends to maximize the return on investment. The imposed maximum 3-year average maturity limits the market risk to levels appropriate to a short, intermediate income fund. The word “Maturity” refers to the instrument’s stated legal final redemption date - not coupon reset, put or call dates.

Securities purchased specifically to match the maturity of a bond issue and/or a contractual arrangement must be authorized by California Government Code §53601 and §53635 but are not included in the requirements listed above. Such securities shall be clearly designated in the appropriate investment journals and reports.

XII. Prohibited Transactions

At the time of purchase, all permitted investments shall conform in all respects with this Investment Policy and California Government Code Sections §53601, §53601.1, §53601.2, §53601.6, and §53635, as may be amended from time to time. No investment prohibited by the California Government Code or other controlling provision of law shall be permitted herein.

Any investment transactions, credit risk criterion, percentage limitations or market valuation that are not in compliance with this Investment Policy **at time of purchase** must be documented and approved by the Treasurer in writing. Thereafter, action shall be taken by the Treasurer to correct such matter as soon as practical. If a percentage restriction is adhered to at the time of purchase, a later increase or decrease in percentage resulting from a change in values or assets will not constitute a violation of that restriction.

The Treasurer shall not leverage the County pool through any borrowing collateralized or otherwise secured by cash or securities held unless authorized by this investment policy.

Security Lending is authorized by this policy and will be limited to a maximum of 20% of the portfolio.

The following transactions are prohibited:

A. Borrowing for investment purposes (“Leverage”).

B. Inverse floaters, leveraged floaters, equity-linked securities, event-linked securities, structured investment vehicles (SIV).

Simple “floating rate notes” whose periodic coupon adjustment is based on a short-term (one-year or less) rate index (such as Treasury bills, federal funds, prime rate or LIBOR) and which have a reasonable expectation of maintaining a value at par at each interest rate adjustment through final maturity, are exempt from this definition. Additionally, U.S. Treasury and Agency zero coupon bonds, U.S. Treasury and Agency strips, Resolution Funding Corporation (REFCORP) strips or other callable securities which otherwise meet quality, maturity and percent limitations assigned to their respective security category, are exempt from this section.

C. Derivatives (e.g. swaptions, spreads, straddles, caps, floors, collars, etc.) shall be prohibited.

D. Trading of options and futures are prohibited.

XIII. Method of Accounting:

A. For earnings calculations, investments will be carried at original purchase cost (plus purchased accrued interest, if applicable). Premiums or discounts acquired in the purchase of securities will be amortized or accreted over the life of the respective securities. For GASB purposes, investments will be carried at cost and marked to market.

B. Gains or losses from investment sales will be credited or charged to investment income at the time of sale. All interest income, gains/ losses are posted quarterly.

C. Premiums paid for callable securities will be amortized to the 1st call date after purchase.

D. Purchased accrued interest will be capitalized until the first interest payment is received. Upon receipt of the first interest payment, the funds will be used to reduce the investment to its principal cost with the remaining balance credited to investment income.

E. Yield is calculated on an accrual basis using a 365-day calendar year. Earnings are calculated as follows:

$$\frac{\text{(Earnings* + Capital Gains) - (Fees+Amortized Premiums + Capital Losses)}}{\text{Average Daily Pool Balance}}$$

* Earnings equal net interest payments + accrued interest + accreted discounts.

F. The County Pool is operated as a single investment pool. Banking and reporting services required by a participant are charged directly to the participant. All participants are charged an administrative fee.

G. The administrative fee is 9.5 basis points effective July 1, 2018 and will be evaluated annually.

The County Pool Administrative Fee is established annually and is effective July 1 through June 30. The fee is developed to align with the actual administrative cost of managing the pool. Due to variations in the pool size during the fiscal year (such as those caused by the influx of funds from unanticipated school bond issues or voluntary pool participant withdrawals), a true-up of fees collected will take place in the 4th quarter of each fiscal year.

XIV. Safekeeping

All deliverable security transactions, including collateral for repurchase agreements, entered into by the Treasurer shall be conducted on a Delivery-versus-Payment basis (DVP).

All deliverable securities shall be held by a third-party custodian designated by the Treasurer. The third-party custodian shall be required to issue a safekeeping statement to the Treasurer listing the specific instrument, rate, maturity and other pertinent information.

XV. Performance Evaluation

The Treasurer shall submit monthly, quarterly and annual reports, in compliance with Government Code Sections §53607 and §53646 to the Treasury Oversight Committee, Pool participants and the Board of Supervisors. These reports shall contain sufficient information to permit an informed outside reader to evaluate the performance of the investment program and shall be in compliance with Government Code. This includes the type of investments, name of issuer, maturity date, par and dollar amount of the investment. For the total Pooled Investment Fund, the report will list average maturity, the market value and the pricing source. Additionally, the report will show any funds under the management of contracting parties, a statement of compliance to the Policy and a statement of the Pooled Investments Fund's ability to meet the expected expenditure requirements for the next 6 months. In accordance with GASB Statements 31 and 40, the Treasurer shall provide financial information on the treasury for the County's Comprehensive Annual Financial Report.

XVI. Withdrawal Requests

Voluntary Pool Participants

A. Any request to withdraw funds shall be released at no more than 12.5% per month, based on the month-end balance of the prior month.

B. Current secured tax apportionments and property tax revenue distributed to Redevelopment Property Tax Trust Funds will be exempt from the 12.5% withdrawal rule, however, these apportionments must be withdrawn in the same month they are received or they will be subjected to the 12.5% withdrawal rule.

C. Any additional withdrawal requests will be considered on a case-by-case basis.

D. All requests for withdrawals must first be made in writing to the Treasurer, at a minimum, 24 hours in advance.

In accordance with California Government Code § 27136 et seq, and §27133 (h) et seq, these requests are subject to the Treasurer's consideration of the stability and predictability of the pooled investment fund, or the adverse effect on the interests of the other depositors in the pooled investment fund.

Schools

A. Withdrawals of surplus funds by a school district for investment elsewhere will require a Resolution from the District Office requesting such withdrawal and specifying that funds are 'surplus.' Such requests must be made at a minimum 24 hours in advance.

B. A one-year dark period will exist for such withdrawals before funds can be re-deposited into the treasury by that school district. A Resolution from the District Office will be required to do so.

C. Any emergency situation that requires previously withdrawn school district funds be re-deposited into the treasury within that one-year period will require a Resolution from the District Office and Office of Education.

D. No Bond Proceeds may be withdrawn for investment outside of the pool (AB2738)

XVII. Internal Controls

The County Treasurer shall establish internal controls to provide reasonable assurance that the investment objectives are met and to ensure that the assets are protected from loss, theft, or misuse. The County Treasurer shall also be responsible for ensuring that all investment transactions comply with the County's investment policy and the California Government Code.

The County Treasurer shall establish a process for daily, monthly, quarterly and annual review and monitoring of investment program activity.

Daily, the County Treasurer or authorized treasury personnel shall review the investment activity, as well as corresponding custodial and commercial bank balances and positions for compliance with the investment policy and guidelines. The County Controller's Office shall conduct an annual audit of the investment program's activities. It is to be conducted to determine compliance with the County's investment policy and the Government Code. The audit shall be conducted by staff with experience in auditing large, complex investment programs consistent with industry standards as promulgated by the Global Investment Performance Standards (GIPS) adopted by the CFA Institute Board of Governors.

A. Investment Authority and Responsibility

The responsibility for conducting the County's investment program resides with the Treasurer, who supervises the investment program within the guidelines set forth in this policy. The Treasurer may delegate the authority for day-to-day investment activity to whoever has been retained to perform the investment function.

B. County Treasury Oversight Committee

The Board of Supervisors, in consultation with the Treasurer, has established the County Treasury Oversight Committee pursuant to California Government Code § 27130 et seq. Members of the County Treasury Oversight Committee shall be selected pursuant to California Government Code §27131. The Treasury Oversight Committee will meet at least three times a year to evaluate general strategies and to monitor results and shall include in its discussions the economic outlook, portfolio diversification, maturity structure and potential risks to the County pool's funds. All actions taken by the Treasury Oversight Committee are governed by rules set out in § 27131 et seq. of the California Government Code.

Members of the County Treasury Oversight Committee must pay particular attention to California Government Code § 27132.1, § 27132.2, § 27132.3 and § 27132.4, which read as follows:

> § 27132.1 A member may not be employed by an entity that has (a) contributed to the campaign of a candidate for the office of local treasurer, or (b) contributed to the campaign of a candidate to be a member of a legislative body of any local agency that has deposited funds in the county treasury, in the previous three years or during the period that the employee is a member of the committee.
>
> § 27132.2 A member may not directly or indirectly raise money for a candidate for local treasurer or a member of the governing board of any local agency that has deposited funds in the county treasury while a member of the committee.

§ 27132.3 A member may not secure employment with bond underwriters, bond counsel, security brokerages or dealers, or with financial services firms, with whom the Treasurer is doing business during the period that the person is a member of the committee or for one year after leaving the committee.

§ 27132.4 Committee meetings shall be open to the public and subject to the Ralph M. Brown Act (chapter 9 (commencing with section 54950) of Part 1 of Division 2 of Title 5).

C. Reporting

The Treasurer will prepare a monthly report for the County pool participants and members of the County Treasury Oversight Committee stating, for each investment: the type of investment, name of the issuer, maturity date, par value of the investment, current market value and the securities S&P/Moody's rating. For the total pooled investment fund, the report will list average maturity, effective duration, cost, the current market value, net gains/losses and the sector and issuer concentrations. In addition, the report will break down distribution by maturities, coupon, duration and both S&P/Moody's ratings. The Treasurer shall prepare a monthly cash flow report which sets forth projections for revenue inflows, and interest earnings as compared to the projections for the operating and capital outflows of depositors. This projection shall be for a minimum of 12 months. All Reports will be available on the County Treasurer's website at treasurer.smcgov.org

D. Annual Audit of Compliance

The County Treasury Oversight Committee shall cause an annual audit to be conducted of the portfolio, procedures, reports and operations related to the County pool in compliance with California Government Code § 27134.

E. Pool Rating

The Pool strives to maintain the highest credit rating at all times. Annually, a contract may be requested for a rating from one of the three leading nationally recognized credit rating organizations (S&P, Moody's or Fitch).

F. Compliance Review

The County will ensure a monthly compliance review of the County's portfolio holdings and provide a monthly written report which will:

1. Verify the accuracy of holdings information.
2. Provide summary level information about the portfolio.
3. Verify compliance with California Government Code.
4. Verify compliance with the County's written Investment Policy.
5. List any exceptions or discrepancies identified.

G. Loss Control

While this Investment Policy is based on "the Prudent Investor Rule", the Treasurer shall seek to enhance total portfolio return by means of actively managing the portfolio. In any professionally managed portfolio, occasional controlled losses are inevitable and must be realized and judged within the context of overall portfolio performance. Losses shall be allocated as otherwise described in this policy in section XIII, entitled "Method of Accounting".

H. Credit Quality

Should any investment or financial institution represented in the portfolio, be downgraded by any of the major rating services to a rating below those established in this investment policy, the Treasurer must immediately make an informed decision as to the disposition of that asset and will so advise the County Treasury Oversight Committee. The situation will be monitored daily by the Treasurer until final disposition has been made.

I. Approved Brokers

The Treasurer will maintain a current list of Approved Brokers and Dealers who may conduct business with the County. All financial institutions on the approved list will be evaluated individually, with preference given to primary dealers, who possess a strong capital and credit base appropriate to their operations. The Treasurer will forward a copy of the County Investment Policy to all approved brokers and require written acknowledgment of the policy from the broker.

No broker, brokerage, dealer or securities firm is allowed on the approved list if, within any consecutive 48-month period, they have made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the local Treasurer, any member of the governing board of the local agency or any candidate for those offices.

If the County has contracted with an investment advisor to provide investment services, the investment advisor may use their own list of approved issuers, brokers/dealers and financial institutions to conduct transactions on the County's behalf.

J. Transaction Settlement

Payment of settlement in a securities transaction will be against delivery only.
A due bill or other substitution will not be acceptable. All securities purchased from the brokers/dealers must be held in safekeeping by the County's safekeeping agent or designated third party.

K. Internal Controls

The Treasurer has established a system of controls designed to prevent losses of pooled funds due to fraud, employee error, and misrepresentations by third parties, and unanticipated changes in financial markets or imprudent actions by employees of the County. The controls include:

1. Procedures for investment activity which includes separation of duties for transaction authority, accounting and operations and requires clear documentation of activity.
2. Custodial safekeeping as prescribed in California Government Code § 53601.
3. Independent audit, both external and internal.
4. Clear delegation of authority.
5. Written confirmations of all telephone transactions.
6. Establishment of written ethical standards and rules of behavior.

XVIII. Execution of Investment Authority

A. All transactions are documented as to date, time and vendor, signed by the originator and include the following information:

1. Buy or sell
2. Specific description of security involved (CUSIP)
3. Settlement date
4. Price
5. The total amount of funds involved
6. On non-treasury or agency transactions a notation will be made on the transaction ticket of competitive bids and offers
7. Broker/dealer

B. Information in “A” must be provided to the Investment Specialist for the following purpose:

1. To contact the dealer to verify the information on the trade with the dealer’s instructions. Any misunderstanding must be clarified prior to settlement.
2. To provide the County’s custodian bank with the specifics of the pending transaction to assure a smooth settlement.
3. To compare with the daily custodian transaction report to assure there are no errors.
4. To generate the internal entries necessary for the movement of funds to complete the transaction.
5. To compare with the broker’s confirmations when received.

C. At the end of each day, the Investment Specialist summarizes all of the current day transactions in a “Daily Cash Flow Report” available immediately the following morning. This report includes:

1. A summary of all the day’s investment transaction.
2. A listing of the day’s incoming and outgoing wires.
3. A listing of the day’s state automatics and other deposits received.
4. If the pool has “Repos” out, the current earnings rate statement.
5. An estimate of the total anticipated clearings for the day.

D. A best effort will be made to obtain a minimum of three prices from different brokers before executing a security transaction whenever possible. Exceptions will occur with Treasuries. In those cases the Bloomberg screen will be printed as close to the actual executed price as possible. In the case of money market, agencies or corporate securities, a best effort will be made to obtain differential bids and offers.

E. <u>Repurchase Agreements</u> All Repurchase Agreements with approved dealers will be governed by a Public Securities Association (PSA) agreement that has been approved in writing by the Treasurer.

F. <u>Confirmations</u> resulting from securities purchased or sold under a Repurchase Agreement shall state the exact and complete nomenclature of the underlying securities bought or sold, as well as the term structure (i.e. maturity) of the transaction.

G. <u>Securities on loan</u> and their corresponding investments under the County Security Lending Program must be monitored daily by the Investment Specialist to assure the County Treasurer or Designee has a list of those securities that are out on loan. Interest earned will be monitored daily and compared to the monthly report of earnings by the custodial bank.

H. The assets of the County shall be held in safekeeping by the County’s safekeeping agent, or secured through third-party custody and safekeeping procedures. A due bill or other substitution will not be acceptable.

I. <u>Safekeeping</u> procedures shall be reviewed annually by the Treasurer’s office and an external auditor. Surprise audits of safekeeping and custodial procedures must be conducted at least once a year.

J. <u>Security Lending:</u> The custodial bank may be authorized to lend out up to 20% of the portfolio within the guidelines of this policy. Guidelines for securities lending and the investment of collateral are attached to this policy as Schedule 1. Securities on loan must be monitored daily by the Treasurer’s office to assure that the Treasurer has a list of those securities that are out on loan. Interest earned will be monitored daily and compared to the monthly report of earnings by the custodial bank.

K. Voluntary Participants participating in the San Mateo County Pooled Fund meet the following requirements:

1. A public agency
2. Domiciled in the County of San Mateo.
3. Agree to abide by the approved San Mateo County Pooled Fund Investment Policy Statement.
4. Acknowledge changes to the policy annually in writing and meet the minimum balance requirements (250K).

Effective 11/1/2018, acceptance of new voluntary participants was discontinued to decrease liquidity requirements.

L. Agencies whose jurisdiction includes San Mateo County, but are not domiciled in San Mateo County, may participate in the San Mateo County Pooled Fund with the approval of the Treasurer and the County Treasury Oversight Committee.

XIX. Disaster Recovery

The San Mateo County Treasurer's Disaster Recovery Plan includes critical phone numbers and addresses of key personnel as well as active bankers and brokers/dealers. Portable devices have been issued to key personnel for communicating between staff, banks and broker/dealers. The plan includes an offsite location to be communicated at the time of readiness if our offices are uninhabitable.

In the event investment staff is unable to invest the portfolio, the custodial bank will automatically sweep all un-invested cash into a collateralized account at the end of the business day. Union Bank is currently the pools bank.

Should this guarantee program not be extended, a collateralized account will be set up. Until normal operations of the Treasurer's office have been restored, the limitations on the size of an individual issuer and the percentage restrictions by investment type would be allowed to exceed those approved in this Investment Policy.

XX. Ethics and Conflict of Interest

The Treasurer and all investment personnel shall refrain from personal business activity which could create a conflict with proper execution of the investment program or which could impair the ability to execute impartial investment decisions. The Treasurer and all investment personnel shall complete and submit State of California Form 700, Statement of Economic Interests Disclosure annually.

XXI. Limits on Honoraria, Gifts and Gratuities

In accordance with California Government Code Section 27133, this policy establishes limits for the Treasurer; individuals responsible for management of the portfolios; and members of the Treasury Oversight Committee; select individual investment advisors and broker/dealers who conduct day-to-day investment trading activity.

Any individual who receives an aggregate total of gifts, honoraria and gratuities in excess of $50 in a calendar year from a broker/dealer, bank or service provider to the Pooled Investment Fund must report the gifts, dates and firms to the designated filing official and complete the appropriate State forms.

No individual designated in a conflict of interest code may receive aggregate gifts, honoraria and gratuities in a calendar year in excess of the amount specified in Section 18940.2(a) of Title 2, Division 6 of the California Code of Regulations. Gifts from a single source are subject to a $420 limit. Any violation must be reported to the State Fair Political Practices Commission.

Comparison and Interpretation of Credit Ratings[1]

Long Term Debt Ratings

Rating Interpretation	Moody's	Standard & Poor's	Fitch
Best-Quality grade	Aaa	AAA	AAA
High-Quality Grade	Aa1 Aa2 Aa3	AA+ AA AA-	AA+ AA AA-
Upper Medium Grade	A1 A2 A3	A+ A A-	A+ A A-
Medium Grade	Baa1 Baa2 Baa3	BBB+ BBB BBB-	BBB+ BBB BBB-
Speculative Grade	Ba1 Ba2 Ba3	BB+ BB BB-	BB+ BB BB-
Low Grade	B1 B2 B3	B+ B B-	B+ B B-
Poor Grade to Default	Caa	CCC+	CCC
In Poor Standing	- -	CCC CCC-	- -
Highly Speculative Default	Ca C	CC -	CC -
Default	- - -	- - D	DDD DD D

Short Term/Commercial Paper Investment Grade Ratings

Rating Interpretation	Moody's	Standard & Poor's	Fitch
Superior Capacity	P-1	A-1+/A-1	F1+/F1
Strong Capacity	P-2	A-2	F2
Acceptable Capacity	P-3	A-3	F3

[1] These are general credit rating guidelines and are for information only

GLOSSARY OF TERMS

ACCRUED INTEREST

Interest that has accumulated but has not yet been paid from the most recent interest payment date or issue date to a certain date.

ASSET-BACKED SECURITIES (ABS)

A financial security backed by a loan, lease or receivables against assets other than real estate and mortgage-backed securities. For investors, asset-backed securities are an alternative to investing in corporate debt.

AVERAGE LIFE

The length of time the principal of a debt issue is expected to be outstanding. The average life is an average period before a debt is repaid through amortization or sinking fund payments.

BANKERS' ACCEPTANCE

A time bill of exchange drawn on and accepted by a commercial bank to finance the exchange of goods. When a bank "accepts" such a bill, the time draft becomes, in effect, a predated, certified check payable to the bearer at some future specified date. Little risk is involved for the investor because the commercial bank assumes primary liability once the draft is accepted.

BASIS POINT

One basis point is equal to 1/100 of one percent or .01%. Thus, 100 basis points equals 1%.For example, if interest rates increase from 4.25% to 4.50%, the difference is referred to as a 25-basis-point increase.

BENCHMARK

A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BID

The price at which a buyer offers to buy a security.

BOND

A bond is essentially a loan made by an investor to a division of the government, a government agency or a corporation. The bond is a promissory note to repay the loan in full at the end of a fixed time period. The date on which the principal must be repaid is the called the maturity date or maturity. In addition, the issuer of the bond, that is, the agency or corporation receiving the loan proceeds and issuing the promissory note, agrees to make regular payments of interest at a rate initially stated on the bond. Bonds are rated according to many factors, including cost, degree of risk and rate of income.

BOOK VALUE

The value of a held security as carried in the records of an investor. May differ from current market value of the security.

BROKER/DEALER
Any person engaged in the business of effecting transactions in securities in this state for the account of others or for her/his own account. Broker/dealer also includes a person engaged in the regular business of issuing or guaranteeing options with regard to securities not of her/his own issue.

CALLABLE SECURITIES
An investment security that contains an option allowing the issuer to retire the security prior to its final maturity date.

COMMERCIAL PAPER
Short-term, unsecured promissory notes issued in either registered or bearer form and usually backed by a line of credit with a bank. Maturities do not exceed 270 days and generally average 30-45 days.

COLLATERALIZED TIME DEPOSITS
An interest-bearing bank deposit that has a specific maturity date.

CORPORATE BOND
A debt security issued by a corporation and sold to investors. The backing for the bond is usually the payment ability of the company, which is typically money to be earned from future operations. In some cases, the company’s physical assets may be used as collateral for bonds. Corporate bonds are considered higher risk than government bonds. As a result, interest rates are almost always higher, even for top flight credit quality companies.

COUPON RATE
The annual rate of interest payable on a security expressed as a percentage of the principal amount.

COVERED BOND
A covered or mortgage bond is an on-balance sheet obligation of the issuing institution. Typically, a covered bond receives the legal structure, the issuer’s backing and the pledge of quality assets, should the issuer fail to qualify for a higher rated bond.

CREDIT RISK
The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

CURRENT YIELD
The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor’s cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

CUSIP NUMBERS
CUSIP is an acronym for Committee on Uniform Security Identification Procedures. CUSIP numbers are identification numbers assigned each maturity of a security issue and usually printed on the face of each individual security in the issue. The CUSIP numbers are intended to facilitate identification and clearance of securities.

DISCOUNT

The amount by which the par value of a security exceeds the price paid for the security.

DIVERSIFICATION

Dividing investment funds among a variety of securities offering independent returns.

DURATION

The weighted average time to maturity of a bond where the weights are the present values of future cash flows. Duration measures the price sensitivity of a bond to changes in interest rates.

EARNINGS APPORTIONMENT

The quarterly interest distribution to the Pool Participants where the actual investment costs incurred by the Treasurer are deducted from the interest earnings of the Pool.

ENVIRONMENTAL SOCIAL GOVERNANCE (ESG) PRINCIPLES

Assessment of investment issuers with respect to the following:
Environmental: How a company limits its environmental impact and carbon footprint.
Social: How a company treats its employees, customers, community, and other companies with whom it interacts.
Governance: How a company is led and managed, including executive pay and internal controls.

EQUITY-LINKED SECURITIES

A hybrid debt instrument that is linked to the equity markets. Equity-linked securities can be in the form of a single stock, a group of stocks or an equity-based index, such as the S&P 500.

EVENT-LINKED SECURITIES

A type of bond whose interest and principal payments are determined based on the non-occurrence of certain events such as an earthquake and hurricane. If an event, usually referred to as a "trigger event", occurs, then the holder of the bond could see a loss of all future interest payments or a loss of most principal.

FAIR VALUE

The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

FEDERAL FUNDS

Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend Fed funds to each other overnight or on a longer basis. They may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed funds are considered to be immediately available funds.

FEDERAL FUNDS RATE

Interest rate at which banks lend federal funds to each other.

FEDERAL OPEN MARKET COMMITTEE (FOMC)

This committee sets 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.

FIDUCIARY

An individual who holds something in trust for another and bears liability for its safekeeping.

FLOATING RATE NOTE

A debt security whose interest rate is reset periodically (monthly, quarterly, annually) and is based on a market index (e.g. Treasury bills, LIBOR, etc.).

FUTURES

Commodities, which are sold to be delivered at a future date

INTEREST

The amount earned while owning a debt security, generally calculated as a percentage of the principal amount.

INVERSE FLOATING RATE NOTES

Variable-rate notes whose coupon and value increase as interest rates decrease.

LEVERAGED FLOATER

A security, generally a bond, which has a leverage factor of greater than one and a fixed margin with a variable coupon rate, which is tied to a benchmark interest rate or index.

LIQUIDITY

The ease with which investments can be converted to cash at their present market value. Liquidity is significantly affected by the number of buyers and sellers trading a given security and the number of units of the security available for trading.

LOCAL AGENCY INVESTMENT FUND (LAIF)

The State of California investment pool in which money of local agencies is pooled as a method for managing and investing local funds.

MARKET RISK

Market risk is the risk that investments will change in value based on changes in general market prices.

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 of a security becomes due and payable to the holder.

MONEY MARKET MUTUAL FUND

A mutual fund with investments directed in short-term money market instruments only, which can be withdrawn daily without penalty.

MORTGAGE-BACKED SECURITIES (MBS)

A type of asset-backed security that is secured by a mortgage or collection of mortgages. These securities must also be grouped in one of the top two ratings as determined by an accredited credit rating agency, and usually pay periodic payments that are similar to coupon payments.

MUNICIPAL BOND

Debt obligation of a state or local government entity

NEGOTIABLE CERTIFICATE OF DEPOSIT (NCD)

A negotiable certificate of deposit (NCD) is a certificate of deposit with a minimum face value of $100,000, and they are guaranteed by the bank and can usually be sold in a highly liquid secondary market, but they cannot be cashed in before maturity.

OPTION

A contract that provides the right, but not the obligation, to buy or to sell a specific amount of a specific security within a predetermined time period. A call option provides the right to buy the underlying security. A put option provides the right to sell the underlying security. The seller of the contracts is called the writer.

PAR

The stated maturity value, or face value, of a security.

PAR VALUE

The stated or face value of a security expressed as a specific dollar amount marked on the face of the security, the amount of money due at maturity. Par value should not be confused with market value.

PREMIUM

The amount by which the price paid for a security exceeds the security's par value.

PRIME RATE

A preferred interest rate charged by commercial banks to their most creditworthy customers. Many interest rates are keyed to this rate.

PRUDENT-MAN RULE

When one person is given control over another's assets, such fiduciaries must act as a prudent man or woman would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

RANGE NOTE

A structured note that provides investors with an above market coupon, but against foregoing coupon payments when the floating rate (LIBOR, typically) breaks outside the boundaries of a specific range.

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 and the current income return.

REPURCHASE AGREEMENT OR RP OR REPO

An agreement consisting of two simultaneous transactions whereby the investor purchases securities from a bank or dealer and the bank or dealer agrees to repurchase the securities at the same price on a certain future date. The interest rate on a RP is that which the dealer pays the investor for the use of his funds. Reverse repurchase agreements are the mirror image of the RPs when the bank or dealer purchases securities from the investor under an agreement to sell them back to the investor.

SAFEKEEPING

A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held by the bank in the customer's name.

SECURITIES LENDING

A transaction wherein the Treasurer's Pool transfers its securities to broker/dealers and other entities for collateral which may be cash or securities and simultaneously agrees to return the collateral for the same securities in the future.

SETTLEMENT DATE

The date on which the purchase or sale of securities is executed. For example, in a purchase transaction, the day securities are physically delivered or wired to the buyer in exchange for cash is the settlement date.

STRIPs

Bonds, usually issued by the U.S. Treasury, whose two components, interest and repayment of principal, are separated and sold individually as zero-coupon bonds. Strips are an acronym for Separate Trading of Registered Interest and Principal of Securities.

STRUCTURED INVESTMENT VEHICLES (SIV)

A pool of investment assets that attempts to profit from credit spreads between short-term debt and long-term structured finance products such as asset-backed securities (ABS).

TRADE DATE

The date and time corresponding to an investor's commitment to buy or sell a security.

U.S. AGENCY OBLIGATIONS

Federal agency or United States government-sponsored enterprise obligations, participants, or other instruments. The obligations are issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. Issuers include: Fannie Mae, Farmer Mac, Federal Farm Credit Banks, Freddie Mac, Federal Home Loan Banks, Financing Corporation, Tennessee Valley Authority, Resolution Trust Funding Corporation, World Bank, Inter-American Development Bank and PEFCO.

US INSTRUMENTALITIES

An organization that serves a public purpose and is closely tied to federal and/or state government, but is not a government agency. Many instrumentalities are private companies, and some are chartered directly by state or federal government.

U.S. TREASURY OBLIGATIONS (TREASURIES)

Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk and are the benchmark for interest rates on all other securities in the U.S. and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

WEIGHTED AVERAGE MATURITY

The remaining average maturity of all securities held in a portfolio.

YIELD

The rate of annual income return on an investment, expressed as a percentage. Yield does not include capital gains. (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 from the date of purchase to the date of maturity of the bond.

ZERO-COUPON BOND

A bond on which interest is not payable until maturity (or earlier redemption), but compounds periodically to accumulate to a stated maturity amount. Zero-coupon bonds are typically issued at a discount and repaid at par upon maturity.

Sandie Arnott
TREASURER-TAX COLLECTOR

SAN MATEO COUNTY INVESTMENT POOL FUND FEBRUARY 2023 MONTH END REPORT

TABLE OF CONTENTS

INTRODUCTION SUMMARY

Gross earnings for the month ending February 2023 were 2.414%. Current average maturity of the portfolio is 1.54 years with an average duration of 1.41 years. As of the end of the month, the pool is currently on pace to meet the target rate. The current Par Value of the pool is $7.299 Billion. The largest non-government aggregate position is currently Toronto Dominion Bank NY at 1.08%. The portfolio continues to hold no derivative products.

The estimated earnings for FY 2022-23 is 2.00%.

The San Mateo County Pool complies with Government Code Section 53646, which requires the ability to meet its expenditure requirements for the next six months.

I certify, and our compliance advisor, Silicon Valley Treasury Consulting Group, confirms these reports are in compliance with the Investment Policy dated Calendar Year 2023. Please visit our website if you wish to review Silicon Valley Treasury Consulting Group's monthly compliance report:
https://www.smcgov.org/treasurer/investment-information

If you have any questions regarding any of these reports, please call me at (650) 363-4470.

Best regards,

Sandie Arnott
Treasurer-Tax Collector

Sandie Arnott
Treasurer-Tax Collector

February 28, 2023

RE: SAN MATEO COUNTY INVESTMENT POOL, GASB FAIR MARKET VALUE FACTOR AS OF 2/28/23

As of February 28, 2023, the GASB fair market value factor for the San Mateo County Investment Pool is 0.96476

555 COUNTY CENTER, 1ST FLOOR, REDWOOD CITY, CA 94063

ESTIMATED SUMMARY OF POOL EARNINGS

FEBRUARY 2023

Fixed Income Securities Maturing > 1 year	Par Value	Gross Earnings
U S Treasury Notes	$ 1,369,555,000.00	$ 996,707.19
Corporate Notes	690,982,000.00	1,263,867.80
Floating Rate Securities	22,000,000.00	30,134.68
Federal Agencies	1,593,656,000.00	4,479,489.52
U.S, Instrumentalities	$139,040,000	78,581.67
Asset Backed Securities	$58,434,844.76	26,139.59
Certificate of Deposit	-	-
	$ 3,873,667,844.76	**$ 6,874,920.46**
Short Term Securities Maturing < 1 year		
U S Treasury Notes	$ 663,400,000.00	$ 567,071.55
Corporate Notes	143,865,000.00	116,471.45
Floating Rate Securities	-	-
Federal Agencies	1,942,214,000.00	4,151,766.44
U.S, Instrumentalities	126,356,000.00	219,687.57
U.S. Treasury Bills	-	-
Asset Backed Securities	-	-
Certificate of Deposit	294,000,000.00	593,300.82
Commercial Paper	105,000,000.00	313,483.33
Dreyfus	1,068,052.77	-
CAMP	$150,000,000	96,369.87
LAIF	-	-
	$ 3,425,903,052.77	**$ 6,058,151.05**
Total Accrued Interest	**$ 7,299,570,897.53**	**$ 12,933,071.51**
Total Dollar Earnings for February		**$ 13,743,997.15**

Realized Gain/Loss & Interest Received	Period Earnings
U S Treasury Notes	$ 522,851.18
Corporate Notes	93,620.82
Certificate of Deposit	12,266.41
U.S, Instrumentalities	125.00
Asset Backed Securities	21,144.76
Dreyfus	134,072.94
Union Bank Earnings Credit	26,844.53
Total Realized Income	**$ 810,925.64**

AVERAGE BALANCE		**$ 7,421,407,074.34**
GROSS EARNINGS RATE / GROSS DOLLAR EARNINGS	**2.414%**	**13,743,997.15**
ADMINISTRATION FEES*		**(540,847.75)**
NET EARNINGS RATE / NET DOLLAR EARNINGS	**2.319%**	**$ 13,203,149.40**

*Current admin fees rate is at 9.5bp

SAN MATEO COUNTY TREASURER'S OFFICE

FIXED INCOME DISTRIBUTION - SETTLED TRADES

SAN MATEO COUNTY POOL

February 28, 2023

Summary Information

Totals	
Par Value	7,299,570,898
Market Value	7,093,228,089.03
Total Cost	7,307,962,040.74
Net Gain/Loss	-214,733,951.71
Annual Income	172,532,371.54
Accrued Interest	44,204,807.27
Number of Issues	349

Weighted Averages	
Average YTM	5.05
Average Maturity (yrs)	1.54
Average Coupon (%)	2.40
Average Duration	1.41
Average Moody Rating	Aa1/P-1
Average S&P Rating	AA/A-1

Distribution by Maturity

Maturity	Number	Mkt Value	% Bond Holdings	Average Y T M	Average Coupon	Average Duration
Under 1 Yr	141	3,412,149,237.58	48.1	5.1	2.242%	0.4
1 Yr - 3 Yrs	141	2,569,510,199.74	36.2	5.0	2.298%	1.8
3 Yrs - 5 Yrs	67	1,111,568,651.70	15.7	5.0	3.113%	3.6

Distribution by Coupon

Coupon %	Number	Mkt Value	% Bond Holdings	Average Y T M	Average Coupon	Average Duration
Under 1%	96	1,846,400,438.55	26.0	4.6	0.350%	1.5
1% - 3%	142	3,006,439,260.22	42.4	4.5	2.031%	1.2
3% - 5%	74	1,319,960,165.62	18.6	6.4	4.181%	1.1
5% - 7%	37	920,428,224.63	13.0	5.8	5.201%	2.4

Distribution by Duration

Duration	Number	Mkt Value	% Bond Holdings	Average Y T M	Average Coupon	Average Duration
Under 1 Yr	145	3,488,322,651.66	49.2	5.1	2.279%	0.4
1 Yr - 3 Yrs	141	2,599,991,940.08	36.7	5.0	2.273%	1.9
3 Yrs - 5 Yrs	63	1,004,913,497.29	14.2	5.0	3.141%	3.7

SAN MATEO COUNTY TREASURER'S OFFICE

FIXED INCOME DISTRIBUTION - SETTLED TRADES

SAN MATEO COUNTY POOL

February 28, 2023

Distribution by Moody Rating

Rating	Number	Mkt Value	% Bond Holdings	Average Y T M	Average Coupon	Average Duration
Aaa	154	3,873,251,946.37	54.6	5.1	1.540%	1.2
Aa1	2	6,668,430.11	0.1	4.9	2.903%	1.8
Aa2	4	24,517,314.93	0.3	5.2	3.653%	1.8
Aa3	3	24,969,592.02	0.4	5.2	2.222%	1.2
A1	22	182,726,205.19	2.6	5.1	1.892%	1.8
A2	35	353,677,171.08	5.0	4.9	2.123%	1.8
A3	14	126,971,930.05	1.8	5.2	2.910%	2.0
P-1	10	324,092,076.94	4.6	2.5	1.818%	0.1
Not Rated	105	2,176,353,422.35	30.7	5.3	4.068%	1.8

Distribution by S&P Rating

Rating	Number	Mkt Value	% Bond Holdings	Average Y T M	Average Coupon	Average Duration
AAA	132	2,602,493,362.05	36.7	5.8	3.795%	1.7
AA+	125	3,429,572,561.77	48.3	4.7	1.421%	1.3
AA	5	46,986,053.38	0.7	5.0	2.824%	2.3
AA-	4	28,287,766.97	0.4	5.1	2.503%	1.2
A+	17	111,318,718.17	1.6	5.2	2.077%	1.4
A	24	238,959,695.27	3.4	5.1	1.950%	1.9
A-	22	201,410,767.34	2.8	4.7	2.324%	1.7
BBB+	8	91,696,081.65	1.3	5.1	2.734%	2.2
A-1+	4	151,449,888.61	2.1	2.4	1.875%	0.1
A-1	6	172,642,188.33	2.4	2.7	1.768%	0.1
Not Rated	2	18,411,005.48	0.3	4.8	4.131%	1.6

** MARKET VALUE ON THE FIXED INCOME DISTRIBUTION REPORT INCLUDES ANY ACCRUED INTEREST THAT A SECURITY HAS EARNED. TOTAL COST DOES NOT REFLECT AMORTIZATIONS OR ACCRETIONS BUT INCLUDES PURCHASED ACCRUED INTEREST. MONTHLY TRANSACTION SUMMARY REPORT IS AVAILABLE UPON REQUEST.

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

February 28, 2023

Security	Coupon	Mature Date	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
CERTIFICATE OF DEPOSIT													
CREDIT SUISSE NEW YORK	0.59	03-17-23			35,000,000	100.00	35,000,000.00	100.00	35,000,000.00	402,675.00	35,402,675.00	A-1	0.50
TORONTO DOMINION BANK NY	2.24	04-03-23			24,000,000	100.00	24,000,000.00	100.00	24,000,000.00	488,320.00	24,488,320.00	A-1+	0.34
WESTPAC BANKING CORP NY	2.26	04-03-23			50,000,000	100.00	50,000,000.00	100.00	50,000,000.00	1,013,861.11	51,013,861.11	A-1+	0.71
COOPERATIVE RABOBANK UA	2.24	04-06-23			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	500,888.89	25,500,888.89	A-1	0.35
HSBC BANK USA NA	2.31	04-06-23			50,000,000	100.00	50,000,000.00	100.00	50,000,000.00	1,045,916.67	51,045,916.67	A-1	0.71
TORONTO DOMINION BANK NY	2.25	04-06-23			50,000,000	100.00	50,000,000.00	100.00	50,000,000.00	1,018,750.00	51,018,750.00	A-1+	0.71
SUMITOMO MITSUI BANK NY	2.70	04-26-23			10,000,000	100.01	10,000,750.00	100.00	10,000,000.00	230,250.00	10,230,250.00	A-1	0.14
CANADIAN IMP BK COMM NY	5.50	09-01-23			50,000,000	100.00	50,000,000.00	100.00	50,000,000.00	1,375,000.00	51,375,000.00	AAA	0.71
					294,000,000		294,000,750.00		294,000,000.00	6,075,661.67	300,075,661.67		4.17
COMMERCIAL PAPER													
NATIXIS NY BRANCH	3.25	03-02-23			25,000,000	97.83	24,458,333.33	99.98	24,995,485.00	537,152.78	25,532,637.78	A-1	0.35
CREDIT AGRICOLE CIB NY	0.00	03-31-23			25,000,000	97.57	24,393,277.78	99.72	24,929,820.00	0.00	24,929,820.00	A-1	0.35
ROYAL BANK OF CANADA NY	0.00	03-31-23			25,000,000	97.54	24,385,833.33	99.72	24,928,957.50	0.00	24,928,957.50	A-1+	0.35
MUFG BANK LTD/NY	5.26	06-28-23			30,000,000	96.95	29,083,883.33	98.25	29,474,001.00	1,073,916.67	30,547,917.67	AAA	0.42
					105,000,000		102,321,327.77		104,328,263.50	1,611,069.44	105,939,332.94		1.48
LOCAL AGENCY INVESTMENT FUND													
CA ASSET MGMT PROGRAM	4.74	03-01-23			150,000,000	100.00	150,000,000.00	100.00	150,000,000.00	533,250.00	150,533,250.00	AAA	2.13
UNITED STATES TREASURY-NOTES													
UNITED STATES TREAS NTS	2.50	03-31-23			25,100,000	103.48	25,972,617.19	99.82	25,054,870.20	263,201.39	25,318,071.59	AA+	0.36
UNITED STATES TREAS NTS	1.50	03-31-23			27,800,000	99.32	27,612,132.81	99.74	27,727,636.60	173,941.99	27,901,578.59	AA+	0.39
UNITED STATES TREAS NTS	2.75	04-30-23			11,900,000	103.93	12,367,632.81	99.66	11,859,278.20	108,480.66	11,967,758.86	AA+	0.17
UNITED STATES TREAS NTS	2.75	04-30-23			22,700,000	104.12	23,634,601.56	99.66	22,622,320.60	206,933.70	22,829,254.30	AA+	0.32
UNITED STATES TREAS NTS	2.75	05-31-23			50,000,000	104.48	52,242,187.50	99.45	49,727,050.00	341,850.83	50,068,900.83	AA+	0.71
UNITED STATES TREAS NTS	2.62	06-30-23			25,000,000	102.91	25,727,539.06	99.26	24,814,450.00	106,957.87	24,921,407.87	AA+	0.35
UNITED STATES TREAS NTS	0.12	06-30-23			25,000,000	97.68	24,419,921.88	98.40	24,600,575.00	5,093.23	24,605,668.23	AA+	0.35
UNITED STATES TREAS NTS	2.75	07-31-23			25,000,000	103.65	25,912,109.38	99.07	24,766,600.00	53,176.80	24,819,776.80	AA+	0.35
UNITED STATES TREAS NTS	2.75	07-31-23			35,000,000	104.89	36,713,085.94	99.07	34,673,240.00	74,447.51	34,747,687.51	AA+	0.49
UNITED STATES TREAS NTS	2.75	08-31-23			11,800,000	103.55	12,218,531.25	98.87	11,667,250.00	0.00	11,667,250.00	AA+	0.17
UNITED STATES TREAS NTS	2.75	08-31-23			24,500,000	104.76	25,665,664.06	98.87	24,224,375.00	0.00	24,224,375.00	AA+	0.34
UNITED STATES TREAS NTS	2.87	09-30-23			9,485,000	104.35	9,897,745.70	98.75	9,366,437.50	113,122.96	9,479,560.46	AA+	0.13
UNITED STATES TREAS NTS	2.87	09-30-23			22,425,000	105.45	23,646,987.30	98.75	22,144,687.50	267,452.01	22,412,139.51	AA+	0.31
UNITED STATES TREAS NTS	0.12	10-15-23			16,500,000	99.29	16,383,339.84	96.98	16,002,426.00	7,706.04	16,010,132.04	AA+	0.23
UNITED STATES TREAS NTS	1.62	10-31-23			50,000,000	100.16	50,078,125.00	97.73	48,867,200.00	270,089.29	49,137,289.29	AA+	0.69
UNITED STATES TREAS NTS	0.25	11-15-23			32,000,000	100.25	32,081,250.00	96.64	30,924,992.00	23,204.42	30,948,196.42	AA+	0.44
UNITED STATES TREAS NTS	2.87	11-30-23			26,000,000	104.20	27,092,812.50	98.36	25,573,444.00	184,821.43	25,758,265.43	AA+	0.36
UNITED STATES TREAS NTS	0.50	11-30-23			10,000,000	99.82	9,981,640.63	96.63	9,663,280.00	12,362.64	9,675,642.64	AA+	0.14
UNITED STATES TREAS NTS	2.62	12-31-23			25,000,000	103.46	25,864,257.81	97.97	24,493,175.00	436,900.68	24,930,075.68	AA+	0.35
UNITED STATES TREAS NTS	2.50	01-31-24			18,900,000	103.59	19,577,742.19	97.66	18,457,777.80	36,546.96	18,494,324.76	AA+	0.26
UNITED STATES TREAS NTS	2.50	01-31-24			43,000,000	104.37	44,879,570.31	97.66	41,993,886.00	83,149.17	42,077,035.17	AA+	0.60
UNITED STATES TREAS NTS	2.50	01-31-24			19,000,000	103.36	19,639,023.44	97.66	18,555,438.00	36,740.33	18,592,178.33	AA+	0.26
UNITED STATES TREAS NTS	0.12	02-15-24			20,000,000	99.41	19,882,812.50	95.33	19,065,620.00	897.79	19,066,517.79	AA+	0.27
UNITED STATES TREAS NTS	2.37	02-29-24			31,790,000	103.20	32,805,789.84	97.33	30,941,842.80	0.00	30,941,842.80	AA+	0.44
UNITED STATES TREAS NTS	2.12	02-29-24			15,500,000	102.43	15,876,601.56	97.09	15,048,919.00	0.00	15,048,919.00	AA+	0.21
UNITED STATES TREAS NTS	2.12	02-29-24			40,000,000	101.59	40,635,937.50	97.09	38,835,920.00	0.00	38,835,920.00	AA+	0.55
UNITED STATES TREAS NTS	2.12	03-31-24			29,300,000	102.23	29,953,527.34	96.82	28,367,205.20	259,713.74	28,626,918.94	AA+	0.40
UNITED STATES TREAS NTS	2.25	04-30-24			15,000,000	102.87	15,430,664.06	96.75	14,512,500.00	111,878.45	14,624,378.45	AA+	0.21
UNITED STATES TREAS NTS	2.25	04-30-24			25,000,000	102.44	25,610,351.56	96.75	24,187,500.00	186,464.09	24,373,964.09	AA+	0.34
UNITED STATES TREAS NTS	2.25	04-30-24			19,000,000	106.78	20,287,695.31	96.75	18,382,500.00	141,712.71	18,524,212.71	AA+	0.26
UNITED STATES TREAS NTS	2.00	04-30-24			15,000,000	102.04	15,305,859.38	96.46	14,469,135.00	99,447.51	14,568,582.51	AA+	0.21

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

February 28, 2023

Security	Coupon	Mature Date	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
UNITED STATES TREAS NTS	2.50	05-15-24			25,000,000	104.22	26,055,664.06	96.92	24,230,475.00	181,284.53	24,411,759.53	AA+	0.34
UNITED STATES TREAS NTS	2.00	05-31-24			15,125,000	102.00	15,427,500.00	96.23	14,554,273.25	75,207.18	14,629,480.43	AA+	0.21
UNITED STATES TREAS NTS	2.00	06-30-24			5,100,000	101.89	5,196,222.66	95.98	4,895,204.40	16,624.31	4,911,828.71	AA+	0.07
UNITED STATES TREAS NTS	2.00	06-30-24			10,000,000	101.85	10,185,156.25	95.98	9,598,440.00	32,596.69	9,631,036.69	AA+	0.14
UNITED STATES TREAS NTS	2.00	06-30-24			25,000,000	101.44	25,360,351.56	95.98	23,996,100.00	81,491.71	24,077,591.71	AA+	0.34
UNITED STATES TREAS NTS	2.00	06-30-24			25,000,000	105.14	26,285,156.25	95.98	23,996,100.00	81,491.71	24,077,591.71	AA+	0.34
UNITED STATES TREAS NTS	2.12	07-31-24			25,000,000	101.98	25,496,093.75	95.98	23,995,125.00	41,091.16	24,036,216.16	AA+	0.34
UNITED STATES TREAS NTS	1.87	08-31-24			25,000,000	100.86	25,213,867.19	95.41	23,852,550.00	0.00	23,852,550.00	AA+	0.34
UNITED STATES TREAS NTS	2.12	09-30-24			15,900,000	102.27	16,260,855.47	95.69	15,214,312.50	140,162.43	15,354,474.93	AA+	0.22
UNITED STATES TREAS NTS	1.50	09-30-24			9,000,000	100.80	9,072,070.31	94.72	8,524,692.00	56,002.75	8,580,694.75	AA+	0.12
UNITED STATES TREAS NTS	1.50	09-30-24			25,000,000	104.75	26,186,523.44	94.72	23,679,700.00	155,563.19	23,835,263.19	AA+	0.34
UNITED STATES TREAS NTS	1.50	10-31-24			33,895,000	99.94	33,875,139.65	94.51	32,034,740.72	169,009.41	32,203,750.12	AA+	0.45
UNITED STATES TREAS NTS	1.50	10-31-24			10,000,000	104.53	10,453,125.00	94.51	9,451,170.00	49,862.64	9,501,032.64	AA+	0.13
UNITED STATES TREAS NTS	1.50	10-31-24			34,500,000	103.57	35,730,410.16	94.51	32,606,536.50	172,026.10	32,778,562.60	AA+	0.46
UNITED STATES TREAS NTS	0.75	11-15-24			15,000,000	99.62	14,943,750.00	93.17	13,975,785.00	32,631.22	14,008,416.22	AA+	0.20
UNITED STATES TREAS NTS	1.00	12-15-24			35,000,000	100.04	35,013,671.88	93.34	32,667,565.00	72,115.38	32,739,680.38	AA+	0.46
UNITED STATES TREAS NTS	1.75	12-31-24			25,000,000	104.49	26,123,046.88	94.56	23,639,650.00	72,115.38	23,711,765.38	AA+	0.34
UNITED STATES TREAS NTS	1.37	01-31-25			25,000,000	103.08	25,770,507.81	93.73	23,432,625.00	26,588.40	23,459,213.40	AA+	0.33
UNITED STATES TREAS NTS	0.50	03-31-25			25,000,000	99.58	24,894,531.25	91.64	22,909,175.00	52,140.88	22,961,315.88	AA+	0.32
UNITED STATES TREAS NTS	0.25	05-31-25			10,125,000	98.45	9,967,587.89	90.57	9,170,242.87	6,293.16	9,176,536.04	AA+	0.13
UNITED STATES TREAS NTS	0.25	05-31-25			11,000,000	98.32	10,815,664.06	90.57	9,962,733.00	6,837.02	9,969,570.02	AA+	0.14
UNITED STATES TREAS NTS	2.75	06-30-25			25,000,000	108.70	27,174,804.69	95.78	23,944,325.00	112,051.10	24,056,376.10	AA+	0.34
UNITED STATES TREAS NTS	0.25	06-30-25			19,000,000	98.18	18,654,140.63	90.39	17,174,214.00	7,741.71	17,181,955.71	AA+	0.24
UNITED STATES TREAS NTS	0.25	06-30-25			10,000,000	98.17	9,817,187.50	90.39	9,039,060.00	4,074.59	9,043,134.59	AA+	0.13
UNITED STATES TREAS NTS	0.25	07-31-25			20,000,000	99.74	19,947,656.25	90.09	18,018,760.00	3,867.40	18,022,627.40	AA+	0.26
UNITED STATES TREAS NTS	0.25	07-31-25			10,175,000	98.21	9,992,962.89	90.09	9,167,044.15	1,967.54	9,169,011.69	AA+	0.13
UNITED STATES TREAS NTS	0.25	07-31-25			30,000,000	97.90	29,370,703.13	90.09	27,028,140.00	5,801.10	27,033,941.10	AA+	0.38
UNITED STATES TREAS NTS	0.25	08-31-25			25,000,000	98.82	24,706,054.69	89.81	22,452,150.00	0.00	22,452,150.00	AA+	0.32
UNITED STATES TREAS NTS	0.25	09-30-25			20,000,000	98.20	19,639,843.75	89.64	17,928,120.00	20,741.76	17,948,861.76	AA+	0.25
UNITED STATES TREAS NTS	0.25	10-31-25			11,000,000	99.04	10,893,867.19	89.30	9,823,517.00	9,141.48	9,832,658.48	AA+	0.14
UNITED STATES TREAS NTS	0.25	10-31-25			25,000,000	97.68	24,419,921.88	89.30	22,326,175.00	20,776.10	22,346,951.10	AA+	0.32
UNITED STATES TREAS NTS	0.25	10-31-25			25,000,000	97.84	24,460,937.50	89.30	22,326,175.00	20,776.10	22,346,951.10	AA+	0.32
UNITED STATES TREAS NTS	0.37	11-30-25			48,800,000	98.17	47,907,875.00	89.32	43,590,209.60	45,247.25	43,635,456.85	AA+	0.62
UNITED STATES TREAS NTS	0.37	12-31-25			14,000,000	99.92	13,988,515.63	89.21	12,489,526.00	8,653.85	12,498,179.85	AA+	0.18
UNITED STATES TREAS NTS	0.37	01-31-26			40,500,000	98.99	40,090,253.91	88.83	35,975,380.50	11,747.24	35,987,127.74	AA+	0.51
UNITED STATES TREAS NTS	0.37	01-31-26			20,000,000	98.05	19,610,937.50	88.83	17,765,620.00	5,801.10	17,771,421.10	AA+	0.25
UNITED STATES TREAS NTS	1.62	02-15-26			50,000,000	103.85	51,923,828.13	92.11	46,054,700.00	29,178.18	46,083,878.18	AA+	0.65
UNITED STATES TREAS NTS	2.50	02-28-26			46,100,000	108.14	49,854,628.91	94.51	43,568,095.80	0.00	43,568,095.80	AA+	0.62
UNITED STATES TREAS NTS	0.50	02-28-26			20,000,000	98.42	19,683,593.75	88.90	17,780,460.00	49,723.76	17,830,183.76	AA+	0.25
UNITED STATES TREAS NTS	0.75	03-31-26			10,200,000	97.21	9,915,515.63	89.47	9,126,215.40	31,910.22	9,158,125.62	AA+	0.13
UNITED STATES TREAS NTS	0.75	04-30-26			10,000,000	99.69	9,969,140.63	89.14	8,914,060.00	24,861.88	8,938,921.88	AA+	0.13
UNITED STATES TREAS NTS	0.75	04-30-26			18,000,000	98.03	17,645,625.00	89.14	16,045,308.00	44,751.38	16,090,059.38	AA+	0.23
UNITED STATES TREAS NTS	0.75	04-30-26			25,000,000	92.27	23,067,382.81	89.14	22,285,150.00	62,154.70	22,347,304.70	AA+	0.32
UNITED STATES TREAS NTS	0.75	05-31-26			14,250,000	99.84	14,227,177.73	88.90	12,668,577.75	26,571.13	12,695,148.88	AA+	0.18
UNITED STATES TREAS NTS	0.75	05-31-26			15,000,000	99.83	14,974,804.69	88.90	13,335,345.00	27,969.61	13,363,314.61	AA+	0.19
UNITED STATES TREAS NTS	0.75	05-31-26			20,500,000	100.11	20,522,421.88	88.90	18,224,971.50	38,225.14	18,263,196.64	AA+	0.26
UNITED STATES TREAS NTS	0.87	06-30-26			26,000,000	98.72	25,666,875.00	89.11	23,169,458.00	37,078.73	23,206,536.73	AA+	0.33
UNITED STATES TREAS NTS	0.62	07-31-26			10,000,000	95.80	9,580,078.13	88.09	8,808,980.00	4,834.25	8,813,814.25	AA+	0.12
UNITED STATES TREAS NTS	0.75	08-31-26			15,975,000	99.36	15,872,036.13	88.25	14,097,314.47	0.00	14,097,314.47	AA+	0.20
UNITED STATES TREAS NTS	0.75	08-31-26			17,000,000	97.83	16,630,781.25	88.25	15,001,837.00	0.00	15,001,837.00	AA+	0.21
UNITED STATES TREAS NTS	0.75	08-31-26			20,000,000	88.75	17,749,218.75	88.25	17,649,220.00	0.00	17,649,220.00	AA+	0.25
UNITED STATES TREAS NTS	1.62	09-30-26			25,000,000	101.72	25,430,664.06	90.98	22,745,125.00	168,526.79	22,913,651.79	AA+	0.32
UNITED STATES TREAS NTS	0.87	09-30-26			10,000,000	99.69	9,968,750.00	88.45	8,844,530.00	36,298.08	8,880,828.08	AA+	0.13

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

February 28, 2023

Security	Coupon	Mature Date	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
UNITED STATES TREAS NTS	0.87	09-30-26			13,000,000	99.05	12,876,601.56	88.45	11,497,889.00	47,187.50	11,545,076.50	AA+	0.16
UNITED STATES TREAS NTS	1.12	10-31-26			35,000,000	99.54	34,837,304.69	89.07	31,174,605.00	130,889.42	31,305,494.42	AA+	0.44
UNITED STATES TREAS NTS	1.62	11-30-26			15,000,000	101.82	15,272,460.94	90.72	13,607,820.00	60,267.86	13,668,087.86	AA+	0.19
UNITED STATES TREAS NTS	1.62	11-30-26			4,000,000	94.70	3,788,125.00	90.72	3,628,752.00	16,071.43	3,644,823.43	AA+	0.05
US TREASURY N/B	1.87	02-28-27			18,510,000	92.47	17,115,965.63	91.07	16,856,390.64	0.00	16,856,390.64	AAA	0.24
TNOTE	4.12	10-31-27			15,200,000	103.08	15,667,455.11	99.48	15,121,628.80	205,516.67	15,327,145.47	AAA	0.21
TNOTE	2.25	11-15-27			39,400,000	95.04	37,444,302.23	91.61	36,094,103.60	253,637.50	36,347,741.10	AAA	0.51
					2,032,955,000		2,056,085,052.51		1,913,327,679.85	6,701,472.01	1,920,029,151.87		27.14
FEDERAL AGENCY SECURITIES													
FEDERAL HOME LOAN BANK	2.00	03-09-23			25,000,000	100.00	25,000,000.00	99.94	24,984,144.75	109,722.22	25,093,866.97	AA+	0.35
FEDERAL HOME LOAN BANK	2.00	03-09-23			25,000,000	100.00	25,000,000.00	99.94	24,984,144.75	109,722.22	25,093,866.97	AA+	0.35
FEDERAL HOME LOAN BANK	2.00	03-09-23			25,000,000	100.00	25,000,000.00	99.94	24,984,144.75	109,722.22	25,093,866.97	AA+	0.35
FEDERAL HOME LOAN BANK	2.00	03-09-23			25,000,000	100.00	25,000,000.00	99.94	24,984,144.75	109,722.22	25,093,866.97	AA+	0.35
FEDERAL HOME LOAN BANK	2.12	03-10-23			10,000,000	101.01	10,100,900.00	99.94	9,993,723.90	99,166.67	10,092,890.57	AA+	0.14
FEDERAL HOME LOAN BANK	2.12	03-10-23			10,000,000	100.81	10,081,100.00	99.94	9,993,723.90	99,166.67	10,092,890.57	AA+	0.14
FEDERAL HOME LOAN BANK	2.12	03-10-23			7,440,000	100.81	7,500,368.16	99.94	7,435,330.58	73,780.00	7,509,110.58	AA+	0.11
FEDERAL HOME LOAN BANK	2.12	03-10-23			25,000,000	100.42	25,106,000.00	99.94	24,984,309.75	247,916.67	25,232,226.42	AA+	0.35
FEDERAL HOME LOAN BANK-STEP-UP	1.62	03-16-23			6,800,000	99.85	6,789,800.00	99.91	6,793,691.91	22,100.00	6,815,791.91	AA+	0.10
FEDERAL HOME LOAN BANK	1.25	03-21-23			25,000,000	100.00	25,000,000.00	99.80	24,949,489.50	136,284.72	25,085,774.22	AA+	0.35
FEDERAL HOME LOAN BANK	1.25	03-21-23			25,000,000	100.00	25,000,000.00	99.80	24,949,489.50	136,284.72	25,085,774.22	AA+	0.35
FEDERAL HOME LOAN BANK-STEP-UP	1.12	03-30-23			20,000,000	100.00	20,000,000.00	99.78	19,955,555.20	92,500.00	20,048,055.20	AA+	0.28
FEDERAL HOME LOAN BANK-STEP UP	1.25	04-05-23			25,000,000	100.00	25,000,000.00	99.75	24,936,594.50	124,131.94	25,060,726.44	AA+	0.35
FEDERAL HOME LOAN BANK-STEP-UP	1.28	04-12-23			10,000,000	100.00	10,000,000.00	99.70	9,969,621.10	48,355.56	10,017,976.66	AA+	0.14
FEDERAL HOME LOAN MORTGAGE CORP-STEP-UP	1.30	04-12-23			10,000,000	100.00	10,000,000.00	99.70	9,970,197.50	49,111.11	10,019,308.61	AA+	0.14
FEDERAL HOME LOAN BANK-STEP-UP	1.85	04-14-23			25,000,000	100.00	25,000,000.00	99.73	24,933,122.75	56,527.78	24,989,650.53	AA+	0.35
FEDERAL HOME LOAN MORTGAGE CORP	0.37	04-20-23			7,820,000	98.61	7,711,536.60	99.40	7,772,864.40	10,426.67	7,783,291.07	AA+	0.11
FEDERAL HOME LOAN BANK-STEP-UP	2.00	04-28-23			25,000,000	100.00	25,000,000.00	99.69	24,921,704.75	41,666.67	24,963,371.42	AA+	0.35
FEDERAL HOME LOAN BANK-STEP-UP	2.00	04-28-23			25,000,000	100.00	25,000,000.00	99.69	24,921,704.75	41,666.67	24,963,371.42	AA+	0.35
FEDERAL HOME LOAN BANK	2.00	05-02-23	03-02-23	100	10,250,000	100.00	10,250,000.00	99.50	10,198,513.12	66,055.56	10,264,568.68	AA+	0.14
FEDERAL HOME LOAN BANK	2.00	05-02-23	03-02-23	100	20,000,000	100.00	20,000,000.00	99.50	19,899,537.80	128,888.89	20,028,426.69	AA+	0.28
FEDERAL HOME LOAN BANK-STEP-UP	1.12	05-03-23			25,000,000	100.00	25,000,000.00	99.66	24,914,960.75	19,531.25	24,934,492.00	AA+	0.35
FREDDIE MAC	0.37	05-05-23			18,910,000	99.96	18,902,057.80	99.20	18,757,804.00	22,258.65	18,780,062.65	AA+	0.27
FEDERAL HOME LOAN BANK	3.00	05-08-23			9,425,000	100.00	9,425,000.00	99.63	9,390,373.40	15,708.33	9,406,081.73	AAA	0.13
FANNIE MAE	0.25	05-22-23			25,000,000	99.70	24,924,750.00	98.95	24,737,558.75	16,666.67	24,754,225.42	AA+	0.35
FANNIE MAE	0.25	05-22-23			5,605,000	98.03	5,494,783.28	98.95	5,546,160.67	3,736.67	5,549,897.34	AA+	0.08
FEDERAL HOME LOAN BANK	3.25	05-25-23			5,000,000	100.00	5,000,000.00	99.60	4,979,969.15	41,979.17	5,021,948.32	AAA	0.07
FEDERAL HOME LOAN BANK	3.25	05-25-23			5,000,000	100.00	5,000,000.00	99.60	4,979,969.15	41,979.17	5,021,948.32	AAA	0.07
FEDERAL HOME LOAN BANK	3.25	05-25-23			4,200,000	100.00	4,200,000.00	99.60	4,183,174.09	35,262.50	4,218,436.59	AAA	0.06
FEDERAL HOME LOAN BANK-STEP-UP	2.00	05-25-23			25,000,000	100.00	25,000,000.00	99.55	24,886,370.50	129,166.67	25,015,537.17	AA+	0.35
FEDERAL HOME LOAN BANK-STEP-UP	1.25	05-25-23			50,000,000	100.00	50,000,000.00	99.66	49,828,109.00	5,208.33	49,833,317.33	AA+	0.71
FEDERAL HOME LOAN MORTGAGE CORP	2.28	05-26-23			25,000,000	100.00	25,000,000.00	99.36	24,840,404.00	145,666.67	24,986,070.67	AA+	0.35
FEDERAL HOME LOAN BANK DISCOUNT	0.00	06-02-23			20,000,000	97.28	19,455,480.60	98.76	19,752,756.40	0.00	19,752,756.40	AAA	0.28
FEDERAL HOME LOAN BANK	3.30	06-09-23	03-09-23	100	25,000,000	100.00	25,000,000.00	99.52	24,881,090.25	181,041.67	25,062,131.92	AAA	0.35
FEDERAL HOME LOAN BANK	2.12	06-09-23			20,000,000	100.67	20,133,600.00	99.22	19,844,266.00	93,263.89	19,937,529.89	AA+	0.28
FEDERAL HOME LOAN BANK	2.12	06-09-23			10,000,000	100.82	10,081,800.00	99.22	9,922,133.00	46,631.94	9,968,764.94	AA+	0.14
FEDERAL HOME LOAN DISCOUNT NOTE	0.00	06-09-23			25,000,000	97.28	24,320,139.00	98.67	24,667,838.50	0.00	24,667,838.50	AAA	0.35
FEDERAL HOME LOAN BANK	3.33	06-15-23			25,000,000	100.00	25,000,000.00	99.51	24,877,844.50	168,812.50	25,046,657.00	AAA	0.35
FEDERAL HOME LOAN BANK-STEP-UP	2.00	06-23-23			10,300,000	99.77	10,276,825.00	99.37	10,234,914.92	37,194.44	10,272,109.36	AA+	0.15
FREDDIE MAC	0.25	06-26-23			15,000,000	97.43	14,614,200.00	98.44	14,766,349.95	6,458.33	14,772,808.28	AA+	0.21
FEDERAL HOME LOAN BANK	2.70	06-27-23			10,000,000	100.00	10,000,000.00	99.23	9,922,752.50	45,750.00	9,968,502.50	AA+	0.14
FEDERAL HOME LOAN BANK DISCOUNT NOTE	0.00	06-28-23			25,000,000	97.34	24,334,319.44	98.42	24,605,228.50	0.00	24,605,228.50	AA+	0.35
FEDERAL HOME LOAN BANK	4.55	06-30-23			25,000,000	100.00	25,000,000.00	99.82	24,955,719.50	183,263.89	25,138,983.39	AAA	0.35

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

February 28, 2023

Security	Coupon	Mature Date	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
FANNIE MAE	0.25	07-10-23			23,600,000	99.78	23,549,260.00	98.32	23,202,431.33	7,866.67	23,210,298.00	AA+	0.33
FEDERAL HOME LOAN BANK DISC NOTE	0.00	07-13-23			25,000,000	96.84	24,210,979.25	98.18	24,546,250.00	0.00	24,546,250.00	AA+	0.35
FEDERAL HOME LOAN BANK DISC NOTE	0.00	07-13-23			25,000,000	96.85	24,212,944.50	98.18	24,546,250.00	0.00	24,546,250.00	AA+	0.35
FEDERAL HOME LOAN BANK DISCOUNT NOTE	0.00	07-21-23			10,000,000	96.95	9,695,000.00	98.08	9,807,769.00	0.00	9,807,769.00	AA+	0.14
FEDERAL HOME LOAN BANK	4.25	07-24-23			25,000,000	100.00	25,000,000.00	99.66	24,915,478.25	100,347.22	25,015,825.47	AAA	0.35
FEDERAL FARM CREDIT BANK	4.67	07-26-23			25,000,000	100.00	25,000,000.00	99.77	24,941,766.00	103,777.78	25,045,543.78	AAA	0.35
FEDERAL HOME LOAN BANK	3.25	07-28-23			10,000,000	100.00	10,000,000.00	99.19	9,919,212.70	27,083.33	9,946,296.03	AA+	0.14
FEDERAL HOME LOAN BANK	3.55	07-28-23	03-28-23	100	25,000,000	100.00	25,000,000.00	99.32	24,829,972.00	369,791.67	25,199,763.67	AAA	0.35
FEDERAL HOME LOAN BANK DISCOUNT NOTE	0.00	07-28-23			15,000,000	97.00	14,549,333.33	97.98	14,697,583.50	0.00	14,697,583.50	AAA	0.21
FEDERAL HOME LOAN BANK-STEP-UP	2.50	07-28-23	04-28-23	100	10,000,000	100.00	10,000,000.00	99.47	9,946,869.90	83,333.33	10,030,203.23	AA+	0.14
FEDERAL HOME LOAN BANK	3.12	08-01-23			15,000,000	100.00	15,000,000.00	99.17	14,875,497.30	35,156.25	14,910,653.55	AA+	0.21
FEDERAL HOME LOAN DISCOUNT NOTE	0.00	08-01-23			25,000,000	96.90	24,225,750.00	97.89	24,472,064.25	0.00	24,472,064.25	AAA	0.35
FANNIE MAE	0.30	08-10-23	05-10-23	100	25,000,000	99.83	24,957,250.00	97.81	24,451,544.25	3,750.00	24,455,294.25	AA+	0.35
FEDERAL FARM CREDIT	0.15	08-10-23			12,000,000	96.88	11,625,912.00	97.74	11,728,850.52	900.00	11,729,750.52	AAA	0.17
FEDERAL HOME LOAN BANK DISCOUNT NOTE	0.00	08-11-23			15,000,000	96.84	14,526,000.00	97.78	14,667,460.80	0.00	14,667,460.80	AAA	0.21
FEDERAL HOME LOAN BANK DISCOUNT NOTE	0.00	08-11-23			20,000,000	96.47	19,293,655.60	97.78	19,556,614.40	0.00	19,556,614.40	AAA	0.28
FEDERAL HOME LOAN MORTGAGE CORP	0.25	08-24-23			15,000,000	96.91	14,536,500.00	97.66	14,649,186.30	416.67	14,649,602.97	AAA	0.21
FEDERAL HOME LOAN BANK	3.50	08-28-23	05-28-23	100	15,000,000	100.00	15,000,000.00	99.12	14,867,829.45	0.00	14,867,829.45	AAA	0.21
FEDERAL HOME LOAN BANK	3.51	08-28-23	05-28-23	100	10,000,000	99.22	9,921,520.00	99.12	9,912,373.40	0.00	9,912,373.40	AAA	0.14
FEDERAL HOME LOAN BANK DISCOUNT NOTE	0.00	09-01-23			20,000,000	99.80	19,960,600.00	99.04	19,808,271.60	0.00	19,808,271.60	AAA	0.28
FEDERAL HOME LOAN BANK	3.62	09-06-23			10,810,000	100.01	10,811,088.51	99.06	10,708,678.73	187,223.19	10,895,901.93	AAA	0.15
FEDERAL HOME LOAN DISCOUNT NOTE	0.00	09-08-23			25,000,000	96.52	24,128,864.50	97.45	24,361,493.25	0.00	24,361,493.25	AAA	0.35
FREDDIE MAC	0.25	09-08-23			25,780,000	99.97	25,771,492.60	97.44	25,120,118.11	30,434.72	25,150,552.83	AA+	0.36
FEDERAL HOME LOAN BANK	3.55	09-15-23			10,000,000	100.00	10,000,000.00	99.05	9,904,524.40	160,736.11	10,065,260.51	AAA	0.14
FEDERAL HOME DISCOUNT NOTE	0.00	09-27-23			25,000,000	96.24	24,059,111.00	97.19	24,298,213.75	0.00	24,298,213.75	AA+	0.34
FEDERAL HOME LOAN BANK	3.80	09-27-23	03-27-23	100	25,000,000	100.00	25,000,000.00	99.13	24,782,893.50	398,472.22	25,181,365.72	AAA	0.35
FEDERAL HOME LOAN BANK	3.80	09-27-23	03-27-23	100	25,000,000	100.00	25,000,000.00	99.13	24,782,893.50	398,472.22	25,181,365.72	AAA	0.35
FEDERAL HOME LOAN BANK	4.40	09-27-23			25,000,000	100.00	25,000,000.00	99.55	24,887,603.75	369,722.22	25,257,325.97	AAA	0.35
FEDERAL HOME LOAN BANK	4.60	09-28-23			20,000,000	99.96	19,991,200.00	99.66	19,931,950.20	383,333.33	20,315,283.53	AAA	0.28
FEDERAL HOME LOAN DISCOUNT NOTE	0.00	09-28-23			8,269,000	95.85	7,926,204.01	97.18	8,035,777.07	0.00	8,035,777.07	AAA	0.11
FEDERAL HOME LOAN BANK	4.02	09-29-23	03-29-23	100	25,000,000	100.00	25,000,000.00	99.25	24,812,324.25	415,958.33	25,228,282.58	AAA	0.35
FEDERAL HOME LOAN BANK	4.25	09-29-23			15,000,000	100.00	15,000,000.00	99.37	14,905,578.90	263,854.17	15,169,433.07	AAA	0.21
FREDDIE MAC	0.12	10-16-23			19,580,000	99.63	19,506,966.60	96.94	18,979,902.76	8,974.17	18,988,876.93	AA+	0.27
FREDDIE MAC	0.12	10-16-23			25,000,000	95.73	23,931,902.08	96.94	24,233,788.00	11,458.33	24,245,246.33	AA+	0.34
FEDERAL HOME LOAN BANK-STEP UP	2.00	10-20-23	04-20-23	100	4,750,000	100.00	4,750,000.00	98.99	4,701,926.39	10,027.78	4,711,954.17	AA+	0.07
FEDERAL HOME LOAN BANK	4.50	10-26-23			25,000,000	100.00	25,000,000.00	99.55	24,886,453.75	381,250.00	25,267,703.75	AAA	0.35
FEDERAL HOME LOAN BANK-STEP UP	1.50	10-27-23			25,000,000	100.00	25,000,000.00	98.59	24,647,836.75	126,041.67	24,773,878.42	AA+	0.35
FEDERAL HOME LOAN BANK-STEP-UP	1.62	10-27-23	04-27-23	100	25,000,000	100.00	25,000,000.00	98.75	24,686,567.25	134,288.19	24,820,855.44	AA+	0.35
FEDERAL HOME LOAN BANK	4.62	11-01-23			25,000,000	99.93	24,981,750.00	99.53	24,883,343.00	375,781.25	25,259,124.25	AAA	0.35
FEDERAL HOME LOAN BANK-STEP-UP	1.30	11-03-23	05-03-23	100	25,000,000	100.00	25,000,000.00	99.12	24,780,157.00	22,569.44	24,802,726.44	AA+	0.35
FREDDIE MAC	0.25	11-06-23			15,000,000	99.91	14,986,500.00	96.63	14,493,931.65	11,666.67	14,505,598.32	AA+	0.21
FEDERAL FARM CREDIT BANK	5.05	11-09-23	05-09-23	100	9,796,000	100.00	9,796,000.00	99.72	9,768,475.20	149,783.56	9,918,258.76	AAA	0.14
FEDERAL HOME LOAN BANK-STEP-UP	1.75	11-09-23			25,000,000	100.00	25,000,000.00	98.34	24,585,476.50	132,465.28	24,717,941.78	AA+	0.35
FEDERAL HOME LOAN BANK	4.75	11-21-23			25,000,000	99.88	24,970,750.00	99.68	24,920,498.25	319,965.28	25,240,463.53	AAA	0.35
FEDERAL HOME LOAN BANK	4.75	11-21-23			25,000,000	99.90	24,975,875.00	99.68	24,920,498.25	319,965.28	25,240,463.53	AAA	0.35
FANNIE MAE	0.25	11-27-23			17,000,000	99.89	16,980,620.00	96.56	16,414,823.96	10,743.06	16,425,567.02	AA+	0.23
FANNIE MAE	0.25	11-27-23			25,000,000	95.11	23,778,325.00	96.56	24,139,447.00	15,798.61	24,155,245.61	AA+	0.34
FEDERAL HOME LOAN BANK	5.05	11-28-23	05-28-23	100	25,000,000	100.00	25,000,000.00	99.69	24,921,671.50	315,625.00	25,237,296.50	AAA	0.35
FEDERAL HOME LOAN BANK	4.87	12-07-23			22,795,000	100.09	22,814,499.22	99.78	22,744,233.48	250,032.66	22,994,266.14	AAA	0.32
FEDERAL HOME LOAN BANK	5.00	12-15-23	06-15-23	100	25,000,000	100.00	25,000,000.00	99.68	24,918,952.25	253,472.22	25,172,424.47	AAA	0.35
FANNIE MAE	5.00	12-20-23	06-20-23	100	25,000,000	100.00	25,000,000.00	99.70	24,923,911.25	236,111.11	25,160,022.36	AAA	0.35
FEDERAL HOME LOAN BANK	0.25	12-28-23	03-28-23	100	7,450,000	96.49	7,188,207.00	95.91	7,144,960.79	3,104.17	7,148,064.96	AA+	0.10
FEDERAL HOME LOAN BANK	3.00	12-29-23	03-29-23	100	5,355,000	99.70	5,338,935.00	98.18	5,257,770.71	26,328.75	5,284,099.46	AA+	0.07

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

February 28, 2023

Security	Coupon	Mature Date	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
FEDERAL HOME LOAN BANK	3.00	12-29-23	03-29-23	100	8,250,000	99.78	8,232,015.00	98.18	8,100,206.98	40,562.50	8,140,769.48	AA+	0.11
FEDERAL HOME LOAN BANK	5.00	01-26-24	04-26-23	100	25,000,000	100.00	25,000,000.00	99.56	24,889,790.50	111,111.11	25,000,901.61	AAA	0.35
FEDERAL HOME LOAN BANK-STEP-UP	1.87	01-29-24	04-29-23	100	25,000,000	100.00	25,000,000.00	98.53	24,631,619.75	37,760.42	24,669,380.17	AA+	0.35
FEDERAL FARM CREDIT BANK	5.04	02-23-24	05-23-23	100	15,239,000	100.00	15,239,000.00	99.55	15,169,929.99	10,667.30	15,180,597.29	AAA	0.22
FEDERAL HOME LOAN BANK	2.66	02-23-24			25,000,000	100.00	25,000,000.00	97.45	24,362,021.50	9,236.11	24,371,257.61	AA+	0.35
FEDERAL HOME LOAN BANK	4.75	03-08-24			4,000,000	100.56	4,022,351.11	99.46	3,978,316.08	89,722.22	4,068,038.30	AAA	0.06
FEDERAL HOME LOAN BANK	4.75	03-08-24			25,000,000	100.63	25,158,241.67	99.46	24,864,475.50	560,763.89	25,425,239.39	AAA	0.35
FEDERAL HOME LOAN BANK	4.75	03-08-24			4,470,000	100.56	4,494,948.81	99.46	4,445,768.22	100,264.58	4,546,032.80	AAA	0.06
FEDERAL HOME LOAN BANK	4.75	03-08-24			19,000,000	100.68	19,129,983.79	99.46	18,897,001.38	426,180.56	19,323,181.94	AAA	0.27
FEDERAL HOME LOAN BANK	4.00	03-28-24	03-28-23	100	3,250,000	99.55	3,235,375.00	98.68	3,207,204.81	54,166.67	3,261,371.48	AAA	0.05
FEDERAL HOME LOAN BANK	2.72	04-29-24	04-29-23	100	25,000,000	100.00	25,000,000.00	97.16	24,289,464.50	224,777.78	24,514,242.28	AA+	0.34
FEDERAL HOME LOAN BANK-STEP-UP	2.00	04-29-24	04-29-23	100	25,000,000	100.00	25,000,000.00	98.03	24,507,226.00	40,277.78	24,547,503.78	AA+	0.35
FEDERAL HOME LOAN BANK	5.12	05-22-24	03-22-23	100	25,000,000	100.00	25,000,000.00	99.45	24,863,743.25	341,333.33	25,205,076.58	AAA	0.35
FEDERAL HOME LOAN BANK	4.72	06-07-24			15,000,000	100.00	15,000,000.00	99.45	14,917,929.75	159,300.00	15,077,229.75	AAA	0.21
FEDERAL HOME LOAN BANK	2.87	06-14-24			5,000,000	104.25	5,212,300.00	97.05	4,852,480.70	29,548.61	4,882,029.31	AA+	0.07
FEDERAL HOME LOAN BANK	2.81	06-14-24	06-14-23	100	25,000,000	100.00	25,000,000.00	96.95	24,236,340.00	144,402.78	24,380,742.78	AA+	0.34
FEDERAL HOME LOAN BANK	4.50	06-14-24			25,000,000	99.80	24,949,125.00	98.99	24,747,570.25	231,250.00	24,978,820.25	AAA	0.35
FEDERAL HOME LOAN BANK	4.87	06-14-24			10,000,000	100.06	10,006,156.82	99.48	9,948,017.30	100,208.33	10,048,225.63	AAA	0.14
FEDERAL HOME LOAN BANK	4.87	06-14-24			20,000,000	101.36	20,271,908.33	99.48	19,896,034.60	200,416.67	20,096,451.27	AAA	0.28
FREDDIE MAC	5.25	06-20-24	06-20-23	100	25,000,000	100.00	25,000,000.00	99.53	24,881,293.25	247,916.67	25,129,209.92	AAA	0.35
FEDERAL HOME LOAN BANK	5.25	06-21-24	06-21-23	100	25,000,000	100.00	25,000,000.00	99.52	24,879,259.25	244,270.83	25,123,530.08	AAA	0.35
FEDERAL HOME LOAN BANK	4.55	06-26-24			25,000,000	100.00	25,000,000.00	99.20	24,799,757.75	195,902.78	24,995,660.53	AAA	0.35
FEDERAL HOME LOAN BANK	2.75	06-28-24			14,165,000	96.77	13,706,782.96	96.86	13,720,618.03	64,922.92	13,785,540.94	AAA	0.19
FEDERAL HOME LOAN BANK	2.87	09-13-24			4,000,000	109.63	4,385,200.00	96.83	3,873,340.32	52,708.33	3,926,048.65	AA+	0.05
FEDERAL HOME LOAN BANK	4.87	09-13-24			15,000,000	101.48	15,221,775.00	99.44	14,916,020.40	335,156.25	15,251,176.65		0.21
FANNIE MAE	5.25	09-23-24	06-23-23	100	25,000,000	100.00	25,000,000.00	99.40	24,849,424.75	236,979.17	25,086,403.92	AAA	0.35
FANNIE MAE	1.62	10-15-24			15,900,000	99.83	15,872,811.00	94.78	15,070,727.39	95,455.21	15,166,182.60	AA+	0.21
FANNIE MAE	1.62	10-15-24			12,300,000	103.37	12,714,141.00	94.78	11,658,487.23	73,842.71	11,732,329.94	AA+	0.17
FEDERAL HOME LOAN BANK	4.50	10-25-24	04-25-23	100	25,000,000	100.00	25,000,000.00	99.26	24,814,044.75	384,375.00	25,198,419.75	AAA	0.35
FREDDIE MAC	4.65	11-15-24	11-15-23	100	25,000,000	99.95	24,987,500.00	99.24	24,809,563.25	332,604.17	25,142,167.42	AAA	0.35
FANNIE MAE	5.25	11-22-24	11-22-23	100	25,000,000	100.00	25,000,000.00	99.40	24,850,939.50	350,000.00	25,200,939.50	AAA	0.35
FREDDIE MAC	5.10	11-29-24	11-29-23	100	25,000,000	100.00	25,000,000.00	99.34	24,835,256.75	315,208.33	25,150,465.08	AAA	0.35
FEDERAL FARM CREDIT BANK	4.62	12-05-24			10,000,000	99.93	9,992,630.00	99.31	9,931,304.40	106,631.94	10,037,936.34	AAA	0.14
FEDERAL FARM CREDIT BANK	4.62	12-05-24			10,000,000	100.32	10,032,454.17	99.31	9,931,304.40	106,631.94	10,037,936.34	AAA	0.14
FANNIE MAE	1.62	01-07-25			34,900,000	99.68	34,788,669.00	94.29	32,907,400.20	80,342.71	32,987,742.91	AA+	0.47
FREDDIE MAC	5.20	01-10-25	04-10-23	100	25,000,000	100.00	25,000,000.00	99.20	24,801,066.75	173,333.33	24,974,400.08	AAA	0.35
FEDERAL HOME LOAN BANK	4.90	01-30-25	01-30-24	100	25,000,000	100.00	25,000,000.00	98.93	24,731,610.75	95,277.78	24,826,888.53	AAA	0.35
FREDDIE MAC	1.50	02-12-25			41,535,000	99.92	41,503,018.05	93.87	38,987,164.60	27,690.00	39,014,854.60	AA+	0.55
FEDERAL FARM CREDIT BANK	1.75	02-14-25			17,305,000	99.73	17,258,795.65	94.14	16,291,416.39	11,777.01	16,303,193.40	AA+	0.23
FEDERAL HOME LOAN BANK	2.37	03-14-25			18,800,000	106.96	20,109,420.00	95.08	17,875,133.44	203,405.56	18,078,538.99	AA+	0.25
FANNIE MAE	0.62	04-22-25			25,000,000	101.13	25,283,250.00	91.56	22,890,920.00	54,687.50	22,945,607.50	AA+	0.32
FREDDIE MAC	5.25	05-16-25	05-16-23	100	26,709,000	100.34	26,798,586.44	99.25	26,509,858.23	397,296.37	26,907,154.61	AAA	0.38
FEDERAL FARM CREDIT BANK	4.25	06-13-25			25,000,000	100.00	25,000,000.00	98.72	24,679,281.50	221,354.17	24,900,635.67	AAA	0.35
FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.50	06-17-25			24,800,000	99.79	24,748,664.00	90.87	22,536,333.62	24,455.56	22,560,789.18	AA+	0.32
FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.50	06-17-25			18,400,000	100.50	18,492,920.00	90.87	16,720,505.59	18,144.44	16,738,650.04	AA+	0.24
FEDERAL HOME LOAN BANK	3.30	06-30-25	06-30-23	100	7,000,000	99.85	6,989,500.00	96.16	6,731,241.51	37,216.67	6,768,458.18	AA+	0.10
FREDDIE MAC	0.37	07-21-25			15,135,000	99.50	15,059,627.70	90.25	13,659,915.81	5,833.28	13,665,749.09	AA+	0.19
FREDDIE MAC	0.37	07-21-25			5,000,000	99.62	4,981,100.00	90.25	4,512,691.05	1,927.08	4,514,618.13	AA+	0.06
FREDDIE MAC	0.37	07-21-25			10,000,000	99.52	9,951,600.00	90.25	9,025,382.10	3,854.17	9,029,236.27	AA+	0.13
FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.37	08-25-25			47,475,000	99.53	47,252,817.00	89.95	42,705,205.74	1,483.59	42,706,689.33	AA+	0.61
FEDERAL HOME LOAN BANK	0.37	09-04-25			5,140,000	99.70	5,124,580.00	89.98	4,624,895.52	9,316.25	4,634,211.77	AA+	0.07
FREDIE MAC	5.12	09-19-25	09-19-23	100	25,000,000	100.00	25,000,000.00	99.23	24,808,332.00	565,885.42	25,374,217.42	AAA	0.35
FREDDIE MAC	0.37	09-23-25			46,035,000	99.70	45,896,434.65	89.86	41,367,692.73	75,765.94	41,443,458.67	AA+	0.59

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

February 28, 2023

Security	Coupon	Mature Date	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
FREDDIE MAC	0.37	09-23-25			10,200,000	99.70	10,169,400.00	89.86	9,165,862.19	16,787.50	9,182,649.69	AA+	0.13
FREDDIE MAC	0.37	09-23-25			25,000,000	99.71	24,927,500.00	89.86	22,465,348.50	41,145.83	22,506,494.33	AA+	0.32
FREDDIE MAC	0.60	10-20-25	04-20-23	100	25,000,000	90.09	22,522,191.67	89.84	22,459,947.25	53,333.33	22,513,280.58	AAA	0.32
FANNIE MAE	0.50	11-07-25			18,015,000	99.64	17,950,506.30	89.64	16,149,497.21	27,773.12	16,177,270.33	AA+	0.23
FREDDIE MAC	5.50	12-16-25	06-16-23	100	13,827,000	100.24	13,860,724.05	99.27	13,726,151.25	152,097.00	13,878,248.25	AAA	0.19
FEDERAL HOME LOAN BANK	5.50	01-27-26			25,000,000	100.00	25,000,000.00	99.16	24,789,898.00	118,402.78	24,908,300.78	AAA	0.35
FEDERAL HOME LOAN BANK	5.20	01-27-26	04-27-23	100	16,950,000	100.00	16,950,000.00	98.81	16,748,956.39	75,898.33	16,824,854.72	AAA	0.24
FEDERAL FARM CREDIT BANK	5.50	05-14-26	11-14-23	100	25,000,000	100.00	25,000,000.00	99.12	24,779,981.25	397,222.22	25,177,203.47	AAA	0.35
FREDDIE MAC	5.00	06-18-26	06-20-24	100	25,000,000	100.00	25,000,000.00	98.83	24,707,428.25	236,111.11	24,943,539.36	AAA	0.35
FREDDIE MAC	4.65	07-30-26	07-30-24	100	25,000,000	100.00	25,000,000.00	98.09	24,522,392.50	90,416.67	24,612,809.17	AAA	0.35
FREDDIE MAC	5.10	09-14-26	09-14-23	100	25,000,000	100.00	25,000,000.00	99.13	24,781,381.25	580,833.33	25,362,214.58	AAA	0.35
FREDDIE MAC	0.80	10-27-26	04-27-23	100	12,650,000	86.99	11,004,797.22	87.18	11,028,409.02	34,014.44	11,062,423.47	AAA	0.16
FREDDIE MAC	0.80	10-27-26	04-27-23	100	5,000,000	87.76	4,388,172.22	87.18	4,359,054.95	13,444.44	4,372,499.39	AAA	0.06
FANNIE MAE	0.87	12-18-26	03-18-23	100	8,700,000	88.50	7,699,901.41	86.77	7,549,159.04	14,802.08	7,563,961.12	AAA	0.11
FANNIE MAE	5.20	06-01-27	06-01-23	100	25,000,000	100.00	25,000,000.00	98.66	24,665,764.00	314,166.67	24,979,930.67	AAA	0.35
FREDDIE MAC	5.00	06-28-27	06-28-24	100	25,000,000	100.00	25,000,000.00	98.26	24,566,055.25	208,333.33	24,774,388.58	AAA	0.35
FEDERAL FARM CREDIT BANK	5.73	11-17-27			25,000,000	100.00	25,000,000.00	99.20	24,800,409.75	401,895.83	25,202,305.58	AAA	0.35
FREDDIE MAC	5.12	11-22-27	11-22-24	100	50,000,000	100.00	50,000,000.00	98.89	49,444,108.00	683,333.33	50,127,441.33	AAA	0.70
FEDERAL HOME LOAN BANK	5.40	12-15-27	12-15-23	100	25,000,000	100.00	25,000,000.00	98.65	24,661,341.50	273,750.00	24,935,091.50	AAA	0.35
FEDERAL HOME LOAN BANK	4.55	12-27-27	12-27-24	100	25,000,000	100.00	25,000,000.00	97.48	24,369,510.00	192,743.06	24,562,253.06	AAA	0.35
FEDERAL HOME LOAN BANK	5.00	12-27-27	06-27-24	100	25,000,000	100.00	25,000,000.00	98.00	24,500,906.25	211,805.56	24,712,711.81	AAA	0.35
FREDDIE MAC	5.05	12-27-27	09-27-23	100	25,000,000	100.00	25,000,000.00	99.01	24,751,484.00	213,923.61	24,965,407.61	AAA	0.35
FREDDIE MAC	5.35	01-06-28	07-06-23	100	25,000,000	100.00	25,000,000.00	98.16	24,541,185.00	193,194.44	24,734,379.44	AAA	0.35
FEDERAL HOME LOAN BANK	5.35	01-12-28	01-12-24	100	25,000,000	100.00	25,000,000.00	98.21	24,553,382.50	170,902.78	24,724,285.28	AAA	0.35
FEDERAL FARM CREDIT BANK	5.14	01-18-28	01-18-24	100	25,000,000	100.00	25,000,000.00	97.96	24,490,103.25	142,777.78	24,632,881.03	AAA	0.35
FREDDIE MAC	5.00	02-07-28	02-07-24	100	25,000,000	100.00	25,000,000.00	98.93	24,731,311.75	72,916.67	24,804,228.42	AAA	0.35
FREDDIE MAC	5.02	02-16-28	02-16-24	100	10,000,000	100.00	10,000,000.00	99.32	9,931,970.80	16,733.33	9,948,704.13	AAA	0.14
FREDDIE MAC	5.02	02-16-28	02-16-24	100	25,000,000	100.00	25,000,000.00	99.32	24,829,927.00	41,833.33	24,871,760.33	AAA	0.35
					3,502,085,000		3,486,232,530.10		3,430,884,907.56	22,662,777.45	3,453,547,685.01		48.67
US INSTRUMENTALITIES													
INTERNATIONAL FINANCE CORP	0.50	03-20-23			7,500,000	98.44	7,382,760.00	99.77	7,483,013.85	16,458.33	7,499,472.18	AAA	0.11
INTL BK RECON & DEVELOP	1.75	04-19-23			15,000,000	99.58	14,937,615.00	99.60	14,940,595.95	94,062.50	15,034,658.45	AAA	0.21
INTL BK RECON & DEVELOP	0.12	04-20-23			17,500,000	99.79	17,463,775.00	99.35	17,385,461.62	7,777.78	17,393,239.40	AAA	0.25
INTER-AMERICAN DEVEL BK	0.50	05-24-23			10,000,000	100.53	10,053,500.00	99.01	9,901,000.00	13,055.56	9,914,055.56	AAA	0.14
INTER-AMERICAN DEVEL BK	0.50	05-24-23			2,775,000	98.30	2,727,902.42	99.01	2,747,527.50	3,622.92	2,751,150.42	AAA	0.04
INTL BK RECON & DEVELOP	1.87	06-19-23			20,000,000	98.88	19,777,000.00	99.07	19,813,042.80	71,875.00	19,884,917.80	AAA	0.28
IFC	2.87	07-31-23			25,000,000	98.75	24,688,500.00	99.07	24,766,750.00	55,805.56	24,822,555.56	AAA	0.35
INTL BK RECON & DEVELOP	2.32	09-27-23			10,956,000	99.56	10,907,355.36	98.73	10,817,192.63	1,125,449.01	11,942,641.64	AAA	0.15
INTL BK RECON & DEVELOP	0.25	11-24-23			17,625,000	99.78	17,587,106.25	96.48	17,005,128.75	11,505.21	17,016,633.96	AAA	0.24
INTL BK RECON & DEVELOP	2.50	03-19-24			10,000,000	107.39	10,739,200.00	97.14	9,713,600.00	110,416.67	9,824,016.67	AAA	0.14
INTER-AMERICAN DEVEL BK	0.50	09-23-24			24,390,000	99.93	24,371,951.40	93.15	22,719,285.00	52,506.25	22,771,791.25	AAA	0.32
INTL BK RECON & DEVELOP	1.62	01-15-25			15,000,000	99.77	14,965,500.00	94.20	14,130,150.00	29,114.58	14,159,264.58	AAA	0.20
INTER-AMERICAN DEVEL BK	1.75	03-14-25			25,000,000	105.37	26,342,750.00	93.99	23,497,250.00	199,305.56	23,696,555.56	AAA	0.33
INTL BK RECON & DEVELOP	0.37	07-28-25			25,000,000	99.83	24,956,750.00	90.29	22,571,500.00	7,812.50	22,579,312.50	AAA	0.32
INTL BK RECON & DEVELOP	0.50	10-28-25			20,000,000	100.11	20,023,000.00	89.76	17,952,400.00	33,333.33	17,985,733.33	AAA	0.25
INTER-AMERICAN DEVEL BK	1.50	01-13-27			15,000,000	99.69	14,954,100.00	89.66	13,448,571.30	17,500.00	13,466,071.30	AAA	0.19
INTER-AMERICAN DEVEL BK	1.50	01-13-27			4,650,000	99.67	4,634,887.50	89.66	4,169,057.10	5,425.00	4,174,482.10	AAA	0.06
					265,396,000		266,513,652.93		253,061,526.51	1,855,025.75	254,916,552.26		3.59
CORPORATE BONDS													
BB&T CORP.	2.20	03-16-23			10,000,000	99.93	9,992,600.00	99.88	9,987,599.50	99,000.00	10,086,599.50	A-	0.14
AMERICAN HONDA FINANCE	1.95	05-10-23			18,180,000	99.96	18,173,273.40	99.36	18,063,711.08	106,353.00	18,170,064.08	A	0.26

SAN MATEO COUNTY TREASURER'S OFFICE
PORTFOLIO APPRAISAL
SAN MATEO COUNTY POOL
February 28, 2023

Security	Coupon	Mature Date	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
UNITED HEALTH GROUP INC	3.50	06-15-23			4,700,000	104.79	4,925,177.00	99.57	4,679,818.95	33,356.94	4,713,175.90	A+	0.07
PACCAR FINANCIAL CORP.	0.35	08-11-23			4,845,000	99.87	4,838,653.05	97.84	4,740,424.50	800.77	4,741,225.27	A+	0.07
TOYOTA MOTOR CREDIT CORP.	0.50	08-14-23			20,320,000	99.92	20,304,353.60	97.95	19,904,002.46	3,951.11	19,907,953.57	A+	0.28
UNILEVER CAPITAL CORP	0.37	09-14-23	03-01-23	100	3,130,000	99.87	3,125,993.60	97.44	3,049,968.03	5,347.08	3,055,315.11	A+	0.04
PEPSICO INC	0.40	10-07-23			5,150,000	99.94	5,147,064.50	97.13	5,002,020.47	8,068.33	5,010,088.80	A+	0.07
TOYOTA MOTOR CREDIT CORP	2.25	10-18-23			10,000,000	101.59	10,159,400.00	98.35	9,834,794.20	81,250.00	9,916,044.20	A+	0.14
ABBOTT LABORATORIES (A)	3.40	11-30-23			10,000,000	108.15	10,815,300.00	98.83	9,883,413.00	83,111.11	9,966,524.11	A-	0.14
JOHN DEERE CAPITAL CORP	0.45	01-17-24			19,895,000	99.93	19,880,874.55	95.90	19,080,272.10	10,196.19	19,090,468.28	A	0.27
CHARLES SCHWAB CORP	3.55	02-01-24	01-02-24	100	10,000,000	105.50	10,550,000.00	98.34	9,834,480.50	26,625.00	9,861,105.50	A	0.14
BANK OF NY MELLON CORP.	3.65	02-04-24	01-05-24	100	5,000,000	106.31	5,315,650.00	98.50	4,924,783.10	12,166.67	4,936,949.77	A	0.07
NATIONAL RURAL UTIL COOP	0.35	02-08-24			12,645,000	99.93	12,636,274.95	95.37	12,059,027.67	2,458.75	12,061,486.42	A-	0.17
AMERICAN EXPRESS CO (1)	3.40	02-22-24	01-22-24	100	10,000,000	103.82	10,382,500.00	97.95	9,794,615.20	5,666.67	9,800,281.87	BBB+	0.14
BANK OF AMERICA CORP	3.55	03-05-24	03-05-23	100	5,000,000	106.69	5,334,650.00	99.99	4,999,346.70	85,298.61	5,084,645.31	A-	0.07
CHARLES SCHWAB CORP-A	0.75	03-18-24	02-18-24	100	8,255,000	99.95	8,250,872.50	95.39	7,874,743.00	27,516.67	7,902,259.67	A	0.11
BANK OF AMERICA CORP.	4.00	04-01-24			10,000,000	106.68	10,668,400.00	98.50	9,850,100.00	163,333.33	10,013,433.33	A-	0.14
IBM CORP.	3.00	05-15-24			5,000,000	105.66	5,282,800.00	97.21	4,860,461.25	42,916.67	4,903,377.92	A-	0.07
CATERPILLAR FINANCIAL SERVICE	2.85	05-17-24			4,785,000	102.97	4,927,018.80	97.22	4,651,868.48	38,260.06	4,690,128.54	A	0.07
BANK OF AMERICA CORP-(A)	1.49	05-19-24	05-19-23	100	12,000,000	100.00	12,000,000.00	99.08	11,889,916.56	50,028.67	11,939,945.23	A-	0.17
NVIDIA CORP	0.58	06-14-24			5,000,000	97.97	4,898,600.00	94.28	4,713,899.10	6,002.22	4,719,901.32	A-	0.07
AMERICAN HONDA FINANCE	2.40	06-27-24			10,000,000	99.55	9,954,600.00	96.28	9,628,318.70	40,666.67	9,668,985.37	A	0.14
GOLDMAN SACHS GROUP INC.(A)	3.85	07-08-24	04-08-24	100	9,500,000	105.49	10,021,835.00	97.85	9,295,651.77	50,798.61	9,346,450.38	BBB+	0.13
GOLDMAN SACHS GROUP INC.(A)	3.85	07-08-24	04-08-24	100	9,990,000	107.44	10,733,755.50	97.85	9,775,111.70	53,418.75	9,828,530.45	BBB+	0.14
BANK OF AMERICA CORP. (1)	3.86	07-23-24			5,000,000	105.18	5,258,950.00	99.31	4,965,338.90	18,783.33	4,984,122.23	A-	0.07
BANK OF AMERICA CORP. (1)	3.86	07-23-24			5,000,000	106.77	5,338,750.00	99.31	4,965,338.90	18,783.33	4,984,122.23	A-	0.07
US BANCORP (A)	2.40	07-30-24	06-28-24	100	10,000,000	99.91	9,991,100.00	96.05	9,604,587.50	18,666.67	9,623,254.17	A-	0.14
BB&T CORP. (A)	2.50	08-01-24	07-01-24	100	15,000,000	99.86	14,979,750.00	96.03	14,405,172.90	28,125.00	14,433,297.90	A-	0.20
PACCAR FINANCIAL CORP	0.50	08-09-24			5,260,000	99.95	5,257,159.60	93.35	4,909,994.45	1,388.06	4,911,382.50	A+	0.07
BMW US CAPITAL LLC	0.75	08-12-24			4,080,000	99.99	4,079,632.80	93.73	3,823,992.32	1,360.00	3,825,352.32	A	0.05
UNILEVER CAPITAL CORP-A	0.63	08-12-24	03-01-23	100	2,320,000	100.00	2,320,000.00	93.59	2,171,360.01	645.48	2,172,005.49	A+	0.03
PACCAR FINANCIAL CORP.	2.15	08-15-24			8,000,000	100.13	8,010,560.00	95.66	7,652,723.76	6,211.11	7,658,934.87	A+	0.11
UNITED HEALTH GROUP INC	2.37	08-15-24			5,000,000	100.47	5,023,500.00	95.99	4,799,459.85	4,288.19	4,803,748.04	A+	0.07
WALT DISNEY CO. (A)	1.75	08-30-24	07-30-24	100	9,115,000	99.59	9,077,810.80	95.02	8,660,938.28	0.00	8,660,938.28	A	0.12
JOHN DEERE CAPITAL CORP	0.62	09-10-24			4,045,000	99.93	4,042,370.75	93.48	3,781,312.19	11,797.92	3,793,110.11	A	0.05
NESTLE HOLDINGS INC.-A	0.61	09-14-24			7,275,000	100.00	7,275,000.00	93.30	6,787,843.96	20,083.85	6,807,927.81	AA-	0.10
JP MORGAN CHASE & CO	0.65	09-16-24	08-16-24	100	7,455,000	100.00	7,455,000.00	97.28	7,252,351.48	21,906.52	7,274,258.00	A-	0.10
JP MORGAN CHASE & CO	0.65	09-16-24	08-16-24	100	8,000,000	100.04	8,003,280.00	97.28	7,782,536.80	23,508.00	7,806,044.80	A-	0.11
BANK OF NY MELLON CORP.	2.10	10-24-24			10,785,000	100.44	10,832,454.00	95.10	10,256,088.07	78,011.50	10,334,099.57	A	0.15
BANK OF NY MELLON CORP	0.85	10-25-24	09-25-24	100	8,915,000	99.93	8,909,205.25	93.26	8,313,939.29	25,890.65	8,339,829.93	A	0.12
PNC FINANCIAL SERVICES	2.20	11-01-24	10-02-24	100	5,000,000	99.97	4,998,350.00	95.41	4,770,344.55	35,750.00	4,806,094.55	A-	0.07
PNC FINANCIAL SERVICES	2.20	11-01-24	10-02-24	100	10,000,000	99.74	9,973,800.00	95.41	9,540,689.10	71,500.00	9,612,189.10	A-	0.14
CATERPILLAR FINL SERVICE	2.15	11-08-24			10,000,000	99.80	9,979,800.00	95.34	9,533,910.10	65,694.44	9,599,604.54	A	0.14
CATERPILLAR FINL SERVICE	2.15	11-08-24			25,000,000	100.22	25,055,500.00	95.34	23,834,775.25	164,236.11	23,999,011.36	A	0.34
JOHN DEERE CAPITAL CORP	2.05	01-09-25			12,000,000	100.08	12,010,080.00	94.64	11,356,555.08	33,483.33	11,390,038.41	A	0.16
JOHN DEERE CAPITAL CORP	1.25	01-10-25			5,480,000	99.95	5,477,424.40	93.24	5,109,789.39	9,133.33	5,118,922.73	A	0.07
COOPERATIEVE RABOBANK UA	5.00	01-13-25			10,000,000	99.98	9,998,500.00	99.58	9,957,946.30	62,500.00	10,020,446.30	A+	0.14
JP MORGAN CHASE & CO (A)	3.12	01-23-25	10-23-24	100	7,500,000	106.13	7,959,975.00	96.34	7,225,129.57	22,786.46	7,247,916.03	A-	0.10
PACCAR FINANCIAL CORP	1.80	02-06-25			5,450,000	104.51	5,695,849.50	93.81	5,112,852.92	5,995.00	5,118,847.92	A+	0.07
NATIONAL RURAL UTIL COOP	1.87	02-07-25			2,875,000	100.00	2,874,913.75	93.73	2,694,644.67	3,144.53	2,697,789.20	A-	0.04
NATIONAL RURAL UTIL COOP	1.87	02-07-25			5,000,000	95.61	4,780,400.00	93.73	4,686,338.55	5,468.75	4,691,807.30	A-	0.07
TOYOTA MOTOR CREDIT CORP.	1.80	02-13-25			7,000,000	100.98	7,068,390.00	93.74	6,561,937.06	5,250.00	6,567,187.06	A+	0.09
AMERICAN EXPRESS CO	2.25	03-04-25	03-04-23	100	3,485,000	99.90	3,481,480.15	94.04	3,277,317.87	37,899.37	3,315,217.25	BBB+	0.05
ROCHE HOLDINGS INC	2.13	03-10-25	02-10-25	100	8,620,000	100.00	8,620,000.00	94.21	8,121,000.96	85,763.25	8,206,764.21	AA	0.12
EXXON MOBIL CORPORATION	2.99	03-19-25	02-19-25	100	10,000,000	109.28	10,927,700.00	96.00	9,599,872.00	132,146.67	9,732,018.67	AA-	0.14

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

February 28, 2023

Security	Coupon	Mature Date	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
BMW US CAPITAL LLC	3.90	04-09-25	03-09-25	100	5,000,000	109.91	5,495,700.00	97.41	4,870,297.65	75,291.67	4,945,589.32	A	0.07
AMAZON.COM INC	3.00	04-13-25			25,090,000	99.84	25,050,106.90	96.30	24,162,146.21	282,262.50	24,444,408.71	AA	0.34
HOME DEPOT INC	2.70	04-15-25	03-15-25	100	1,040,000	99.82	1,038,180.00	95.39	992,009.26	10,374.00	1,002,383.26	A	0.01
SUNTRUST BANKS INC (A)	4.00	05-01-25	03-01-25	100	10,000,000	113.41	11,340,800.00	97.44	9,744,051.80	130,000.00	9,874,051.80	A-	0.14
APPLE INC	3.20	05-13-25			5,000,000	111.44	5,571,950.00	96.58	4,828,842.95	46,666.67	4,875,509.62	AA+	0.07
CATERPILLAR FINL SERVICE	3.40	05-13-25			7,505,000	99.87	7,495,468.65	96.55	7,246,043.65	74,424.58	7,320,468.24	A	0.10
CATERPILLAR FINL SERVICE	3.40	05-13-25			5,000,000	99.95	4,997,700.00	96.55	4,827,477.45	49,583.33	4,877,060.78	A	0.07
GOLDMAN SACHS GROUP INC (A)	3.75	05-22-25	02-22-25	100	9,000,000	111.69	10,052,100.00	96.62	8,695,988.01	90,000.00	8,785,988.01	BBB+	0.12
BRISTOL-MYERS SQUIBB CO	3.87	08-15-25	05-15-25	100	5,393,000	114.28	6,163,336.12	96.55	5,207,140.72	7,546.45	5,214,687.17	A+	0.07
PACCAR FINANCIAL CORP	4.95	10-03-25			2,500,000	99.93	2,498,150.00	99.69	2,492,297.75	49,843.75	2,542,141.50	AAA	0.04
MORGAN STANLEY	1.16	10-21-25	10-21-24	100	6,085,000	100.00	6,085,000.00	92.62	5,635,870.84	24,987.04	5,660,857.87	BBB+	0.08
NATIONAL AUSTRALIA BK/NY	4.97	01-12-26			16,780,000	100.00	16,780,000.00	99.59	16,711,929.75	106,476.56	16,818,406.31	AAA	0.24
CITIGROUP INC	2.01	01-25-26	01-25-25	100	4,950,000	100.00	4,950,000.00	93.25	4,615,917.82	9,138.52	4,625,056.34	BBB+	0.07
CITIGROUP INC	2.01	01-25-26	01-25-25	100	10,000,000	96.65	9,665,100.00	93.25	9,325,086.50	18,461.67	9,343,548.17	BBB+	0.13
MORGAN STANLEY	2.63	02-18-26	02-18-25	100	11,695,000	100.00	11,695,000.00	94.32	11,030,217.02	8,543.85	11,038,760.87	BBB+	0.16
MORGAN STANLEY	2.63	02-18-26	02-18-25	100	7,000,000	100.05	7,003,780.00	94.32	6,602,096.55	5,113.89	6,607,210.44	BBB+	0.09
AMAZON.COM INC	1.00	05-12-26	04-12-26	100	10,000,000	89.02	8,901,588.89	88.53	8,852,504.20	29,444.44	8,881,948.64	AAA	0.13
ASTRAZENECA FINANCE LLC	1.20	05-28-26			4,500,000	100.71	4,532,040.00	88.68	3,990,449.02	13,500.00	4,003,949.02	A-	0.06
TOYOTA MOTOR CREDIT CORP	1.12	06-18-26			5,815,000	99.78	5,802,090.70	88.28	5,133,428.21	12,720.31	5,146,148.52	A+	0.07
MICROSOFT CORP	2.40	08-08-26	05-08-26	100	10,000,000	94.11	9,411,100.00	92.74	9,273,717.40	13,333.33	9,287,050.73	AAA	0.13
BANK OF NY MELLON CORP	2.45	08-17-26	05-17-26	100	5,000,000	104.40	5,219,850.00	91.62	4,580,870.10	3,743.06	4,584,613.16	A	0.06
AMERICAN HONDA FINANCE	1.30	09-09-26			4,200,000	96.77	4,064,466.00	87.81	3,688,001.73	25,631.67	3,713,633.40	A-	0.05
JPMORGAN CHASE & CO	2.95	10-01-26	07-01-26	100	5,000,000	105.75	5,287,700.00	92.99	4,649,255.10	60,229.17	4,709,484.27	A-	0.07
JPMORGAN CHASE & CO	2.95	10-01-26	07-01-26	100	5,000,000	105.74	5,287,250.00	92.99	4,649,255.10	60,229.17	4,709,484.27	A-	0.07
CITIGROUP INC	3.20	10-21-26	07-21-26	100	10,000,000	93.55	9,354,877.78	93.01	9,301,250.20	112,888.89	9,414,139.09	AAA	0.13
HONEYWELL INTERNATIONAL	2.50	11-01-26	08-01-26	100	4,473,000	93.65	4,188,842.74	92.38	4,132,276.83	36,343.12	4,168,619.95	AAA	0.06
AMERICAN EXPRESS CO	1.65	11-04-26	10-04-26	100	5,000,000	99.29	4,964,450.00	88.44	4,421,935.00	26,125.00	4,448,060.00	BBB+	0.06
AMERICAN EXPRESS CO	1.65	11-04-26	10-04-26	100	10,000,000	94.49	9,449,300.00	88.44	8,843,870.00	52,250.00	8,896,120.00	BBB+	0.13
TARGET CORP	1.95	01-15-27	12-15-26	100	1,770,000	99.83	1,766,991.00	90.10	1,594,850.30	4,122.62	1,598,972.93	A	0.02
TARGET CORP	1.95	01-15-27	12-15-26	100	13,700,000	100.23	13,731,373.00	90.10	12,344,321.57	31,909.58	12,376,231.15	A	0.18
BANK OF NY MELLON CORP	2.05	01-26-27			10,000,000	100.12	10,012,100.00	89.74	8,973,571.10	18,222.22	8,991,793.32	A	0.13
GOLDMAN SACHS GROUP INC	3.85	01-26-27	01-26-26	100	9,500,000	96.43	9,160,470.00	94.60	8,987,353.21	32,511.11	9,019,864.32	AAA	0.13
JPMORGAN CHASE & CO	1.04	02-04-27	02-04-26	100	5,000,000	89.02	4,451,200.00	87.72	4,385,796.90	3,466.67	4,389,263.57	A	0.06
IBM CORP	2.20	02-09-27	01-09-27	100	5,000,000	98.63	4,931,400.00	89.85	4,492,696.80	5,805.56	4,498,502.36	A-	0.06
IBM CORP	2.20	02-09-27	01-09-27	100	5,000,000	90.58	4,528,950.00	89.85	4,492,696.80	5,805.56	4,498,502.36	A-	0.06
HONEYWELL INTERNATIONAL	1.10	03-01-27			10,000,000	95.31	9,531,400.00	86.94	8,693,532.50	54,083.33	8,747,615.83	A	0.12
HONEYWELL INTERNATIONAL	1.10	03-01-27			18,000,000	89.76	16,156,800.00	86.94	15,648,358.50	97,350.00	15,745,708.50	A	0.22
TRUIST FINANCIAL CORP	1.27	03-02-27			10,000,000	93.96	9,396,000.00	88.99	8,898,974.00	61,942.22	8,960,916.22	A-	0.13
COMCAST CORP	3.30	04-01-27			10,000,000	100.83	10,083,300.00	93.71	9,370,685.00	134,750.00	9,505,435.00	A-	0.13
AMAZON.COM INC	3.30	04-13-27	03-13-27	100	10,000,000	98.95	9,895,400.00	94.46	9,446,280.50	123,750.00	9,570,030.50	AA	0.13
NORTHERN TRUST CORP	4.00	05-10-27	04-10-27	100	12,311,000	101.42	12,485,816.20	96.86	11,924,493.45	147,732.00	12,072,225.45	A+	0.17
UNITED HEALTH GROUP INC	3.70	05-15-27	04-15-27	100	300,000	99.95	299,838.00	95.38	286,126.16	3,175.83	289,301.99	A+	0.00
IBM CORP	4.15	07-27-27	06-27-27	100	10,000,000	97.84	9,783,900.00	96.64	9,663,750.60	35,736.11	9,699,486.71	AAA	0.14
INTEL CORP	3.75	08-05-27	07-05-27	100	4,325,000	99.98	4,324,178.25	95.09	4,112,856.54	10,361.98	4,123,218.52	AAA	0.06
HOME DEPOT INC	2.80	09-14-27	06-14-27	100	5,000,000	93.91	4,695,433.33	92.06	4,603,207.80	63,777.78	4,666,985.58	AAA	0.07
TEXAS INSTRUMENT INC	2.90	11-03-27	08-03-27	100	10,000,000	93.77	9,376,788.89	92.52	9,251,902.40	92,638.89	9,344,541.29	AAA	0.13
COMCAST CORP	5.35	11-15-27	10-15-27	100	4,860,000	102.44	4,978,586.70	101.47	4,931,549.02	74,391.75	5,005,940.77	AAA	0.07
COMCAST CORP	5.35	11-15-27	10-15-27	100	5,000,000	103.03	5,151,276.39	101.47	5,073,610.10	76,534.72	5,150,144.82	AAA	0.07
STATE STREET CORP	1.68	11-18-27	11-18-26	100	15,000,000	89.51	13,426,031.67	88.39	13,259,111.55	70,166.67	13,329,278.22	AAA	0.19
JOHN DEERE CAPITAL CORP	4.75	01-20-28			5,000,000	101.90	5,095,013.89	99.48	4,974,057.30	25,069.44	4,999,126.74	A	0.07
					856,847,000		858,684,507.55		813,808,438.97	4,665,249.43	818,473,688.39		11.54

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

February 28, 2023

Security	Coupon	Mature Date	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
MONEY MARKET FUNDS													
DREYFUS-713762	0.00	03-01-23			1,068,053	100.00	1,068,052.77	100.00	1,068,052.77	0.10	1,068,052.87	AAA	0.02
DREYFUS-715757	0.00	03-01-23			0	100.00	0.00	100.00	0.00	0.00	0.00	AAA	0.00
					1,068,053		1,068,052.77		1,068,052.77	0.10	1,068,052.87		0.02
ASSET BACKED SECURITIES													
TOYOTA LEASE OWNER TRUST 2021-A A3	0.39	04-22-24	11-20-23	100	2,293,596	99.99	2,293,328.51	98.97	2,269,972.13	198.78	2,270,170.91	AAA	0.03
TOYOTA AUTO RECEIVABLES A3	1.66	05-15-24			2,103,760	99.99	2,103,608.38	99.60	2,095,345.23	1,261.09	2,096,606.32	AAA	0.03
BMW LEASE TRUST 2021-1 A4	0.37	07-25-24	07-25-23	100	2,315,000	100.00	2,314,908.09	98.20	2,273,330.00	71.38	2,273,401.38	AAA	0.03
GM FINANCIAL	1.84	09-16-24			926,416	99.98	926,197.59	99.64	923,080.66	568.20	923,648.86	AAA	0.01
HARLEY DAVIDSON TRUST (A)	1.87	10-15-24			168,385	99.98	168,348.55	99.88	168,183.21	113.71	168,296.91	AAA	0.00
TOYOTA AUTO RECEIVABLES	2.60	11-15-24			6,061,104	102.02	6,183,273.10	99.77	6,047,163.43	5,690.70	6,052,854.13	AAA	0.09
CARMAX A3	1.89	12-16-24			2,801,583	99.98	2,801,033.65	99.06	2,775,248.44	1,912.08	2,777,160.52	AAA	0.04
GM FINANCIAL AUTOMOBILE	0.50	07-21-25			2,260,000	100.00	2,259,918.41	95.68	2,162,368.00	251.11	2,162,619.11	AAA	0.03
KUBOTA CREDIT OWNER TRUST 2021-A1 A3	0.62	08-15-25			3,300,000	99.98	3,299,324.82	95.73	3,159,090.00	738.83	3,159,828.83	NR	0.04
VW AUTO LOAN ENHANCED TRUST 2021-1 A3	1.02	06-22-26			3,760,000	100.00	3,759,852.61	95.18	3,578,768.00	852.27	3,579,620.27	AAA	0.05
DISCOVER CARD EXECUTION NT 2021-A1 A1	0.58	09-15-26			8,325,000	99.98	8,323,217.62	93.07	7,748,077.50	1,743.62	7,749,821.12	AAA	0.11
GM FINL CONSMR AUTO RCVBL TRST 2021-4 A3	0.68	09-16-26	08-16-25	100	2,375,000	100.00	2,374,939.44	94.40	2,242,000.00	538.33	2,242,538.33	AAA	0.03
HYUNDAI AUTO RECVBL TRUST 2022-A A3	2.22	10-15-26	04-15-26	100	11,090,000	100.00	11,089,573.04	95.55	10,596,495.00	8,890.48	10,605,385.48	AAA	0.15
WORLD OMNI AUTO RCVBL TR 2021-D A3	0.81	10-15-26	08-15-25	100	3,485,000	99.99	3,484,525.34	95.62	3,332,357.00	1,019.36	3,333,376.36	AAA	0.05
CAPITAL ONE MULTI-ASSET EXEC. TRUST	1.04	11-15-26			7,170,000	99.99	7,169,011.97	93.22	6,683,874.00	2,692.73	6,686,566.73	AAA	0.09
					58,434,845		58,551,061.11		56,055,352.60	26,542.69	56,081,895.28		0.80
MUNICIPAL BONDS													
CALIFORNIA STATE TAXBL	3.40	08-01-23			10,000,000	104.35	10,434,900.00	99.29	9,929,400.00	25,500.00	9,954,900.00	AA-	0.14
SAN DIEGO CCD	2.00	08-01-23			5,790,000	100.00	5,790,000.00	98.79	5,720,056.80	8,667.63	5,728,724.43	AAA	0.08
UNIV OF CALIFORNIA REVS SRS 2020-BF	0.83	05-15-24			2,000,000	100.00	2,000,000.00	95.21	1,904,140.00	4,766.61	1,908,906.61	AA	0.03
CHAFFEY JT UN HSD	2.10	08-01-24			1,860,000	100.00	1,860,000.00	96.24	1,789,989.60	2,930.89	1,792,920.49	AA-	0.03
LOS ANGELES CCD SR 2020	0.67	08-01-24			4,450,000	100.00	4,450,000.00	94.31	4,196,795.00	2,246.14	4,199,041.14	AA+	0.06
UNIV OF CALIFORNIA REVS 2013-AG TXBL	3.05	05-15-25			2,950,000	109.67	3,235,206.00	95.94	2,830,200.50	25,742.85	2,855,943.35	AA	0.04
LOS ANGELES CCD SR 2020	0.77	08-01-25			6,735,000	100.00	6,735,000.00	90.85	6,118,478.10	3,904.62	6,122,382.72	AA+	0.09
					33,785,000		34,505,106.00		32,489,060.00	73,758.74	32,562,818.74		0.46
TOTAL PORTFOLIO					**7,299,570,898**		**7,307,962,040.74**		**7,049,023,281.76**	**44,204,807.27**	**7,093,228,089.03**		**100.00**

** TOTAL COST DOES NOT REFLECT AMORTIZATIONS OR ACCRETIONS BUT INCLUDES PURCHASED ACCRUED INTEREST. MARKET PRICES ARE DOWNLOADED THROUGH (IDC) INTERACTIVE DATA CORP.

DIVERSIFICATION BY ISSUER

28-Feb-23	Asset-Backed	Cert. of Deposit	Comm. Paper	Corp. Bonds	Municipal Bonds	Total Par Value	Total %
Abbott Laboratories				$10,000,000		$10,000,000	0.15%
Amazon.com Inc				$45,090,000		$45,090,000	0.66%
American Express				$28,485,000		$28,485,000	0.42%
American Honda Finance				$32,380,000		$32,380,000	0.47%
Apple Inc.				$5,000,000		$5,000,000	0.07%
Astrazeneca Finance LLC				$4,500,000		$4,500,000	0.07%
Bank of America				$37,000,000		$37,000,000	0.54%
Bank of New York				$39,700,000		$39,700,000	0.58%
Bristol-Myers Squibb Co				$5,393,000		$5,393,000	0.08%
BB&T Corporation				$25,000,000		$25,000,000	0.37%
BMW	$2,315,000			$9,080,000		$11,395,000	0.17%
CA Municipal Obligation					$10,000,000	$10,000,000	0.15%
Canadian Imp Bk Comm NY		$50,000,000				$50,000,000	0.73%
Capital One Multi Asset Exectn Tru	$7,170,000					$7,170,000	0.10%
Carmax	$2,801,583					$2,801,583	0.04%
Caterpillar				$52,290,000		$52,290,000	0.76%
Chaffey JT Union HSD					$1,860,000	$1,860,000	0.03%
Charles Schwab Corp.				$18,255,000		$18,255,000	0.27%
CitiGroup				$24,950,000		$24,950,000	0.36%
Comcast Corp				$19,860,000		$19,860,000	0.29%
Cooperatieve Rabobank		$25,000,000		$10,000,000		$35,000,000	0.51%
Credit Agricole			$25,000,000			$25,000,000	0.37%
Credit Suisse NY		$35,000,000				$35,000,000	0.51%
Discover Card Execution Note	$8,325,000					$8,325,000	0.12%
Exxon Mobil				$10,000,000		$10,000,000	0.15%
General Motors	$6,128,691					$6,128,691	0.09%
Goldman Sachs				$37,990,000		$37,990,000	0.56%
Harley Davidson	$168,385					$168,385	0.00%
Home Depot Inc				$6,040,000		$6,040,000	0.09%
Honeywell International				$32,473,000		$32,473,000	0.47%
HSBC Bank		$50,000,000				$50,000,000	0.73%
Hyundai	$11,090,000					$11,090,000	0.16%
IBM Corp.				$25,000,000		$25,000,000	0.37%
Intel Corp				$4,325,000		$4,325,000	0.06%
John Deere				$46,420,000		$46,420,000	0.68%
JP Morgan				$37,955,000		$37,955,000	0.55%
Kubota Credit	$3,300,000					$3,300,000	0.05%
Los Angeles CCD					$11,185,000	$11,185,000	0.16%
Microsoft Corp				$10,000,000		$10,000,000	0.15%
Morgan Stanley				$24,780,000		$24,780,000	0.36%
MUFG Bank			$30,000,000			$30,000,000	0.44%
National Australia BK/NY				$16,780,000		$16,780,000	0.25%
National Rural Util Coop				$20,520,000		$20,520,000	0.30%
Natixis			$25,000,000			$25,000,000	0.37%
Nestle Holdings Inc				$7,275,000		$7,275,000	0.11%
Northern Trust				$12,311,000		$12,311,000	0.18%
Nvidia Corp				$5,000,000		$5,000,000	0.07%
Paccar Financial Group				$26,055,000		$26,055,000	0.38%
Pepsico Inc				$5,150,000		$5,150,000	0.08%
PNC Financial Services				$15,000,000		$15,000,000	0.22%
Roche Holdings Inc.				$8,620,000		$8,620,000	0.13%
Royal Bank of Canada			$25,000,000			$25,000,000	0.37%
San Diego CA CCD					$5,790,000	$5,790,000	0.08%
State Street Corp				$15,000,000		$15,000,000	0.22%
Sumitomo Mitsui Bank NY		$10,000,000				$10,000,000	0.15%
Suntrust Banks Inc				$10,000,000		$10,000,000	0.15%
Target Corp				$15,470,000		$15,470,000	0.23%
Texas Instrument Inc				$10,000,000		$10,000,000	0.15%
Toronto Dominion Bk NY		$74,000,000				$74,000,000	1.08%
Toyota	$9,891,185			$43,135,000		$53,026,185	0.78%
Truist Financial Corp				$10,000,000		$10,000,000	0.15%
Unilever Capital Corp				$5,450,000		$5,450,000	0.08%
United Health Group Inc.				$10,000,000		$10,000,000	0.15%
University of California					$4,950,000	$4,950,000	0.07%
US Bank				$10,000,000		$10,000,000	0.15%
Volkswagen	$3,760,000					$3,760,000	0.05%
Walt Disney Co.				$9,115,000		$9,115,000	0.13%
Westpac Banking		$50,000,000				$50,000,000	0.73%
World Omni	$3,485,000					$3,485,000	0.05%
Grand Total	**$58,434,845**	**$294,000,000**	**$105,000,000**	**$856,847,000**	**$33,785,000**	$1,348,066,845	19.70%

(In 000's)	MARCH 2023	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY 2024	FEBRUARY	TOTAL
CASH IN:													
Taxes:													
Secured	$123,983	$178,675	$5,270	$2,065	$64	$0	$0	$96,358	$350,842	$250,368	$48,844	$39,848	**$1,096,317**
Mixed	$265,510	$574,740	$34,958	$19,807	$18,918	$97,163	$33,565	$168,015	$434,926	$763,281	$86,065	$94,817	**$2,591,767**
State Automatics	$99,240	$56,664	$86,138	$112,599	$70,220	$87,528	$96,340	$89,507	$50,034	$109,892	$71,601	$85,537	**$1,015,299**
Unscheduled Sub. (Lockbox)	$24,429	$30,324	$28,232	$50,672	$14,677	$19,119	$38,987	$28,467	$58,293	$57,264	$38,101	$33,448	**$422,012**
Treasurer's Deposit	$72,172	$148,781	$64,605	$153,281	$57,250	$81,428	$77,612	$82,883	$104,615	$74,769	$94,175	$62,088	**$1,073,657**
Hospitals	$54,370	$91,627	$31,771	$10,735	$42,270	$15,912	$25,752	$41,318	$14,263	$16,027	$11,690	$16,669	**$372,404**
Revenue Services	$121	$74	$58	$0	$0	$0	$0	$0	$0	$0	$0	$0	**$253**
Retirement Deposit	$0	$0	$5,000	$17,998	$0	$0	$0	$0	$0	$17	$0	$0	**$23,015**
Housing Authority	$3,931	$4,476	$8,489	$3,800	$4,097	$3,166	$4,852	$4,094	$4,625	$6,058	$3,337	$3,391	**$54,315**
SMCOE/SMCCCD	$3,932	$4,841	$3,532	$10,010	$979	$3,879	$7,717	$2,165	$4,329	$2,273	$3,619	$7,562	**$54,839**
GO Bond Proceeds	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	**$0**
TRANs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	**$0**
Coupon	$6,374	$4,025	$4,574	$3,835	$10,322	$7,134	$6,523	$7,777	$6,942	$6,400	$11,371	$10,143	**$85,419**
TOTAL CASH IN:	$654,061	$1,094,227	$272,625	$384,803	$218,796	$315,328	$291,347	$520,583	$1,028,869	$1,286,350	$368,804	$353,502	**$6,789,295**
CASH OUT:													
Tax Apportionments:	($3,748)	($124,217)	($11,425)	($48,386)	$0	($35,802)	($977)	($1,197)	($21,983)	($221,008)	($24,649)	($30,801)	**($524,193)**
Voluntary Particpants W/D	($4,502)	($75,024)	($34,860)	($37,293)	($47,201)	($15,284)	($16,460)	($24,999)	($30,032)	($152,792)	($142,743)	($32,625)	**($613,814)**
County Payments	($113,146)	($27,988)	($57,528)	($18,667)	($53,028)	($2,117)	($42,059)	($791)	($124,846)	($17,615)	($14,396)	($27,492)	**($499,672)**
GO Bond/TRANS Payments	($21,464)	($3,092)	$0	($20,327)	($40,484)	($87,044)	($113,958)	($6,461)	$0	$0	($26,076)	($26,120)	**($345,025)**
Payroll - County	($56,955)	($58,707)	($54,676)	($52,564)	($71,313)	($59,695)	($51,668)	($52,942)	($55,985)	($73,235)	($63,380)	($54,104)	**($705,222)**
SMCOE/SMCCCD	($109,783)	($104,572)	($109,893)	($115,981)	($85,716)	($73,043)	($103,409)	($114,370)	($112,613)	($134,027)	($82,130)	($110,538)	**($1,256,076)**
Retirement	($23,076)	($24,147)	($24,436)	($23,944)	($24,211)	($24,496)	($21,313)	($27,901)	($24,337)	($23,766)	($24,325)	($24,976)	**($290,929)**
SMC-payables	($86,142)	($95,689)	($70,273)	($101,065)	($135,621)	($56,033)	($69,341)	($83,460)	($62,081)	($97,916)	($80,210)	($118,336)	**($1,056,167)**
SMCOE-payables	($70,783)	($54,125)	($80,065)	($92,311)	($77,482)	($97,685)	($66,852)	($82,652)	($66,158)	($80,935)	($69,564)	($75,645)	**($914,257)**
SMCCCD-payables	($14,294)	($8,240)	($9,230)	($11,424)	($14,078)	($10,967)	($8,251)	($8,974)	($7,353)	($5,930)	($4,963)	($9,254)	**($112,957)**
Housing Authority(Payroll-Payables)	($3,987)	($4,799)	($5,760)	($4,274)	($3,865)	($3,691)	($3,634)	($3,451)	($4,437)	($4,894)	($3,204)	($3,270)	**($49,266)**
Other ARS Debits	($20,399)	($24,137)	($15,711)	($21,565)	($29,436)	($19,565)	($19,530)	($15,340)	($16,241)	($19,257)	($18,942)	($16,777)	**($236,900)**
Returned Chks/Misc. Fees	($7)	($2)	($50)	($4)	($37)	($12)	($563)	($186)	($44)	($8)	($18)	($3)	**($935)**
TOTAL CASH OUT:	($528,286)	($604,738)	($473,907)	($547,805)	($582,472)	($485,435)	($518,015)	($422,722)	($526,110)	($831,382)	($554,599)	($529,940)	**($6,605,411)**
TOTAL ESTIMATED CASH FLOW	$125,775	$489,489	($201,282)	($163,002)	($363,676)	($170,107)	($226,668)	$97,861	$502,759	$454,968	($185,796)	($176,437)	**$183,885**
MATURING SECURITIES (SMC)	**$236,740**	**$142,820**	**$187,255**	**$225,300**	**$195,000**	**$127,000**	**$245,035**	**$104,750**	**$184,796**	**$93,850**	**$50,000**	**$40,239**	**$1,832,785**
LAIF/CAMP/DREYFUS(SMC)	**$151,068**												**$151,068**
CALLABLE SECURITIES (SMC)	**$279,555**	**$231,700**	**$126,744**	**$195,827**	**$25,000**	**$0**	**$75,000**	**$0**	**$100,000**	**$25,000**	**$75,000**	**$60,000**	**$1,193,826**

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APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information in this appendix has been provided by DTC for use in securities offering documents, and the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the Series 2023 Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the Series 2023 Bonds, or that they will so do on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this Official Statement.

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2023 Bonds (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com which is not incorporated herein by reference.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant

through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of 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 the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

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, Security certificates will be printed and delivered to DTC.

11. The information in this appendix concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.