PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 3, 2026

NEW ISSUE - FULL BOOK-ENTRY
BANK QUALIFIED

INSURED RATING: S&P: "AA"
UNDERLYING RATING: Moody's: "A1"
See "RATINGS" herein.

In the opinion of Jones Hall LLP, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. The Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

$6,000,000*
PALO VERDE UNIFIED SCHOOL DISTRICT
(Riverside County, California)
2026 General Obligation Refunding Bonds
(Bank Qualified)

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

Authority and Purpose. The above-captioned 2026 General Obligation Refunding Bonds (the "Bonds") are being issued pursuant to certain provisions of the California Government Code and a resolution of the Board of Trustees of the District adopted on May 19, 2026. The Bonds are being issued to refund certain outstanding general obligation bonds of the District, and to pay costs of issuance of the Bonds. See "THE BONDS – Authority for Issuance" and "- Purpose of Issue" herein.

Security. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied on taxable property within the District and collected by Riverside County (the "County"), as described herein. The Board of Supervisors of the County is empowered and obligated to annually levy *ad valorem* property taxes for the payment of interest on, and principal of, the Bonds upon all property subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates). The District has other series of general obligation bonds outstanding. See "SECURITY FOR THE BONDS."

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

Payments. The Bonds are dated the date of delivery set forth below and accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity or earlier redemption, commencing February 1, 2027. Payments of principal of and interest on the Bonds will be paid by U.S. Bank Trust Company, National Association, as the designated paying agent, registrar and transfer agent (the "Paying Agent") to DTC for subsequent disbursement to DTC Participants, which will remit such payments to beneficial owners of the Bonds. See "THE BONDS - Description of the Bonds."

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

Bond Insurance. The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Inc.

ASSURED GUARANTY®

MATURITY SCHEDULE
(See inside cover)

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

The Bonds will be offered when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Jones Hall LLP, Bond Counsel to the District, and subject to certain other conditions. Jones Hall LLP is also serving as Disclosure Counsel to the District. Norton Rose Fulbright US LLP is serving as counsel to the Underwriter. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC, on or about August 26, 2026.*

RAYMOND JAMES®

The date of this Official Statement is _______, 2026.

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* *Preliminary; subject to change.*

MATURITY SCHEDULE

$6,000,000*
PALO VERDE UNIFIED SCHOOL DISTRICT
(Riverside County, California)
2026 General Obligation Refunding Bonds
(Bank Qualified)

Base CUSIP†: 697498

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

$________ ___% Term Bond due August 1, 20__; Yield ___%; Price ___, CUSIP† ___

** Preliminary; subject to change.*
† CUSIP® is a registered trademark of the American Bankers Association. All rights reserved. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc on behalf of The American Bankers Association. CUSIP numbers are provided for convenience of reference only. Neither the District nor the Underwriter take any responsibility for the accuracy of the CUSIP data.

PALO VERDE UNIFIED SCHOOL DISTRICT
(Riverside County, California)

BOARD OF TRUSTEES

DISTRICT ADMINISTRATION

April Smith, *Superintendent*
Rachel Angel*, Director of Business Services*

PROFESSIONAL SERVICES

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

BOND COUNSEL AND DISCLOSURE COUNSEL
Jones Hall LLP
San Mateo, California

UNDERWRITER'S COUNSEL
Norton Rose Fulbright US LLP
Los Angeles, California

PAYING AGENT and ESCROW BANK
U.S. Bank Trust Company, National Association
Los Angeles, California

VERIFICATION AGENT
Causey Public Finance, LLC
Denver, Colorado

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

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

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

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

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

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

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

Bond Insurance. Assured Guaranty Inc. ("AG" or the "Bond Insurer") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, the Bond Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Bond Insurer, supplied by the Bond Insurer and presented under the heading "BOND INSURANCE" and in APPENDIX H.***Document Summaries***. All summaries of the Bond Resolution or other documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents, and do not purport to be complete statements of any or all of such provisions.

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

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

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

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$6,000,000*
PALO VERDE UNIFIED SCHOOL DISTRICT
(Riverside County, California)
2026 General Obligation Refunding Bonds
(Bank Qualified)

The purpose of this Official Statement, which includes the cover page, inside cover page and attached appendices, is to set forth certain information concerning the sale and delivery of 2026 General Obligation Refunding Bonds (the "**Bonds**") by Palo Verde Unified School District (the "**District**").

INTRODUCTION

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

The District. The District was established on July 1, 1936 and is located in the southeastern portion of Riverside County (the "**County**"), in the State of California (the "**State**"), encompassing an area of approximately 1,027 square miles. The District is a rural school district serving the City of Blythe and surrounding unincorporated areas of the County. The District operates three TK-8 elementary schools, one high school and one continuation high school. The District's enrollment for fiscal year 2025-26 was approximately 2,560 students and is budgeted for approximately 2,488 students in fiscal year 2026-27.

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

Purpose of Issue. The Bonds are being issued by the District to refund a portion of the District's outstanding General Obligation Bonds Election of 2018, Series A (the "**2018A Bonds**"), and to pay costs of issuance of the Bonds. See "THE REFINANCING PLAN" herein.

Authority for Issuance of the Bonds. The Bonds will be issued under the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "**Refunding Law**") and under a resolution adopted by the Board of Trustees of the District on May 19, 2026 (the "**Bond Resolution**"). See "THE BONDS - Authority for Issuance."

Description of the Bonds. The Bonds will be issued as current interest bonds. The Bonds will be dated their date of delivery (the "**Dated Date**") and will be issued as fully registered bonds, without coupons, in the denominations of $5,000 or any integral multiple thereof. The Bonds will mature on August 1 in the years indicated on the inside cover page hereof. The Bonds will accrue interest from the Dated Date, which is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2027. See "THE BONDS – Description of the Bonds" herein.

* *Preliminary; subject to change.*

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

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

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

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

Legal Matters. Issuance of the Bonds is subject to the approving opinion of Jones Hall LLP, Bond Counsel, to be delivered in substantially the form attached hereto as APPENDIX D. Jones Hall LLP, will serve as Disclosure Counsel to the District. Norton Rose Fulbright US LLP is serving as counsel to the Underwriter. Payment of the fees of Bond Counsel, Disclosure Counsel, and Underwriter's counsel is contingent upon issuance of the Bonds.

Bond Insurance. Concurrently with the issuance of the Bonds, Assured Guaranty Inc. (**"AG"** or the **"Bond Insurer"**) will issue its Municipal Bond Insurance Policy for the Bonds (the "**Policy**"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due, as set forth in the form of the Policy included as APPENDIX H to this Official Statement. See "BOND INSURANCE" and APPENDIX H.

Tax Matters; Bank Qualified. In the opinion of Bond Counsel, interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. The District has designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986. Such section provides an exception to the prohibition against the ability of a "financial institution" (as defined in the Internal Revenue Code of 1986) to deduct its interest expense allocable to tax-exempt interest. See "TAX MATTERS" and Appendix D hereto for the form of Bond Counsel's opinion to be delivered concurrently with the Bonds.

[*] *Preliminary; subject to change.*

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

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

Other Information. This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this Official Statement are available from the District, which may impose a charge for copying, mailing and handling.

END OF INTRODUCTION

THE REFINANCING PLAN

On March 6, 2019, the District issued the 2018A Bonds in the aggregate principal amount of $10,000,000. The 2018A Bonds are subject to optional redemption on or after August 1, 2026, at a redemption price of 100% of the principal amount being redeemed, plus any accrued interest, without premium. The 2018A Bonds are currently outstanding in the principal amount of $5,785,000 and are being refunded in part, as more particularly described below.

The Bonds are being issued by the District to refund, on a current basis, certain maturities of the 2018A Bonds (the "**Refunded Bonds**"), as further identified in the following table.

PALO VERDE UNIFIED SCHOOL DISTRICT
Identification of Refunded Bonds*

Maturity Date (August 1)	CUSIP†	Principal Amount Redeemed	Redemption Date	Redemption Price
2027	697498 FU2	$230,000	08/26/2026	100%
2028	697498 FV0	240,000	08/26/2026	100
2029	697498 FW8	250,000	08/26/2026	100
2030	697498 FX6	255,000	08/26/2026	100
2031	697498 FY4	270,000	08/26/2026	100
2032	697498 FZ1	280,000	08/26/2026	100
2033	697498 GA5	290,000	08/26/2026	100
2034	697498 GB3	300,000	08/26/2026	100
2035	697498 GC1	315,000	08/26/2026	100
2036	697498 GD9	325,000	08/26/2026	100
2037	697498 GE7	340,000	08/26/2026	100
2038	697498 GF4	355,000	08/26/2026	100
2048 T	697498 GJ6	2,115,000	08/26/2026	100
Total	--	$5,565,000	--	--

** Preliminary; subject to change.*
† CUSIP Global Services is a registered trademark of American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of American Bankers Association by FactSet Research Systems Inc. Neither the District nor the Underwriter takes any responsibility for the accuracy of the CUSIP data.
T Term Bond.

Escrow Fund. The District will deliver a portion of the proceeds of the Bonds to U.S. Bank Trust Company, National Association, as escrow agent (the "**Escrow Bank**"), for deposit in an escrow fund (the "**Escrow Fund**") established under an Escrow Agreement (the "**Escrow Agreement**"), entered into by and between the District and the Escrow Bank. The Escrow Bank will invest such funds in certain treasury securities ("**Escrow Fund Securities**"), and will apply such funds, with cash, together with interest earnings (if any) on the investment of such funds in Escrow Fund Securities, to pay the redemption price of and interest on the Refunded Bonds on their redemption date.

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

The amounts held by the Escrow Bank in the Escrow Fund are pledged solely to the payment of the Refunded Bonds. The funds deposited in the Escrow Fund will not be available for the payment of debt service with respect to the Bonds.

THE BONDS

Authority for Issuance

The Bonds will be issued under the authority of and pursuant to the Refunding Law and the Bond Resolution.

Description of the Bonds

The Bonds are being issued as current interest bonds. The Bonds mature in the years and in the amounts set forth on the inside cover page hereof. Interest on the Bonds will be computed based on a 360-day year of twelve 30-day months. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Bonds. See "Book-Entry Only System" and APPENDIX F.

The Bonds shall be issued in the denominations of $5,000 principal amount each or any integral multiple thereof. Interest on Bonds is payable semiannually on each February 1 and August 1, commencing February 1, 2027 (each, an **"Interest Payment Date"**). Each Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it will bear interest from such date, (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the fifteenth (15th) day of the month preceding the Interest Payment Date (each, a **"Record Date"**), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to January 15, 2027, in which event it will bear interest from the date of delivery of the Bonds identified on the cover page hereof. Notwithstanding the foregoing, if interest on any Bond is in default at the time of authentication thereof, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Payments of principal of and interest on the Bonds will be paid by U.S. Bank Trust Company, National Association, as the designated paying agent, registrar and transfer agent (the "**Paying Agent**") to DTC for subsequent disbursement to DTC Participants which will remit such payments to the Beneficial Owners of the Bonds.

Book-Entry Only System

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of DTC. Purchasers of the Bonds will not receive physical certificates representing their interest in the Bonds. Payments of principal of and interest on the Bonds will be paid by the Paying Agent to DTC for subsequent disbursement to DTC Participants which will remit such payments to the Beneficial Owners of the Bonds.

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

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

Redemption*

Optional Redemption. The Bonds maturing on or before August 1, 20__ are not subject to redemption prior to maturity. The Bonds maturing on or after August 1, 20__ are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity, from any available source of funds, on August 1, 20__, or on any date thereafter, at a price equal to 100% of the principal amount thereof, without premium, together with accrued interest thereon to the redemption date.

Mandatory Sinking Fund Redemption. The Bonds maturing on August 1, 20__ and August 1, 20__ (the **"Term Bonds"),** are subject to mandatory sinking fund redemption on or before August 1 in the years and in the amounts in accordance with the schedules set forth below. The Term Bonds so called for mandatory sinking fund redemption shall be redeemed in the sinking fund payments in the amounts and on the dates set forth below, respectively, without premium.

$________ Term Bonds Maturing August 1, 20__

Redemption Date (August 1)	Sinking Fund Payment
(maturity)	

$________ Term Bonds Maturing August 1, 20__

Redemption Date (August 1)	Sinking Fund Payment
(maturity)	

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

Notice of Redemption

The Paying Agent shall give notice of the redemption of the Bonds at the expense of the District to be mailed, first class mail, postage prepaid, at least 20 days but not more than 60 days prior to the date fixed for redemption, to the owners of the Bonds designated for redemption. Such notice shall specify: (a) that the Bonds or a designated portion thereof are to be redeemed, (b) the

* *Preliminary; subject to change.*

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

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

Partial Redemption of Bonds

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

Effect of Redemption

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

Right to Rescind Notice of Redemption

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

Registration, Transfer and Exchange of Bonds

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

If the book-entry system is discontinued, the person in whose name a Bond is registered on the Bond registration books shall be regarded as the absolute owner of that Bond. Payment of the principal of and interest on any Bond shall be made only to or upon the order of that person; neither the District, the County nor the Paying Agent shall be affected by any notice to the contrary, but the registration may be changed as provided in the Bond Resolution.

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

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

Defeasance and Discharge of Bonds

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

(a) by paying or causing to be paid the principal or redemption price of and interest on such Bonds, as and when the same become due and payable;

(b) by irrevocably depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Bond Resolution) to pay or redeem such Bonds; or

(c) by delivering such Bonds to the Paying Agent for cancellation by it.

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

(i) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption is given as provided in the Bond Resolution or provision satisfactory to the Paying Agent is made for the giving of such notice, the amount to be deposited or held will be the principal amount or redemption price of such Bonds and all unpaid interest thereon to the redemption date; or

(ii) Federal Securities (not callable by the issuer thereof prior to maturity) the principal of and interest on which when due, in the opinion of a certified public accountant delivered to the District, will provide money sufficient to pay the principal or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal or redemption price and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption is given as provided in the Bond Resolution or provision satisfactory to the Paying Agent is made for the giving of such notice.

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

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

DEBT SERVICE SCHEDULES

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

Palo Verde Unified School District
2026 General Obligation Refunding Bonds
Debt Service Schedule

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

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

PALO VERDE UNIFIED SCHOOL DISTRICT
General Obligation Bonds
Combined Debt Service Schedule

Bond Year Ending August 1	Election of 2018, Series A Bonds*	Election of 2018, Series B-1 Tax-Exempt Bonds	Election of 2018, Series B-2 Taxable Bonds	2022 Refunding Bonds**	Election of 2018, Series C Bonds	The Bonds	Total Debt Service
2026	$474,750.00	$74,600.00	$216,072.80	$117,508.50	$235,000.00		
2027	473,750.00	74,600.00	216,072.80	118,228.30	213,500.00		
2028	474,550.00	74,600.00	216,072.80	118,211.70	253,500.00		
2029	474,950.00	74,600.00	216,072.80	118,165.20	288,500.00		
2030	469,950.00	74,600.00	216,072.80	118,088.80	338,500.00		
2031	474,750.00	74,600.00	246,072.80	117,982.50	343,500.00		
2032	473,950.00	74,600.00	285,261.60	117,846.30	348,500.00		
2033	472,750.00	74,600.00	323,368.80	117,680.20	358,500.00		
2034	471,150.00	74,600.00	360,394.40	117,484.20	373,500.00		
2035	474,150.00	74,600.00	541,338.40	117,258.30	238,500.00		
2036	471,550.00	74,600.00	572,280.00	118,002.50	258,500.00		
2037	473,550.00	74,600.00	575,467.50	117,686.90	308,500.00		
2038	474,950.00	74,600.00	573,182.50	117,341.40	363,500.00		
2039	105,750.00	74,600.00	570,582.50	429,966.00	478,500.00		
2040	105,750.00	74,600.00	572,667.50	432,202.00	528,500.00		
2041	105,750.00	74,600.00	504,280.00	432,049.30	658,500.00		
2042	105,750.00	74,600.00	517,144.00	432,567.70	708,500.00		
2043	105,750.00	74,600.00	509,188.00	430,727.30	783,500.00		
2044	105,750.00	74,600.00	511,068.00	433,587.90	843,500.00		
2045	595,750.00	74,600.00	502,456.00	--	863,500.00		
2046	596,250.00	184,600.00	548,680.00	--	778,500.00		
2047	595,500.00	480,200.00	547,360.00	--	561,875.00		
2048	598,500.00	508,800.00	550,530.00	--	600,425.00		
2049	--	925,600.00	548,020.00	--	865,675.00		
2050	--	--	--	--	1,629,975.00		
Total	**$9,175,250.00**	**$3,591,200.00**	**$10,439,706.00**	**$4,122,585.00**	**$13,222,950.00**		

*Certain maturities expected to be refunded with the proceeds of the Bonds. See "THE REFINANCING PLAN" herein.
** Private placement.

SOURCES AND USES OF FUNDS

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

Sources of Funds	**Total**
Principal Amount of Bonds	
[Net] Original Issue Premium	
Total Sources	
Uses of Funds	
Escrow Fund	
Costs of Issuance (1)	
Total Uses	

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

SECURITY FOR THE BONDS

Ad Valorem Taxes

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

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

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

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

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

Annual Tax Rates. The amount of the annual *ad valorem* property tax levied by the County to repay the Bonds, as applicable, will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rates to fluctuate.

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

Debt Service Fund

Amounts to pay debt service on the Bonds will be held in the fund created and established in the Bond Resolution and known as the "Palo Verde Unified School District 2026 General Obligation Refunding Bonds Debt Service Fund" (the "**2026 Refunding Debt Service Fund**") for the Bonds, which will be established as a separate fund and which the County Treasurer will maintain as a separate account, distinct from all other funds of the County and the District. All taxes levied by the County, at the request of the District, for the payment of the principal of and interest on the Bonds will be deposited in the 2026 Refunding Debt Service Fund held by the County promptly upon apportionment of said levy. The 2026 Refunding Debt Service Fund is pledged for the payment of the principal of and interest and premium (if any) on the Bonds when and as the same become due. The County Treasurer will transfer amounts on deposit in the 2026 Refunding Debt Service Fund to the Paying Agent to the extent necessary to pay the principal of and interest on the Bonds as the same becomes due and payable.

If, after payment in full of the Bonds, any amounts remain on deposit in the 2026 Refunding Debt Service Fund, the County shall transfer such amounts to the District's general fund, to be applied solely in a manner which is consistent with the requirements of applicable state and federal tax law.

Not a County Obligation

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

PROPERTY TAXATION

Property Tax Collection Procedures

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

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

Property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1. However, Senate Bill 813 (enacted by Statutes of 1983, Chapter 498) (**"SB 813"**), provided for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Thus, this legislation eliminated delays in the realization of increased property taxes from new assessments. As amended, SB 813 provided increased revenue to taxing jurisdictions to the extent that supplemental assessments of new construction or changes of ownership occur subsequent to the January 1 lien date and result in increased assessed value.

Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent, if unpaid on the following August 31. A 10% penalty is also attached to delinquent taxes in respect of property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder's office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes in respect of property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent.

Taxation of State-Assessed Utility Property

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

Assessed Valuation

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

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

Assessed Valuation History. The table below shows a 10-year history of the District's assessed valuation.

PALO VERDE UNIFIED SCHOOL DISTRICT
Assessed Valuations of All Taxable Property
Fiscal Years 2016-17 to 2025-26

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2016-17	$1,259,269,186	$307,272,505	$78,207,326	$1,644,749,017	--%
2017-18	1,330,151,801	217,972,505	111,779,453	1,659,903,759	0.9
2018-19	1,414,072,321	173,420,881	117,873,606	1,705,366,808	2.7
2019-20	1,444,879,820	155,620,881	153,306,267	1,753,806,968	2.8
2020-21	1,486,753,477	129,220,881	201,817,936	1,817,792,294	3.6
2021-22	1,533,692,844	134,420,881	159,431,205	1,827,544,930	0.5
2022-23	1,604,727,500	126,074,545	288,628,087	2,019,430,132	10.5
2023-24	1,683,802,136	100,474,545	730,621,779	2,514,898,460	24.5
2024-25	1,765,205,721	95,974,545	708,967,417	2,570,147,683	2.2
2025-26	1,917,734,261	94,074,545	681,697,417	2,693,506,223	4.8

Source: California Municipal Statistics, Inc.

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

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

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

Drought. The State has experienced drought conditions in recent years, including a period of drought followed by record-level precipitation, which resulted in related severe flooding and mudslides in certain regions. During 2021, the Governor of the State proclaimed a drought state of emergency for all counties in the State, culminating with an October 19, 2021, proclamation, urging Californians to step up their water conservation efforts. As of July 27, 2026, the U.S. Drought Monitor indicates that the State is classified as experiencing abnormally dry conditions, with moderate drought conditions being experienced in northern, northeastern and southeastern areas of the State and severe drought conditions being experienced in the northwestern part of the State. The County is currently experiencing abnormally dry and no drought conditions.

In January 2022, the State Water Board adopted emergency regulations aimed at saving water and raising drought awareness, with prohibitions focused on reducing outdoor water use, enforceable by local agencies and the State Water Board, generally with warning letters, mandatory water use audits, and fines. In January 2023, the State Water Board adopted its first five-year temporary groundwater recharge permit, in addition to adopting new statewide sanitary sewer orders and appointing eleven members to the Advisory Group on Safe Drinking Water Funding. Local agencies can impose and enforce their own drought conservation rules.

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

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

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

PALO VERDE UNIFIED SCHOOL DISTRICT
Assessed Valuation by Jurisdiction
Fiscal Year 2025-26

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Blythe	$1,124,107,345	41.73%	$1,124,107,345	100.00%
Unincorporated Riverside County	1,569,398,878	58.27	$75,438,139,524	2.08%
Total District	$2,693,506,223	100.00%		
Riverside County	$2,693,506,223	100.00%	$450,641,568,216	0.60%

Source: California Municipal Statistics, Inc.

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

PALO VERDE UNIFIED SCHOOL DISTRICT
Local Secured Property Assessed Valuation and Parcels by Land Use
Fiscal Year 2025-26

Non-Residential:	2025-26 Assessed Valuation (1)	% of Total	No. of Parcels	% of Total
Agricultural/Rural	$746,245,168	37.09%	2,219	22.14%
Commercial/Office	178,651,202	8.88	301	3.00
Vacant Commercial	40,557,841	2.02	302	3.01
Hotel/Motel	88,179,839	4.38	37	0.37
Industrial	69,403,004	3.45	86	0.86
Vacant Industrial	272,694	0.01	3	0.03
Recreational	3,612,226	0.18	11	0.11
Government/Social/Institutional	2,571,663	0.13	33	0.33
Utility Roll/ Power Plant	94,074,545	4.68	12	0.12
Subtotal Non-Residential	$1,223,568,182	60.82%	3,004	29.97%
Residential:				
Single Family Residence	$543,809,430	27.03%	3,328	33.20%
Condominium	8,473,394	0.42	83	0.83
Mobile Home/Lots	156,923,828	7.80	1,980	19.75
Mobile Home Park	13,713,725	0.68	10	0.10
2-4 Residential Units	8,872,484	0.44	55	0.55
5+ Residential Units/Apartments	26,186,079	1.30	42	0.42
Miscellaneous Residential	3,010,999	0.15	80	0.80
Vacant Residential	27,250,685	1.35	1,441	14.38
Subtotal Residential	$788,240,624	39.18%	7,019	70.03%
Total	$2,011,808,806	100.00%	10,023	100.00%

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

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

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

	No. of Parcels	2025-26 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	3,328	$543,809,430	$163,404	$144,649

2025-26 Assessed Valuation	No. of Parcels (1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	96	2.885%	2.885%	$1,604,379	0.295%	0.295%
$25,000 -$49,999	294	8.834	11.719	11,497,040	2.114	2.409
$50,000 - $74,999	313	9.405	21.124	19,354,313	3.559	5.968
$75,000 - $99,999	326	9.796	30.919	28,391,852	5.221	11.189
$100,000 - $124,999	351	10.547	41.466	39,466,543	7.257	18.447
$125,000 - $149,999	343	10.306	51.773	46,927,885	8.629	27.076
$150,000 - $174,999	344	10.337	62.109	56,010,076	10.300	37.376
$175,000 - $199,999	289	8.684	70.793	53,972,698	9.925	47.301
$200,000 - $224,999	220	6.611	77.404	46,463,817	8.544	55.845
$225,000 - $249,999	178	5.349	82.752	42,228,805	7.765	63.610
$250,000 - $274,999	140	4.207	86.959	36,575,824	6.726	70.336
$275,000 - $299,999	110	3.305	90.264	31,445,655	5.782	76.118
$300,000 - $324,999	84	2.524	92.788	26,300,147	4.836	80.955
$325,000 - $349,999	60	1.803	94.591	20,205,289	3.716	84.670
$350,000 - $374,999	41	1.232	95.823	14,874,817	2.735	87.405
$375,000 - $399,999	27	0.811	96.635	10,460,940	1.924	89.329
$400,000 - $424,999	27	0.811	97.446	11,174,210	2.055	91.384
$425,000 - $449,999	15	0.451	97.897	6,585,863	1.211	92.595
$450,000 - $474,999	11	0.331	98.227	5,099,154	0.938	93.533
$475,000 - $499,999	16	0.481	98.708	7,803,392	1.435	94.968
$500,000 and greater	43	1.292	100.000	27,366,731	5.032	100.000
	3,328	100.000%		$543,809,430	100.000%	

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

Reassessments and Appeals of Assessed Value

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

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

Under California law, property owners may apply for a Proposition 8 reduction of their property tax assessment by filing a written application, in form prescribed by the SBE, with the applicable County board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value.

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

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

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

Tax Rates

Below are historical tax rates in a typical rate area of the District for fiscal years 2021-22 through 2025-26.

PALO VERDE UNIFIED SCHOOL DISTRICT
Typical Total Tax Rates per $100 of Assessed Valuation
(Tax Rate Area 85-000)[(1)]
Fiscal Years 2021-22 through 2025-26

	2021-22	2022-23	2023-24	2024-25	2025-26
General	$1.00000	$1.00000	$1.00000	$1.00000	$1.00000
Palo Verde Unified School District	.09824	.09824	.09945	.07329	.05234
Palo Verde Community College District	.00117	.00896	.00976	.03540	.02487
Total	$1.09941	$1.10720	$1.10921	$1.10869	$1.07721

(1) 2025-26 assessed valuation of TRA 85-000 is $1,421,133,008 , which is 52.76% of the District's total assessed valuation.
Source: California Municipal Statistics, Inc.

Tax Levies and Delinquencies

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

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

The current practice of the County under the Teeter Plan is to pay the District 100% of the *ad valorem* property taxes payable annually to the District in connection with general obligation bond indebtedness and to retain any penalties or delinquencies collected to offset such gross payment. In addition, the District cannot predict the impact, if any, that changes or modifications to property tax collection procedures might have on the County's Teeter Plan.

Finally, the ability of the County to maintain the Teeter Plan may depend on its financial resources and may be affected by future property tax delinquencies. Property tax delinquencies may be impacted by economic and other factors beyond the District's or the County's control, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression could be caused by many factors outside the control of the District, including high interest rates, reduced consumer confidence, reduced real wages or reduced economic activity.

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

So long as the Teeter Plan remains in effect with respect to the District, the District's receipt of revenues with respect to the levy of *ad valorem* property taxes on the secured roll will not be dependent upon actual collections of the *ad valorem* property taxes by the County.

The following table sets forth a recent history of secured tax charges and delinquencies for the debt service levy.

PALO VERDE UNIFIED SCHOOL DISTRICT
Secured Tax Charges and Delinquencies
Fiscal Years 2018-19 through 2024-25

Fiscal Year	Secured Tax Charge (1)	Amount Delinquent June 30	% Delinquent June 30
2018-19	$739,396.47	$33,062.75	4.47%
2019-20	1,551,411.53	62,284.87	4.01
2020-21	1,571,211.03	55,573.70	3.54
2021-22	1,632,538.74	70,309.47	4.31
2022-23	1,687,898.52	81,653.80	4.84
2023-24	1,771,616.66	73,818.15	4.17
2024-25	1,374,647.07	90,282.16	6.57

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

Top 20 Property Owners

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

PALO VERDE UNIFIED SCHOOL DISTRICT
Top 20 Secured Property Taxpayers
Fiscal Year 2025-26

	Property Owner	Primary Land Use	2025-26 Assessed Valuation	% of Total (1)
1.	Metropolitan Water District of Southern California	Agricultural	$113,023,129	5.62%
2.	Blythe Energy LLC	Power Plant	92,300,000	4.59
3.	Fondomonte California	Agricultural	79,268,543	3.94
4.	Irvine Ranch Water District	Agricultural	54,983,671	2.73
5.	Emporia I	Agricultural	46,528,920	2.31
6.	Mesaville Solar	Solar Farm	28,132,704	1.40
7.	Fisher Family Properties	Agricultural	27,854,390	1.38
8.	Nextera Blythe Solar Energy Center LLC	Solar Farm	17,902,590	0.89
9.	Fisher Ranch Corp	Commercial Land	16,292,355	0.81
10.	Woodspur Farming	Agricultural	15,190,761	0.76
11.	Lakota Resources	Agricultural	14,571,920	0.72
12.	Emrland	Agricultural	14,437,092	0.72
13.	GM Gabrych Family	Agricultural	14,086,146	0.70
14.	BSB Hotels	Hotel	13,543,601	0.67
15.	Chassan Properties	Agricultural	13,308,061	0.66
16.	D & B Fisher	Agricultural	12,761,194	0.63
17.	IP Athos III Land	Agricultural	12,736,418	0.63
18.	Kmart Corp	Industrial	11,321,350	0.56
19.	South Valley Holdings	Agricultural	11,201,580	0.56
20.	Enterprises Swanco CA	Agricultural	11,189,527	0.56
			$620,633,952	30.85%

(1) 2025-26 Local secured assessed valuation: $2,011,808,806.
Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the "**Debt Report**") prepared by California Municipal Statistics, Inc. for debt issued as of June 1, 2026. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

PALO VERDE UNIFIED SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt
(Debt Issued as of June 1, 2026)

2025-26 Assessed Valuation: $2,693,506,223

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	**% Applicable**	**Debt 6/1/26**	
Palo Verde Community College District	74.573%	$8,598,267	
Palo Verde Unified School District	**100.000**	**22,922,823**	(1)
City of Blythe Community Facilities District No. 2004-1	100.000	1,290,000	
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$32,811,090	
OVERLAPPING GENERAL FUND DEBT:			
Riverside County General Fund Obligations	0.598%	$6,568,714	
Riverside County Pension Obligation Bonds	0.598	3,297,940	
Palo Verde Community College District Certificates of Participation	74.573	6,745,128	
City of Blythe General Fund Obligations	100.000	412,800	
Palo Verde Cemetery District General Fund Obligations	100.000	160,000	
TOTAL OVERLAPPING GENERAL FUND DEBT		$17,184,582	
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$22,080,037	
COMBINED TOTAL DEBT		**$72,075,709**	(2)

Ratios to 2025-26 Assessed Valuation:
Direct Debt ($22,922,823)..0.85%
Total Direct and Overlapping Tax and Assessment Debt 1.22%
Combined Total Debt 2.68%

Ratio to Redevelopment Incremental Valuation ($675,407,096):
Total Overlapping Tax Increment Debt 3.27%

(1) Excludes the Bonds offered for sale hereunder; includes Refunded Bonds to be refunded.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

BOND INSURANCE

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

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Inc. ("**AG**" or the "**Bond Insurer**") will issue its Municipal Bond Insurance Policy (the "**Policy**") for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as APPENDIX H to this Official Statement.

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

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL" and together with its subsidiaries, "Assured Guaranty"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets, and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates, and in the annuity reinsurance business through Assured Life Reinsurance Ltd. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

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

Current Financial Strength Ratings

On August 4, 2025, KBRA announced that it had affirmed AG's insurance financial strength rating of "AA+" (stable outlook).

On June 30, 2025, S&P announced that it had affirmed AG's financial strength rating of "AA" (stable outlook).

On July 10, 2024, Moody's announced that it had affirmed AG's insurance financial strength rating of "A1" (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding AG's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

Capitalization of AG

At March 31, 2026:

- The policyholders' surplus of AG was approximately $3,158 million.

- The contingency reserve of AG was approximately $1,539 million.

- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately $2,402 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG and (ii) the net unearned premium reserves and net deferred ceding commissions of AG's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK"), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

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

Incorporation of Certain Documents by Reference

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

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2025 (filed by AGL with the SEC on February 27, 2026); and

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2026 (filed by AGL with the SEC on May 8, 2026).

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

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

Miscellaneous Matters

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

TAX MATTERS

Tax Exemption

Federal Tax Status. In the opinion of Jones Hall LLP, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. The Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "**Tax Code**"), such that, in the case of certain financial institutions (within the meaning of section 265(b)(5) of the Tax Code), a deduction for federal income tax purposes is allowed for 80% of that portion of such financial institution's interest expense allocable to interest payable on the Bonds.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Tax Code relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds, or may cause the Bonds to not be “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Tax Code.

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

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

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

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

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

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

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

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

CERTAIN LEGAL MATTERS

Legality for Investment

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

Litigation

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

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

Compensation of Certain Professionals

Payment of the fees and expenses of Jones Hall LLP, as Bond Counsel and Disclosure Counsel to the District, Isom Advisors, a Division of Urban Futures, Inc., as municipal advisor to the District, and Norton Rose Fulbright US LLP, as counsel to the Underwriter, are contingent upon issuance of the Bonds.

CONTINUING DISCLOSURE

The District will execute the Continuing Disclosure Certificate in connection with the issuance of the Bonds, and covenant therein, for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District (an **"Annual Report"**) to the Municipal Securities Rulemaking Board Electronic Municipal Market Access website ("**EMMA**") not later than nine months after the end of the District's fiscal year, commencing March 31, 2027, with the report for the 2025-26 Fiscal Year, and to provide notices of the occurrence of certain enumerated events. Such notices will be filed by the District on EMMA. The specific nature of the information to be contained in an Annual Report or the notices of enumerated events is set forth in the form of Continuing Disclosure Certificate attached as APPENDIX E. These covenants have been made in order to assist the Underwriter of the Bonds in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the **"Rule"**).

The District has prior undertakings pursuant to the Rule. The District has engaged Isom Advisors, a Division of Urban Futures, Inc., to serve as dissemination agent with respect to its prior undertakings and with respect to the Bonds.

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

ESCROW VERIFICATION

The Verification Agent, upon delivery of the Bonds, will deliver a report of the mathematical accuracy of certain computations, contained in schedules provided to them on behalf of the District, relating to the sufficiency of the anticipated amount of proceeds of the Bonds and other funds available to pay, when due, the principal, whether at maturity or upon prior redemption, interest and redemption premium requirements of the Refunded Bonds.

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

RATINGS

S&P is expected to assign its insured rating of "AA" to the Bonds, based on the understanding that the Bond Insurer will issue and deliver its Policy with respect to the Bonds upon delivery. See "BOND INSURANCE."

In addition, Moody's Investors Service ("**Moody's**") has assigned an underlying rating of "A1" to the Bonds. The District has provided certain additional information and materials to Moody's and S&P, some of which do not appear in this Official Statement to the extent deemed not material for investment purposes. The ratings reflect only the view of Moody's and S&P, and an explanation of the significance of the ratings and outlook may be obtained only from Moody's and S&P. There is no assurance that any credit rating given to the Bonds will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely by Moody's and S&P if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

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

UNDERWRITING

The Bonds are being purchased by Raymond James & Associates, Inc. (the "**Underwriter**").

The Underwriter has agreed to purchase the Bonds at a price of $________ which is equal to the aggregate principal amount of the Bonds of $__________, plus [net] original issue premium of $__________, and less an Underwriter's discount of $_______.

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

ADDITIONAL INFORMATION

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

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

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

EXECUTION

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

PALO VERDE UNIFIED SCHOOL DISTRICT

By: ______________________________________
Superintendent

APPENDIX A

GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT

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

GENERAL INFORMATION

The District was established on July 1, 1936 and is located in the southeastern portion of Riverside County (the "**County**"), in the State of California (the "**State**"), encompassing an area of approximately 1,027 square miles. The District is a rural school district serving the City of Blythe and surrounding unincorporated areas of the County. The District operates three TK-8 elementary schools, one high school and one continuation high school. The District's enrollment for fiscal year 2025-26 was approximately 2,560 students and is budgeted for approximately 2,488 students in fiscal year 2026-27.

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

Administration

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

Name	Office	Term Expires
Jamey Mullion	President	December 2028
Martha Gutierrez	Vice President	December 2026
Alice Dean	Clerk	December 2028
Ryan Copple	Member	December 2028
Diana Vibanco	Member	December 2026

Administration. The Superintendent of the District, appointed by the Board, is responsible for management of the day-to-day operations and supervises the work of other District administrators. April Smith is the District Superintendent and Rachel Angel is the Director of Business Services.

Employee Relations

For fiscal year 2026-27 the District has budgeted for approximately 163 certificated full-time equivalent ("**FTE**") employees, 179 classified FTE employees, and 31.75 management FTE employees.

The employees of the District are represented by various bargaining units, as follows:

Employee Group	Representation	Contract Expiration Date
Certificated	Palo VerdeTeachers Association	June 30, 2028
Classified	California School Employees Association	June 30, 2029
Other*	Teamsters	June 30, 2029

* Support staff, including counselors, psychologists, nurse and speech pathologists.
Source: Palo Verde Unified School District.

Recent Enrollment Trends

The following table shows enrollment history for the District.

ANNUAL ENROLLMENT
Fiscal Years 2020-21 through 2026-27
Palo Verde Unified School District

Fiscal Year	Student Enrollment	% Change
2020-21	2,821	--%
2021-22	2,809	(0.4)
2022-23	2,813	0.1
2023-24	2,706	(3.8)
2024-25	2,610	(3.5)
2025-26	2,560	(1.9)
2026-27(1)	2,488	(2.8)

(1) Budgeted.
Source: California Department of Education.

FINANCIAL INFORMATION

Education Funding Generally

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

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

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

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

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

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

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

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

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

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

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

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

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

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

District Accounting Practices

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

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

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

Financial Statements

General. The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. The District's June 30, 2025 audited financial statements were prepared by Eide Bailly LLP, Rancho Cucamonga, California, and are attached to the Official Statement as APPENDIX B. Audited financial statements for the District for prior fiscal years are on file with the District and available for public inspection at the Office of the Director of Business Services. The District has not requested, and the auditor has not provided, any review or update of such financial statements in connection with inclusion in this Official Statement.

General Fund Revenues, Expenditures and Changes in Fund Balance. The following table shows the audited income and expense statements for the District for the fiscal years 2020-21 through 2024-25.

GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Years 2020-21 through 2024-25 (Audited)
Palo Verde Unified School District[(1)]

	Audited 2020-21	Audited 2021-22	Audited 2022-23	Audited 2023-24	Audited 2024-25
Revenues					
LCFF	$30,236,658	$31,781,576	$37,231,365	$39,224,887	$39,010,833
Federal Revenue	6,726,350	9,195,546	7,473,843	10,894,414	5,494,594
Other State Revenue	4,716,216	6,882,349	10,688,027	7,460,429	6,741,005
Other Local Revenue	2,568,680	2,272,187	4,333,134	5,054,216	5,237,994
Total Revenues	44,247,904	50,131,658	59,726,369	62,633,946	56,484,426
Expenditures					
Instruction	22,363,020	26,370,395	27,729,424	29,496,573	29,451,642
Instruction-related activities:					
Supervision of instruction	1,094,703	965,293	1,264,118	1,940,984	2,848,464
Instructional library, media, technology	370,411	518,032	671,366	763,584	791,385
School site administration	2,271,925	2,349,394	2,509,020	2,743,735	2,948,414
Pupil Services					
Home-to-school transportation	2,203,279	3,161,703	2,181,639	3,164,564	2,658,303
Food services	133,482	91,955	180,012	172,127	157,578
All other pupil services	3,079,688	3,569,011	3,794,486	3,802,897	4,008,114
Administration					
Data processing	433,046	554,173	708,054	587,683	8 33,406
All other administration	2,179,995	2,386,510	2,391,305	3,312,375	2,762,272
Plant Services	4,258,331	4,951,095	4,381,880	6,883,617	7,423,182
Ancillary services	414,006	745,651	922,511	751,762	8 12,057
Community services	--	--	--	3,491	--
Other Outgo	105,047	76,263	72,211	79,205	1 53,124
Facility acquisition and construction	45,385	414,336	405,447	1,110,188	5 42,340
Debt service-Principal	50,956	31,279	32,402	47,245	--
Debt service-Interest	36,254	4,261	3,139	1,977	--
Total Expenditures	39,039,528	46,189,351	47,247,014	54,862,007	55,390,281
Excess of Revs. Over (Under) Expend.	5,208,376	3,942,307	12,479,355	7,771,939	1,094,145
Other Financing Sources (Uses)					
Operating transfers in	779,135	--	--	--	--
Operating transfers out	--	(504,701)	(1,300,000)	(5,700,000)	--
Other sources	--	--	--	31,987	60,077
Total other financing sources (uses)	779,135	(504,701)	(1,300,000)	(5,668,013)	60,077
Net change in fund balance	5,987,511	3,437,606	11,179,355	2,103,926	1,154,222
Fund Balance, July 1	9,975,671	15,963,182	19,400,788	30,580,143	32,684,069
Fund Balance, June 30	$15,963,182	$19,400,788	$30,580,143	$32,684,069	$33,838,291

(1)Totals may not foot due to rounding.
Source: Audited financial statements of the District.

District Budget and Interim Financial Reporting

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

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

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

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

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

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

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

Copies of the District's budget, interim reports and certifications may be obtained upon request from the District Office at Palo Verde Unified School District, 825 N. Lovekin, Blythe, California 92225, Telephone: (760) 922-4164. The District may impose charges for copying, mailing and handling.

District's General Fund. The following table shows the general fund figures for the District for fiscal year 2025-26 (estimated actuals) and fiscal year 2026-27 (adopted budget).

PALO VERDE UNIFIED SCHOOL DISTRICT
Revenues, Expenditures, and Changes in General Fund Balance
Fiscal Year 2025-26 (Estimated Actuals)
Fiscal Year 2026-27 (Adopted Budget)

Revenues	**Estimated Actuals 2025-26**	**Adopted Budget 2026-27**
Total LCFF Sources	$38,403,257	$38,682,970
Federal Revenues	3,672,537	1,952,557
Other state revenues	8,134,592	7,714,687
Other local revenues	3,505,019	3,511,277
Total Revenues	53,715,405	51,861,491
Expenditures		
Certificated Salaries	19,306,992	20,108,201
Classified Salaries	9,707,831	9,304,186
Employee Benefits	16,975,750	17,202,444
Books and Supplies	7,313,077	3,772,413
Services and Other Operating Expenditures	7,347,416	6,677,639
Capital Outlay	834,746	340,500
Other Outgo (excluding transfers of indirect costs)	60,000	72,474
Other Outgo	(59,260)	(63,249)
Total Expenditures	61,486,552	57,414,608
Excess of Revenues Over/(Under) Expenditures	(7,771,147)	(5,553,117)
Other Financing Sources (Uses)		
Operating transfers in	--	--
Operating transfers out	--	--
Other sources	--	--
Contributions	2	--
Total Other Financing Sources (Uses)	2	--
Net change in fund balance	(7,771,145)	(5,553,117)
Fund Balance, July 1	33,838,292	26,067,147
Fund Balance, June 30 (1)(2)	$26,067,147	$20,514,030

(1) Columns may not sum to totals due to rounding.
(2) The District's reserves are not accounted for in its General Fund for purposes of budgeting and projections. As such, beginning and ending fund balance figures do not correspond with presentation of audited financial statements in the previous table, because the District's audits account for reserve funds within the General Fund.
Source: Palo Verde Unified School District.

District Reserves. The District's ending fund balance is the accumulation of surpluses from prior years. This fund balance is used to meet the State's minimum required reserve of 3% of expenditures, plus any other allocation or reserve which might be approved as an expenditure by the District in the future. The District has a Board-approved reserve policy of 8% of expenditures.

Under State law, there are certain restrictions on the amounts that can be held in reserve by school districts under certain circumstances. This reserve cap requirement does not apply to small school districts (ADA of fewer than 2,501 students) or school districts funded as Basic Aid school districts. When applicable, the reserve cap requires that a school district's adopted or revised budget not contain a combined assigned or unassigned ending general fund balance of more than 10% of those funds. The applicability of the reserve cap is based on the balance in the State's Public School System Stabilization Account and is triggered in any fiscal year in which when the balance is equal to or exceeds 3% of the combined total of general fund revenues appropriated for school districts. A county superintendent of schools may grant a school district under its jurisdiction an exemption from the requirements for up to two consecutive fiscal years within a three-year period, if the school district provides documentation indicating that extraordinary fiscal circumstances, including, but not limited to, multi-year infrastructure or technology projects, substantiate the need for a combined assigned or unassigned ending general fund balance that is in excess of the reserve cap. The reserve cap has been triggered for fiscal year 2026-27.

Attendance - LCFF Funding

Funding Trends under LCFF. As described herein, school districts receive base funding based on ADA, and may also be entitled to supplemental funding, concentration grants and funding based on an economic recovery target. The following table sets forth recent LCFF funding per ADA for the District for fiscal years 2020-21 through 2026-27.

PALO VERDE UNIFIED SCHOOL DISTRICT
ADA and LCFF Funding
Fiscal Years 2020-21 through 2026-27

Fiscal Year	ADA	LCFF Funding Per ADA
2020-21	2,728	$11,083
2021-22	2,144	14,821
2022-23	2,389	15,586
2023-24	2,381	16,473
2024-25	2,340	16,668
2025-26(1)	2,403	15,981
2026-27(2)	2,312	16,731

(1) Estimated actual.
(2) Budgeted.
Source: California Department of Education for fiscal years 2020-21 through 2024-25; Palo Verde Unified School District for fiscal years 2025-26 and 2026-27.

District's Unduplicated Student Count. Under LCFF, school districts are entitled to supplemental funding based on the unduplicated count of targeted students. The District's percentage of unduplicated students is approximately 84% for purposes of calculating supplemental and concentration grant funding under LCFF. Recent federal deportation efforts may pose a risk to school districts relying on revenue from the LCFF. With the exception of community supported districts, school districts rely heavily on student attendance and enrollment, including supplemental and concentration grant add-ons for serving a high percentage of English language learner and low-income students. If undocumented students, or students who have parents or caretakers that are undocumented or have been granted temporary status, face deportation, districts may experience a decrease in student enrollment or ADA. The District cannot predict potential changes to enrollment or attendance in response to such deportation efforts.

Revenue Sources

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

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

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

The principal component of local revenues is the school district's property tax revenues, i.e., the district's share of the local 1% property tax, received pursuant to Sections 75 and following and Sections 95 and following of the California Revenue and Taxation Code. Education Code Section 42238.03(c) itemizes the local revenues that are subtracted from the base entitlement to determine the amount of the State apportionment of funding. Historically, the more local property taxes a district received, the less State equalization aid it was entitled to.

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

Since Donald Trump was sworn in as President in January 2025, the federal government has announced possible cuts to federal funding for educational agencies. In addition, President Trump has signed an executive order aimed at dismantling the federal Department of Education (the "**DOE**"), from which California school districts receive funding aimed at low-income and special needs students.

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

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

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

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

District Retirement Systems

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

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

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

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

STRS EMPLOYER CONTRIBUTION RATES
Effective Dates of July 1, 2021 through July 1, 2026

Effective Date	Employer Contribution Rate
July 1, 2021	16.92%
July 1, 2022	19.10
July 1, 2023	19.10
July 1, 2024	19.10
July 1, 2025	19.10
July 1, 2026	19.10

Source: STRS.

The State also continues to contribute to STRS, and its contribution rate was 8.328% in fiscal year 2025-26 and will be 8.328% in fiscal year 2026-27.

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

STRS CONTRIBUTIONS
Palo Verde Unified School District
Fiscal Years 2020-21 through 2026-27

Fiscal Year	Amount
2020-21	$2,203,748
2021-22	2,529,985
2022-23	3,035,139
2023-24	3,320,246
2024-25	3,391,995
2025-26(1)	5,025,015
2026-27(2)	5,331,300

(1) Estimated actual.
(2) Budgeted.
Source: Palo Verde Unified School District.

The STRS defined benefit program continues to have an unfunded actuarial liability estimated at approximately $75.0 billion, based on a market value of assets, as of June 30, 2025, which is the date of the last actuarial valuation.

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

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

EMPLOYER CONTRIBUTION RATES (PERS)
Fiscal Years 2020-21 through 2026-27

Fiscal Year	Employer Contribution Rate(1)
2020-21	20.700%
2021-22	22.910
2022-23	25.370
2023-24	26.680
2024-25	27.050
2025-26	26.810
2026-27	26.400

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

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

PERS EMPLOYER CONTRIBUTIONS
Palo Verde Unified School District
Fiscal Years 2020-21 through 2026-27

Fiscal Year	Amount
2020-21	$1,380,500
2021-22	1,645,677
2022-23	2,097,486
2023-24	2,310,770
2024-25	2,528,025
2025-26(1)	2,582,528
2026-27(2)	2,475,025

(1) Estimated actual.
(2) Budgeted.
Source: Palo Verde Unified School District.

PERS continues to have an unfunded liability which, on a market value of assets basis, was approximately $35.7 billion, as of June 30, 2025, which is the date of the last actuarial valuation.

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 ("**PEPRA**"), which impacted various aspects of public retirement systems in the State, including the STRS and PERS programs. In general, PEPRA (i) increased the retirement age for public employees depending on job function, (ii) capped the annual pension benefit payouts for public employees hired after January 1, 2013, (iii) required public employees hired after January 1, 2013 to pay at least 50% of the costs of their pension benefits (as described in more detail below), (iv) required final compensation for public employees hired after January 1, 2013 to be determined based on the highest average annual pensionable compensation earned over a period of at least 36 consecutive months, and (v) attempted to address other perceived abuses in the public retirement systems in the State. PEPRA applies to all public employee retirement systems in the State, *except* the retirement systems of the University of California, and charter cities and charter counties whose pension plans are not governed by State law. PEPRA's provisions went into effect on January 1, 2013 with respect to new State, school, and city and local agency employees hired on or after that date; existing employees who are members of employee associations, including employee associations of the District, have a five-year window to negotiate compliance with PEPRA through collective bargaining.

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

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

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

Additional Information - STRS and PERS. Additional information regarding the District's retirement programs is available in Note 12 to the District's audited financial statements attached hereto as APPENDIX B. In addition, both STRS and PERS issue separate comprehensive financial reports that include financial statements and required supplemental information. Copies of such reports may be obtained from STRS and PERS, respectively, as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; and (ii) PERS, 400 Q Street, Sacramento, California 95811.

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

Other Post-Employment Retirement Benefits

Plan Description. The District's governing board administers the Postemployment Benefits Plan (the "**Plan**"). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions ("**OPEB**") for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. Membership of the Plan consists of 11 retirees and beneficiaries currently receiving benefits and 329 active plan members.

Actuarial Assumptions and Other Inputs. The District's total OPEB liability of $9,015,331 was measured as of June 30, 2025, and was determined by an actuarial valuation as of June 30, 2024. A number of assumptions are used when determining the liability. See Note 9 in the audited financial statements attached as Appendix B.

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

CHANGES IN TOTAL OPEB LIABILITY
Palo Verde Unified School District
(Amounts in Thousands)

	Total OPEB Liability
Balance at July 1, 2024	$8,581,561
Service Cost	567,817
Interest	319,358
Changes of assumptions	(221,541)
Benefit payments	(231,864)
Net changes	(433,770)
Balance at June 30, 2025	$9,015,331

Source: Palo Verde Unified School District.

OPEB Expense. For the year ended June 30, 2025, the District recognized an OPEB expense of $810,011. For additional information about the District's other postemployments benefits, see Note 9 of the District's audited financial statements for fiscal year ended June 30, 2025, attached to the Official Statement as APPENDIX B.

Insurance-Joint Powers Agreements

The District is a member of the Riverside County Employer/Employee Partnership for Benefits ("**REEP**"), California Valued Trust ("**CVT**"), Riverside Schools Risk Management Authority ("**RSRMA**"), and Riverside Schools Insurance Authority ("**RSIA**") public entity risk pools. The District pays an annual premium to each entity for its health, workers' compensation, and property liability coverage. The relationships between the District, the pools, and the JPAs are such that they are not component units of the District for financial reporting purposes.

During the year ended June 30, 2025, the District made payments of $181,737 and $5,896,431 to REEP and CVT, respectively, and a combined payment of $456,515 to RSRMA, and RSIA, for services received.

For more information regarding the District's risk management and membership in JPAs, see Notes 11 and 14 of APPENDIX B to the Official Statement.

Disclaimer Regarding Cyber Risks

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

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

Existing Debt Obligations

General Obligation Bonds. The District has voter-approved general obligation bonds which have been issued pursuant to the authority obtained from voters at elections in past years, which are secured by *ad valorem* property taxes levied and collected in the District. The following table shows the outstanding general obligation bonded debt of the District as of June 1, 2026.

SUMMARY OF OUTSTANDING GENERAL OBLIGATION BONDS
Palo Verde Unified School District

Issue Date	Series	Outstanding June 1, 2026
03/06/2019	Election of 2018, Series A*	$5,785,000
06/30/2020	Election of 2018, Series B	8,580,000
06/15/2022	2022 General Obligation Refunding Bonds**	2,823,000
09/28/2022	Election of 2018, Series C	5,734,823
Total		$22,922,823

*Certain maturities expected to be refunded with the Bonds proceeds as described in the Official Statement.
**Issued through a private placement.
Source: The District; the Municipal Advisor.

Leases. The District entered an agreement to lease copiers for five years, beginning July 30, 2020. Under the lease, the District paid annual lease payments of $35,541. At June 30, 2025, the District has recognized a right-to-use leased asset of $14,722 and a lease liability of $15,182 related to the agreement. During the fiscal year ended June 30, 2025, the District recorded $80,553 in amortization expense and $1,352 in interest expense for the right to use this leased asset. The District used a discount rate of 3.53% based on the rates available to finance machinery and equipment over the same time periods.

The remaining principal and interest payment requirements for the lease obligation debt as of June 30, 2025 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2026	$15,182	$93	$15,275
Total	$15,182	$93	$15,275

Source: Palo Verde Unified School District.

Subscriptions-Based Information Technology Arrangements. The District entered into four subscription-based information technology arrangements ("**SBITAs**") contracts related to digital software licensing for student curriculum and school management software with subscription terms of 3 years. At June 30, 2025, the District has recognized a right-to-use subscriptions IT asset of $168,238 and a SBITA liability of $9,409 related to these agreements. During the fiscal year ended June 30, 2025, the District recorded $8,897 in amortization expense. The subscription liabilities were valued using a discount rate of 5.75% based on the District's incremental borrowing rate at the inception of the subscriptions.

The remaining principal and interest payment requirements for the SBITA obligation debt as of June 30, 2025, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2026	$9,409	$541	$9,950
Total	$9,409	$541	$9,950

Source: Palo Verde Unified School District.

Compensated Absences. Total unpaid employee compensated absences as of June 30, 2025, amounted to $3,007,926. This amount is included as part of long-term liabilities in the government-wide financial statements.

Investment of District Funds

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

Effect of State Budget on Revenues

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

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

STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

*The information in this section concerning the State's budget or budgets has been compiled from publicly-available information provided by the State or the Legislative Analyst's Office (the **"LAO"**). None of the District, the Underwriter or the County is responsible for the information provided in this section.*

State Funding of Education Generally

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

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

The State Budget Process

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

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

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

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

Resources Relating to State Budgets

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

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

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

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

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

The 2026-27 State Budget

On June 29, 2026, the Governor signed the fiscal year 2026-27 State Budget (the **“2026-27 State Budget”**). The 2026-27 State Budget largely maintains the framework of the Governor’s May Revision to the Proposed 2026-27 State Budget, and is projected to provide for balanced State budgets in both fiscal years 2026-27 and 2027-28, while reducing projected structural deficits in fiscal years 2028-29 and 2029-30.

The 2026-27 State Budget reflects a decrease of $19.1 billion in General Fund revenues and transfers from fiscal year 2025-26 ($226.8 billion in fiscal year 2026-27 compared to $245.8 billion in fiscal year 2025-26), a 7.8% decline driven primarily by a swing in miscellaneous “Other” revenue items (from $8.6 billion to -$1.3 billion) and a $10.7 billion reduction in net transfers from the Budget Stabilization Account. The 2026-27 State Budget also reflects an increase in General Fund expenditures of $6.2 billion from fiscal year 2025-26 ($251.5 billion in fiscal year 2026-27 compared to $245.3 billion in fiscal year 2025-26), primarily reflecting broad spending increases in K-12 education, higher education, and health and human services.

Regarding the State’s reserves and fund balances, the 2026-27 State Budget reverses two years of reserve drawdowns (approximately $12.2 billion withdrawn from the Budget Stabilization Account, or “Rainy Day Fund,” over the 2024-25 and 2025-26 fiscal years) by including a $3.6 billion deposit into the Rainy Day Fund in fiscal year 2026-27, bringing its balance to $15.1 billion. Combined with $4.5 billion in the Special Fund for Economic Uncertainties and $9.2 billion in the Public School System Stabilization Account, the 2026-27 State Budget projects combined reserves of $28.8 billion.

The State budget for fiscal year 2025-26 included numerous spending measures that, at the time, were projected to result in almost $12 billion in ongoing savings. The 2026-27 State Budget includes three additional revenue measures that are intended to solidify the State's fiscal structure:

- *Managed Care Organization (MCO) Tax* – A renewal of the MCO Tax effective January 1, 2027, projected to raise $575 million in fiscal year 2026-27, growing to $2.3 billion in fiscal years 2027-28 and 2028-29, and $1.7 billion in fiscal year 2029-30, to support Medi-Cal and targeted provider rate increases.

- *Business Tax Credit Limitation* – An extension of temporary business tax credit limitation for an additional three years, which limits the amount by which carry-over business credits can reduce net tax liability. Beginning in 2030, the 2026-27 State Budget permanently limits the use of business tax credits to the greater of $5 million or 70% of the tax liability. This is projected to increase State general fund revenues by $1 billion in fiscal year 2026-27, $3.3 billion in fiscal year 2027-28, $4.7 billion in fiscal year 2028-29 and $4.2 billion in fiscal year 2029-30.

- *Prewritten Software Tax* – An extension of the existing sales tax on tangible prewritten software to electronically delivered prewritten software, projected to increase General Fund revenue by $450 million in fiscal year 2026-27 and $900 million annually thereafter.

The 2026-27 State Budget projects total resources available in fiscal year 2025-26 of approximately $302.5 billion, including revenues and transfers of approximately $245.8 billion and a prior year balance of approximately $56.7 billion, and total expenditures in fiscal year 2025-26 of approximately $245.3 billion. The 2026-27 State Budget projects total resources available for fiscal year 2026-27 of approximately $284.0 billion, inclusive of revenues and transfers of approximately $226.8 billion and a prior year balance of approximately $57.2 billion. The 2026-27 State Budget projects total expenditures in fiscal year 2026-27 of approximately $251.5 billion, inclusive of non-Proposition 98 expenditures of approximately $158.5 billion and Proposition 98 expenditures of approximately $92.9 billion. The 2026-27 State Budget projects a General Fund balance of $32.5 billion at the end of fiscal year 2026-27, comprising $28.0 billion in the Reserve for Liquidation of Encumbrances, $4.5 billion in the State's Special Fund for Economic Uncertainties, $9.2 billion in the Public School System Stabilization Account, and $15.1 billion in the Rainy Day Fund.

The 2026-27 State Budget includes total funding of $151.4 billion for all TK-12 education programs, including $91.1 billion from the State's General Fund and $60.3 billion from other funds. The 2026-27 State Budget reflects significant Proposition 98 funding that enables increased support for core programs such as the LCFF, special education, educator workforce, and preschool.

Certain budgeted programs and adjustments for K-12 education set forth in the 2026-27 State Budget include:

<u>Proposition 98 Minimum Guarantee</u>. The 2026-27 State Budget reflects updated estimates of General Fund revenues, which result in adjustments to the Proposition 98 minimum guarantee. The revised minimum guarantee for TK-14 schools is estimated at $124.9 billion for fiscal year 2024-25, $125.3 billion for fiscal year 2025-26, and $128.1 billion for fiscal year 2026-27, an increase of approximately $29.2 billion over the three-year period relative to the 2024-25 Budget Act. The minimum guarantee remains in a "Test 1" for all three years, meaning it equals roughly 40% of General Fund revenues plus local

property tax revenues, without adjustment for enrollment declines. The Proposition 98 calculation also requires an $8.3 billion maintenance factor payment in fiscal year 2024-25, fully retiring the Proposition 98 maintenance factor balance. The 2026-27 State Budget maintains a $3.9 billion settle-up amount in fiscal year 2025-26 to be repaid to TK-14 schools in the future fiscal year 2026-27 Budget Act if fiscal year 2025-26 revenues hold at current levels, and fully pays the $1.9 billion settle-up owed for fiscal year 2024-25.

Proposition 98 Rainy Day Fund. The 2026-27 State Budget projects mandatory Proposition 98 Rainy Day Fund deposits of $8.7 billion across the three-year budget window, plus a discretionary deposit of $500 million in fiscal year 2025-26, bringing the fund's final balance to $9.2 billion. The $9.2 billion balance triggers school district reserve caps beginning in fiscal year 2026-27.

Rebench for Non-Local Educational Agency State Preschool Program. To streamline funding sources, the 2026-27 State Budget shifts non-local educational agencies California State Preschool Program ("**CSPP**") funding from non-Proposition 98 to Proposition 98 General Fund, rebenching the guarantee by shifting $813 million from the General Fund to Proposition 98 General Fund and increasing the Proposition 98 Guarantee Test 1 percentage from 39.3% to 39.6%.

Local Control Funding Formula. The 2026-27 State Budget includes a statutory LCFF cost-of-living adjustment ("**COLA**") of 2.87%, which, when combined with population growth adjustments, results in approximately $1.1 billion in additional discretionary funding for local educational agencies relative to the 2025-26 State Budget. An additional $1.1 billion discretionary "super COLA" brings the total COLA to 4.31%, intended to help manage rising costs, offset declining-enrollment reductions and fund the new paid pregnancy disability leave mandate. The 2026-27 State Budget also includes an ongoing $31.3 million increase for Necessary Small Schools funding.

Special Education. The 2026-27 State Budget provides a $2.4 billion increase in special education funding, equalizing the per-student funding rate across all local educational agencies at $1,340. It also includes $80 million ongoing for the special extraordinary cost pool and low-incidence disabilities add-on, $30 million one-time for the Supporting Inclusive Practices Project, $25 million one-time for the Inclusive College Technical Assistance Center, and $10 million one-time to support alternative pathways to a high school diploma for students with disabilities.

Student Support and Professional Development Discretionary Block Grant. The 2026-27 State Budget provides $5 billion one-time Proposition 98 General Fund for the Student Support and Professional Development Discretionary Block Grant in order to address rising costs in addition to funding Statewide priorities including English Language Arts/English Language Development, Mathematics Framework professional development, TK-3 developmentally appropriate instruction training, teacher recruitment and retention, dual enrollment expansion, community school partnerships, and deferred facilities maintenance.

Paid Pregnancy Disability Leave. Beginning January 1, 2027, the 2026-27 State Budget requires all TK-14 schools to provide employees up to 14 weeks of paid pregnancy disability leave, with costs intended to be absorbable within the LCFF "super COLA" discretionary funding described above.

Community Schools. The 2026-27 State Budget provides $1 billion ongoing Proposition 98 General Fund to expand the community schools model, plus $50 million for middle/high school redesign, $15 million and $13 million for State and regional transformational assistance centers, and $6 million for the Transforming Together behavioral health initiative. It also includes intent language to provide $20 million ongoing beginning in fiscal year 2030-31 for county offices of education coordination services.

Literacy and Math Instruction. The 2026-27 State Budget includes a one-time $350 million extension of the Literacy Coaches and Reading Specialists Grant Program through June 30, 2031, and a one-time $50 million expansion of the Mathematics Professional Learning Partnership, extending its expiration beyond June 30, 2029.

Teacher Preparation and Professional Development. The 2026-27 State Budget includes nearly $750 million in new investments, including $408 million one-time for the Student Teacher Stipend Program plus a $5,000 stipend for high-need field candidates, $250 million one-time to continue educator residency programs through 2029-30, $30 million one-time for the Statewide teacher residency technical assistance center, $10 million one-time General Fund for the Golden State Teacher Grant Program, $15 million one-time for the 21st Century California School Leadership Academy, $10 million one-time for the Pathways to Bilingual Teaching Program, and $10 million one-time for the Classified School Employee Teacher Credentialing Program. It also funds a $5 million Statewide transcript review system and offsets the cost with a $25 increase in the clear teaching credential renewal fee.

Supports for Immigrant Students. The 2026-27 State Budget provides $100 million one-time for the California's New Americans in Schools program and $75 million one-time to establish Dream Resource Centers at high schools.

Early Education. The 2026-27 State Budget includes $250 million one-time for the Universal Prekindergarten Planning & Implementation Grant, $51.4 million ongoing for CSPP cost-of-care increases, $33.6 million ongoing to expand CSPP professional development days from 2 to 5, and $20 million ongoing for the State's Quality Rating and Improvement System.

Other Significant Budget Adjustments. The 2026-27 State Budget includes $757.3 million one-time for the Learning Recovery Emergency Block Grant, $500 million one-time for school kitchen infrastructure and training, $116 million one-time for students experiencing homelessness, $100 million one-time to increase access to college and career pathways for high school students, $40 million one-time for reading difficulties risk screening, and $10 million one-time for Holocaust and genocide education. The 2026-27 State Budget also includes new charter school accountability requirements addressing fraud, oversight, and use of verified data in the renewal process through June 30, 2028.

For the full text of the 2026-27 State Budget, see the California Department of Finance website at www.dof.ca.gov or www.ebudget.ca.gov. *The references to these Internet websites are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

Disclaimer Regarding State Budgets

The execution of State budgets may be affected by numerous factors, including but not limited to: (i) shifts in costs from the federal government to the State, (ii) national, State and international economic conditions, (iii) litigation risks, (iv) rising health care costs and/or other unfunded liabilities, such as pension or OPEB, and (v) numerous other factors, all or any of which could cause the revenue and spending projections included in such budgets to be unattainable. The District cannot predict the impact that the 2026-27 State Budget or subsequent State budgets, or future changes (if any) in the budget due to shifts in the economy or other factors, will have on its own finances and operations. However, the Bonds described herein are secured by *ad valorem* property taxes levied and collected on taxable property in the District, without limit as to rate or amount, and are not secured by a pledge of revenues of the District or its general fund.

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

Legal Challenges to State Funding of Education

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

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Principal of and interest on the Bonds are payable from the proceeds of an *ad valorem* tax levied by the County for the payment thereof. Articles XIIIA, XIIIB, XIIIC, and XIIID of the State Constitution, Propositions 62, 98, 111 and 218, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the District to levy taxes and spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the District to levy taxes for payment of the Bonds. The tax levied by the County for payment of the Bonds was approved by the District's voters in compliance with Article XIIIA and all applicable laws.

Constitutionally Required Funding of Education

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

Article XIIIA of the California Constitution

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

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

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

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

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

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

Article XIIIB of the California Constitution

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

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

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

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

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

Unitary Property

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

Articles XIIIC and XIIID of the California Constitution

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

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4.

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

Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

While the provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District (thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District), the District does not believe that Proposition 218 will directly impact the revenues available to pay debt service on the Bonds.

Proposition 98

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

The Accountability Act also changes how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 school districts. Any such transfer to K-14 school districts would be excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year would automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIIIB surplus. The maximum amount of excess tax revenues which could be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Proposition 111

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

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

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

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

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

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

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

Proposition 39

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

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

Proposition 1A and Proposition 22

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

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

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

Proposition 30 and Proposition 55

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

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

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

Proposition 2

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

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

Accordingly, the conditions under which the Governor and the Legislature may draw upon or reduce transfers to the BSA are impacted by Proposition 2. Unilateral discretion to suspend transfers to the BSA are not retained by the Governor. Neither does the Legislature retain discretion to transfer funds from the BSA for any reason, as was previously provided by law. Instead, the Governor must declare a "budget emergency" (defined as an emergency within the meaning of Article XIIIB of the Constitution) or a determination that estimated resources are inadequate to fund State general fund expenditure, for the current or ensuing fiscal year, at a level equal to the highest level of State spending within the three immediately preceding fiscal years, and any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the BSA are limited to the amount necessary to address the budget emergency, and no draw in any fiscal year may exceed 50% of the funds on deposit in the BSA, unless a budget emergency was declared in the preceding fiscal year.

Proposition 2 also provides for the creation of a Public School System Stabilization Account (the "**Public School System Stabilization Account**") into which transfers will be made in any fiscal year in which a Supplemental Stabilization Account Transfer is required, requiring that such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would otherwise be paid to school districts and community college districts as part of the minimum funding guarantee. Transfers to the Public School System Stabilization Account are only to be made if certain additional conditions are met, including that: (i) the minimum funding guarantee was not suspended in the immediately preceding fiscal year, (ii) the operative Proposition 98 formula for the fiscal year in which a Public School System Stabilization Account transfer might be made is "Test 1," (iii) no maintenance factor obligation is being created in the budgetary legislation for the fiscal year in which a Public School System Stabilization Account transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the minimum funding guarantee for the fiscal year in which a Public School System Stabilization Account transfer might be made is higher than the immediately preceding fiscal year, as adjusted for ADA growth and cost of living. Under Proposition 2, the size of the Public School System Stabilization Account is capped at 10% of the estimated minimum guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Any reductions to a required transfer to, or draws upon, the Public School System Stabilization Account, are subject to the budget emergency requirements as described above. However, in any fiscal year in which the estimated minimum funding guarantee is less than the prior year's funding level, as adjusted for ADA growth and cost of living, Proposition 2 also mandates draws on the Public School System Stabilization Account. The Proposition 2 constitutional amendments related to the Rainy Day Fund (i) require deposits into the Rainy Day Fund whenever capital gains revenues rise to more than 8% of general fund tax revenues; (ii) set the maximum size of the Rainy Day Fund at 10% of general fund revenues; (iii) for the next 15 years, require half of each year's deposit to be used for supplemental payments to pay down the budgetary debts or other long-term liabilities and, thereafter, require at least half of each year's deposit to be saved and the remainder used for supplemental debt payments or savings; (iv) allow the withdrawal of funds only for a disaster or if spending remains at or below the highest level of spending from the past three years; (v) require the State to provide a multiyear budget forecast; and (vi) create a Proposition 98 reserve (the "Public School System Stabilization Account") to set aside funds in good years to minimize future cuts and smooth school spending. The State may deposit amounts into such account only after it has paid all amounts owing to school districts relating to the Proposition 98 maintenance factor for fiscal years prior to fiscal year 2014-15. The State, in addition, may not transfer funds to the Public School System Stabilization Account unless the State is in a Test 1 year under Proposition 98 or in any year in which a maintenance factor is created.

Proposition 19

On November 3, 2020, State voters approved Proposition 19, a legislatively referred constitutional amendment ("**Proposition 19**"), which amended Article XIIIA to (i) expand as of April 1, 2021 special rules that govern the transfer of a residential property's tax base value to a replacement residence for homeowners that are over the age of 55, severely disabled, or whose property has been impacted by wildfire or natural disaster, when they buy a different home anywhere within the State, (ii) narrow as of February 16, 2021 existing special rules for the valuation of inherited real property due to a transfer between family members, and (iii) allocate most resulting State revenues and savings (if any) to fire protection services and reimbursing local governments for taxation-related changes. The District cannot predict whether the implementation of Proposition 19 will increase, decrease or have no overall impact on the District's assessed values.

Proposition 2 (2024)

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

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

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

Future Initiatives

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

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APPENDIX B

PALO VERDE UNIFIED SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2024-25

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Financial Statements
June 30, 2025

Palo Verde Unified School District

Independent Auditor's Report

To the Governing Board
Palo Verde Unified School District
Blythe, 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 Palo Verde Unified School District (the District), as of and for the year ended June 30, 2025, 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 Palo Verde Unified School District, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Adoption of New Accounting Standard

As discussed in Note 15 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* for the year ended June 30, 2025. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2024 to restate beginning net position. Our opinions are not modified with respect to this matter.

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10681 Foothill Blvd., Ste. 300 | Rancho Cucamonga, CA 91730-3831 | T 909.466.4410 | F 909.466.4431 | EOE

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the District's total OPEB liability and related ratios, schedule of the District's proportionate share of the net OPEB liability – MPP program, schedule of the District's proportionate share of the net pension liability - CalSTRS, schedule of the District's proportionate share of the net pension liability - CalPERS, schedule of the District's contributions - CalSTRS, and schedule of the District's contributions - CalPERS be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
December 15, 2025

PALO VERDE
Unified School District

"Improving Learning…Together"

825 N. Lovekin Blvd., Blythe California 92225
Telephone (760) 922-4164
Fax (760) 922-5942

This section of Palo Verde 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, 2025, with comparative information for the year ended June 30, 2024. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

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

The *Fund Financial Statements* include statements for the activities of the governmental funds.

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

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

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

Governmental Activities - The District reports all of its services in this category. This includes the education of kindergarten through grade twelve students and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $50,244,237 for the fiscal year ended June 30, 2025. Of this amount, $(7,680,413) was unrestricted . Restricted net position is reported separately to show legal constraints from debt covenants, grantors, constitutional provisions, and enabling legislation that limit the Board's ability to use net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities 2025	Governmental Activities 2024*
Assets		
Current and other assets	$ 66,937,130	$ 61,760,919
Capital assets	50,913,727	51,120,535
Total assets	117,850,857	112,881,454
Deferred outflows of resources	14,796,436	15,920,766
Liabilities		
Current liabilities	7,061,136	4,047,100
Long-term liabilities	70,622,414	72,557,589
Total liabilities	77,683,550	76,604,689
Deferred inflows of resources	4,719,506	3,497,022
Net Position		
Net investment in capital assets	37,126,586	36,053,958
Restricted	20,798,064	21,147,894
Unrestricted	(7,680,413)	(8,501,343)
Total net position	$ 50,244,237	$ 48,700,509

* Amounts have not been restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 15 for further information.

The $(7,680,413) in unrestricted net position of governmental activities represents the accumulated results of all past years' operations.

Changes in Net Position

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

Table 2

	Governmental Activities	
	2025	2024*
Revenues		
Program revenues		
Charges for services and sales	$ 5,144	$ 32,116
Operating grants and contributions	16,347,993	21,331,541
General revenues		
Federal and State aid not restricted	28,698,125	29,243,913
Property taxes	14,280,548	15,024,538
Other general revenues	5,025,658	4,164,304
Total revenues	64,357,468	69,796,412
Expenses		
Instruction-related	37,565,312	35,672,676
Pupil services	9,118,847	9,705,295
Administration	3,804,136	4,131,558
Plant services	7,602,376	6,128,522
All other services	2,187,670	1,586,370
Total expenses	60,278,341	57,224,421
Change in net position	$ 4,079,127	$ 12,571,991

* The expenses for the year ended June 30, 2024 were not restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 15 for further information.

Governmental Activities

As reported in the *Statement of Activities* on page 15, the cost of all of our governmental activities this year was $60,278,341. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $14,280,548, because the cost was paid by those who benefited from the programs ($16,347,993) or by other governments and organizations who subsidized certain programs with grants and contributions of ($5,144). We paid for the remaining "public benefit" portion of our governmental activities with $28,698,125 in State and Federal funds and with $5,025,658 in other revenues, like interest and general entitlements.

In Table 3, we have presented the cost of each of the District's largest functions: instruction-related 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 that are provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2025	2024*	2025	2024*
Instruction- related	$ 37,565,312	$ 35,672,676	$ (27,405,985)	$ (22,297,730)
Pupil services	9,118,847	9,705,295	(5,148,739)	(5,319,024)
Administration	3,804,136	4,131,558	(3,141,729)	(2,745,228)
Plant services	7,602,376	6,128,522	(7,348,958)	(5,178,702)
All other services	2,187,670	1,586,370	(879,793)	(320,080)
Total	$ 60,278,341	$ 57,224,421	$ (43,925,204)	$ (35,860,764)

* The expenses for the year ended June 30, 2024 were not restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 15 for further information.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $60,217,463, which is an increase of $2,157,388 from last year (Table 4).

Table 4

	Balances and Activity			
Governmental Fund	July 1, 2024	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2025
General	$ 32,684,069	$ 56,544,503	$ 55,390,281	$ 33,838,291
Building	9,458,259	545,420	21,175	9,982,504
Special Reserve for Capital Outlay Projects	7,578,325	998,300	1,199,952	7,376,673
Cafeteria	3,207,093	2,574,246	2,339,143	3,442,196
Student Activity	100,539	192,910	189,577	103,872
Capital Facilities	305,935	174	1,470	304,639
County School Facilities	449,533	25,818	103,102	372,249
Bond Interest and Redemption	4,276,322	2,821,550	2,300,833	4,797,039
Total	$ 58,060,075	$ 63,702,921	$ 61,545,533	$ 60,217,463

The primary reasons for these changes are:

- The General Fund is the principal operating fund. The actual fund balance during the 2024-25 fiscal year increased by $1,154,222, primarily due to increased LCFF funding and reduced facilities purchases.
- Building Fund increased by $524,245 due to an increase in interest revenues.
- The Bond Interest and Redemption Fund increased by $520,717 as property values increased during the year making the tax base higher for collections.

General Fund Budgetary Highlights

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

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

- The General Fund reported a positive fund balance of $56,544,503.
- Overall revenues, including other financing sources, were $56,484,426 and expenditures, including other financing uses, were $55,390,281 in the General Fund.
- The District is required to maintain a three percent reserve in the General Fund. The District has met this requirement.

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

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

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

At June 30, 2025, the District had $50,913,727 in a broad range of capital assets (net of depreciation and amortization), including land, buildings, furniture, and equipment, and right-to-use leased assets, and right-to-use subscription IT assets. This amount represents a net decrease (including additions, deductions, depreciation, and amortization) of $206,808, or 0.40%, from last year (Table 5). We present more detailed information about our capital assets, right-to-use leased assets, and right-to-use subscription IT assets in Note 4 to the financial statements.

Table 5

	Governmental Activities	
	2025	2024
Land and construction in progress	$ 3,207,189	$ 1,832,731
Buildings and improvements	43,687,347	45,003,510
Furniture and equipment	3,681,978	3,822,129
Right-to-use leased assets	14,722	35,198
Right-to-use subscription IT assets	322,491	426,967
Total	$ 50,913,727	$ 51,120,535

Long-Term Liabilities

At the end of this year, the District had $70,622,414 in long-term liabilities outstanding versus $72,557,589 last year. Those long-term liabilities consisted of the following:

Table 6

	Governmental Activities	
	2025	2024*
Long-Term Liabilities		
General obligation bonds	$ 24,565,120	$ 25,777,490
Unamortized premiums	1,122,901	1,173,014
Leases	15,182	37,721
Subscription-based IT arrangements	9,409	18,306
Compensated absences	3,007,926	366,432
Net OPEB liability	9,114,384	8,698,153
Aggregate net pension liability	32,787,492	36,486,473
Total	$ 70,622,414	$ 72,557,589

* Amounts have not been restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 15 for further information.

We present more detailed information regarding our long-term liabilities in Notes 8, 9, and 11 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

1. LCFF Revenues continue to be the main source of revenue in the General Fund. The planned 2025-2026 COLA is 2.30%. This is higher than the previous year.
2. Supplemental/Concentration Grant funding was projected using an unduplicated pupil count percentage based on a three-year rolling average of 82.40%.
3. District enrollment was expected to decline by 0.08%. It has declined by 3.54% reflecting the nearby prison closure.
4. ADA progress will be monitored closely at each reporting period and adjusted as needed. The current projected ADA has increased from (24-25) 90.5% to (25-26) 91% overall. The District is making every effort to improve student attendance as it correlates with our students' achievement.
5. June 2026 marks the expiration date for the Arts, Music, and Instructional Materials Discretionary Block Grant. Plans will be evaluated through the year and adjusted according to the guidelines to best serve the District's unique needs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, 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 additional financial information, contact Rachel Angel, Director of Business Services, at 825 N. Lovekin Blvd., Blythe, California 92225.

	Governmental Activities
Assets	
Deposits and investments	$ 63,694,591
Receivables	3,078,152
Stores inventories	164,387
Capital assets not depreciated or amortized	3,207,189
Capital assets, net of accumulated depreciation and amortization	47,706,538
Total assets	117,850,857
Deferred Outflows of Resources	
Deferred charge on refunding	519,016
Deferred outflows of resources related to OPEB	3,320,558
Deferred outflows of resources related to pensions	10,956,862
Total deferred outflows of resources	14,796,436
Liabilities	
Accounts payable	6,650,003
Interest payable	341,469
Unearned revenue	69,664
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	2,807,537
OPEB liability due within one year	240,685
Long-term liabilities other than OPEB and pensions due in more than one year	25,913,001
Net other postemployment benefits (OPEB) liability due in more than one year	8,873,699
Aggregate net pension liability	32,787,492
Total liabilities	77,683,550
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	1,095,371
Deferred inflows of resources related to pensions	3,624,135
Total deferred inflows of resources	4,719,506
Net Position	
Net investment in capital assets	37,126,586
Restricted for	
Debt service	4,455,570
Capital projects	676,888
Educational programs	12,145,075
Other activities	3,520,531
Unrestricted	(7,680,413)
Total net position	$ 50,244,237

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Change in Net Position: Governmental Activities
Governmental Activities				
Instruction	$ 30,682,484	$ 818	$ 8,574,909	$ (22,106,757)
Instruction-related activities				
Supervision of instruction	2,909,272	(857)	1,051,194	(1,858,935)
Instructional library, media, and technology	820,033	-	321,155	(498,878)
School site administration	3,153,523	-	212,108	(2,941,415)
Pupil services				
Home-to-school transportation	2,600,367	-	181,045	(2,419,322)
Food services	2,393,103	15,366	2,544,116	166,379
All other pupil services	4,125,377	(205)	1,229,786	(2,895,796)
Administration				
Data processing	985,641	493	26,769	(958,379)
All other administration	2,818,495	-	635,145	(2,183,350)
Plant services	7,602,376	(111)	253,529	(7,348,958)
Ancillary services	1,006,842	-	465,390	(541,452)
Interest on long-term liabilities	1,027,704	-	-	(1,027,704)
Other outgo	153,124	(10,360)	852,847	689,363
Total governmental activities	$ 60,278,341	$ 5,144	$ 16,347,993	(43,925,204)
General Revenues and Subventions				
Property taxes, levied for general purposes				$ 11,609,607
Property taxes, levied for debt service				2,050,960
Taxes levied for other specific purposes				619,981
Federal and State aid not restricted to specific purposes				28,698,125
Interest and investment earnings				1,853,961
Interagency revenues				74,118
Special and extraordinary				863,283
Miscellaneous				2,234,296
Total, general revenues and subventions				48,004,331
Change in Net Position				4,079,127
Net Position - Beginning, as previously reported				48,700,509
Adjustments (Note 15)				(2,535,399)
Net Position - Beginning, as restated				46,165,110
Net Position - Ending				$ 50,244,237

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	$ 37,323,873	$ 9,881,897	$ 7,770,964	$ 8,717,857	$ 63,694,591
Receivables	2,542,596	100,607	77,826	357,123	3,078,152
Due from other funds	3,773	-	-	13,979	17,752
Stores inventories	138,850	-	-	25,537	164,387
Total assets	$ 40,009,092	$ 9,982,504	$ 7,848,790	$ 9,114,496	$ 66,954,882
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 6,087,158	$ -	$ 472,117	$ 90,728	$ 6,650,003
Due to other funds	13,979	-	-	3,773	17,752
Unearned revenue	69,664	-	-	-	69,664
Total liabilities	6,170,801	-	472,117	94,501	6,737,419
Fund Balances					
Nonspendable	154,850	-	-	25,537	180,387
Restricted	12,145,075	9,982,504	-	8,994,458	31,122,037
Committed	9,956,648	-	-	-	9,956,648
Assigned	2,889,626	-	7,376,673	-	10,266,299
Unassigned	8,692,092	-	-	-	8,692,092
Total fund balances	33,838,291	9,982,504	7,376,673	9,019,995	60,217,463
Total liabilities and fund balances	$ 40,009,092	$ 9,982,504	$ 7,848,790	$ 9,114,496	$ 66,954,882

Total Fund Balance - Governmental Funds		$ 60,217,463
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	$ 90,588,387	
Accumulated depreciation and amortization is	(39,674,660)	
Net capital assets		50,913,727
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.		(341,469)
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		
Deferred charge on refunding	519,016	
Other postemployment benefits (OPEB)	3,320,558	
Net pension liability	10,956,862	
Total deferred outflows of resources		14,796,436
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)	(1,095,371)	
Net pension liability	(3,624,135)	
Total deferred inflows of resources		(4,719,506)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(32,787,492)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(9,114,384)
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	(23,138,169)	
Unamortized debt premiums	(1,122,901)	
Leases	(15,182)	
Subscription-based IT arrangements	(9,409)	
Compensated absences	(3,007,926)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	(1,426,951)	
Total long-term liabilities		(28,720,538)
Total net position - governmental activities		$ 50,244,237

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula (LCFF)	$ 39,010,833	$ -	$ -	$ -	$ 39,010,833
Federal sources	5,494,594	-	-	1,800,771	7,295,365
Other State sources	6,741,005	-	-	614,770	7,355,775
Other local sources	5,237,994	545,420	998,300	3,199,157	9,980,871
Total revenues	56,484,426	545,420	998,300	5,614,698	63,642,844
Expenditures					
Current					
Instruction	29,451,642	-	-	-	29,451,642
Instruction-related activities					
Supervision of instruction	2,848,464	-	-	-	2,848,464
Instructional library, media, and technology	791,385	-	-	-	791,385
School site administration	2,948,414	-	-	-	2,948,414
Pupil services					
Home-to-school transportation	2,658,303	-	-	-	2,658,303
Food services	157,578	-	-	2,274,618	2,432,196
All other pupil services	4,008,114	-	-	-	4,008,114
Administration					
Data processing	833,406	-	-	-	833,406
All other administration	2,762,272	-	-	65,995	2,828,267
Plant services	7,423,182	-	24,570	-	7,447,752
Ancillary services	812,057	-	-	189,577	1,001,634
Other outgo	153,124	-	-	-	153,124
Facility acquisition and construction	542,340	21,175	1,175,382	103,102	1,841,999
Debt service					
Principal	-	-	-	548,330	548,330
Interest and other	-	-	-	1,752,503	1,752,503
Total expenditures	55,390,281	21,175	1,199,952	4,934,125	61,545,533
Excess (Deficiency) of Revenues Over Expenditures	1,094,145	524,245	(201,652)	680,573	2,097,311
Other Financing Sources (Uses)					
Other sources - leases	60,077	-	-	-	60,077
Net Change in Fund Balances	1,154,222	524,245	(201,652)	680,573	2,157,388
Fund Balance - Beginning	32,684,069	9,458,259	7,578,325	8,339,422	58,060,075
Fund Balance - Ending	$ 33,838,291	$ 9,982,504	$ 7,376,673	$ 9,019,995	$ 60,217,463

Total Net Change in Fund Balances - Governmental Funds		$ 2,157,388
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expenses in the Statement of Activities.		
This is the amount by which depreciation and amortization expense exceeds capital outlay in the period		
Depreciation and amortization expense	$ (2,424,614)	
Capital outlay	2,217,806	
Net expense adjustment		(206,808)
The District issued capital appreciation general obligations bonds. The accretion of interest on the general obligation bonds during the current fiscal year was		(203,630)
Right-to-use leased assets acquired this year were financed with leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the leases are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.		(60,077)
In the Statement of Activities, certain operating expenses, such as compensated absences 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 compensated absences earned and used.		(106,095)
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/inflows of resources and net pension liability during the year.		1,793,798
In the governmental funds, OPEB costs are based on benefit payments made for OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows/inflows of resources and net OPEB liability during the year.		(792,472)

Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Premium amortization	$	50,113
Deferred charge on refunding amortization		(85,654)
Payments of principal on long-term liabilities is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		
General obligation bonds		1,416,000
Leases		82,616
Subscription-based IT arrangements		8,897
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.		25,051
Change in net position of governmental activities	$	4,079,127

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Palo Verde Unified School District (the District) was organized on July 1, 1936, 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 three elementary schools, one high school, and one continuation high school.

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

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

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.

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).

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.

- **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).

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

Debt Service Funds The Debt Service funds are used to account for the accumulation of resources for and the retirement 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 by the District (*Education Code* Sections 15125-15262).

Basis of Accounting - Measurement Focus

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

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

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 and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The Net position restricted for other activities results from special revenue funds and the restrictions on their use.

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

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

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

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

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

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

Investments

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

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

Stores Inventories

Stores 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 when purchased.

Capital Assets, Depreciation, and Amortization

Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $5,000. Federally funded assets maintain 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.

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide Statement of Net Position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition value on the date donated.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements, 5 to 50 years; equipment, 2 to 15 years. Land is not depreciated.

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, 2025.

Right-to-use leased assets are recognized at the lease commencement date and represent the District's right-to-use an underlying asset for the lease term. Right-to-use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the leased asset into service. Right-to-use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period lasts one year.

Right-to-use subscription IT assets are recognized at the subscription commencement date and represent the District's right-to-use the underlying IT asset for the subscription term. Right-to-use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right-to-use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period lasts one year.

Interfund Balances

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

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned for leave balances that are more likely than not to be used for compensated leave or settled through cash or noncash means. The entire compensated absence liability is reported on the government-wide Statement of Net Position. For governmental funds, a liability for 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, only the portion of accumulated sick leave that is more likely than not to be used by the employee for paid leave is recognized as a liability in the District's financial statements. Credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive 0.004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time. The portion of sick leave that is more likely than not to be settled through conversion to service credit for employee retirement plans is not included in the District's liability for compensated absences.

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

Debt premiums, discounts, and debt issuance costs related to prepaid insurance are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund Statement of Net Position. Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs, are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

In governmental fund financial statements, bond premiums, discounts, and 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 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 for pension related items, and for OPEB related items.

Pensions

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

Lease Liabilities

Lease liabilities represent the District's obligation to make lease payments arising from the lease. The District recognizes a lease liability in the government-wide financial statements. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments is discounted based on a borrowing rate determined by the District.

Subscription Liabilities

Subscription liabilities represent the District's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of the subscription payments is discounted based on a borrowing rate determined by the District.

Fund Balances - Governmental Funds

As of June 30, 2025, fund balances of the governmental funds are classified as follows:

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

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

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

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer/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 one-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 related to net of investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. 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 $20,798,064 of net position restricted by enabling legislation.

Estimates

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

Property Tax

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

Adoption of New Accounting Standard

Implementation of GASB Statement No. 101

As of June 30, 2025, the District adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. The effect of the implementation of this standard on beginning net position is disclosed in Note 15.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2025, are classified in the accompanying financial statements as follows:

Governmental funds	$ 63,694,591

Deposits and investments as of June 30, 2025, consist of the following:

Cash on hand and in banks	$ 103,872
Cash in revolving	16,000
Investments	63,574,719
Total deposits and investments	$ 63,694,591

Policies and Practices

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

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

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the Riverside County Treasury Investment Pool. The District maintains an investment of $63,574,719 with the Riverside County Treasury Investment Pool that has a weighted average maturity of 467 days.

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	Weighted Average Maturity in Days
Riverside County Investment Pool	$ 63,574,719	467

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 Riverside County Treasury Investment Pool has been rated Aa-bf by Moody's Investor Service.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. As of June 30, 2025, the District's bank balance was not exposed to custodial credit risk.

Note 3 - Receivables

Receivables at June 30, 2025, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Federal Government					
Categorical aid	$ 945,675	$ -	$ -	$ 237,334	$ 1,183,009
State Government					
Categorical aid	582,407	-	-	85,535	667,942
Lottery	185,154	-	-	-	185,154
Local Government					
Interest	354,560	100,607	77,826	34,154	567,147
SCALE Leadership Academy	172,504	-	-	-	172,504
Other local sources	302,296	-	-	100	302,396
Total	$ 2,542,596	$ 100,607	$ 77,826	$ 357,123	$ 3,078,152

Note 4 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2025, was as follows:

	Balance July 1,2024	Additions	Deductions	Balance June 30, 2025
Governmental Activities				
Capital assets not being depreciated or amortized				
Land	$ 479,033	$ -	$ -	$ 479,033
Construction in progress	1,353,698	1,374,458	-	2,728,156
Total capital assets not being depreciated or amortized	1,832,731	1,374,458	-	3,207,189
Capital assets being depreciated or amortized				
Buildings and improvements	75,349,896	388,372	-	75,738,268
Furniture and equipment	10,448,841	331,137	-	10,779,978
Right-to-use leased furniture and equipment	165,162	60,077	-	225,239
Right-to-use subscription IT assets	573,951	63,762	-	637,713
Total capital assets being depreciated or amortized	86,537,850	843,348	-	87,381,198
Total capital assets	88,370,581	2,217,806	-	90,588,387
Accumulated depreciation and amortization				
Buildings and improvements	(30,346,386)	(1,704,535)	-	(32,050,921)
Furniture and equipment	(6,626,712)	(471,288)	-	(7,098,000)
Right-to-use leased furniture and equipment	(129,964)	(80,553)	-	(210,517)
Right-to-use subscription IT assets	(146,984)	(168,238)	-	(315,222)
Total accumulated depreciation and amortization	(37,250,046)	(2,424,614)	-	(39,674,660)
Net depreciable and amortizable capital assets	49,287,804	(1,581,266)	-	47,706,538
Governmental activities capital assets, net	$ 51,120,535	$ (206,808)	$ -	$ 50,913,727

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

Governmental Activities	
Instruction	$ 1,315,631
Supervision of instruction	67,544
Instructional library, media, and technology	42,132
School site administration	278,450
Home-to-school transportation	113,323
Food services	78,839
All other pupil services	124,813
Data processing	165,050
All other administration	17,146
Plant services	221,686
Total depreciation and amortization expense - governmental activities	$ 2,424,614

Note 5 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2025, between major and non-major governmental funds are as follows:

	Due From		
Due To	General Fund	Non-Major Governmental Funds	Total
General Fund	$ -	$ 3,773	$ 3,773
Non-Major Governmental Funds	13,979	-	13,979
Total	$ 13,979	$ 3,773	$ 17,752

The balance of $13,979 is due to the Cafeteria Non-Major Governmental Fund from the General Fund for indirect cost charges.

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

Note 6 - Accounts Payable

Accounts payable at June 30, 2025, consisted of the following:

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Vendor payables	$ 1,709,453	$ -	$ 7,223	$ 1,716,676
LCFF apportionment	3,265,340	-	-	3,265,340
Salaries and benefits	169,923	-	-	169,923
Construction	165,413	-	-	165,413
Due to CDE	777,029	472,117	83,505	1,332,651
Total	$ 6,087,158	$ 472,117	$ 90,728	$ 6,650,003

Note 7 - Unearned Revenue

Unearned revenue at June 30, 2025, consisted of the following:

	General Fund
Federal financial assistance	$ 28,085
State categorical aid	41,579
Total	$ 69,664

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

Summary

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

	Balance July 1, 2024, as Restated	Additions	Deductions	Balance June 30, 2025	Due in One Year
Long-Term Liabilities					
General obligation bonds	$25,777,490	$ 203,630	$ (1,416,000)	$24,565,120	$ 1,386,000
Unamortized debt premiums	1,173,014	-	(50,113)	1,122,901	-
Leases	37,721	60,077	(82,616)	15,182	15,182
Subscription-based IT arrangements	18,306	-	(8,897)	9,409	9,409
Compensated absences	2,901,831	106,095	-	3,007,926	1,396,946
Total	$29,908,362	$ 369,802	$ (1,557,626)	$28,720,538	$ 2,807,537

The change in compensated absences is presented as a net change.

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. Payments for the leases and subscription-based IT arrangements are made by the General 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, 2024	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2025
07/27/00	08/01/25	4.15%-8.00%	$ 2,449,773	$ 2,186,025	$ 98,202	$ (1,145,000)	$ 1,139,227
03/06/19	08/01/48	4.00%-5.00%	10,000,000	6,190,000	-	(200,000)	5,990,000
06/30/20	08/01/49	4.00%	2,285,000	1,865,000	-	-	1,865,000
06/30/20	08/01/49	2.70%-3.40%	6,715,000	6,715,000	-	-	6,715,000
06/15/22	08/01/44	3.95%	2,887,000	2,835,000	-	(6,000)	2,829,000
09/28/22	08/01/50	5.00%	3,795,000	3,795,000	-	(65,000)	3,730,000
09/28/22	08/01/45	5.00%	2,004,823	2,191,463	105,430	-	2,296,893
				$ 25,777,488	$ 203,632	$ (1,416,000)	$ 24,565,120

Debt Service Requirements to Maturity

The capital appreciation bonds mature through 2046 as follows:

Bonds Maturing Fiscal Year	Initial Bond Value	Accreted Interest	Total Accreted Obligation	Unaccreted Interest	Maturity Value
2026	$ 4,346	$ 1,134,881	$ 1,139,227	$ 35,773	$ 1,175,000
2027	-	-	-	-	-
2028	8,470	811	9,281	719	10,000
2029	40,662	4,346	45,008	4,992	50,000
2030	65,965	7,398	73,363	11,637	85,000
2031-2035	489,842	62,540	552,382	192,618	745,000
2036-2040	292,514	43,721	336,235	293,765	630,000
2041-2045	904,420	140,973	1,045,393	1,459,607	2,505,000
2046	202,950	32,281	235,231	424,769	660,000
Total	$ 2,009,169	$ 1,426,951	$ 3,436,120	$ 2,423,880	$ 5,860,000

The current interest bonds mature through 2051 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2026	$ 211,000	$ 867,175	$ 1,078,175
2027	256,000	842,041	1,098,041
2028	264,000	817,043	1,081,043
2029	275,000	806,612	1,081,612
2030	286,000	795,750	1,081,750
2031-2035	1,950,000	3,787,618	5,737,618
2036-2040	3,782,000	3,277,491	7,059,491
2041-2045	3,985,000	2,647,527	6,632,527
2046-2050	8,575,000	1,501,156	10,076,156
2051	1,545,000	42,487	1,587,487
Total	$ 21,129,000	$ 15,384,900	$ 36,513,900

Leases

The District entered an agreement to lease copiers for five years, beginning July 30, 2020. Under the lease, the District paid the annual lease payments of $35,541. At June 30, 2025, the District has recognized a right-to-use leased asset of $14,722 and a lease liability of $15,182 related to the agreement. During the fiscal year, the District recorded $80,553 in amortization expense and $1,352 in interest expense for the right to use this leased asset. The District used a discount rate of 3.53% based on the rates available to finance machinery and equipment over the same time periods.

The remaining principal and interest payment requirements for the lease obligation debt as of June 30, 2025 are as follows:

Year Ending Fiscal Year	Principal	Interest	Total
2026	$ 15,182	$ 93	$ 15,275

Subscriptions-Based Information Technology Arrangements (SBITAs)

The District entered into four SBITA contracts related to digital software licensing for student curriculum and school management software with subscription terms of 3 years. At June 30, 2025, the District has recognized a right-to-use subscriptions IT asset of $168,238 and a SBITA liability of $9,409 related to these agreements. During the fiscal year, the District recorded $8,897 in amortization expense. The subscription liabilities were valued using a discount rate of 5.75% based on the District's incremental borrowing rate at the inception of the subscriptions.

The remaining principal and interest payment requirements for the SBITA obligation debt as of June 30, 2025 are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 9,409	$ 541	$ 9,950

Note 9 - Net Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2025, 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	$ 9,015,331	$ 3,320,558	$ 1,095,371	$ 810,011
Medicare Premium Payment (MPP) Program	99,053	-	-	(17,539)
Total	$ 9,114,384	$ 3,320,558	$ 1,095,371	$ 792,472

The details of each plan are as follows:

District Plan

Plan Administration

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

Plan Membership

At June 30, 2024, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	11
Active employees	329
Total	340

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 Plan members and the District are established and may be amended by the District, the Palo Verde Teachers' Association (PVTA), the local California School Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, PVTA, CSEA, and the unrepresented groups. For the measurement period of June 30, 2025, the District paid $231,864 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $9,015,331 was measured as of June 30, 2025, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2024.

Actuarial Assumptions

The total OPEB liability as of June 30, 2025 was determined by applying updated procedures to the financial reporting valuation as of June 30, 2024, and rolling forward the total OPEB liability to June 30 2025. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.75%, average, including inflation
Discount rate	3.93%
Healthcare cost trend rates	4.00% for 2024

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

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2021 CalPERS Mortality for Miscellaneous and Schools Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actual experience study for the valuation date of June 30, 2024.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2024	$ 8,581,561
Service cost	567,817
Interest	319,358
Changes of assumptions	(221,541)
Benefit payments	(231,864)
Net change in total OPEB liability	433,770
Balance, June 30, 2025	$ 9,015,331

Changes of assumptions and other inputs reflect a change in the discount rate from 3.93% in 2024 to 5.20% in 2025. There were no changes to benefits noted from the prior evaluation.

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 (4.20%)	$ 9,783,375
Current discount rate (5.20%)	9,015,331
1% increase (6.20%)	8,334,423

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

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

Healthcare Cost Trend Rate	Total OPEB Liability
1% decrease (3.0%)	$ 7,902,261
Current healthcare cost trend rate (4.0%)	9,015,331
1% increase (5.0%)	10,328,331

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

For the year ended June 30, 2025, the District recognized OPEB expense of $810,011. At June 30, 2025, 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
OPEB contributions subsequent to measurement date	$ 300,600	$ -
Differences between expected and actual experience	2,619,041	241,684
Changes of assumptions	400,917	853,687
Total	$ 3,320,558	$ 1,095,371

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	$ 194,351
2027	194,351
2028	194,351
2029	194,351
2030	194,351
Thereafter	952,832
Total	$ 1,924,587

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, 2023 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: https://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, 2025, the District reported a liability of $99,053 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. 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, 2024 and June 30, 2023, was 0.0372% and 0.0384%, respectively, resulting in a net decrease in the proportionate share of 0.0012%.

For the year ended June 30, 2025, the District recognized OPEB expense of $(17,539).

Actuarial Methods and Assumptions

The June 30, 2024 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total OPEB liability to June 30, 2024, using the assumptions listed in the following table:

Measurement Date	June 30, 2024	June 30, 2023
Valuation Date	June 30, 2023	June 30, 2022
Experience Study	July 1, 2007 through June 30, 2022	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.93%	3.65%
Medicare Part A Premium Cost Trend Rate	5.00%	4.50%
Medicare Part B Premium Cost Trend Rate	6.50%	5.40%

For the valuation as of June 30, 2023, CalSTRS uses a generational mortality assumption, which is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and a projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023, and projected improvement is based on the MP–2021 Ultimate Projection Scale.

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 154 or an average of 0.12% of the potentially eligible population (132,333).

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, 2024, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer's 20-Bond GO Index from Bondbuyer.com as of June 30, 2024, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2024, was 3.93%, which is an increase of 0.28% from 3.65% as of June 30, 2023.

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.93%)	$ 106,876
Current discount rate 3.93%)	99,053
1% increase (4.93%)	92,175

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 Rates	Net OPEB Liability
1% decrease (4.00% Part A and 5.50% Part B)	$ 91,762
Current Medicare costs trend rates (5.00% Part A and 6.50% Part B)	99,053
1% increase (6.00% Part A and 7.50% Part B)	107,194

Note 10 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	$ 16,000	$ -	$ -	$ -	$ 16,000
Stores inventories	138,850	-	-	25,537	164,387
Total nonspendable	154,850	-	-	25,537	180,387
Restricted					
Legally restricted programs	12,145,075	-	-	-	12,145,075
Food service	-	-	-	3,416,659	3,416,659
Capital projects	-	9,982,504	-	676,888	10,659,392
Debt services	-	-	-	4,797,039	4,797,039
Student activities	-	-	-	103,872	103,872
Total restricted	12,145,075	9,982,504	-	8,994,458	31,122,037
Committed					
Facilities, infrastructure improvements, and offset financial results from projected enrollment decline	9,156,648	-	-	-	9,156,648
Other	800,000				800,000
Total committed	9,956,648	-	-	-	9,956,648
Assigned					
OPEB liability	99	-	-	-	99
Supplemental and concentration	2,250,423	-	-	-	2,250,423
Medi-Cal Administrative Activities	305,104	-	-	-	305,104
Donations	4,361	-	-	-	4,361
Capital projects	-	-	7,376,673	-	7,376,673
Other assignments	329,639	-	-	-	329,639
Total assigned	2,889,626	-	7,376,673	-	10,266,299
Unassigned					
Reserve for economic uncertainties	4,426,419	-	-	-	4,426,419
Remaining unassigned	4,265,673	-	-	-	4,265,673
Total unassigned	8,692,092	-	-	-	8,692,092
Total	$ 33,838,291	$ 9,982,504	$ 7,376,673	$ 9,019,995	$ 60,217,463

Note 11 - Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the fiscal year ending June 30, 2025, the District contracted with Riverside Schools Insurance Agency (RSIA) risk management pool for property and liability insurance coverage. The District's member retention limit was $50,000 and $5,000, respective for liability and property claims. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2025, the District participated in the Riverside Schools Risk Management Authority (RSRMA), a joint powers authority. The intent of the Agency is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Agency. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the Agency. Each participant pays its workers' compensation premium based on its individual rate. Participation in the Agency is limited to districts that can meet the Agency's selection criteria.

Employee Medical Benefits

The District has contracted with California Valued Trust (CVT) and Riverside County Employer/Employee Partnership for Benefits (REEP) to provide employee medical benefits. Medical benefits are provided by Blue Shield. Dental benefits are provided by Delta Dental and Anthem. Vision benefits are provided by Vision Service Plan (VSP).

Note 12 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2025, 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	$ 17,109,091	$ 6,149,421	$ 2,971,821	$ 1,707,471
CalPERS	15,678,401	4,807,441	652,314	2,418,751
Total	$ 32,787,492	$ 10,956,862	$ 3,624,135	$ 4,126,222

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, 2023, 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: https://www.calstrs.com/forms-publications.

Benefits Provided

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

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

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

The STRP provisions and benefits in effect at June 30, 2025, 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	19.10%	19.10%
Required state contribution rate	10.828%	10.828%

Contributions

Required member District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the District's total contributions were $3,391,995.

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

At June 30, 2025, 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	$ 17,109,091
State's proportionate share of the net pension liability	7,849,710
Total	$ 24,958,801

The net pension liability was measured as of June 30, 2024. 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 member districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, was 0.0255% and 0.0260%, respectively, resulting in a net decrease in the proportionate share of 0.0005%.

For the year ended June 30, 2025, the District recognized pension expense of $1,707,471. In addition, the District recognized pension expense and revenue of $714,624 for support provided by the State. At June 30, 2025, 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	$ 3,391,995	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	747,273	986,123
Differences between projected and actual earnings on pension plan investments	-	69,035
Differences between expected and actual experience in the measurement of the total pension liability	1,935,259	748,171
Changes of assumptions	74,894	1,168,492
Total	$ 6,149,421	$ 2,971,821

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	$ (1,146,946)
2027	1,381,347
2028	(112,701)
2029	(190,735)
Total	$ (69,035)

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
2026	$ (62,475)
2027	(99,594)
2028	(221,914)
2029	159,270
2030	198,402
Thereafter	(119,049)
Total	$ (145,360)

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, 2023, and rolling forward the total pension liability to June 30, 2024. The financial reporting actuarial valuation as of June 30, 2023, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Experience study	July 1, 2007 through June 30, 2022
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 is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and a projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023, and projected improvement is based on the MP–2021 Ultimate Projection Scale.

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 2024 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. The assumed asset allocation and best estimates of the expected rates of return for each major asset class for the year ended June 30, 2025, are summarized in the following table:

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 30,431,474
Current discount rate (7.10%)	17,109,091
1% increase (8.10%)	5,984,348

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, 2023, 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.calstrs.com/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, 2025, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	27.05%	27.05%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the total District contributions were $2,528,025.

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

As of June 30, 2025, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $15,678,401. The net pension liability was measured as of June 30, 2024. 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, 2024 and June 30, 2023, was 0.0439% and 0.0461%, respectively, resulting in a net decrease in the proportionate share of 0.0022%.

For the year ended June 30, 2025, the District recognized pension expense of $2,418,751. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 2,528,025	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	9,450	540,104
Differences between projected and actual earnings on pension plan investments	609,015	-
Differences between expected and actual experience in the measurement of the total pension liability	1,314,405	112,210
Changes of assumptions	346,546	-
Total	$ 4,807,441	$ 652,314

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

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

Year Ended June 30,	Deferred Outflows of Resources
2026	$ (5,250)
2027	946,879
2028	(139,913)
2029	(192,701)
Total	$ 609,015

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	$ 576,658
2027	304,252
2028	137,177
Total	$ 1,018,087

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, 2023, and rolling forward the total pension liability to June 30, 2024. The financial reporting actuarial valuation as of June 30, 2023, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

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

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity - cap-weighted	30%	4.54%
Global equity non-cap-weighted	12%	3.84%
Private equity	13%	7.28%
Treasury	5%	0.27%
Mortgagebacked securities	5%	0.50%
Investment grade corporates	10%	1.56%
High yield	5%	2.27%
Emerging market debt	5%	2.48%
Private debt	5%	3.57%
Real assets	15%	3.21%
Leverage	(5%)	(0.59%)

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the SEP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on the School Employer Pool investments was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (5.90%)	$ 23,290,396
Current discount rate (6.90%)	15,678,401
1% increase (7.90%)	9,390,288

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $1,585,042 (10.828% of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 13 - Commitments and Contingencies

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2025.

Litigation

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

Construction Commitments

As of June 30, 2025, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Appleby Hood Project	$ 1,052,062	10/28/2025
Palo Verde High School Sports Complex	6,896,000	02/25/2026
Total	$ 7,948,062	

Note 14 - Participation in Public Entity Risk Pools

The District is a member of the Riverside County Employer/Employee Partnership for Benefits (REEP), California Valued Trust (CVT), Riverside Schools Risk Management Authority (RSRMA), and Riverside Schools Insurance Authority (RSIA) public entity risk pools. The District pays an annual premium to each entity for its health, workers' compensation, and property liability coverage. The relationships between the District, the pools, and the JPAs are such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2025, the District made payments of $181,737, $5,896,431, and $456,515 to REEP, CVT, RSRMA, and RSIA, respectively, for services received.

Note 15 - Restatement

As of June 30, 2025, the District adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. Therefore, compensated absences current portion and compensated absences noncurrent portion were increased by $1,622,302 and $913,097, respectively, as of July 1, 2024. The effect of this change in accounting principle is described in the table below.

	Government-Wide Governmental Activities
Beginning, as previously reported on July 1, 2024	$ 48,700,509
Change in accounting principle	(2,535,399)
Beginning, as restated on July 1, 2024	$ 46,165,110

Required Supplementary Information
June 30, 2025

Palo Verde Unified School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ 38,990,894	$ 38,763,050	$ 39,010,833	$ 247,783
Federal sources	4,863,619	6,337,499	5,494,594	(842,905)
Other State sources	6,732,228	6,941,483	6,741,005	(200,478)
Other local sources	3,811,724	3,814,230	5,237,994	1,423,764
Total revenues	54,398,465	55,856,262	56,484,426	628,164
Expenditures				
Current				
Certificated salaries	19,707,946	19,631,793	18,516,046	1,115,747
Classified salaries	8,602,564	8,824,802	9,013,648	(188,846)
Employee benefits	16,696,560	16,604,656	15,770,106	834,550
Books and supplies	5,311,748	7,223,005	4,796,133	2,426,872
Services and operating expenditures	6,989,608	7,636,670	6,342,132	1,294,538
Other outgo	(9,570)	(9,570)	148,678	(158,248)
Capital outlay	161,600	883,231	803,538	79,693
Total expenditures	57,460,456	60,794,587	55,390,281	5,404,306
Excess (Deficiency) of Revenues Over Expenditures	(3,061,991)	(4,938,325)	1,094,145	6,032,470
Other Financing Sources (Uses)				
Other sources	-	-	60,077	60,077
Net Change in Fund Balances	(3,061,991)	(4,938,325)	1,154,222	6,092,547
Fund Balance - Beginning	32,684,069	32,684,069	32,684,069	-
Fund Balance - Ending	$ 29,622,078	$ 27,745,744	$ 33,838,291	$ 6,092,547

	2025	2024	2023	2022
Total OPEB Liability				
Service cost	$ 567,817	$ 416,367	$ 507,235	$ 531,693
Interest	319,358	205,916	132,990	133,812
Difference between expected and actual experience	-	2,565,147	6,037	(341,352)
Changes of assumptions	(221,541)	(88,568)	(673,773)	(4,253)
Benefit payments	(231,864)	(251,893)	(276,370)	(241,230)
Net change in total OPEB liability	433,770	2,846,969	(303,881)	78,670
Total OPEB Liability - Beginning	8,581,561	5,734,592	6,038,473	5,959,803
Total OPEB Liability - Ending	$ 9,015,331	$ 8,581,561	$ 5,734,592	$ 6,038,473
Covered Payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	$ 412,913	$ 358,265	$ 366,547	$ 356,737
Interest	181,510	170,309	162,888	141,379
Difference between expected and actual experience	40,437	739,606	-	-
Changes of assumptions	541,873	97,985	(101,280)	-
Benefit payments	(352,490)	(629,036)	(265,931)	(255,703)
Net change in total OPEB liability	824,243	737,129	162,224	242,413
Total OPEB Liability - Beginning	5,135,560	4,398,431	4,236,207	3,993,794
Total OPEB Liability - Ending	$ 5,959,803	$ 5,135,560	$ 4,398,431	$ 4,236,207
Covered Payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

Year ended June 30,	2025	2024	2023	2022
Proportion of the net OPEB liability	0.0372%	0.0384%	0.0382%	0.0374%
Proportionate share of the net OPEB liability	$ 99,053	$ 116,592	$ 125,831	$ 149,283
Covered payroll	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]
Plan fiduciary net position as a percentage of the total OPEB liability	(1.02%)	(0.96%)	(0.94%)	(0.80%)
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021

Year ended June 30,	2021	2020	2019	2018
Proportion of the net OPEB liability	0.0463%	0.0450%	0.0444%	0.0427%
Proportionate share of the net OPEB liability	$ 196,140	$ 167,464	$ 169,839	$ 179,473
Covered payroll	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]
Plan fiduciary net position as a percentage of the total OPEB liability	(0.71%)	(0.81%)	(0.40%)	0.01%
Measurement Date	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.

CalSTRS	2025	2024	2023	2022	2021
Proportion of the net pension liability	0.0255%	0.0260%	0.0255%	0.0249%	0.0266%
Proportionate share of the net pension liability	$ 17,109,091	$ 19,784,367	$ 17,685,815	$ 11,330,942	$ 25,740,899
State's proportionate share of the net pension liability	7,849,710	9,479,376	8,856,987	5,701,290	13,269,437
Total	$ 24,958,801	$ 29,263,743	$ 26,542,802	$ 17,032,232	$ 39,010,336
Covered payroll	$ 17,759,136	$ 17,383,487	$ 15,890,780	$ 14,952,630	$ 13,645,498
Proportionate share of the net pension liability as a percentage of its covered payroll	96.34%	113.81%	111.30%	75.78%	188.64%
Plan fiduciary net position as a percentage of the total pension liability	84%	81%	81%	87%	72%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020

	2020	2019	2018	2017	2016
Proportion of the net pension liability	0.0254%	0.0247%	0.0236%	0.0230%	0.0268%
Proportionate share of the net pension liability	$ 22,958,843	$ 22,720,074	$ 21,791,461	$ 18,612,934	$ 18,025,989
State's proportionate share of the net pension liability	12,525,581	13,008,305	12,891,644	10,596,011	9,533,761
Total	$ 35,484,424	$ 35,728,379	$ 34,683,105	$ 29,208,945	$ 27,559,750
Covered payroll	$ 14,451,064	$ 14,606,106	$ 13,172,162	$ 12,701,033	$ 12,743,243
Proportionate share of the net pension liability as a percentage of its covered payroll	158.87%	155.55%	165.44%	146.55%	141.46%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

CalPERS	2025	2024	2023	2022	2021
Proportion of the net pension liability	0.0439%	0.0461%	0.0466%	0.0465%	0.0478%
Proportionate share of the net pension liability	$ 15,678,401	$ 16,701,836	$ 16,032,758	$ 9,452,110	$ 14,676,044
Covered payroll	$ 9,345,749	$ 8,912,571	$ 8,267,584	$ 7,183,226	$ 6,669,082
Proportionate share of the net pension liability as a percentage of its covered payroll	167.76%	187.40%	193.92%	131.59%	220.06%
Plan fiduciary net position as a percentage of the total pension liability	72%	70%	70%	81%	70%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020

	2020	2019	2018	2017	2016
Proportion of the net pension liability	0.0496%	0.0459%	0.0470%	0.0472%	0.0535%
Proportionate share of the net pension liability	$ 14,462,573	$ 12,243,723	$ 11,215,178	$ 9,316,704	$ 7,891,738
Covered payroll	$ 6,889,057	$ 6,423,846	$ 6,053,268	$ 5,993,340	$ 6,062,311
Proportionate share of the net pension liability as a percentage of its covered payroll	209.94%	190.60%	185.27%	155.45%	130.18%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

CalSTRS	2025	2024	2023	2022	2021
Contractually required contribution	$ 3,391,995	$ 3,320,246	$ 3,035,139	$ 2,529,985	$ 2,203,748
Less contributions in relation to the contractually required contribution	3,391,995	3,320,246	3,035,139	2,529,985	2,203,748
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 17,759,136	$ 17,383,487	$ 15,890,780	$ 14,952,630	$ 13,645,498
Contributions as a percentage of covered payroll	19.10%	19.10%	19.10%	16.92%	16.15%

	2020	2019	2018	2017	2016
Contractually required contribution	$ 2,471,132	$ 2,377,874	$ 1,900,743	$ 1,597,790	$ 1,367,350
Less contributions in relation to the contractually required contribution	2,471,132	2,377,874	1,900,743	1,597,790	1,367,350
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 14,451,064	$ 14,606,106	$ 13,172,162	$ 12,701,033	$ 12,743,243
Contributions as a percentage of covered payroll	17.10%	16.28%	14.43%	12.58%	10.73%

CalPERS	2025	2024	2023	2022	2021
Contractually required contribution	$ 2,528,025	$ 2,377,874	$ 2,097,486	$ 1,645,677	$ 1,380,500
Less contributions in relation to the contractually required contribution	2,528,025	2,377,874	2,097,486	1,645,677	1,380,500
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 9,345,749	$ 8,912,571	$ 8,267,584	$ 7,183,226	$ 6,669,082
Contributions as a percentage of covered payroll	27.050%	26.680%	25.370%	22.910%	20.700%

	2020	2019	2018	2017	2016
Contractually required contribution	$ 1,358,591	$ 1,160,275	$ 940,133	$ 832,355	$ 718,202
Less contributions in relation to the contractually required contribution	1,358,591	1,160,275	940,133	832,355	718,202
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 6,889,057	$ 6,423,846	$ 6,053,268	$ 5,993,340	$ 6,062,311
Contributions as a percentage of covered payroll	19.721%	18.062%	15.531%	13.888%	11.847%

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

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

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

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

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuation for other postemployment benefits.
- *Changes of Assumptions* – The discount rate changed from 3.93% in 2024 to 5.20% in 2025.

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

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

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 3.65% to 3.93% since the previous valuation. The Medicare Part A premium cost trend rate assumption was changed from 4.50% to 5.00%, while the Medicare Part B premium cost trend rate assumption was changed from 5.40% to 6.50% 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 plan fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District.

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

Supplementary Information
June 30, 2025

Palo Verde Unified School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through Riverside County Special Education Local Plan Area:			
Special Education Cluster			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	$ 575,436
Special Education Part B, Sec. 611, Local Assistance Private School ISPs	84.027	10115	4,314
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	30,966
Subtotal			610,716
Preschool Grants, Part B, Sec 619	84.173	13430	12,626
Preschool Staff Development, Part B, Sec 619	84.173A	13431	264
Total Special Education Cluster			623,606
Passed Through California Department of Education			
Title I, Part A, Basic Grants Low Income and Neglected	84.010	14329	1,042,600
School Improvement Funding for LEAs	84.010	15438	735,506
Subtotal			1,778,106
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	87,529
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	1,433,885
COVID-19 ESSER III State Reserve Emergency Needs	84.425U	15620	22,183
COVID-19 ESSER III State Reserve Learning Loss	84.425U	15621	15,823
Subtotal			1,559,420
Strengthening Career and Technical Education for the 21st Century (Perkins V): Secondary, Section 131	84.048	14894	29,746
Title V, Part B, Rural & Low Income School Program	84.358	14356	84,408
Title III, English Learner Student Program	84.365	14346	26,422
Title II, Part A, Supporting Effective Instruction	84.367	14341	194,922
Title IV, Part A, Student Support and Academic Enrichment	84.424	15396	147,011
Total U.S. Department of Education			4,443,641
U.S. Department of Health and Human Services			
Passed through Riverside County Office of Education			
Head Start Cluster			
Head Start	93.600	10016	1,050,954
Total Head Start Cluster			1,050,954

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster			
School Lunch - Section 4	10.555	13523	$ 153,704
School Lunch - Section 11	10.555	13524	1,044,785
Meal Supplements	10.555	13755	27,131
Supply Chain Assistance (SCA) Funds	10.555	15655	45,091
Commodities	10.555	13524	92,105
Subtotal			1,362,816
School Breakfast Needy	10.553	13526	429,763
Total Child Nutrition Cluster			1,792,579
Passed Through California Department of Social Services			
Child and Adult Care Food Program	10.558	13529	18,131
COVID-19 CACFP Emergency Operational Costs Reimbursement (ECR)	10.558	13534	941
Subtotal			19,072
Total U.S. Department of Agriculture			1,811,651
Total Federal Financial Assistance			$ 7,306,246

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	772.42	771.09
Fourth through sixth	503.66	544.07
Seventh and eighth	337.51	329.72
Ninth through twelfth	720.12	695.62
Total regular ADA	2,333.71	2,340.50
Extended Year Special Education		
Transitional kindergarten through third	0.05	-
Ninth through twelfth	0.06	-
Total Extended Year Special Education	0.11	-
Total ADA	2,333.82	2,340.50

					Traditional Calendar			Multitrack Calendar			
Grade Level	1986-1987 Minutes Requirement	2024-2025 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Status
Kindergarten	36,000	47,760	-	47,760	180	-	180	-	-	-	Complied
Grades 1 - 3	50,400										
Grade 1		54,160	-	54,160	180	-	180	-	-	-	Complied
Grade 2		52,880	-	52,880	180	-	180	-	-	-	Complied
Grade 3		54,800	-	54,800	180	-	180	-	-	-	Complied
Grades 4 - 8	54,000										
Grade 4		54,800	-	54,800	180	-	180	-	-	-	Complied
Grade 5		54,800	-	54,800	180	-	180	-	-	-	Complied
Grade 6		54,800	-	54,800	180	-	180	-	-	-	Complied
Grade 7		54,800	-	54,800	180	-	180	-	-	-	Complied
Grade 8		54,800	-	54,800	180	-	180	-	-	-	Complied
Grades 9 - 12	64,800										
Grade 9		65,385	-	65,385	180	-	180	-	-	-	Complied
Grade 10		65,385	-	65,385	180	-	180	-	-	-	Complied
Grade 11		65,385	-	65,385	180	-	180	-	-	-	Complied
Grade 12		65,385	-	65,385	180	-	180	-	-	-	Complied

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2025.

	(Budget) 2026 [1]	2025	2024 [1]	2023 [1]
General Fund				
Revenues	$ 52,084,235	$ 56,484,426	$ 62,633,946	$ 59,726,369
Other sources	-	60,077	31,987	-
Total revenues and other sources	52,084,235	56,544,503	62,665,933	59,726,369
Expenditures	55,883,894	55,390,281	54,862,007	47,247,014
Other uses and transfers out	-	-	5,700,000	1,300,000
Total expenditures and other uses	55,883,894	55,390,281	60,562,007	48,547,014
Increase/(Decrease) in Fund Balance	(3,799,659)	1,154,222	2,103,926	11,179,355
Ending Fund Balance	$ 30,038,632	$ 33,838,291	$ 32,684,069	$ 30,580,143
Available Reserves [2]	$ 4,470,712	$ 8,692,092	$ 5,786,211	$ 3,894,401
Available Reserves as a Percentage of Total Outgo	8.00%	15.69%	9.55%	8.02%
Long-Term Liabilities [3]	N/A	$ 70,622,414	$ 72,557,589	$ 68,990,172
K-12 Average Daily Attendance at P-2	2,356	2,334	2,390	2,471

The General Fund balance has increased by $3,258,148 over the past two years. The fiscal year 2025-2026 budget projects a decrease of $3,799,659 (11.23%). For a district this size, the State recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in all of the past three years and anticipates incurring an operating deficit during the 2025-2026 fiscal year. Total long-term liabilities have increased by $1,632,242 over the past two years.

Average daily attendance has decreased by 137 over the past two years. However, an increase of 22 ADA is anticipated during fiscal year 2025-2026.

[1] Financial information for 2026, 2024, and 2023 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] Amounts have not been restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 15 for further information.

Name of Charter School	Charter Number	Included in Audit Report
SCALE Leadership Academy - East	2019	No

	Student Activity Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Assets						
Deposits and investments	$ 103,872	$ 3,064,336	$ 301,572	$ 451,038	$ 4,797,039	$ 8,717,857
Receivables	-	349,340	3,067	4,716	-	357,123
Due from other funds	-	13,979	-	-	-	13,979
Stores inventories	-	25,537	-	-	-	25,537
Total assets	$ 103,872	$ 3,453,192	$ 304,639	$ 455,754	$ 4,797,039	$ 9,114,496
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ -	$ 7,223	$ -	$ 83,505	$ -	$ 90,728
Due to other funds	-	3,773	-	-	-	3,773
Total liabilities	-	10,996	-	83,505	-	94,501
Fund Balances						
Nonspendable	-	25,537	-	-	-	25,537
Restricted	103,872	3,416,659	304,639	372,249	4,797,039	8,994,458
Total fund balances	103,872	3,442,196	304,639	372,249	4,797,039	9,019,995
Total liabilities and fund balances	$ 103,872	$ 3,453,192	$ 304,639	$ 455,754	$ 4,797,039	$ 9,114,496

	Student Activity Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues						
Federal sources	$ -	$ 1,800,771	$ -	$ -	$ -	$ 1,800,771
Other State sources	-	607,273	-	-	7,497	614,770
Other local sources	192,910	166,202	174	25,818	2,814,053	3,199,157
	192,910	2,574,246	174	25,818	2,821,550	5,614,698
Expenditures						
Current						
Pupil services						
Food services	-	2,274,618	-	-	-	2,274,618
Administration						
All other administration	-	64,525	1,470	-	-	65,995
Ancillary services	189,577	-	-	-	-	189,577
Facility acquisition and construction	-	-	-	103,102	-	103,102
Debt service						
Principal	-	-	-	-	548,330	548,330
Interest and other	-	-	-	-	1,752,503	1,752,503
	189,577	2,339,143	1,470	103,102	2,300,833	4,934,125
Net Change in Fund Balances	3,333	235,103	(1,296)	(77,284)	520,717	680,573
Fund Balance - Beginning	100,539	3,207,093	305,935	449,533	4,276,322	8,339,422
Fund Balance - Ending	$ 103,872	$ 3,442,196	$ 304,639	$ 372,249	$ 4,797,039	$ 9,019,995

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 Palo Verde Unified School District (the District) under programs of the federal government for the year ended June 30, 2025. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements*, *Cost Principles*, and *Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or fund balance of the District.

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

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

Food Donation
Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2025, the District had no food commodities in inventory.

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. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46207.

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

Schedule of Charter Schools

This schedule lists all Charter Schools chartered by the District, and displays information for each Charter School on whether or not the Charter School is included in the School District audit.

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

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

Other Information
June 30, 2025

Palo Verde Unified School District

Organization

The Palo Verde Unified School District was established on July 1, 1936, and consists of an area comprising approximately 1,027 square miles. The District operates three elementary schools, one high school, and one continuation high school. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Jamey Mullion	President	2028
Ryan Copple	Vice President	2028
Alice Dean	Clerk	2028
Stephanie Romero	Member	2026
Martha Gutierrez	Member	2026

ADMINISTRATION

NAME	TITLE
April Smith	Superintendent
Rachel Angel	Director of Fiscal Services

Independent Auditor's Reports
June 30, 2025

Palo Verde Unified School District

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

To the Governing Board
Palo Verde Unified School District
Blythe, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards)*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Palo Verde Unified School District (the District), as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 15, 2025.

Adoption of New Accounting Standard

As discussed in Note 15 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* for the year ended June 30, 2025. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2024 to restate beginning net position. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Eide Bailly LLP

Rancho Cucamonga, California
December 15, 2025

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
Palo Verde Unified School District
Blythe, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Palo Verde 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, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of *Title 2* U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
December 15, 2025

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

To the Governing Board
Palo Verde Unified School District
Blythe, California

Report on Compliance

Opinion on State Compliance

We have audited Palo Verde Unified School District's (the District) compliance with the requirements specified in the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the District's state program requirements identified below for the year ended June 30, 2025.

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, 2025.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards)*, and the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2024-2025 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 *2024-2025 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 *2024-2025 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:

2024-2025 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Independent Study	Not Applicable
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
GANN Limit Calculation	Yes

2024-2025 K-12 Audit Guide Procedures	Procedures Performed
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes
School Districts, County Offices of Education, and Charter Schools	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Not Applicable
Career Technical Education Incentive Grant	Not Applicable
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Kindergarten Continuance	Not Applicable
Charter Schools	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is described in the accompanying Schedule of Findings and Questioned Costs as item 2025-001. Our opinion on state compliance is not modified with respect to this matter.

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of Findings and Questioned Costs as item 2025-001 to be a significant deficiency.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2024-2025 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
December 15, 2025

Schedule of Findings and Questioned Costs
June 30, 2025

Palo Verde Unified School District

Financial Statements

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

Federal Awards

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

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing
Child Nutrition Cluster	10.553, 10.555

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 programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Other matters to be reported	Yes
Type of auditor's report issued on compliance for programs	Unmodified

None reported.

None reported.

The following finding represents a significant deficiency and an instance of noncompliance including questioned costs that are required to be reported by the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
61000	Classroom Teacher Salaries

2025-001 61000 – Classroom Teacher Salaries (Significant Deficiency, Noncompliance)

Criteria

California Education Code Section 41372 requires that the payment of classroom teacher salaries and benefits meet or exceed 55% (for unified districts) of the District's current expense of education.

Condition

The District spent 53.48% of the current expense of education on classroom teacher salaries and benefits, failing to meet the 55% requirement.

Cause

The District received one-time state and federal funds to address and respond to the effects of the COVID-19 pandemic. These funding sources were used in part toward classroom teacher salaries and benefits; however, a significant portion of these funds was used toward purchasing materials and supplies and contracted services due to shortages of available applicants. As such, the District was unable to meet the 55% requirement for classroom teacher salaries.

Effect

As a result of our testing, the District was not compliant with California Education Code Section 41372 due to being deficient in the amount of $666,080.

Questioned Costs

There are no questioned costs associated with the finding.

Repeat Finding

No.

Recommendation

We recommend the District evaluate its expenditures and develop a plan to ensure compliance with the above noted requirement. If the District is unable to meet the 55% requirement, we recommend the obtaining of an approved exemption from this requirement from the County Superintendent of Schools.

Corrective Action Plan and Views of Responsible Officials

The predetermined percentage threshold for a unified district is 55%. The District did not meet this threshold by 1.52%; therefore, a waiver application to the Riverside County Office of Education for exemption has been submitted.

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

APPENDIX C

ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT THE CITY OF BLYTHE AND RIVERSIDE COUNTY

*The Bonds are not a debt of the City of Blythe (the **"City"**) or the Riverside County (the **"County"**). The County, including its Board of Supervisors, officers, officials, agents and other employees, are required, only to the extent required by law, to: (i) levy and collect ad valorem taxes for payment of the Bonds in accordance with the law; and (ii) transmit the proceeds of such taxes to the Paying Agent for the payment of the principal of and interest on the Bonds at the time such payment is due.*

General Information

The City. A general law city incorporated in 1916, the City encompasses an area of approximately 26.8 square miles and is situated approximately 265 feet above sea level. The City is located within the Palo Verde Valley along the Colorado River, 227 miles southeast of Los Angeles and 150 miles west of Phoenix, Arizona. The City has a Council-Manager form of municipal government. The City Council appoints the City Manager, who is responsible for the day-to-day administration of City business and the coordination of all City departments. The City Council is composed of five members elected biannually at large to serve four-year staggered terms. After each election, the City Council appoints a Mayor and a Vice-Mayor from its own membership to serve a two-year term. The City enjoys a desert climate with winter low temperatures averaging 52 degrees, and summer high temperatures averaging 92 degrees.

The County. The County, which encompasses 7,303 square miles, was organized in 1893 from territory in San Bernardino and San Diego Counties. Located in the southeastern portion of the State, the County is bordered on the north by San Bernardino County, on the east by the State of Arizona, on the South by San Diego and Imperial Counties and on the west by Orange and Los Angeles Counties. There are 24 incorporated cities in the County.

The County's varying topology includes desert, valley and mountain areas as well as rolling terrain. Three distinct geographical areas characterize the County: the western valley area, the higher elevations of the mountains, and the deserts. The western valley, the San Jacinto Mountains and the Cleveland National Forest experience the mild climate typical of Southern California. The eastern desert areas experience warmer and dryer weather conditions. The County is the site for famous resorts, such as Palm Springs, and is a leading area for inland water recreation. Nearly 20 lakes in the County are open to the public. The dry summers and moderate to cool winters make it possible to enjoy these and other recreational and cultural facilities on a year-round basis.

Population

The historic population estimates of the towns and cities that are in the County as of January 1 of the past five years are shown in the following table.

RIVERSIDE COUNTY
Population
2022 through 2026

Area	2022	2023	2024	2025	2026
Banning	30,599	30,907	31,433	31,532	32,323
Beaumont	54,329	56,412	58,248	59,710	59,896
Blythe	**17,568**	**17,403**	**17,701**	**15,740**	**15,878**
Calimesa	10,963	10,945	11,036	11,029	10,942
Canyon Lake	10,966	10,879	10,992	10,987	10,908
Cathedral City	51,542	51,211	51,688	51,715	51,458
Coachella	41,984	42,405	43,957	44,624	45,300
Corona	157,569	156,994	159,239	159,873	159,309
Desert Hot Springs	32,386	32,514	33,185	33,432	33,629
Eastvale	70,018	69,359	69,958	69,987	70,575
Hemet	89,091	89,587	91,001	91,839	91,479
Indian Wells	4,774	4,732	4,819	4,839	4,807
Indio	89,466	90,253	92,047	92,552	92,360
Jurupa Valley	105,458	104,993	106,378	106,178	105,349
Lake Elsinore	71,663	71,446	72,411	73,637	74,483
La Quinta	37,669	37,983	39,003	38,934	38,815
Menifee	107,532	109,896	113,521	115,813	117,847
Moreno Valley	208,182	207,446	209,929	210,740	211,365
Murrieta	110,621	109,670	110,711	111,951	112,315
Norco	24,943	24,867	25,269	25,050	23,276
Palm Desert	50,527	50,292	51,356	51,662	52,326
Palm Springs	44,036	43,774	44,154	44,120	43,893
Perris	78,306	78,514	80,274	81,100	81,027
Rancho Mirage	16,826	16,899	17,157	17,137	17,318
Riverside	317,777	315,792	320,375	321,263	321,884
San Jacinto	54,279	53,928	54,369	54,815	55,900
Temecula	109,545	108,688	110,577	112,662	113,618
Wildomar	36,525	36,343	37,066	37,373	38,841
Unincorporated	398,724	400,887	409,519	417,535	419,703
County Total	**2,433,868**	**2,435,019**	**2,477,373**	**2,497,829**	**2,506,824**

Source: California State Department of Finance estimates.

Major Employers

The following table lists the twenty-five largest employers within the County as of July 2026, being the most current date for which such information is available. The employers are listed in alphabetical order without regard to the number of employees.

RIVERSIDE COUNTY
Major Employers (Listed Alphabetically)
As of July 2026

Employer Name	Location	Industry
1882 Cantina	Temecula	Foods-Carry Out
Abbott Vascular Inc	Temecula	Hospital Equipment & Supplies-Mfrs
Agua Caliente Casino Palm Spgs	Palm Springs	Gift Shops
Agua Caliente Resrt Casino Spa	Rancho Mirage	Casinos
Amazon Fulfillment Ctr	Moreno Valley	Mail Order Fulfillment Service
Citrus Club	La Quinta	Clubs
Coachella Valley Unified SCH	Thermal	School Districts
Collins Aerospace	Riverside	Aircraft Components-Manufacturers
Corona City Hall	Corona	City Hall
Corona Regional Medical Ctr	Corona	Hospitals
Department-Corrections-Rehab	Norco	State Govt-Correctional Institutions
Desert Regional Medical Ctr	Palm Springs	Hospitals
Diabetes Center	Riverside	Clinics
Eisenhower Medical Ctr	Rancho Mirage	Hospitals
Fantasy Springs Resort Casino	Indio	Casinos
J Ginger Masonry	Riverside	Masonry Contractors
Jurupa School District Supt	Riverside	School Districts
March Air Reserve Base	March Arb	Military Bases
Riverside City College	Riverside	Junior-Community College-Tech Institutes
Riverside County Admin Ctr	Riverside	Government Offices-County
Riverside County Office of Edu	Riverside	County Government-Education Programs
Riverside University Health	Moreno Valley	Hospitals
Southwest Healthcare Rancho	Murrieta	Hospitals
Starcrest of California	Perris	Online Retailers & Marketplaces
Sun World Intl LLC	Coachella	Fruits & Vegetables-Wholesale

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2026 1st Edition.

Employment and Industry

The District is included in the Riverside-San Bernardino-Ontario Metropolitan Statistical Area ("**MSA**"). The unemployment rate in the Riverside-San Bernardino-Ontario MSA was 4.6% in May 2026, down from a revised 4.9% in April 2026, and below the year-ago estimate of 4.9%. This compares with an unadjusted unemployment rate of 4.7% for California and 4.1% for the nation during the same period. The unemployment rate was 4.7% in the County, and 4.6% in San Bernardino County.

The following table shows the average annual estimated numbers of wage and salary workers by industry.

Riverside-San Bernardino-Ontario MSA
Annual Average Civilian Labor Force, Employment and Unemployment,
Employment by Industry
(March 2025 Benchmark)

	2021	2022	2023	2024	2025
Civilian Labor Force (1)	2,114,300	2,145,600	2,183,100	2,214,800	2,251,500
Employment	1,957,100	2,054,800	2,080,600	2,099,000	2,128,200
Unemployment	157,200	90,800	102,500	115,800	123,300
Unemployment Rate	7.4%	4.2%	4.7%	5.2%	5.5%
Wage and Salary Employment: (2)					
Agriculture	13,700	13,800	13,200	13,400	13,100
Mining, Logging, and Construction	111,500	116,300	116,800	117,500	111,700
Manufacturing	96,100	100,000	98,500	96,100	95,200
Wholesale Trade	67,400	69,500	68,900	68,400	67,300
Retail Trade	177,000	181,000	183,000	182,300	181,400
Transportation, Warehousing, Utilities	198,800	214,400	206,000	205,000	205,200
Information	12,500	13,000	13,300	12,800	12,100
Financial Activities	45,200	46,000	44,900	44,100	43,400
Professional and Business Services	166,600	173,900	164,400	161,300	157,400
Educational and Health Services	254,300	267,900	287,800	312,500	341,000
Leisure and Hospitality	160,200	180,900	187,600	186,400	186,700
Other Services	43,600	47,400	49,400	51,000	51,000
Federal Government	21,100	20,900	21,300	21,700	19,900
State Government	30,400	28,400	28,800	29,400	28,800
Local Government	190,500	200,700	209,200	211,100	216,400
Total, All Industries (3)	1,588,800	1,674,000	1,693,200	1,713,000	1,730,400

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Columns may not sum to totals due to rounding.
Source: State of California Employment Development Department.

Commercial Activity

Total taxable sales during calendar year 2025 in the City were reported to be $135,471,612, a 10.45% decrease from the total taxable sales of $151,277,884 reported during calendar year 2024.

CITY OF BLYTHE
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
Calendar Years 2021 through 2025
(Dollars in Thousands)

	Retail Stores		Total Outlets	
Year	Permits on July 1	Taxable Transactions	Permits on July 1	Taxable Transactions
2021	156	$138,306	259	$162,023
2022	156	143,752	265	169,867
2023	165	142,677	291	163,630
2024	176	131,846	316	151,278
2025	157	114,775	281	135,472

Source: State Department of Tax and Fee Administration.

Total taxable sales during calendar year 2025 in the County were reported to be $60,788,218,255, a 0.06% decrease from the total taxable sales of $60,826,952,633 reported during calendar year 2024.

RIVERSIDE COUNTY
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
Calendar Years 2021 through 2025
(Dollars in Thousands)

	Retail Stores		Total Outlets	
Year	Permits on July 1	Taxable Transactions	Permits on July 1	Taxable Transactions
2021	39,455	$41,330,546	64,335	$55,535,196
2022	40,719	45,469,037	66,738	62,117,153
2023	41,857	44,142,609	68,670	61,331,274
2024	42,879	44,014,690	70,577	60,826,953
2025	42,617	44,421,280	71,114	60,788,218

Source: State Department of Tax and Fee Administration.

Effective Buying Income

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

The following table summarizes the total effective buying income and median household effective buying income for the City, County, the State of California and the United States for the period 2022 through 2026.

RIVERSIDE COUNTY
Effective Buying Income
For Calendar Years 2022 through 2026

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2022	City of Blythe	$305,975	$48,748
	Riverside County	71,160,968	70,961
	California	1,452,426,153	77,058
	United States	11,208,582,541	64,448
2023	City of Blythe	$284,509	$48,754
	Riverside County	72,687,953	71,623
	California	1,461,799,662	77,175
	United States	11,454,846,397	65,326
2024	City of Blythe	$302,278	$51,927
	Riverside County	76,381,809	75,269
	California	1,510,708,521	80,973
	United States	11,987,185,826	67,876
2025	City of Blythe	$284,614	$53,366
	Riverside County	78,899,757	78,652
	California	1,557,429,767	82,725
	United States	12,525,577,707	69,687
2026	City of Blythe	$300,538	$54,269
	Riverside County	89,933,292	85,976
	California	1,730,654,738	90,403
	United States	13,932,177,817	75,433

Source: Claritas, LLC.

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF JONES HALL LLP]

_________, 2026

Board of Trustees
Palo Verde Unified School District
825 N. Lovekin Blvd.
Blythe, CA 92225

OPINION: $__________ Palo Verde Unified School District
2026 General Obligation Refunding Bonds (Bank Qualified)

Members of the Board of Trustees:

We have acted as bond counsel to the Palo Verde Unified School District (the "District") in connection with the issuance by the District of the above-captioned bonds, dated the date hereof (the "Bonds"), under the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Sections 53550 and 58580 of such Code (the "Act"), and a resolution of the Board of Trustees of the District (the "Board") adopted on May 19, 2026 (the "Bond Resolution"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Board contained in the Bond Resolution and in the certified proceedings and other certifications and opinions furnished to us, without undertaking to verify such facts by independent investigation.

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

1. The District is a duly created and validly existing unified school district with the power to issue the Bonds pursuant to the Act, and to perform its obligations under the Bond Resolution and the Bonds.

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

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

4. The Board of Supervisors of Riverside County is obligated to levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation as to rate or amount.

5. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. The Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Tax Code"), and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Tax Code), a deduction is allowed for 80 percent of that portion of such financial institutions' interest expense allocable to the portion of the Bonds designated as and comprising interest.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Tax Code relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds, and in order for the Bonds to be "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Tax Code. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds, or may cause the Bonds not to be "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Tax Code.

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

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

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

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$_________
PALO VERDE UNIFIED SCHOOL DISTRICT
(Riverside County, California)
2026 General Obligation Refunding Bonds
(Bank Qualified)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "**Disclosure Certificate**") is executed and delivered by the Palo Verde Unified School District (the "**District**") in connection with the execution and delivery of the above-captioned bonds (the "**Bonds**"). The Bonds are being executed and delivered pursuant to a resolution adopted by the Board of Trustees of the District on May 19, 2026 (the "**Resolution**"). U.S. Bank Trust Company, National Association, is initially the designated paying agent, registrar and transfer agent (the "**Paying Agent**").

The District hereby covenants and agrees as follows:

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

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

"*Annual Report*" means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Annual Report Date*" means the date not later than nine months (currently March 31) after the end of each fiscal year of the District (currently June 30th).

"*Dissemination Agent*" means, initially, Isom Advisors, a Division of Urban Futures, Inc., or any successor Dissemination Agent designated in writing by the District and which has filed with the District and the Paying Agent a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a) of this Disclosure Certificate.

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

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

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

"*Participating Underwriter*" means Raymond James & Associates, Inc., the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2027, with the report for the 2025-26 fiscal year, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 business days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 business days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) notice to the MSRB in a timely manner, in an electronic format, as prescribed by the MSRB.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. <u>Content of Annual Reports</u>. The District's Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the following information:

(i) Assessed value of taxable property in the jurisdiction of the District for the most recently completed fiscal year;

(ii) Assessed valuation of the properties of the top 20 secured property taxpayers in the District for the most recently completed fiscal year;

(iii) Property tax collection delinquencies for the District for the most recently completed fiscal year, or if not available, for the previous fiscal year, but only if available from the County at the time of filing the Annual Report and only if the District's general obligation bond levies are not included in Riverside County's Teeter Plan;

(iv) The District's most recently adopted Budget or approved interim report with budgeted figures, which is available at the time of filing the Annual Report; and

(v) Such further information, if any, as may be necessary to make the statements made pursuant to (a) and (b) of this Section 4, in the light of the circumstances under which they are made, not misleading.

(c) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. <u>Reporting of Significant Events</u>.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the District.

(13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(15) Incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material.

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier “if material” and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event’s occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(e) For purposes of Section 5(a)(15) and (16), "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Isom Advisors, a Division of Urban Futures, Inc. Any Dissemination Agent may resign by providing 30 days' written notice to the District and the Paying Agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Resolution for amendments to the Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent will have no duty or obligation to review any information provided to it by the District hereunder, and shall not be deemed to be acting in any fiduciary capacity for the District, the Bondholders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: _________, 2026

PALO VERDE UNIFIED SCHOOL DISTRICT

By: ______________________________
Name:____________________________
Title:_____________________________

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APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the District nor the Paying Agent take any responsibility for the information contained in this Section.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (in this Appendix, the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned

subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting

rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from District or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to District or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

10. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that District believes to be reliable, but District takes no responsibility for the accuracy thereof.

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APPENDIX G

RIVERSIDE COUNTY INVESTMENT POLICY AND INVESTMENT REPORT

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COUNTY OF RIVERSIDE

TREASURER-TAX COLLECTOR

INVESTMENT POLICY STATEMENT

DECEMBER 9, 2025

1. Table of Contents

1. INTRODUCTION

The Treasurer Tax-Collectors (TTC) Statement of Investment Policy is presented annually to the County Investment Oversight Committee (IOC) for review and to the Board of Supervisors (BOS) for approval, pursuant to the requirements of Sections 53646(a) and 27133 of the California Government Code (GOV §). This policy will become effective immediately upon approval by the BOS.

2. SCOPE

The TTC Statement of Investment Policy is limited in scope to only those county, school, special districts and other fund assets actually deposited and residing in the County Treasury. It does not apply to bond proceeds or other assets belonging to the County of Riverside, or any affiliated public agency the assets of which reside outside of the County Treasury.

3. FIDUCIARY RESPONSIBILITY

GOV §27000.3 declares each Treasurer, or governing body authorized to make investment decisions on behalf of local agencies, to be a trustee and therefore a fiduciary subject to the prudent investor standard. This standard, as stated in GOV §27000.3 requires that "When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the county Treasurer or the BOS, as applicable, shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the county and other depositors, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the county and the other depositors."

4. PORTFOLIO OBJECTIVES

The first and primary objective of the TTC's investment of public funds is to **safeguard investment principal**; second, to maintain sufficient **liquidity** within the portfolio to meet daily cash flow requirements; and third, to achieve a reasonable rate of return or **yield** on the portfolio consistent with these objectives. The portfolio shall be actively managed in a manner that is responsive to the public trust and consistent with State law.

5. AUTHORITY

Statutory authority for the TTC's investment and safekeeping functions are found in GOV §53601 and 53635 et. seq. The TTC's authority to make investments is to be renewed annually, pursuant to state law. The County Ordinance is No. 767. GOV §53607 effectively requires the legislative body to delegate investment authority of the County on an annual basis.

6. AUTHORIZED INVESTMENTS

Investments shall be restricted to those authorized in GOV § 53601 and 53635 as amended and as further restricted by this policy statement. All investments shall be governed by the restrictions shown in Schedule I which defines the type of investments authorized, maturity limitations, portfolio diversification, credit quality standards (two of the three nationally recognized ratings shall be used for corporate and municipal securities), and purchase restrictions that apply.

7. STAFF AUTHORIZED TO MAKE INVESTMENTS

Only the Treasurer Tax-Collector, Matthew Jennings, Assistant Treasurer-Tax Collector, Chief Investment Officer, Deputy Investment Officer, and Investment Officer are authorized to make investments and to order the receipt and delivery of investment securities among custodial security clearance accounts.

8. AUTHORIZED BROKER/DEALERS

Securities transactions are limited solely to those noted on Schedule III of this policy.

9. DAILY ACCOUNTABILITY AND CONTROL

All investment transactions are to be conducted at the TTC's office, or approved remote location subjected to Board Policy A-50 and Department Telecommute policy., All investment transactions will be entered daily into the TTC's internal financial accounting system. New Purchases are audited for compliance, by the Fiscal Compliance Unit daily. In addition, a bi-weekly and monthly compliance review of investment holdings are conducted. All reviews are signed off by the Treasurer-Tax Collector and Fiscal Compliance staff. Portfolio income shall be reconciled daily, monthly and quarterly, prior to the distribution of earnings among those entities sharing in pooled fund investment income.

10. SECURITY CUSTODY & DELIVERIES

All securities, except for money market funds registered in the County's name and securities issued by the County or other local agencies shall be deposited for safekeeping with banks contracted to provide the County TTC with custodial security clearance services. These third-party trust department arrangements provide the County with a perfected interest in, and ownership and control over, the securities held by the custodian on the County's behalf and are intended to protect the County from the bank's own creditors in the event of a bank default and filing for bankruptcy. Securities are **NOT** to be held in investment firm/broker dealer accounts. All security transactions are to be conducted on a "delivery versus payment basis." Confirmation receipts on all investments are to be reviewed immediately for conformity with County transaction documentation. Securities issued by local agencies purchased directly shall be held in the TTC's vault. The security holdings shall be reconciled with the custodian holding records Monthly.

11. COMPETITIVE PRICING

Investment transactions are to be made at current market value and competitively priced whenever possible. Competitive pricing does not necessarily require submission of bids, but does require adequate comparative analysis. The current technology utilized by the Treasury provides this information.

12. MATURITY LIMITATIONS

No investment shall exceed a final maturity date of five years from the date of purchase unless it is authorized by the BOS pursuant to GOV §53601. The settlement date will be used as the date of purchase for measuring maturity limitations.

13. LIQUIDITY

The portfolio shall maintain a weighted average day to maturity (WAM) of less than 541 days or 1.5 years. To provide sufficient liquidity to meet daily expenditure requirements, the portfolio shall maintain at least 40% of its total value in securities having maturities 1 year or less.

14. SECURITIES LENDING

The TTC may engage in securities lending activity limited to 20% of the portfolio's book value on the date of transaction. Instruments involved in a securities lending program are restricted to those securities pursuant to GOV §53601 and by the TTC's Statement of Investment Policy.

15. REVERSE REPURCHASE AGREEMENTS

The Treasury shall not engage in any form of leverage for the purpose of enhancing portfolio yield. There shall be no entry into reverse repurchase agreements except for temporary and unanticipated cash flow requirements that would cause the TTC to sell securities at a principal loss. Any reverse repurchase agreements are restricted pursuant to GOV §53601 and by the TTC's Statement of Investment Policy.

16. MITIGATING MARKET & CREDIT RISKS

Safety of principal is the primary objective of the portfolio. Each investment transaction shall seek to minimize the County's exposure to market and credit risks by giving careful and ongoing attention to the: (1) credit quality standards issued by the nationally recognized rating agencies on the credit worthiness of each issuer of the security, (2) limiting the concentration of investment in any single firm as noted in Schedule I, (3) by limiting the duration of investment to the time frames noted in Schedule I, and (4) by maintaining the diversification and liquidity standards expressed within this policy.

17. TRADING & EARLY SALE OF SECURITIES

All securities are to be purchased with the intent of holding them until maturity. However, in an effort to minimize market and credit risks, securities may be sold prior to maturity either at a profit or loss when economic circumstances, trend in short-term interest rates, or a deterioration in creditworthiness of the issuer warrants a sale of the securities to either enhance overall portfolio yield or to minimize further erosion and loss of investment principal. Such sales should take into account the short- and long-term impacts on the portfolio. However, the sale of a security at a loss can only be made after first securing the approval of the TTC.

18. PURCHASE OF WHEN ISSUED SECURITIES

When issued (W.I.) purchases of securities and their subsequent sale prior to cash settlement are authorized as long as sufficient cash is available to consummate their acceptance into the TTC's portfolio on the settlement date.

19. PORTFOLIO REPORTS/AUDITING

Portfolio reports required by GOV § 53607 and 27133(e) shall be filed monthly with the BOS, IOC, Superintendent of Schools, Executive Officer, County Auditor Controller and interested parties. Consistent with Board Policy B-21 (County Investment Policy Statement), § III A, an outside compliance audit will be conducted annually. Outside audits will be conducted at least biennially by an independent auditing firm selected by the BOS, per Board Minute Order No. 3.48. Reports are posted monthly on the Treasurer's website:https://countytreasurer.org/compliance-analysis-and-investment-report

20. SPECIFIC INVESTMENTS

Specific investments for individual funds may be made in accordance with the TTC's Statement of Investment Policy, upon written request and approval of the responsible agency's governing board, and approval of the TTC. Investments outside of the policy may be made on behalf of such funds with approval of the governing Board and approval of the TTC. All specific investments shall be memorialized by a Memorandum of Understanding. With the purchase of specific investments, the fund will be allocated the earnings and/or loss associated with those investments. The TTC reserves the right to allocate a pro-rata charge for administrative costs to such funds.

21. PERFORMANCE EVALUATION

Portfolio performance is monitored daily and evaluated monthly in comparison to the movement of the Treasurer's Institutional Money Market Index (TIMMI), or another suitable index. Over time, the portfolio rate of return should perform in relationship to such an index. Regular meetings are to be conducted with the investment staff to review the portfolio's performance, in keeping with this policy, and current market conditions.

22. INVESTMENT OVERSIGHT COMMITTEE

In accordance with GOV §27130, the BOS has established an IOC. The role of the Committee is advisory in nature. It has no input on day to day operations of the Treasury.

23. QUARTERLY APPORTIONMENT OF INVESTMENT EARNINGS

Portfolio income, including gains and losses (if any), will be distributed quarterly in compliance with GOV § 53684 and 53844 which give the TTC broad authority to apportion earnings and losses among those participants sharing in pooled investment income, and, except for specific investments in which the interest income is to be credited directly to the fund from which the investment was made, all investment income is to be distributed pro-rata based upon each participant's average daily cash balance for the fiscal quarter. Any subsequent adjustments of reported earnings by the Auditor-Controller will be first reviewed and approved by the TTC to assure compliance with GOV § 53684 and 53844. The TTC employs the modified Cash/ Accrual apportionment method.

24. QUARTERLY ADMINISTRATIVE COSTS

Prior to the quarterly apportionment of pooled fund investment income, the County TTC is permitted, pursuant to GOV §27013, to deduct from investment income before the distribution thereof, the actual cost of the investment, audit, deposit, handling and distribution of such income. Accordingly, in keeping with GOV § 27013, 27133(f), and 27135, the Treasury shall deduct from pooled fund investment earnings the actual cost incurred for: banking services, custodial safekeeping charges, the pro-rata annual cost of the salaries including fringe benefits for the personnel in the TTC's office engaged in the administration, investment, auditing, cashiering, accounting, reporting, remittance processing and depositing of public funds for investment, together with the related computer and office expenses associated with the performance of these functions. Costs are apportioned based upon average daily ending balances. Prior to gaining reimbursement for these costs, the TTC shall annually prepare a proposed budget revenue estimate per GOV §27013.

25. TREASURY OPERATIONS

Treasury operations are to be conducted in the most efficient manner to reduce costs and assure the full investment of funds. The TTC will maintain a policy regarding outgoing wires and other electronic transfers. Requests for outgoing transfers which do not arrive on a timely basis may be delayed. The County TTC may institute a fee schedule to more equitably allocate costs that would otherwise be spread to all depositors.

26. POLICY CRITERIA FOR AGENCIES SEEKING VOLUNTARY ENTRY

Should any agency solicit entry, the agency shall comply with the requirements of GOV § 53684 and adopt a resolution by the legislative or governing body of the local agency authorizing the deposit of excess funds into the County treasury for the purpose of investment by the County TTC. The resolution shall specify the amount of monies to be invested, the personnel authorized by the agency to coordinate the transaction, the anticipated time frame for deposits, the agency's willingness to be bound to the statutory 30-day written notice requirement for withdrawals, and acknowledging the TTC's ability to deduct pro-rata administrative charges permitted by GOV §27013. Any solicitation for entry into the TPIF must have the County TTC's consent before the receipt of funds is authorized. The depositing entity will enter into a depository agreement with the TTC.

27. POLICY CRITERIA FOR VOLUNTARY PARTICIPANT WITHDRAWALS

With the TTC being required to always maintain a 40% liquidity position during the calendar year, it is anticipated that sufficient funds will be on hand to immediately meet on demand all participant withdrawals for the full dollar amounts requested without having to make any allowance or pro-rata adjustment based on the current market value of the portfolio. In addition, any withdrawal by a local agency for the purpose of investing or depositing those funds outside the Pool shall have the prior written approval of the County TTC.

The TTC's approval of the withdrawal request shall be based on the availability of funds; the circumstances prompting the request; the dollar volume of similar requests; the prevailing condition of the financial markets, and an assessment of the effect of the proposed withdrawal on the stability and predictability of the investments in the county treasury.

28. POLICY ON RECEIPT OF HONORARIA, GIFTS AND GRATUITIES

Neither the TTC nor any member of his staff, shall accept any gift, gratuity or honoraria from financial advisors, brokers, dealers, bankers or other persons or firms conducting business with the County TTC which exceeds the limits established by the Fair Political Practices Commission (FPPC) and relevant portions of GOV §27133. IOC members shall be subject to the limits included in the BOS Policy B-21.

29. ETHICS & CONFLICTS OF INTEREST

Officers and staff members involved in the investment process shall refrain from any personal business activity that compromises the security and integrity of the County's investment program or impairs their ability to make impartial and prudent investment decisions. In addition, the County TTC, Assistant TTC, Chief Investment Officer, Deputy Investment Officer, Investment Officer and Assistant Investment Officer are required to file annually the applicable financial disclosure statements as mandated by the FPPC and County policy.

30. INVESTMENTS MADE FROM DEBT ISSUANCE PROCEEDS

The proceeds of a borrowing may be specifically invested per Schedule I of this policy (with the exception of Collateralized Time Deposits and Local Agency Obligations) as well as competitively bid investments (see County of Riverside Office of The TTC Policy Governing Competitively Bid Investments, dated March 3, 2011).

No pooled fund investments made from the proceeds of a borrowing, the monies of which are deposited in the County TTC, shall be invested for a period exceeding the maturity date of the borrowing. Nor shall any monies deposited with a bank trustee or fiscal agent for the ultimate purpose of retiring the borrowing be invested beyond the maturity date of the borrowing.

31. POLICY ADOPTION & AMENDMENTS

This policy statement will become effective following adoption by the BOS and will remain in force until subsequently amended in writing by the TTC and approved by the BOS.

12/09/2025

Matthew Jennings
County of Riverside
Treasurer-Tax Collector

32. AUTHORIZED INVESTMENTS SCHEDULE I

AUTHORIZED INVESTMENTS	CA GOV §	DIVERSIFICATION (1)	PURCHASE RESTRICTIONS	MAXIMUM MATURITY	MINIMUM QUALITY (S&P/MOODY'S/FITCH)
U.S. Treasury Obligations	53601 (b)	100%	N/A	5 years	N/A
U.S. Government Agency Obligations	53601(f)	100%	N/A	5 years	N/A
State Obligations (Munis) and CA Local Agency Obligation	53601(c) 53601(d) 53601(e)	15% maximum	See Schedule II	5 years	AA-, Aa3, AA-
Supranational Obligations issued or fully guaranteed as to principal and interest by the International Bank for Reconstruction and Development, the International Finance Corporation, and Inter-American Development Bank.	53601(q)	20% maximum	Max 10% per issuer	5 years	AA-, Aa3, AA- Applied to the issuer's senior debt ratings.
Local Agency Investment Fund (LAIF)	16429.1	$50 million maximum	Maximum $50 million per LAIF	Daily	N/A
Commercial Paper	53635(a)(1)	40% maximum	See Schedule II	397 days	A-1, P-1, F1
Local Agency Obligations	53601(e)	2.5% maximum	BOS approval required. Issued by pool depositors only	3 years	Non-rated, if in the opinion of the Treasurer, considered to be of investment grade or better
Joint Powers Authority Pool CalTRUST Short Term Fund (CLTR) ,California Asset Management Program (CAMP)	53601(p)	2% maximum	N/A	Daily	NR / Portfolio managed pursuant to California Government Code § 53601 & 53635

Negotiable Certificates of Deposit	53601(i)	20% maximum	See Schedule II	2 year	A-1, P-1, F1" or better
Collateralized Time Deposits	53630 et seq 53601(n)	2% maximum	See Schedule V	1 year	N/A
Repurchase Agreements (REPO) with 102% collateral restricted to U. S. Treasuries, agencies, agency mortgages	53601(j)	40% max, 25% in term repo over 7 days. No more than 20% w/one dealer in term repo	Repurchase agreements to be on file	45 days	
Reverse Repurchase Agreements on U. S. Treasury & federal agency securities in portfolio	53601(j)	10% maximum	For temporary cash flow needs only.	Max 60 days with prior approval of BOS	N/A
Medium Term Notes (Corporate Notes)	53601(k)	20% maximum	See Schedule II	Maximum 4 years	A, A2, A See Schedule II
Interest bearing Checking Account		20% maximum	N/A	Daily	Fully collateralized with US Treasuries or US Federal agency notes
Money Market Mutual Funds (MMF)	53601(i) and 53601.6(b)	20% maximum	See Schedule V	Daily	AAA (2 of 3 nationally recognized rating services)

33. SCHEDULE II POLICY CRITERIA CORPORATE AND MUNICIPAL SECURITIES

Corporate Criteria. Money market securities will be first restricted by short-term ratings and then further restricted by long term credit ratings. The long-term credit ratings, including the outlook of the parent company will be used. Money market securities consist of negotiable certificates of deposit (NCDs), bankers' acceptances, and commercial paper. Medium term securities will be restricted by the long-term ratings of the legal issuer. Concentration limit restrictions will make no distinction between medium term notes and money market securities.

No short-term negative credit watch or long-term negative outlook by 2 of 3 nationally recognized rating services except for entities participating in government guaranteed programs. Credit Category 1 and Category 2 with negative credit watch or long-term negative outlook, by more than one nationally recognized rating service is permitted as Category 3 and Category 4 respectively.

Municipal Criteria. Minimum of A or A2 or A, underlying credit rating for selecting insured municipal securities and a maximum of 5% exposure to any one insurer (direct purchases and indirect commitments).

Liquidity Provider Restrictions. Maximum of 5% exposure to any one institution (direct purchases and indirect commitments).

Category	Short-Term Ratings	Long-Term Ratings	Restrictions
1	A-1+/P-1/F1+ (SP-1+/MIG1/F1+)	AAA/Aaa/AAA	**Corp. (MTN)** Maximum of 5% per issuer with no more than 3% greater than 1 year final maturity **Muni.** Maximum of 5% per issuer
2	A-1+/P-1/F1+ (SP-1+/MIG1/F1)	AA+/Aa1/AA+, AA/Aa2/AA	**Corp.** Maximum of 4% per issuer with no more than 2% greater than 1 year final maturity. **Muni.** Maximum of 5% per issuer.
3	A-1+/P-1/F1+ (SP-1+/MIG1/F1)	AA-/Aa3/AA-	**Corp.** Maximum of 4% per issuer with no more than 2% greater than 180 days. No more than 270 days final maturity. **Muni.** Maximum of 5% per issuer.
4	A-1/P-1/F1 (SP-1/MIG1/F1)	A/A2/A or better.	**Corp.** No Asset Backed programs. Maximum of 3% per issuer with no more than 2% greater than 30 days. No more than 120 days maximum maturity.

Rating Agency Comparison Table

Short-Term Scale

S&P	**A-1+, A-1**
Moody's	**P-1**
Fitch	**F1+, F1**

Long-Term Scale

S&P	**AAA, AA+, AA, AA-, A+, A, A-**
Moody's	**Aaa, Aa1, Aa2, Aa3, A1, A2, A3**
Fitch	**AAA, AA+, AA, AA-, A+, A, A-**

34. SCHEDULE III AUTHORIZED BROKER/DEALERS

The TTC is authorized to conduct investment security transactions with the broker/dealers which are designated by the Federal Reserve Bank as primary government dealers. Security transactions with firms, other than those appearing on this list, are prohibited.

1. Other authorized firms:

   Academy Securities, Inc.
   Bank of New York
   FTN
   Insperex LLC
   Moreton Capital
   Loop Capital
   Great Pacific Securities
   MUFG
   Piper Sandler & Co.
   Ramirez & Co, Inc.
   Raymond James & Associates, Inc.
   Siebert Williams Shank & Co.
   Stifel Nicolas & Co
   Southstate|DuncanStoneX Financial Inc
   US Bank
   PNC Bank National

2. Direct purchases of commercial paper, money market mutual funds, negotiable CDs, are authorized.

3. Incidental purchases of less than $10 million may be made with other firms if in the opinion of the TTC, such transactions are deemed advantageous.

To ensure compliance with the County TTC's investment guidelines, each newly authorized primary government dealer and other authorized firms (as listed above in section 1, 2 and 3) will be supplied a complete copy of this Investment Policy document approved by the BOS.

35. SCHEDULE IV POLICY CRITERIA FOR SELECTION OF BROKER/DEALERS

1. The County TTC has elected to limit security transactions as mentioned in Schedule III. Accordingly, the financial institution must confirm that they are a member of the Financial Industry Regulatory Authority (FINRA), registered with the Securities & Exchange Commission (SEC), and possess all other required licenses. The TTC is prohibited from the selection of any broker, brokerage, dealer, or securities firm that has, within any consecutive 48-month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the local Treasurer, any member of the governing board of the local agency, or any candidate for those offices.

2. The County TTC's intent is to enter into long-term relationships. Therefore, the integrity of the firm and the personnel assigned to our account is of primary importance.

3. The firm must specify the types of securities it specializes in and will be made available for our account.

4. It is important that the firm provide related services that will enhance the account relationship which could include:
   (a) An active secondary market for its securities.
   (b) Internal credit research analysis on commercial paper, banker's acceptances and other securities it offers for sale.
   (c) Be willing to trade securities for our portfolio.
   (d) Be capable of providing market analysis, economic projections, and newsletters.
   (e) Provide market education on new investment products, security spread relationships, graphs, etc.

5. The firm must be willing to provide us monthly financial statements, and transactional confirms.

6. The County TTC is prohibited from the establishment of a broker/dealer account for the purpose of holding the County's securities. All securities must be subject to delivery at the County's custodial bank.

7. Without exception, all transactions are to be conducted on a delivery versus payment (DVP) basis.

8. The broker/dealer must have been in operation for more than 5 years, and, if requested, the firm must be willing to provide us a list of local government clients or other reference, particularly those client relationships established within the State of California.

36. SCHEDULE V POLICY CRITERIA FOR COLLATERALIZED TIME DEPOSITS

Before the TTC can place a time deposit with a local bank or savings and loan, the following criteria must be met:

1. The bank must provide us with an executed copy of the "Contract for Deposit of Moneys."

2. The interest rate on the Time Certificate of Deposit must be competitive with rates offered by other banks and savings and loans residing in Riverside County, as well as exceed that of U.S. Treasury Securities.

3. Investments exceeding the FDIC insurance limit shall be fully collateralized by U.S. Treasury and Federal Agency securities having maturities five years or less. The County Treasury must receive written confirmation that these securities have been pledged in repayment of the time deposit. The securities pledged as collateral must have a current market value greater than the dollar amount of the deposit in keeping with the ratio requirements specified in Code Section 53652. Additionally, a statement of the collateral shall be provided monthly. A collateral waiver for the portion insured by the FDIC will be granted.

4. The County TTC must be given a current audited financial statement for the financial year just ended as well as the most recent quarterly statement of financial condition. The financial reports must both include a statement of financial condition as well as an income statement depicting current and prior year operations.

5. The County TTC will not place a public fund deposit for more than 10% of the present paid-in capital and surplus of the bank.

6. The County TTC must receive a certificate of deposit which specifically expresses the terms governing the transaction, deposit amount, issue date, maturity date, name of depositor, interest rate, interest payment terms (monthly, quarterly, etc).

7. All time certificates must have a maturity date not exceeding one year from the date of the deposit, with interest payments based upon the stated interest rate.

8. The County TTC must receive a letter from an officer of the bank at the time the initial deposit is made, that there is no known pending financial disclosure or public announcement of an adverse financial event involving the bank or savings and loan, nor is there any knowledge that a conflict-of-interest situation exists between any County official and an officer or employee of the bank.

37. SCHEDULE VI POLICY CRITERIA FOR ENTERING INTO A MONEY MARKETFUND

Shares of beneficial interest issued by diversified management companies, also known as money market mutual funds, invest in the securities and obligations authorized by GOV §GOV § 53601.7(10). Approved mutual funds will be registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et. seq.) and shall meet the following criteria:

1. The fund must have a AAA rating from two of the nationally recognized rating services: Moody's, Fitch, Standard & Poor's.

2. The fund's prospectus cannot allow hedging strategies, options or futures.

3. The fund must provide a current prospectus before participation in the fund and provide access to copies of their portfolio reports.

GLOSSARY

AGENCY ISSUES – Securities issued by federal agencies, those chartered by the federal government or Government Sponsored Enterprises that are considered to be backed by the federal government. See also Government Sponsored Enterprises.

ASSET-BACKED SECURITY (ABS) – A financial security backed by a loan, lease, or receivables against assets other than real estate and mortgage-backed securities.

COLLATERALIZATION – Process by which a borrower pledges securities, property or other deposits for the purpose of securing the repayment of a loan and/or security.

COLLATERALIZED CERTIFICATE OF DEPOSIT – An instrument representing a receipt from a bank for a deposit at a specified rate of interest for a specified period of time that is collateralized by the bank with securities at a minimum of 110% of the deposit amount.

COMMERCIAL PAPER – Money Market instrument representing an unsecured short-term promissory note of a corporation at a specified rate of return for a specified period of time.

COUPON – The stated interest rate on a debt security that an issuer promises to pay.

CREDIT QUALITY – An indication of risk that an issuer of a security will fulfill its obligation, as rated by a rating agency.

CREDIT RATING – A standardized assessment, expressed in alphanumeric characters, of a company’s creditworthiness.

CREDIT RISK – The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

DIVERSIFICATION – The practice or concept of investing in a range of securities by sector, maturity, asset class or credit quality in order to reduce and spread financial risk.

DOLLAR WEIGHTED AVERAGE MATURITY – The sum of the amount of each security investment multiplied by the number of days to maturity, divided by the total amount of security investments.

DURATION – Is a measure of the price volatility of a portfolio and reflects an estimate of the projected increase or decrease in the value of that portfolio based upon a decrease or increase in the interest rates. A duration of 1.0 means that for every one percent increase in interest rates, the market value of the Portfolio would decrease by 1.0 percent.

EARNINGS APPORTIONMENT – Is the quarterly distribution of earnings to all Pool Participants where the actual investment costs incurred by the Treasurer are deducted from the interest earnings of the Pool.

GOVERNMENT OBLIGATIONS – Securities issued by the U.S. Treasury and Federal Agencies. U.S. Treasuries are direct obligations of the Federal Government. Agencies are not direct obligations of the Federal Government but involve Federal sponsorship or guarantees.

GOVERNMENT SPONSORED ENTERPRISES (GSE'S) – Private, shareholder-owned companies with a relationship with government agencies. These agencies generally are viewed to have an implied guarantee of the U.S. government. These include: Federal National Mortgage Association (FNMA) Federal Home Loan Bank (FHLB) Federal Farm Credit Bank (FFCB) Federal Home Loan Mortgage Corporation (FHLMC)
LIQUID – A security that is easily bought and sold because of the willingness of interested buyers and sellers to trade large quantities at a reasonable price.

LOCAL AGENCY OBLIGATION – An indebtedness issued by a local agency, department, board, or authority within the State of California.

LONG-TERM – The term used to describe a security when the maturity is greater than one year.

MARKET VALUE – An estimate of the value of a security at which the principal would be sold from a willing seller to a willing buyer at the date of pricing.

MEDIUM TERM NOTES – These are Corporate Notes and Bank Notes that are debt obligations of banks, corporations, and insurance companies. They are issued at a specific rate of return for a specific period of time.

MONEY MARKET MUTUAL FUND – A mutual fund with investments directed in short-term money market instruments only, which can be withdrawn daily without penalty.

NEGOTIABLE CERTIFICATE OF DEPOSIT – A Money Market instrument representing a receipt from a bank for a deposit at a specified rate of interest for a specified period of time that is traded in secondary markets.

PAR – The stated maturity value, or face value, of a security.

POOL – In this context, the pooled monies of different government agencies administered by the County Treasurer. Each pool member owns a fractional interest in the securities held in the Pool.

PORTFOLIO VALUE – The total book value amount of all the securities held in the Treasurer's Pooled Money Fund.

PRIMARY DEALER – A group of dealers and banks that can buy and sell securities directly with the Federal Reserve Bank of New York.

REPURCHASE AGREEMENT – A repurchase agreement consists of two simultaneous transactions. One is the purchase of securities by an investor (i.e., the County), the other is the commitment by the seller (i.e. a broker/dealer) to repurchase the securities at the same price, plus interest, at some mutually agreed future date.

REVERSE REPURCHASE AGREEMENT – The mirror image of Repurchase Agreements. In this instance the County Pool is the seller of securities to an investor (i.e. brokers).

SAFEKEEPING – A custodian bank's action to store and protect an investor's securities by segregating and identifying the securities.

SECURITIES LENDING – A transaction wherein the Treasurer's Pool transfers its securities to broker/dealers and other entities for collateral which may be cash or securities and simultaneously agrees to return the collateral for the same securities in the future.

SHORT-TERM – The term used to describe a security when the maturity is one year or less.

VOLUNTARY PARTICIPANTS – Local agencies that are not required to deposit their funds with the County Treasurer.

WHEN-ISSUED SECURITIES – A security traded before it receives final trading authorization with the investor receiving the certificate/security only after the final approval is granted.
YIELD – The gain, expressed as a percentage that an investor derives from a financial asset.

YIELD TO MATURITY – The percentage rate of return paid if the security is held to its maturity date. The calculation is based on the coupon rate, length of time to maturity, and market price. It assumes that coupon interest paid over the life of the security is reinvested at the same rate.



County of Riverside

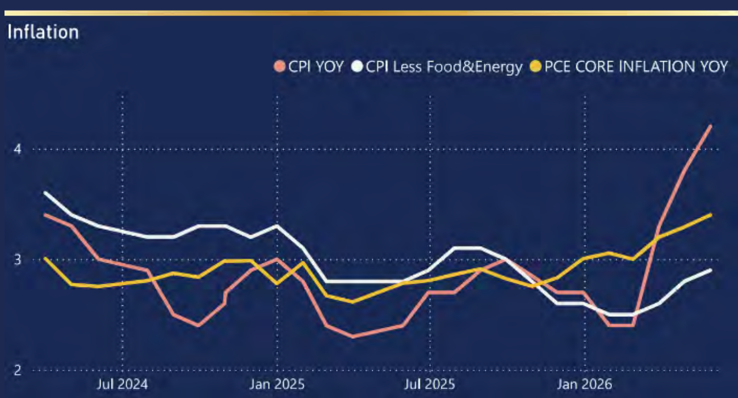
TREASURER-TAX COLLECTOR'S POOLED INVESTMENT FUND

JUNE 2026 REPORT

Inflation Remains a Central Focus in June

Inflation intensified in June, causing bond investors to drive yields higher in anticipation of a potential Federal Reserve rate hike. The June Federal Open Market Committee meeting left rates unchanged at 3.50% to 3.75% but emphasized that inflation control is becoming a more pressing concern. Investors are now expecting at least one 25-basis-point increase this year. Fed-funds futures for December 2026 rose from an implied rate of 3.794% to 4.005% over the month. Higher short-term rates benefit investors like the Treasurer's Pooled Investment Fund by increasing potential income.

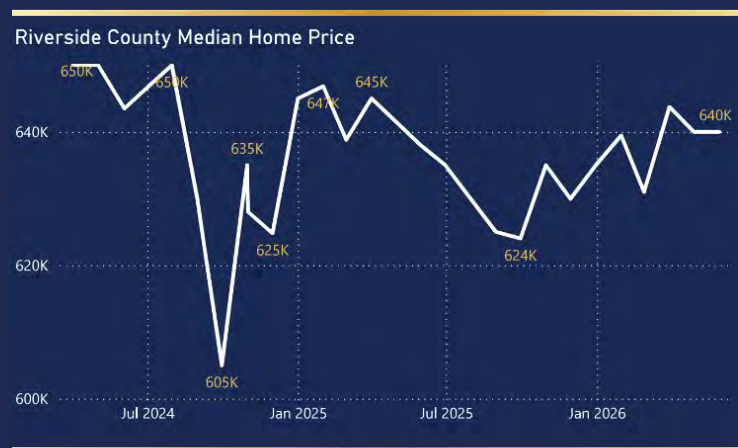
The Fed's favored inflation measure, the PCE deflator, showed the year-on-year inflation pace rising to 4.1% from 3.8%, and core inflation accelerating to 3.4% from 3.3% the prior month. Higher-than-usual tax refunds, a reaccelerating labor market, and rising equity values supported consumer spending. Headline inflation remains elevated, but the core details showed improvement. Fewer categories saw notable price increases and more registered declines, indicating that beneath the energy-driven spike, broader inflation pressures could be beginning to ease.



Source: Bloomberg L.P.

June economic data remained broadly supportive, with payrolls posting a solid gain and the unemployment rate holding at 4.3%. Manufacturing and consumer activity showed resilience, while housing continued to soften under high mortgage rates.

Riverside County's housing market remained stable in June. Median home prices continue to hover in a range, reflecting a market that is both relatively affordable by California standards and broadly stagnant under current mortgage rate pressures. Limited inventory and steady regional employment have helped sustain demand, though activity remains subdued.



Source: C.A.R.

The Treasury market saw a modest curve steepening, with the 2-year note yield rising from 4.03% to 4.17% and the 5-year note edging up from 4.17% to 4.23% over the month. Equity markets advanced, with the Dow Jones Industrial Average climbing from 51,100 to 52,300.

Throughout June, the investment approach continued to maintain ample liquidity, emphasize high-quality holdings, and take advantage of elevated short-term yields as policy expectations shift toward greater inflation vigilance.

INVESTMENT RESULTS

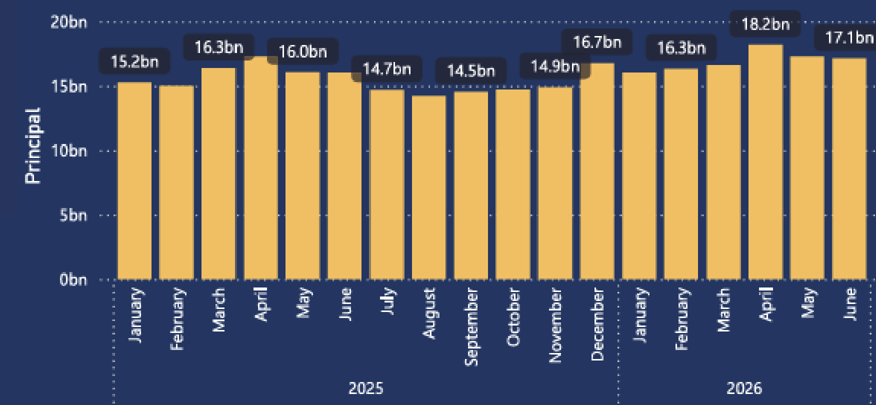
Objective

The Fund seeks to safeguard the principal of the funds under the Treasurer's control, meet the liquidity needs of the depositors, and to maximize a return on the funds within the given parameters. The Fund invests exclusively in high-quality, short-term securities maturing within 5 years. The Fund is comprised of contributions from the county, schools, special districts, and other discretionary depositors throughout the County of Riverside. The Fund is in full compliance with the Treasurer-Tax Collector Statement of Policy and California Government Code.

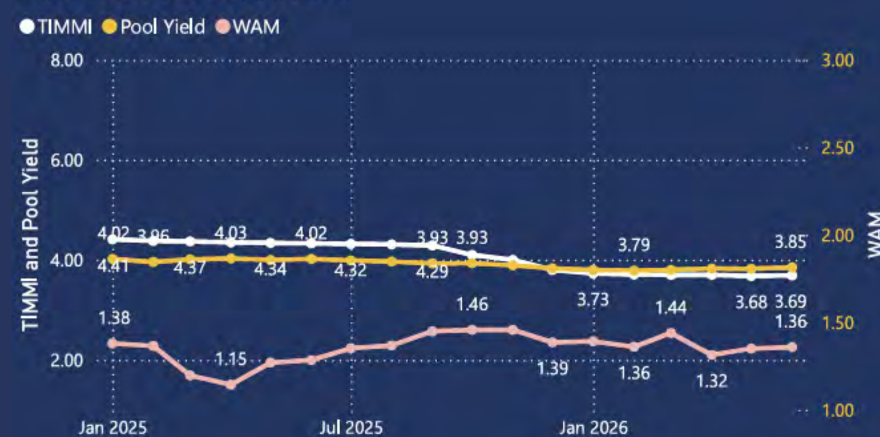
$ 17.10bn	$ 17.10bn	$ 3.15M
Market Value	Principal	Unrealized Gain/Loss
0.02	**3.85**	**1.35**
Unrealized Gain/Loss %	YTM %	WAM (Yrs)

Rated AAAf/S1 by Fitch Ratings, one of the nation's most trusted bond credit rating services.

Historical Fund Size



Purchase Yield vs TIMMI Index



SUMMARY

Issuer	Amount
Federal Home Loan Banks	3,543,861,730.78
Federal Home Loan Mortgage Corporation	2,522,708,685.53
Federal National Mortgage Association	2,408,552,023.71
Federal Farm Credit Banks Funding Corporat...	1,746,394,909.03
United States	1,651,150,289.94
BONY	1,075,000,000.00
International Bank for Reconstruction and D...	661,288,840.80
Walmart Inc.	625,586,877.35
Dreyfus Institutional Reserves Funds - Drey...	429,700,000.00
Bank of America, National Association	425,000,000.00

Principal by Maturity

Cash Flows

Month-Year	Projected Receipts	Projected Maturities	Projected Payments	Net Cash
Jul-26	962,081,118.65	3,199,079,660.79	2,457,489,509.58	1,703,671,269.86
Aug-26	1,320,079,187.43	727,358,851.53	1,760,677,804.44	286,760,234.52
Sep-26	1,801,447,468.42	1,014,576,616.59	1,581,578,414.83	1,234,445,670.18
Oct-26	2,061,594,726.18	1,215,187,390.16	1,891,493,182.82	1,385,288,933.52
Nov-26	1,881,779,558.41	345,430,779.02	1,627,499,466.46	599,710,870.98
Dec-26	4,072,710,339.58	270,749,555.63	2,008,414,648.51	2,335,045,246.70
Jan-27	1,898,357,406.81	1,383,605,961.38	3,034,747,265.47	247,216,102.71
Feb-27	2,293,386,555.93	628,780,600.52	2,546,817,652.85	375,349,503.60
Mar-27	3,517,053,338.52	184,471,169.66	3,259,694,976.62	441,829,531.57
Apr-27	4,241,701,684.34	180,826,283.23	2,764,525,728.69	1,658,002,238.88
May-27	2,223,108,901.12	806,604,072.80	3,160,515,914.28	-130,802,940.35
Jun-27	2,815,577,731.79	557,595,703.60	3,258,559,023.39	114,614,412.00
Total	**29,088,878,017.18**	**10,514,266,644.91**	**29,352,013,587.94**	**10,251,131,074.15**

Holdings Summary

Category	Principal	WAM	YTM
Agency	10,464,508,799.05	1.95	3.95
CD	425,000,000.00	0.15	3.79
Corporate	780,486,697.78	0.42	3.85
CP	954,684,969.43	0.08	3.68
MM Fund	710,700,000.00	0.00	3.61
Muni	166,065,911.80	1.45	4.20
Mutual Fund	113,000,000.00	0.00	3.77
Non-US Gov	760,712,660.24	0.48	3.87
Repo	1,075,000,000.00	0.00	3.66
US Gov	1,651,150,289.94	0.96	3.55
Total	**17,101,309,328.24**	**1.35**	**3.85**

MARKET DATA

Treasury Rates

Source: Bloomberg L.P.

US Treasury Yield Curve

Source: Bloomberg L.P.

Implied Fed Funds Rate and Rate Change

Source: Bloomberg L.P.

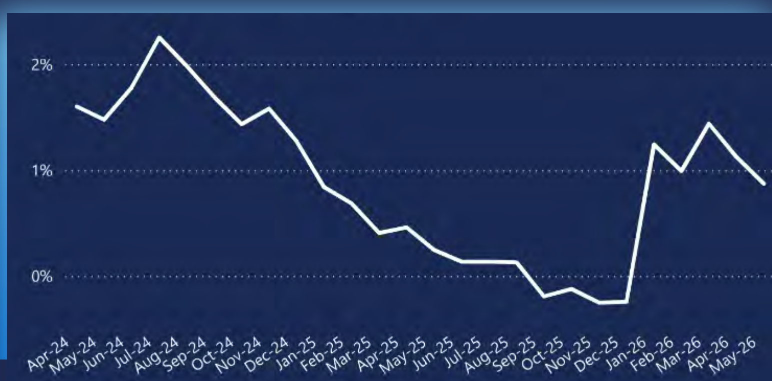
ECONOMICS

U.S. Unemployment Rates (%)

Year	United States	California	Riverside County
May 2025	4.20	5.50	4.90
May 2026	4.30	5.30	4.60

Source: Bureau of Labor Statistics

Riverside MSA Nonfarm Payroll (%Change)



Source: Bureau of Labor Statistics

U.S. Initial Jobless Claims by Month

Source: Department of Labor

COMPLIANCE STATEMENT

The Treasurer's Pooled Investment Fund was in full compliance with the County of Riverside Treasurer's Statement of Investment Policy as of month-end. The County's Statement of Investment Policy is more restrictive than California State Government Code 53646. The County's Investment Policy is reviewed annually by the County of Riverside's Oversight Committee and approved by the Board of Supervisors.

Since its inception, the Treasurer's Pooled Investment Fund has been in full compliance with the Treasurer's Statement of Investment Policy.

Investment Category	Gov. Authorized % Limit	Gov. Code Maximum Maturity	Gov. Ratings	Co. Authorized % Limit	Co. Maximum Maturity	Co. Ratings	Pool Principal %
U.S. TREASURIES	NO LIMIT	5 YEARS	NA	100%	5 YEARS	NA	9.66%
REVERSE REPOS	20%	92 DAYS	NA	10%	60 DAYS	NA	
REPURCHASE AGREEMENTS (REPO)	NO LIMIT	1 YEARS	NA	40% max, 25% in term repo over 7 days	45 DAYS	NA	6.29%
NEGOTIABLE CERTIFICATE OF DEPOSITS & COLLATERALIZED TIME DEPOSITS (NCD & TCD)	30%	5 YEARS	NA	20%	2 YEAR	A1/P1/F1	2.49%
MUNICIPAL BONDS (MUNI)	NO LIMIT	5 YEARS	NA	15%	5 YEARS	AA-/Aa3/AA-	0.97%
MONEY MARKET MUTUAL FUNDS (MMF)	20%	60 DAYS (1)	AAA/Aaa (2)	20%	DAILY LIQUIDITY	AAA by 2 Of 3 RATINGS AGC.	4.16%
MEDIUM TERM NOTES (MTNO) CORPORATE NOTES	30%	5 YEARS	A	20%	4 YEARS	A/A2/A	4.56%
LOCAL AGENCY OBLIGATIONS (LAO)	NO LIMIT	5 YEARS	NA	2.5%	3 YEARS	INVESTMENT GRADE	
LOCAL AGENCY INVESTMENT FUND (LAIF)	NA	NA	NA	Max $50 million	DAILY LIQUIDITY	NA	
JOINT POWERS AUTHORTY POOL, CLTR, CAMP	NA	NA	NA	2%	DAILY LIQUIDITY	NA	0.66%
INT'L BANK FOR RECONSTRUCTION AND DEVELOPMENT, INT'L FINANCE CORPORATION, AND INTER-AMERICAN DEVELOPMENT BANK	NA	NA	NA	20%	5 YEARS	AA/Aa/AA	4.45%
FEDERAL AGENCIES	NO LIMIT	5 YEARS	AAA	100%	5 YEARS	NA	61.19%
COMMERCIAL PAPER (CP)	40%	397 DAYS	A1/P1	40%	397 DAYS	A1/P1/F1	
CASH/DEPOSIT ACCOUNT	NA	NA	NA	20%	NA	NA	
Total							100.00%

INVESTMENT TEAM

The sound investment of public funds, fair, efficient tax collection, and exceptional public service

Matthew Jennings
Treasurer-Tax Collector

Giovane Pizano
Assistant Treasurer-Tax Collector

John Byerly
Chief Investment Officer

Steve Faeth
Senior Investment Officer

Isela Licea
Investment Officer

The sound investment of public funds, fair, efficient tax collection, and exceptional public service

COUNTY OF RIVERSIDE

TREASURER-TAX COLLECTOR

CAPITAL MARKETS

COUNTY ADMINISTRATIVE CENTER

4080 LEMON STREET, 4TH FLOOR,

RIVERSIDE, CA 92501

https://countytreasurer.org/

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https://instagram.com/rivcottc

rcttc@rivco.org

SCAN QR CODE TO
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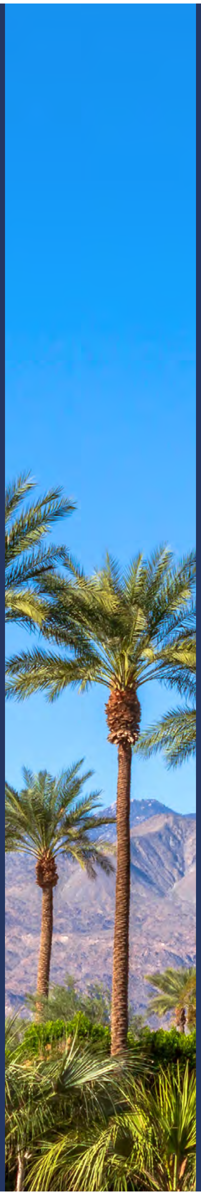
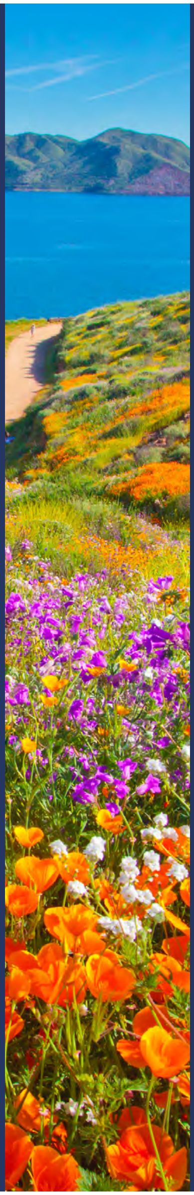
Jessica Roberson

Content Creator

Paola Vertiz

Managing Editor





Agency

AGCY BOND

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Book Value	Market Value	Principal	Net Unrealized Gain/Loss
31428JLN5	FEDERAL AGRICULTURAL MORTGAGE CORP	4.580	99.8135	06/16/2031	8,000,000.00	8,000,000.00	7,985,080.00	8,000,000.00	(14,920.00)
3130BAZT7	FEDERAL HOME LOAN BANKS	5.050	99.9222	06/06/2031	10,000,000.00	10,000,000.00	9,992,220.00	10,000,000.00	(7,780.00)
3133EWMF4	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.330	98.9219	04/22/2031	25,000,000.00	25,000,000.00	24,730,475.00	25,000,000.00	(269,525.00)
3133EWLD0	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.000	98.3433	04/16/2031	20,000,000.00	20,000,000.00	19,668,660.00	20,000,000.00	(331,340.00)
3133EWLN8	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.330	98.9880	04/15/2031	15,000,000.00	15,000,000.00	14,848,200.00	15,000,000.00	(151,800.00)
3136GCY58	FEDERAL NATIONAL MORTGAGE ASSOCIATION	4.850	99.7527	04/02/2031	15,000,000.00	15,000,000.00	14,962,905.00	15,000,000.00	(37,095.00)
3136GCYF6	FEDERAL NATIONAL MORTGAGE ASSOCIATION	4.530	99.4773	03/26/2031	25,000,000.00	25,000,000.00	24,869,325.00	25,000,000.00	(130,675.00)
3136GCT47	FEDERAL NATIONAL MORTGAGE ASSOCIATION	4.320	98.9266	03/12/2031	25,000,000.00	25,000,000.00	24,731,650.00	25,000,000.00	(268,350.00)
3136GCSW6	FEDERAL NATIONAL MORTGAGE ASSOCIATION	4.320	98.9266	03/12/2031	25,000,000.00	25,000,000.00	24,731,650.00	25,000,000.00	(268,350.00)
3130B9TR1	FEDERAL HOME LOAN BANKS	4.381	99.0427	03/05/2031	25,000,000.00	25,000,000.00	24,760,675.00	25,000,000.00	(239,325.00)
3136GCPQ2	FEDERAL NATIONAL MORTGAGE ASSOCIATION	4.250	98.7383	03/04/2031	25,000,000.00	25,000,000.00	24,684,575.00	25,000,000.00	(315,425.00)
3136GCPP4	FEDERAL NATIONAL MORTGAGE ASSOCIATION	4.220	98.6605	03/03/2031	50,000,000.00	50,000,000.00	49,330,250.00	50,000,000.00	(669,750.00)
3134HCVL0	FEDERAL HOME LOAN MORTGAGE CORP	4.125	98.4555	02/20/2031	50,000,000.00	50,000,000.00	49,227,750.00	50,000,000.00	(772,250.00)
3134HCVL0	FEDERAL HOME LOAN MORTGAGE CORP	4.125	98.4555	02/20/2031	15,000,000.00	15,000,000.00	14,768,325.00	15,000,000.00	(231,675.00)
3136GC4L6	FEDERAL NATIONAL MORTGAGE ASSOCIATION	4.240	98.7878	11/13/2030	25,000,000.00	25,000,000.00	24,696,950.00	25,000,000.00	(303,050.00)
3130B8BF8	FEDERAL HOME LOAN BANKS	4.045	97.8926	11/06/2030	25,000,000.00	24,907,540.39	24,473,150.00	24,893,750.00	(420,600.00)
3130B7SY1	FEDERAL HOME LOAN BANKS	3.750	97.3180	09/30/2030	25,000,000.00	25,000,000.00	24,329,500.00	25,000,000.00	(670,500.00)
3136GDHT3	FEDERAL NATIONAL MORTGAGE ASSOCIATION	4.480	99.6902	06/26/2030	30,000,000.00	30,000,000.00	29,907,060.00	30,000,000.00	(92,940.00)
3133ETLF2	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.390	99.1892	06/17/2030	25,000,000.00	25,000,000.00	24,797,300.00	25,000,000.00	(202,700.00)
3130B6SF4	FEDERAL HOME LOAN BANKS	4.125	98.8925	06/14/2030	10,000,000.00	10,000,000.00	9,889,250.00	10,000,000.00	(110,750.00)
3130BATZ0	FEDERAL HOME LOAN BANKS	4.550	99.6507	05/21/2030	10,000,000.00	10,000,000.00	9,965,070.00	10,000,000.00	(34,930.00)
3130B85U2	FEDERAL HOME LOAN BANKS	4.000	98.4532	04/16/2030	15,000,000.00	15,000,000.00	14,767,980.00	15,000,000.00	(232,020.00)
3133EWKV1	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.050	98.4993	04/10/2030	15,000,000.00	15,000,000.00	14,774,895.00	15,000,000.00	(225,105.00)
3136GD2K8	FEDERAL NATIONAL MORTGAGE ASSOCIATION	4.430	99.3189	04/09/2030	15,000,000.00	15,000,000.00	14,897,835.00	15,000,000.00	(102,165.00)
3136GCS30	FEDERAL NATIONAL MORTGAGE ASSOCIATION	4.000	98.4951	03/18/2030	30,000,000.00	30,000,000.00	29,548,530.00	30,000,000.00	(451,470.00)
3136GCUP8	FEDERAL NATIONAL MORTGAGE ASSOCIATION	4.300	99.1442	03/18/2030	25,000,000.00	25,000,000.00	24,786,050.00	25,000,000.00	(213,950.00)
3136GCPB5	FEDERAL NATIONAL MORTGAGE ASSOCIATION	4.000	98.5332	02/27/2030	30,000,000.00	30,000,000.00	29,559,960.00	30,000,000.00	(440,040.00)
3130B9LH1	FEDERAL HOME LOAN BANKS	3.825	98.0345	02/26/2030	15,000,000.00	15,000,000.00	14,705,175.00	15,000,000.00	(294,825.00)
3133ET7M3	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.892	98.1812	01/14/2030	10,000,000.00	9,992,915.07	9,818,120.00	9,992,000.00	(173,880.00)
3133ET7M3	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.918	98.1812	01/14/2030	15,000,000.00	14,976,413.31	14,727,180.00	14,973,750.00	(246,570.00)
3134HCMH9	FEDERAL HOME LOAN MORTGAGE CORP	4.014	98.6027	01/07/2030	10,000,000.00	9,995,574.67	9,860,270.00	9,995,000.00	(134,730.00)
3134HCDS5	FEDERAL HOME LOAN MORTGAGE CORP	4.000	98.6897	12/04/2029	10,000,000.00	10,000,000.00	9,868,970.00	10,000,000.00	(131,030.00)
31424WRN4	FEDERAL AGRICULTURAL MORTGAGE CORP	4.653	99.8410	11/27/2029	15,000,000.00	14,994,170.45	14,976,150.00	14,991,450.00	(15,300.00)
31424WRG9	FEDERAL AGRICULTURAL MORTGAGE CORP	4.550	99.8897	11/26/2029	20,000,000.00	20,000,000.00	19,977,940.00	20,000,000.00	(22,060.00)
3133ETY50	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.213	99.0851	11/26/2029	20,000,000.00	19,991,361.11	19,817,020.00	19,990,000.00	(172,980.00)
3136GDC50	FEDERAL NATIONAL MORTGAGE ASSOCIATION	4.285	98.9927	11/19/2029	30,000,000.00	29,873,883.98	29,697,810.00	29,869,500.00	(171,690.00)
3130B3LE1	FEDERAL HOME LOAN BANKS	4.420	99.8586	11/05/2029	15,000,000.00	15,000,000.00	14,978,790.00	15,000,000.00	(21,210.00)
3133EK4C7	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.347	93.5055	10/29/2029	15,000,000.00	14,031,175.38	14,025,825.00	13,549,950.00	475,875.00
3130B7RM8	FEDERAL HOME LOAN BANKS	4.100	98.9469	09/26/2029	15,000,000.00	15,000,000.00	14,842,035.00	15,000,000.00	(157,965.00)
3133ETZB6	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.010	98.7838	09/24/2029	50,000,000.00	50,000,000.00	49,391,900.00	50,000,000.00	(608,100.00)
3133ERPS4	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.732	98.5655	08/15/2029	10,000,000.00	10,005,061.39	9,856,550.00	10,008,100.00	(151,550.00)
3130B2HC2	FEDERAL HOME LOAN BANKS	4.200	99.2456	08/13/2029	20,000,000.00	20,000,000.00	19,849,120.00	20,000,000.00	(150,880.00)
3130B25S0	FEDERAL HOME LOAN BANKS	4.710	99.9914	07/30/2029	15,000,000.00	15,000,000.00	14,998,710.00	15,000,000.00	(1,290.00)
3134HCQS1	FEDERAL HOME LOAN MORTGAGE CORP	3.992	98.8872	07/23/2029	30,000,000.00	30,000,000.00	29,666,160.00	30,000,000.00	(333,840.00)
3133EWTX8	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.449	99.6014	06/25/2029	30,000,000.00	29,934,361.31	29,880,420.00	29,934,000.00	(53,580.00)
3130BB2H7	FEDERAL HOME LOAN BANKS	4.450	99.8006	06/15/2029	15,000,000.00	15,000,000.00	14,970,090.00	15,000,000.00	(29,910.00)
3133ET2L0	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.875	98.6096	06/01/2029	10,000,000.00	10,000,000.00	9,860,960.00	10,000,000.00	(139,040.00)
3130BATH0	FEDERAL HOME LOAN BANKS	4.400	99.7112	05/25/2029	10,000,000.00	10,000,000.00	9,971,120.00	10,000,000.00	(28,880.00)
3130B6J49	FEDERAL HOME LOAN BANKS	4.150	99.4619	05/21/2029	15,000,000.00	15,000,000.00	14,919,285.00	15,000,000.00	(80,715.00)
3134HCY29	FEDERAL HOME LOAN MORTGAGE CORP	4.335	99.2035	05/21/2029	30,000,000.00	29,851,279.65	29,761,050.00	29,845,500.00	(84,450.00)
3136GAZA0	FEDERAL NATIONAL MORTGAGE ASSOCIATION	4.000	98.9844	04/24/2029	25,000,000.00	25,000,000.00	24,746,100.00	25,000,000.00	(253,900.00)
3130B0TF6	FEDERAL HOME LOAN BANKS	4.750	100.3659	04/09/2029	10,000,000.00	10,000,000.00	10,036,590.00	10,000,000.00	36,590.00
3130B9WB2	FEDERAL HOME LOAN BANKS	4.000	99.0187	03/23/2029	15,000,000.00	15,000,000.00	14,852,805.00	15,000,000.00	(147,195.00)
3130B7QH0	FEDERAL HOME LOAN BANKS	4.000	99.0703	03/12/2029	25,000,000.00	25,000,000.00	24,767,575.00	25,000,000.00	(232,425.00)
3134HCZA0	FEDERAL HOME LOAN MORTGAGE CORP	4.231	99.2721	03/12/2029	25,000,000.00	24,948,555.01	24,818,025.00	24,943,750.00	(125,725.00)
3134HCXT1	FEDERAL HOME LOAN MORTGAGE CORP	4.000	99.0234	03/09/2029	30,000,000.00	30,000,000.00	29,707,020.00	30,000,000.00	(292,980.00)
3133ER5D9	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.490	99.7873	03/05/2029	10,000,000.00	10,000,000.00	9,978,730.00	10,000,000.00	(21,270.00)
3133ETP92	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.031	99.0133	02/05/2029	20,000,000.00	19,975,826.97	19,802,660.00	19,970,000.00	(167,340.00)
3134HCNV7	FEDERAL HOME LOAN MORTGAGE CORP	4.000	99.0958	01/09/2029	50,000,000.00	50,000,000.00	49,547,900.00	50,000,000.00	(452,100.00)
3133ET4K0	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.800	98.7025	12/18/2028	10,000,000.00	10,000,000.00	9,870,250.00	10,000,000.00	(129,750.00)
3133ET4K0	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.800	98.7025	12/18/2028	10,000,000.00	10,000,000.00	9,870,250.00	10,000,000.00	(129,750.00)
3134HCHN2	FEDERAL HOME LOAN MORTGAGE CORP	4.000	99.0879	12/18/2028	20,000,000.00	20,000,000.00	19,817,580.00	20,000,000.00	(182,420.00)
3136GCB38	FEDERAL NATIONAL MORTGAGE ASSOCIATION	3.780	98.6784	12/18/2028	10,000,000.00	10,000,000.00	9,867,840.00	10,000,000.00	(132,160.00)
3134HCJW0	FEDERAL HOME LOAN MORTGAGE CORP	3.950	99.0542	12/18/2028	20,000,000.00	20,000,000.00	19,810,840.00	20,000,000.00	(189,160.00)
3133ET3P0	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.212	100.1151	12/04/2028	10,000,000.00	10,000,000.00	10,011,510.00	10,000,000.00	11,510.00
3130B8NM0	FEDERAL HOME LOAN BANKS	3.875	98.9140	11/20/2028	15,000,000.00	15,000,000.00	14,837,100.00	15,000,000.00	(162,900.00)
3130BANQ6	FEDERAL HOME LOAN BANKS	4.155	99.1494	11/20/2028	30,000,000.00	29,895,526.23	29,744,820.00	29,890,500.00	(145,680.00)
3130B9HG8	FEDERAL HOME LOAN BANKS	3.752	98.7214	11/13/2028	15,000,000.00	15,000,000.00	14,808,210.00	15,000,000.00	(191,790.00)
3133ETR82	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.876	98.8402	11/10/2028	10,000,000.00	9,992,016.65	9,884,020.00	9,990,000.00	(105,980.00)

3130B3LA9	FEDERAL HOME LOAN BANKS	4.428	100.0563	11/06/2028	15,000,000.00	15,000,000.00	15,008,445.00	15,000,000.00	8,445.00
3130AXQC5	FEDERAL HOME LOAN BANKS	5.210	100.3939	11/03/2028	25,000,000.00	25,000,000.00	25,098,475.00	25,000,000.00	98,475.00
3133ETN29	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.468	100.1664	10/27/2028	25,000,000.00	25,000,000.00	25,041,600.00	25,000,000.00	41,600.00
3130AXL48	FEDERAL HOME LOAN BANKS	5.300	100.3944	10/20/2028	40,000,000.00	40,000,000.00	40,157,760.00	40,000,000.00	157,760.00
3133ETJ40	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.513	100.1654	10/20/2028	15,000,000.00	15,000,000.00	15,024,810.00	15,000,000.00	24,810.00
3134HBZ61	FEDERAL HOME LOAN MORTGAGE CORP	4.000	99.1741	10/20/2028	23,000,000.00	23,000,000.00	22,810,043.00	23,000,000.00	(189,957.00)
3134HBY39	FEDERAL HOME LOAN MORTGAGE CORP	4.000	99.1655	10/17/2028	25,000,000.00	25,000,000.00	24,791,375.00	25,000,000.00	(208,625.00)
3130B5VA3	FEDERAL HOME LOAN BANKS	4.000	99.4188	10/16/2028	10,000,000.00	10,000,000.00	9,941,880.00	10,000,000.00	(58,120.00)
3133ETH42	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.840	98.8807	10/16/2028	25,000,000.00	25,000,000.00	24,720,175.00	25,000,000.00	(279,825.00)
3133ETF28	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.360	100.1645	10/13/2028	25,000,000.00	25,000,000.00	25,041,125.00	25,000,000.00	41,125.00
3133ETF28	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.360	100.1645	10/13/2028	25,000,000.00	25,000,000.00	25,041,125.00	25,000,000.00	41,125.00
3133EPWM3	FEDERAL FARM CREDIT BANKS FUNDING CORP	5.040	100.2429	09/22/2028	25,000,000.00	25,000,000.00	25,060,725.00	25,000,000.00	60,725.00
3133ETXG7	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.626	100.1687	09/11/2028	10,000,000.00	10,000,000.00	10,016,870.00	10,000,000.00	16,870.00
3130AWTR1	FEDERAL HOME LOAN BANKS	4.346	100.2858	09/08/2028	5,000,000.00	5,002,671.05	5,014,290.00	5,006,100.00	8,190.00
3133ETTD9	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.857	98.9753	08/18/2028	9,375,000.00	9,370,002.42	9,278,934.38	9,367,968.75	(89,034.38)
3133ETTC1	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.080	99.3663	08/14/2028	25,000,000.00	25,000,000.00	24,841,575.00	25,000,000.00	(158,425.00)
3133ETTC1	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.080	99.3663	08/14/2028	25,000,000.00	25,000,000.00	24,841,575.00	25,000,000.00	(158,425.00)
3133ETTC1	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.080	99.3663	08/14/2028	25,000,000.00	25,000,000.00	24,841,575.00	25,000,000.00	(158,425.00)
3134HA4S9	FEDERAL HOME LOAN MORTGAGE CORP	4.550	100.0512	07/28/2028	3,250,000.00	3,250,000.00	3,251,664.00	3,250,000.00	1,664.00
3133ETRC3	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.230	99.5967	07/28/2028	25,000,000.00	25,000,000.00	24,899,175.00	25,000,000.00	(100,825.00)
3133ETRC3	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.230	99.5967	07/28/2028	25,000,000.00	25,000,000.00	24,899,175.00	25,000,000.00	(100,825.00)
3130B23Z6	FEDERAL HOME LOAN BANKS	4.650	100.0492	07/24/2028	15,000,000.00	15,000,000.00	15,007,380.00	15,000,000.00	7,380.00
3133ETPR2	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.000	99.3165	07/14/2028	15,000,000.00	15,000,000.00	14,897,475.00	15,000,000.00	(102,525.00)
3133ET6X0	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.782	98.9117	07/13/2028	15,000,000.00	14,987,685.08	14,836,755.00	14,985,000.00	(148,245.00)
3133EWTU4	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.160	99.6514	06/22/2028	10,000,000.00	10,000,000.00	9,965,140.00	10,000,000.00	(34,860.00)
3134HCHS1	FEDERAL HOME LOAN MORTGAGE CORP	3.850	99.1630	06/16/2028	40,000,000.00	40,000,000.00	39,665,200.00	40,000,000.00	(334,800.00)
3134HCHS1	FEDERAL HOME LOAN MORTGAGE CORP	3.850	99.1630	06/16/2028	20,000,000.00	20,000,000.00	19,832,600.00	20,000,000.00	(167,400.00)
3130BAY35	FEDERAL HOME LOAN BANKS	4.300	99.7627	06/15/2028	10,000,000.00	10,000,000.00	9,976,270.00	10,000,000.00	(23,730.00)
3130AWC24	FEDERAL HOME LOAN BANKS	3.987	99.5708	06/09/2028	10,000,000.00	10,002,131.69	9,957,080.00	10,005,460.00	(48,380.00)
3133ETJU2	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.079	99.5165	06/02/2028	25,000,000.00	25,000,000.00	24,879,125.00	25,000,000.00	(120,875.00)
3133EPGW9	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.784	99.3951	04/25/2028	10,000,000.00	10,014,973.62	9,939,510.00	10,041,200.00	(101,690.00)
3134HCYW3	FEDERAL HOME LOAN MORTGAGE CORP	4.000	99.4763	03/13/2028	15,000,000.00	15,000,000.00	14,921,445.00	15,000,000.00	(78,555.00)
3134HCWM7	FEDERAL HOME LOAN MORTGAGE CORP	3.853	99.2434	03/02/2028	22,239,000.00	22,220,210.82	22,070,739.73	22,216,761.00	(146,021.27)
3130B9J68	FEDERAL HOME LOAN BANKS	3.743	99.9500	02/17/2028	10,000,000.00	10,000,000.00	9,995,000.00	10,000,000.00	(5,000.00)
3133ER3X7	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.530	100.0293	02/11/2028	10,000,000.00	10,000,000.00	10,002,930.00	10,000,000.00	2,930.00
3133ER3X7	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.530	100.0293	02/11/2028	25,000,000.00	25,000,000.00	25,007,325.00	25,000,000.00	7,325.00
3133ERW31	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.429	100.0203	01/27/2028	25,000,000.00	25,000,000.00	25,005,075.00	25,000,000.00	5,075.00
3133EWAT7	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.738	99.9648	01/26/2028	5,000,000.00	5,000,000.00	4,998,240.00	5,000,000.00	(1,760.00)
3133EWAT7	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.738	99.9648	01/26/2028	5,000,000.00	5,000,000.00	4,998,240.00	5,000,000.00	(1,760.00)
31424W6V9	FEDERAL AGRICULTURAL MORTGAGE CORP	3.770	100.0290	01/14/2028	10,000,000.00	10,000,000.00	10,002,900.00	10,000,000.00	2,900.00
3133ET4D6	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.800	99.4077	12/15/2027	16,875,000.00	16,875,000.00	16,775,049.38	16,875,000.00	(99,950.63)
3130ATUS4	FEDERAL HOME LOAN BANKS	3.796	100.0646	12/10/2027	25,000,000.00	25,147,424.21	25,016,150.00	25,510,250.00	(494,100.00)
3130ATUS4	FEDERAL HOME LOAN BANKS	4.002	100.0646	12/10/2027	50,000,000.00	50,159,745.96	50,032,300.00	50,548,350.00	(516,050.00)
3130ATUS4	FEDERAL HOME LOAN BANKS	4.036	100.0646	12/10/2027	15,000,000.00	15,041,265.15	15,009,690.00	15,141,570.00	(131,880.00)
3133ET3S4	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.730	99.2980	12/09/2027	20,000,000.00	20,000,000.00	19,859,600.00	20,000,000.00	(140,400.00)
31424W4F6	FEDERAL AGRICULTURAL MORTGAGE CORP	4.060	100.0338	12/09/2027	10,000,000.00	10,000,000.00	10,003,380.00	10,000,000.00	3,380.00
3133ET4B0	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.956	99.9700	12/09/2027	15,000,000.00	15,000,000.00	14,995,500.00	15,000,000.00	(4,500.00)
3134HCFJ3	FEDERAL HOME LOAN MORTGAGE CORP	3.900	99.5474	12/03/2027	10,000,000.00	10,000,000.00	9,954,740.00	10,000,000.00	(45,260.00)
3133ERE23	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.356	99.9070	12/02/2027	10,000,000.00	9,995,260.27	9,990,700.00	9,990,000.00	700.00
3133ETS40	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.054	100.0379	11/10/2027	15,000,000.00	15,000,000.00	15,005,685.00	15,000,000.00	5,685.00
3133ENW63	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.284	99.8125	10/27/2027	5,000,000.00	5,005,356.38	4,990,625.00	5,020,250.00	(29,625.00)
3133ENW63	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.195	99.8125	10/27/2027	3,715,000.00	3,722,904.95	3,708,034.38	3,744,868.60	(36,834.23)
3133ENW63	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.252	99.8125	10/27/2027	15,000,000.00	15,021,826.51	14,971,875.00	15,082,290.00	(110,415.00)
3133ERXY2	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.000	99.6923	10/21/2027	20,000,000.00	20,000,000.00	19,938,460.00	20,000,000.00	(61,540.00)
3133ERXY2	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.000	99.6923	10/21/2027	10,000,000.00	10,000,000.00	9,969,230.00	10,000,000.00	(30,770.00)
3133EPH81	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.500	100.3683	10/04/2027	25,000,000.00	25,000,492.86	25,092,075.00	25,001,500.00	90,575.00
3130AXEN4	FEDERAL HOME LOAN BANKS	4.779	100.7833	09/29/2027	15,000,000.00	15,003,503.59	15,117,495.00	15,011,250.00	106,245.00
3133ENL99	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.830	99.1022	09/15/2027	10,000,000.00	9,950,447.31	9,910,220.00	9,795,609.20	114,610.80
3130ATHW0	FEDERAL HOME LOAN BANKS	4.239	99.9748	09/10/2027	2,000,000.00	1,997,562.87	1,999,496.00	1,989,972.00	9,524.00
3130ATHW0	FEDERAL HOME LOAN BANKS	4.241	99.9748	09/10/2027	3,000,000.00	2,996,303.48	2,999,244.00	2,984,790.00	14,454.00
3133ER6M8	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.510	100.0876	09/07/2027	25,000,000.00	25,000,000.00	25,021,900.00	25,000,000.00	21,900.00
3133ETTP2	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.465	100.0481	08/18/2027	20,000,000.00	20,000,000.00	20,009,620.00	20,000,000.00	9,620.00
3133ERNP2	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.830	99.8560	08/06/2027	5,000,000.00	5,008,714.18	4,992,800.00	5,023,600.00	(30,800.00)
3130B7DP6	FEDERAL HOME LOAN BANKS	4.497	100.0359	08/04/2027	15,000,000.00	15,000,000.00	15,005,385.00	15,000,000.00	5,385.00
3134HBZV6	FEDERAL HOME LOAN MORTGAGE CORP	4.060	99.8286	07/23/2027	25,000,000.00	25,000,000.00	24,957,150.00	25,000,000.00	(42,850.00)
3133ENB33	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.075	98.9074	07/19/2027	10,000,000.00	9,997,587.90	9,890,740.00	9,988,500.00	(97,760.00)
3133ETPU5	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.120	99.8621	07/14/2027	25,000,000.00	25,000,000.00	24,965,525.00	25,000,000.00	(34,475.00)
3133ETNS2	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.506	100.0294	06/29/2027	10,000,000.00	10,000,000.00	10,002,940.00	10,000,000.00	2,940.00
3130ASDV8	FEDERAL HOME LOAN BANKS	3.300	99.2180	06/28/2027	10,000,000.00	10,000,000.00	9,921,800.00	10,000,000.00	(78,200.00)
3133ET5H6	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.715	99.9847	06/23/2027	10,000,000.00	10,000,000.00	9,998,470.00	10,000,000.00	(1,530.00)
3130BBAE5	FEDERAL HOME LOAN BANKS	3.950	99.7697	06/23/2027	25,000,000.00	25,000,000.00	24,942,425.00	25,000,000.00	(57,575.00)
31428JMG9	FEDERAL AGRICULTURAL MORTGAGE CORP	3.710	100.0187	06/23/2027	15,000,000.00	15,000,000.00	15,002,805.00	15,000,000.00	2,805.00

31428JMF1	FEDERAL AGRICULTURAL MORTGAGE CORP	4.000	99.8146	06/23/2027	15,000,000.00	15,000,000.00	14,972,190.00	15,000,000.00	(27,810.00)
31428JLU9	FEDERAL AGRICULTURAL MORTGAGE CORP	4.000	99.8146	06/22/2027	50,000,000.00	50,000,000.00	49,907,300.00	50,000,000.00	(92,700.00)
31428JJP3	FEDERAL AGRICULTURAL MORTGAGE CORP	3.590	100.0088	06/21/2027	25,000,000.00	25,000,000.00	25,002,200.00	25,000,000.00	2,200.00
31428JLR6	FEDERAL AGRICULTURAL MORTGAGE CORP	4.010	99.8229	06/17/2027	25,000,000.00	25,000,000.00	24,955,725.00	25,000,000.00	(44,275.00)
31428JLR6	FEDERAL AGRICULTURAL MORTGAGE CORP	4.010	99.8229	06/17/2027	50,000,000.00	50,000,000.00	49,911,450.00	50,000,000.00	(88,550.00)
3130BB5M3	FEDERAL HOME LOAN BANKS	4.015	99.8156	06/17/2027	25,000,000.00	25,000,000.00	24,953,900.00	25,000,000.00	(46,100.00)
3130BB5X9	FEDERAL HOME LOAN BANKS	4.030	99.8263	06/16/2027	25,000,000.00	25,000,000.00	24,956,575.00	25,000,000.00	(43,425.00)
3130ASGU7	FEDERAL HOME LOAN BANKS	3.095	99.4365	06/11/2027	10,000,000.00	10,035,230.77	9,943,650.00	10,183,200.00	(239,550.00)
3130AWBZ2	FEDERAL HOME LOAN BANKS	4.055	100.0093	06/11/2027	10,000,000.00	10,006,036.91	10,000,930.00	10,025,600.00	(24,670.00)
3130AWBZ2	FEDERAL HOME LOAN BANKS	4.000	100.0093	06/11/2027	8,260,000.00	8,268,891.99	8,260,768.18	8,297,913.40	(37,145.22)
3130BAPM3	FEDERAL HOME LOAN BANKS	3.952	99.7850	06/11/2027	30,000,000.00	30,000,000.00	29,935,500.00	30,000,000.00	(64,500.00)
3130BAMP9	FEDERAL HOME LOAN BANKS	4.002	99.8259	06/04/2027	50,000,000.00	50,000,000.00	49,912,950.00	50,000,000.00	(87,050.00)
3133EWNZ9	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.912	99.7637	06/04/2027	50,000,000.00	50,000,000.00	49,881,850.00	50,000,000.00	(118,150.00)
3136GDBC6	FEDERAL NATIONAL MORTGAGE ASSOCIATION	3.997	99.8223	06/04/2027	25,000,000.00	25,000,000.00	24,955,575.00	25,000,000.00	(44,425.00)
3133EWEQ9	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.951	99.5109	05/26/2027	25,000,000.00	24,922,818.63	24,877,725.00	24,916,250.00	(38,525.00)
3133EWEQ9	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.951	99.5109	05/26/2027	50,000,000.00	49,845,637.25	49,755,450.00	49,832,500.00	(77,050.00)
3130B6JW7	FEDERAL HOME LOAN BANKS	4.369	100.0287	05/21/2027	20,000,000.00	20,000,000.00	20,005,740.00	20,000,000.00	5,740.00
3130BAFG7	FEDERAL HOME LOAN BANKS	3.753	99.6427	05/19/2027	25,000,000.00	25,000,000.00	24,910,675.00	25,000,000.00	(89,325.00)
3136GDDG5	FEDERAL NATIONAL MORTGAGE ASSOCIATION	4.000	99.8351	05/19/2027	25,000,000.00	25,000,000.00	24,958,775.00	25,000,000.00	(41,225.00)
3133EWMK3	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.950	99.6198	05/19/2027	50,000,000.00	49,904,780.00	49,809,900.00	49,896,500.00	(86,600.00)
3133EWMK3	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.950	99.6198	05/19/2027	50,000,000.00	49,904,780.00	49,809,900.00	49,896,500.00	(86,600.00)
3136GD4V2	FEDERAL NATIONAL MORTGAGE ASSOCIATION	3.848	99.7216	05/12/2027	50,000,000.00	50,000,000.00	49,860,800.00	50,000,000.00	(139,200.00)
3133ERDS7	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.583	100.5286	05/06/2027	10,000,000.00	10,012,976.22	10,052,860.00	10,043,800.00	9,060.00
3130ARSF9	FEDERAL HOME LOAN BANKS	3.000	99.1081	04/29/2027	10,000,000.00	10,000,000.00	9,910,810.00	10,000,000.00	(89,190.00)
3130ARPV7	FEDERAL HOME LOAN BANKS	3.500	99.4767	04/28/2027	10,000,000.00	10,000,000.00	9,947,670.00	10,000,000.00	(52,330.00)
3133ENVD9	FEDERAL FARM CREDIT BANKS FUNDING CORP	2.913	99.0173	04/26/2027	10,000,000.00	9,997,118.07	9,901,730.00	9,982,400.00	(80,670.00)
3133EN6V7	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.744	99.6148	04/26/2027	4,820,000.00	4,815,735.00	4,801,433.36	4,797,876.20	3,557.16
3133EN6V7	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.606	99.6148	04/26/2027	8,000,000.00	8,001,202.94	7,969,184.00	8,006,240.00	(37,056.00)
3133EN6V7	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.623	99.6148	04/26/2027	2,000,000.00	2,000,052.82	1,992,296.00	2,000,274.00	(7,978.00)
3130ARHX2	FEDERAL HOME LOAN BANKS	3.000	99.1708	03/25/2027	10,000,000.00	10,000,000.00	9,917,080.00	10,000,000.00	(82,920.00)
3130ARHX2	FEDERAL HOME LOAN BANKS	3.000	99.1708	03/25/2027	10,000,000.00	10,000,000.00	9,917,080.00	10,000,000.00	(82,920.00)
3130ARHX2	FEDERAL HOME LOAN BANKS	3.000	99.1708	03/25/2027	10,000,000.00	10,000,000.00	9,917,080.00	10,000,000.00	(82,920.00)
3130AR6U0	FEDERAL HOME LOAN BANKS	2.500	98.8203	03/22/2027	5,000,000.00	5,000,000.00	4,941,015.00	5,000,000.00	(58,985.00)
3134HBN64	FEDERAL HOME LOAN MORTGAGE CORP	4.515	100.0307	03/16/2027	10,000,000.00	10,000,000.00	10,003,070.00	10,000,000.00	3,070.00
3130B9YC8	FEDERAL HOME LOAN BANKS	3.674	99.9849	02/26/2027	15,000,000.00	15,000,000.00	14,997,735.00	15,000,000.00	(2,265.00)
3130AQRQ8	FEDERAL HOME LOAN BANKS	2.000	98.6089	02/25/2027	10,000,000.00	10,000,000.00	9,860,890.00	10,000,000.00	(139,110.00)
3130AQRH8	FEDERAL HOME LOAN BANKS	2.000	98.6089	02/25/2027	5,000,000.00	5,000,000.00	4,930,445.00	5,000,000.00	(69,555.00)
3130AQRH8	FEDERAL HOME LOAN BANKS	2.000	98.6089	02/25/2027	5,000,000.00	5,000,000.00	4,930,445.00	5,000,000.00	(69,555.00)
3130ALED2	FEDERAL HOME LOAN BANKS	3.001	97.9963	02/24/2027	20,000,000.00	19,760,718.13	19,599,260.00	18,320,000.00	1,279,260.00
3130ALED2	FEDERAL HOME LOAN BANKS	2.050	97.9963	02/24/2027	15,000,000.00	14,904,839.40	14,699,445.00	14,275,500.00	423,945.00
3130AL2X1	FEDERAL HOME LOAN BANKS	3.001	97.9574	02/17/2027	10,000,000.00	9,874,224.44	9,795,740.00	9,057,500.00	738,240.00
3130AKYH3	FEDERAL HOME LOAN BANKS	1.746	98.0078	02/10/2027	10,000,000.00	9,946,425.90	9,800,780.00	9,563,275.40	237,504.60
3130B8VQ2	FEDERAL HOME LOAN BANKS	3.813	99.7787	02/10/2027	25,000,000.00	25,000,000.00	24,944,675.00	25,000,000.00	(55,325.00)
3130B9J43	FEDERAL HOME LOAN BANKS	3.682	99.9894	01/29/2027	50,000,000.00	50,000,000.00	49,994,700.00	50,000,000.00	(5,300.00)
3130AQHS5	FEDERAL HOME LOAN BANKS	1.984	98.6153	01/28/2027	10,000,000.00	9,984,428.69	9,861,530.00	9,866,500.00	(4,970.00)
3130AQHS5	FEDERAL HOME LOAN BANKS	2.086	98.6153	01/28/2027	20,000,000.00	19,957,776.54	19,723,060.00	19,640,000.00	83,060.00
3130AQKM4	FEDERAL HOME LOAN BANKS	1.750	98.6434	01/28/2027	11,250,000.00	11,250,000.00	11,097,382.50	11,250,000.00	(152,617.50)
3133ENLZ1	FEDERAL FARM CREDIT BANKS FUNDING CORP	1.860	98.6786	01/26/2027	10,000,000.00	9,995,641.81	9,867,860.00	9,962,090.00	(94,230.00)
3130B8Q96	FEDERAL HOME LOAN BANKS	3.977	99.9724	01/25/2027	25,000,000.00	25,000,000.00	24,993,100.00	25,000,000.00	(6,900.00)
3130B8Q96	FEDERAL HOME LOAN BANKS	3.977	99.9724	01/25/2027	50,000,000.00	50,000,000.00	49,986,200.00	50,000,000.00	(13,800.00)
3130B9FC9	FEDERAL HOME LOAN BANKS	3.711	99.9902	01/21/2027	50,000,000.00	50,000,000.00	49,995,100.00	50,000,000.00	(4,900.00)
3133ETY35	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.976	99.9958	01/20/2027	50,000,000.00	50,000,000.00	49,997,900.00	50,000,000.00	(2,100.00)
3130B95Z9	FEDERAL HOME LOAN BANKS	3.683	99.9904	01/20/2027	50,000,000.00	50,000,000.00	49,995,200.00	50,000,000.00	(4,800.00)
3130AYPN0	FEDERAL HOME LOAN BANKS	3.702	100.0245	01/15/2027	25,000,000.00	25,054,908.94	25,006,125.00	25,083,750.00	(77,625.00)
3133EWFN5	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.700	99.9908	01/15/2027	50,000,000.00	50,000,000.00	49,995,400.00	50,000,000.00	(4,600.00)
3130B8L34	FEDERAL HOME LOAN BANKS	3.987	99.9916	01/12/2027	50,000,000.00	50,000,000.00	49,995,800.00	50,000,000.00	(4,200.00)
3133ENKG4	FEDERAL FARM CREDIT BANKS FUNDING CORP	1.908	98.6146	01/11/2027	10,000,000.00	9,977,880.98	9,861,460.00	9,795,000.00	66,460.00
3134HBXW6	FEDERAL HOME LOAN MORTGAGE CORP	4.428	100.0176	01/08/2027	10,000,000.00	10,000,000.00	10,001,760.00	10,000,000.00	1,760.00
3134HCEF2	FEDERAL HOME LOAN MORTGAGE CORP	3.611	99.7040	01/05/2027	25,000,000.00	24,992,641.41	24,926,000.00	24,984,500.00	(58,500.00)
3130B8Z88	FEDERAL HOME LOAN BANKS	3.788	99.9911	01/04/2027	50,000,000.00	50,000,000.00	49,995,550.00	50,000,000.00	(4,450.00)
3130AQAY9	FEDERAL HOME LOAN BANKS	1.500	98.7156	12/30/2026	25,000,000.00	25,000,000.00	24,678,900.00	25,000,000.00	(321,100.00)
3130AQF65	FEDERAL HOME LOAN BANKS	1.306	98.7039	12/21/2026	10,000,000.00	9,997,439.60	9,870,390.00	9,972,990.00	(102,600.00)
3133ERL66	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.775	100.0433	12/18/2026	15,000,000.00	15,000,000.00	15,006,495.00	15,000,000.00	6,495.00
3130B46H9	FEDERAL HOME LOAN BANKS	4.759	100.0425	12/16/2026	25,000,000.00	25,000,000.00	25,010,625.00	25,000,000.00	10,625.00
3130B46H9	FEDERAL HOME LOAN BANKS	4.759	100.0425	12/16/2026	10,000,000.00	10,000,000.00	10,004,250.00	10,000,000.00	4,250.00
3133EN4G2	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.923	99.9451	12/15/2026	25,000,000.00	25,001,743.16	24,986,275.00	25,015,250.00	(28,975.00)
3130ATVE4	FEDERAL HOME LOAN BANKS	3.986	100.1896	12/11/2026	5,000,000.00	5,010,460.54	5,009,480.00	5,095,300.00	(85,820.00)
3130B3ZF3	FEDERAL HOME LOAN BANKS	4.764	100.0411	12/11/2026	25,000,000.00	25,000,000.00	25,010,275.00	25,000,000.00	10,275.00
3130B3ZF3	FEDERAL HOME LOAN BANKS	4.764	100.0411	12/11/2026	25,000,000.00	25,000,000.00	25,010,275.00	25,000,000.00	10,275.00
3135G1AB7	FEDERAL NATIONAL MORTGAGE ASSOCIATION	4.758	100.0434	12/11/2026	5,000,000.00	5,000,000.00	5,002,170.00	5,000,000.00	2,170.00
3130APWW1	FEDERAL HOME LOAN BANKS	1.503	98.9798	11/24/2026	20,000,000.00	19,999,759.21	19,795,960.00	19,997,000.00	(201,040.00)
3133ENEM8	FEDERAL FARM CREDIT BANKS FUNDING CORP	1.430	98.9601	11/23/2026	10,000,000.00	10,000,000.00	9,896,010.00	10,000,000.00	(103,990.00)

3133ERQ95	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.502	100.0200	11/02/2026	25,000,000.00	25,000,000.00	25,005,000.00	25,000,000.00	5,000.00
3130ARUF6	FEDERAL HOME LOAN BANKS	3.125	99.7007	10/29/2026	10,000,000.00	10,000,000.00	9,970,070.00	10,000,000.00	(29,930.00)
3134GW6C5	FEDERAL HOME LOAN MORTGAGE CORP	3.122	98.9603	10/28/2026	15,000,000.00	14,894,857.67	14,844,045.00	13,566,000.00	1,278,045.00
3134GW4C7	FEDERAL HOME LOAN MORTGAGE CORP	3.092	98.9696	10/27/2026	20,000,000.00	19,862,144.82	19,793,920.00	18,196,200.00	1,597,720.00
3134GW4C7	FEDERAL HOME LOAN MORTGAGE CORP	3.488	98.9696	10/27/2026	5,000,000.00	4,959,916.42	4,948,480.00	4,482,650.00	465,830.00
3134GW4C7	FEDERAL HOME LOAN MORTGAGE CORP	3.046	98.9696	10/27/2026	20,000,000.00	19,865,347.93	19,793,920.00	18,124,000.00	1,669,920.00
3133ETL62	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.603	99.8239	10/27/2026	25,000,000.00	24,991,917.81	24,955,975.00	24,975,000.00	(19,025.00)
3133EN7A2	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.827	99.5875	10/26/2026	4,300,000.00	4,297,445.91	4,282,262.50	4,270,115.00	12,147.50
3133ENBK5	FEDERAL FARM CREDIT BANKS FUNDING CORP	1.249	99.1357	10/20/2026	10,000,000.00	9,996,780.39	9,913,570.00	9,947,500.00	(33,930.00)
3133ENBK5	FEDERAL FARM CREDIT BANKS FUNDING CORP	1.340	99.1357	10/20/2026	10,000,000.00	9,994,131.89	9,913,570.00	9,905,000.00	8,570.00
3133EWTL4	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.676	99.9998	10/16/2026	25,000,000.00	25,000,000.00	24,999,950.00	25,000,000.00	(50.00)
3130ANYN4	FEDERAL HOME LOAN BANKS	1.000	99.2586	09/30/2026	10,000,000.00	10,000,000.00	9,925,860.00	10,000,000.00	(74,140.00)
3130AP5M3	FEDERAL HOME LOAN BANKS	1.040	99.2910	09/28/2026	15,000,000.00	15,000,000.00	14,893,650.00	15,000,000.00	(106,350.00)
3130APAD7	FEDERAL HOME LOAN BANKS	1.035	99.2943	09/28/2026	15,000,000.00	15,000,000.00	14,894,145.00	15,000,000.00	(105,855.00)
3130ATFH5	FEDERAL HOME LOAN BANKS	3.941	99.9393	09/11/2026	5,000,000.00	4,998,275.07	4,996,965.00	4,965,237.80	31,727.20
3130ATHV2	FEDERAL HOME LOAN BANKS	4.312	100.0346	09/11/2026	1,000,000.00	999,889.31	1,000,346.00	997,780.00	2,566.00
3133ET3Q8	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.953	99.9975	09/10/2026	50,000,000.00	50,000,000.00	49,998,750.00	50,000,000.00	(1,250.00)
3133ET3Q8	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.953	99.9975	09/10/2026	15,000,000.00	15,000,000.00	14,999,625.00	15,000,000.00	(375.00)
3130ANSC5	FEDERAL HOME LOAN BANKS	1.000	99.5446	08/26/2026	15,000,000.00	15,000,000.00	14,931,690.00	15,000,000.00	(68,310.00)
3130ANTS9	FEDERAL HOME LOAN BANKS	1.000	99.5426	08/26/2026	15,000,000.00	15,000,000.00	14,931,390.00	15,000,000.00	(68,610.00)
3130ANPF1	FEDERAL HOME LOAN BANKS	1.000	99.5508	08/25/2026	10,000,000.00	10,000,000.00	9,955,080.00	10,000,000.00	(44,920.00)
3133ENH45	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.137	99.8657	08/24/2026	5,000,000.00	4,999,918.67	4,993,285.00	4,997,799.50	(4,514.50)
3133ENH45	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.294	99.8657	08/24/2026	5,000,000.00	4,998,837.83	4,993,285.00	4,968,600.00	24,685.00
3130ANMH0	FEDERAL HOME LOAN BANKS	3.132	99.6062	08/20/2026	15,000,000.00	14,961,077.24	14,940,930.00	13,851,000.00	1,089,930.00
3130ANMH0	FEDERAL HOME LOAN BANKS	1.100	99.6062	08/20/2026	10,000,000.00	10,000,000.00	9,960,620.00	10,000,000.00	(39,380.00)
3130ANMH0	FEDERAL HOME LOAN BANKS	1.668	99.6062	08/20/2026	10,000,000.00	9,992,536.59	9,960,620.00	9,755,200.00	205,420.00
3130ANE48	FEDERAL HOME LOAN BANKS	1.000	99.6171	08/17/2026	10,000,000.00	10,000,000.00	9,961,710.00	10,000,000.00	(38,290.00)
3130ANFD7	FEDERAL HOME LOAN BANKS	1.000	99.7139	08/05/2026	10,000,000.00	10,000,000.00	9,971,390.00	10,000,000.00	(28,610.00)
3133END80	FEDERAL FARM CREDIT BANKS FUNDING CORP	2.873	99.9072	08/03/2026	10,000,000.00	10,001,075.15	9,990,720.00	10,047,600.00	(56,880.00)
3130ANAJ9	FEDERAL HOME LOAN BANKS	1.000	99.7917	07/27/2026	15,000,000.00	15,000,000.00	14,968,755.00	15,000,000.00	(31,245.00)
3130ANAJ9	FEDERAL HOME LOAN BANKS	1.000	99.7917	07/27/2026	10,000,000.00	10,000,000.00	9,979,170.00	10,000,000.00	(20,830.00)
3130ANBX7	FEDERAL HOME LOAN BANKS	1.000	99.8317	07/22/2026	15,000,000.00	15,000,000.00	14,974,755.00	15,000,000.00	(25,245.00)
3130AN5K2	FEDERAL HOME LOAN BANKS	4.366	99.8735	07/20/2026	2,375,000.00	2,371,762.34	2,371,995.63	2,143,081.25	228,914.38
3130AN3R9	FEDERAL HOME LOAN BANKS	1.130	99.8553	07/20/2026	10,000,000.00	10,000,000.00	9,985,530.00	10,000,000.00	(14,470.00)
3133ENB66	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.174	99.9589	07/20/2026	10,000,000.00	9,999,882.96	9,995,890.00	9,991,000.00	4,890.00
3130B83W0	FEDERAL HOME LOAN BANKS	4.145	99.9988	07/15/2026	25,000,000.00	25,000,000.00	24,999,700.00	25,000,000.00	(300.00)
3133EMQ62	FEDERAL FARM CREDIT BANKS FUNDING CORP	0.990	99.9024	07/13/2026	10,000,000.00	10,000,000.00	9,990,240.00	10,000,000.00	(9,760.00)
3133EMQ62	FEDERAL FARM CREDIT BANKS FUNDING CORP	0.990	99.9024	07/13/2026	10,000,000.00	10,000,000.00	9,990,240.00	10,000,000.00	(9,760.00)
3133ETPE1	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.367	99.9999	07/09/2026	25,000,000.00	25,000,000.00	24,999,975.00	25,000,000.00	(25.00)
3130AN3B4	FEDERAL HOME LOAN BANKS	1.020	99.9603	07/06/2026	15,000,000.00	15,000,000.00	14,994,045.00	15,000,000.00	(5,955.00)
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Agency

AGCY DISC

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Book Value	Market Value	Principal	Net Unrealized Gain/Loss
313384HG7	FEDERAL HOME LOAN BANKS	4.032	96.1355	06/24/2027	25,000,000.00	24,040,361.11	24,033,875.00	24,024,277.78	9,597.22
313384FZ7	FEDERAL HOME LOAN BANKS	4.033	96.4748	05/24/2027	25,000,000.00	24,121,187.50	24,118,700.00	24,102,375.00	16,325.00
313384FM6	FEDERAL HOME LOAN BANKS	4.024	96.6060	05/12/2027	25,000,000.00	24,154,531.25	24,151,500.00	24,135,743.06	15,756.94
313384FC8	FEDERAL HOME LOAN BANKS	4.000	96.7042	05/03/2027	25,000,000.00	24,182,937.50	24,176,050.00	24,166,916.67	9,133.33
313384CJ6	FEDERAL HOME LOAN BANKS	3.651	97.4303	02/26/2027	50,000,000.00	48,830,000.00	48,715,150.00	48,318,125.00	397,025.00
313384CJ6	FEDERAL HOME LOAN BANKS	3.733	97.4303	02/26/2027	50,000,000.00	48,803,333.33	48,715,150.00	48,339,625.00	375,525.00
313384CB3	FEDERAL HOME LOAN BANKS	3.655	97.5075	02/19/2027	50,000,000.00	48,862,506.95	48,753,750.00	48,349,902.78	403,847.22
313384BZ1	FEDERAL HOME LOAN BANKS	3.714	97.5295	02/17/2027	25,000,000.00	24,426,510.42	24,382,375.00	24,203,072.92	179,302.08
313384BQ1	FEDERAL HOME LOAN BANKS	3.712	97.6285	02/08/2027	25,000,000.00	24,448,854.17	24,407,125.00	24,225,416.67	181,708.33
313384BM0	FEDERAL HOME LOAN BANKS	3.731	97.6615	02/05/2027	50,000,000.00	48,906,520.83	48,830,750.00	48,482,111.11	348,638.89
313384BK4	FEDERAL HOME LOAN BANKS	3.731	97.6834	02/03/2027	50,000,000.00	48,916,506.93	48,841,700.00	48,487,104.15	354,595.85
313384BK4	FEDERAL HOME LOAN BANKS	3.731	97.6834	02/03/2027	50,000,000.00	48,916,506.93	48,841,700.00	48,487,104.15	354,595.85
313384BE8	FEDERAL HOME LOAN BANKS	3.660	97.7384	01/29/2027	50,000,000.00	48,962,083.33	48,869,200.00	48,448,020.83	421,179.17
313384BE8	FEDERAL HOME LOAN BANKS	3.920	97.7384	01/29/2027	25,000,000.00	24,442,027.78	24,434,600.00	24,426,236.11	8,363.89
313384AV1	FEDERAL HOME LOAN BANKS	3.728	97.8377	01/20/2027	50,000,000.00	48,986,409.72	48,918,850.00	48,557,006.94	361,843.06
313384AU3	FEDERAL HOME LOAN BANKS	3.781	97.8487	01/19/2027	30,000,000.00	29,384,741.66	29,354,610.00	29,281,183.33	73,426.67
313384AU3	FEDERAL HOME LOAN BANKS	3.790	97.8487	01/19/2027	50,000,000.00	48,971,763.89	48,924,350.00	48,829,236.11	95,113.89
313384AF6	FEDERAL HOME LOAN BANKS	3.634	97.9917	01/06/2027	50,000,000.00	49,079,937.50	48,995,850.00	48,559,055.56	436,794.44
313384AF6	FEDERAL HOME LOAN BANKS	3.655	97.9917	01/06/2027	25,000,000.00	24,537,343.75	24,497,925.00	24,280,312.50	217,612.50
313384AF6	FEDERAL HOME LOAN BANKS	3.655	97.9917	01/06/2027	25,000,000.00	24,537,343.75	24,497,925.00	24,280,312.50	217,612.50
313384AF6	FEDERAL HOME LOAN BANKS	3.731	97.9917	01/06/2027	50,000,000.00	49,055,000.00	48,995,850.00	48,590,000.00	405,850.00
313384AF6	FEDERAL HOME LOAN BANKS	3.725	97.9917	01/06/2027	25,000,000.00	24,528,156.25	24,497,925.00	24,313,454.86	184,470.14
313384AF6	FEDERAL HOME LOAN BANKS	3.725	97.9917	01/06/2027	25,000,000.00	24,528,156.25	24,497,925.00	24,313,454.86	184,470.14
313384AF6	FEDERAL HOME LOAN BANKS	3.803	97.9917	01/06/2027	25,000,000.00	24,517,000.00	24,497,925.00	24,478,666.67	19,258.33
313385M37	FEDERAL HOME LOAN BANKS	3.731	98.7579	10/28/2026	50,000,000.00	49,403,347.22	49,378,950.00	48,881,902.78	497,047.22

313385K70	FEDERAL HOME LOAN BANKS	3.725	98.8868	10/16/2026	50,000,000.00	49,463,959.72	49,443,400.00	49,088,230.56	355,169.44
313385K54	FEDERAL HOME LOAN BANKS	3.713	98.9082	10/14/2026	50,000,000.00	49,475,729.17	49,454,100.00	49,026,354.17	427,745.83
313385K54	FEDERAL HOME LOAN BANKS	3.737	98.9082	10/14/2026	25,000,000.00	24,736,187.50	24,727,050.00	24,542,725.00	184,325.00
313385J80	FEDERAL HOME LOAN BANKS	3.717	98.9616	10/09/2026	25,000,000.00	24,750,069.45	24,740,400.00	24,545,126.39	195,273.61
313385J80	FEDERAL HOME LOAN BANKS	3.720	98.9616	10/09/2026	35,000,000.00	34,649,805.55	34,636,560.00	34,362,646.11	273,913.89
313385J64	FEDERAL HOME LOAN BANKS	3.744	98.9829	10/07/2026	25,000,000.00	24,753,298.61	24,745,725.00	24,541,840.28	203,884.72
313385J64	FEDERAL HOME LOAN BANKS	3.744	98.9829	10/07/2026	25,000,000.00	24,753,298.61	24,745,725.00	24,541,840.28	203,884.72
313385J64	FEDERAL HOME LOAN BANKS	3.717	98.9829	10/07/2026	25,000,000.00	24,755,000.00	24,745,725.00	24,550,000.00	195,725.00
313385H25	FEDERAL HOME LOAN BANKS	3.765	99.1105	09/25/2026	50,000,000.00	49,564,625.00	49,555,250.00	49,078,625.00	476,625.00
313385H25	FEDERAL HOME LOAN BANKS	3.716	99.1105	09/25/2026	45,005,000.00	44,617,419.44	44,604,680.53	44,265,892.88	338,787.65
313385G83	FEDERAL HOME LOAN BANKS	3.715	99.1317	09/23/2026	22,890,000.00	22,697,456.95	22,691,246.13	22,518,666.98	172,579.15
313385F92	FEDERAL HOME LOAN BANKS	3.609	99.2058	09/16/2026	25,000,000.00	24,813,114.58	24,801,450.00	24,478,177.08	323,272.92
313385F76	FEDERAL HOME LOAN BANKS	3.609	99.2269	09/14/2026	25,000,000.00	24,817,968.75	24,806,725.00	24,495,166.67	311,558.33
313385E36	FEDERAL HOME LOAN BANKS	3.625	99.3530	09/02/2026	50,000,000.00	49,693,750.00	49,676,500.00	48,634,027.78	1,042,472.22
313385C53	FEDERAL HOME LOAN BANKS	3.707	99.4997	08/19/2026	50,000,000.00	49,754,115.32	49,749,850.00	49,402,851.50	346,998.50
313385A22	FEDERAL HOME LOAN BANKS	3.688	99.6963	07/31/2026	50,000,000.00	49,850,000.00	49,848,150.00	49,490,000.00	358,150.00
313385A22	FEDERAL HOME LOAN BANKS	3.702	99.6963	07/31/2026	20,000,000.00	19,939,666.67	19,939,260.00	19,827,044.44	112,215.56
313385A22	FEDERAL HOME LOAN BANKS	3.681	99.6963	07/31/2026	25,000,000.00	24,925,000.00	24,924,075.00	24,787,500.00	136,575.00
313385A22	FEDERAL HOME LOAN BANKS	3.679	99.6963	07/31/2026	50,000,000.00	49,850,000.00	49,848,150.00	49,605,000.00	243,150.00
313385A22	FEDERAL HOME LOAN BANKS	3.679	99.6963	07/31/2026	25,000,000.00	24,925,000.00	24,924,075.00	24,802,500.00	121,575.00
313385ZX7	FEDERAL HOME LOAN BANKS	3.685	99.7271	07/28/2026	50,000,000.00	49,865,000.00	49,863,550.00	49,525,000.00	338,550.00
313313ZL5	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.683	99.8382	07/17/2026	50,000,000.00	49,919,555.56	49,919,100.00	49,824,027.78	95,072.22
313385ZK5	FEDERAL HOME LOAN BANKS	3.646	99.8497	07/16/2026	25,000,000.00	24,962,760.42	24,962,425.00	24,853,524.31	108,900.69
313385ZH2	FEDERAL HOME LOAN BANKS	3.698	99.8699	07/14/2026	40,000,000.00	39,947,566.67	39,947,960.00	39,810,433.33	137,526.67
313385ZG4	FEDERAL HOME LOAN BANKS	3.696	99.8800	07/13/2026	42,500,000.00	42,448,716.67	42,449,000.00	42,205,120.83	243,879.17
313589YV9	FEDERAL NATIONAL MORTGAGE ASSOCIATION	3.631	99.9901	07/02/2026	25,000,000.00	24,997,524.31	24,997,525.00	24,888,593.75	108,931.25
---	**---**	**3.723**	**98.5407**	**11/16/2026**	**1,860,395,000.00**	**1,834,469,656.98**	**1,833,077,366.66**	**1,820,251,532.46**	**12,825,834.20**

Agency

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Book Value	Market Value	Principal	Net Unrealized Gain/Loss
---	**---**	**3.803**	**99.2219**	**11/10/2027**	**6,673,854,000.00**	**6,645,216,336.21**	**6,621,511,624.67**	**6,620,610,544.56**	**901,080.11**

Agency CMO
FHLMC CMO

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Book Value	Market Value	Principal	Net Unrealized Gain/Loss
3137HNZL5	FHR 5607 GJ	4.074	97.7866	05/15/2030	43,995,447.11	43,694,593.19	43,021,669.04	43,650,014.10	(628,345.07)
3137HNZL5	**FHR 5607 GJ**	**4.074**	**97.7866**	**05/15/2030**	**43,995,447.11**	**43,694,593.19**	**43,021,669.04**	**43,650,014.10**	**(628,345.07)**

Agency CMO
FNMA CMO

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Book Value	Market Value	Principal	Net Unrealized Gain/Loss
3136B2HA3	FNA 2018-M10 A2	5.208	98.2365	07/25/2028	8,671,327.82	8,473,617.59	8,518,405.74	8,243,181.04	275,224.71
3136AW7J0	FNA 2017-M8 A2	3.448	98.7058	05/25/2027	8,985,664.65	8,965,870.14	8,869,371.91	8,873,343.84	(3,971.93)
---	**---**	**4.303**	**98.4778**	**12/18/2027**	**17,656,992.47**	**17,439,487.73**	**17,387,777.65**	**17,116,524.87**	**271,252.78**

Agency CMO

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Book Value	Market Value	Principal	Net Unrealized Gain/Loss
---	**---**	**4.139**	**97.9838**	**09/06/2029**	**61,652,439.57**	**61,134,080.92**	**60,409,446.69**	**60,766,538.98**	**(357,092.29)**

Agency MBS
FHLMC

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Book Value	Market Value	Principal	Net Unrealized Gain/Loss
3132XK6K8	FH WN5373	3.948	97.7430	10/01/2030	50,000,000.00	50,000,000.00	48,871,487.50	50,000,000.00	(1,128,512.50)
3132XK6K8	FH WN5373	3.994	97.7430	10/01/2030	25,000,000.00	24,956,225.57	24,435,743.75	24,953,125.00	(517,381.25)
3132XF6Q6	FH WN1778	3.940	97.8400	10/01/2030	21,485,000.00	21,426,324.99	21,020,920.99	21,422,055.66	(401,134.67)
3132XFYS1	FH WN1620	3.906	97.6067	08/01/2030	25,580,000.00	25,547,404.08	24,967,800.77	25,542,029.69	(574,228.92)
3132XFZP6	FH WN1649	4.072	97.4053	08/01/2030	30,000,000.00	29,801,336.96	29,221,597.20	29,770,312.50	(548,715.30)
3132XFZP6	FH WN1649	3.919	97.4053	08/01/2030	15,210,000.00	15,151,742.56	14,815,349.78	15,144,050.39	(328,700.61)
3132XFXY9	FH WN1594	4.201	97.7468	07/01/2030	25,000,000.00	24,796,751.28	24,436,700.50	24,752,929.69	(316,229.19)
3132XFXY9	FH WN1594	4.075	97.7468	07/01/2030	25,000,000.00	24,907,637.49	24,436,700.50	24,888,671.88	(451,971.38)
3132XFXY9	FH WN1594	4.075	97.7468	07/01/2030	25,000,000.00	24,907,637.49	24,436,700.50	24,888,671.88	(451,971.38)
3132XFXY9	FH WN1594	4.069	97.7468	07/01/2030	29,955,000.00	29,850,890.20	29,280,054.54	29,829,797.46	(549,742.92)

3132XFYY8	FH WN1626	4.000	97.8861	07/01/2030	25,000,000.00	24,927,822.84	24,471,533.00	24,916,015.63	(444,482.63)
3132XK4S3	FH WN5332	4.130	97.9547	07/01/2030	33,050,000.00	33,038,664.82	32,374,040.91	33,037,089.84	(663,048.93)
3132XK2A4	FH WN5268	4.194	98.2990	06/01/2030	35,293,000.00	35,203,737.08	34,692,675.95	35,184,088.01	(491,412.06)
3132XKZ91	FH WN5267	4.195	98.2911	06/01/2030	28,034,000.00	27,962,199.00	27,554,923.33	27,946,393.75	(391,470.42)
3132XHSF2	FH WN3217	3.949	94.8734	06/01/2030	48,247,333.50	46,714,939.66	45,773,868.33	46,402,249.93	(628,381.60)
3132XHSF2	FH WN3217	3.933	94.8734	06/01/2030	28,948,400.10	28,044,100.85	27,464,321.00	27,858,311.91	(393,990.91)
3132XHSF2	FH WN3217	3.948	94.8734	06/01/2030	14,030,324.58	13,584,777.04	13,311,040.91	13,495,418.45	(184,377.54)
3132XFXA1	FH WN1572	4.119	97.8669	05/01/2030	23,506,000.00	23,386,211.12	23,004,593.28	23,359,087.50	(354,494.22)
3132XFWN4	FH WN1552	4.315	98.7465	04/01/2030	17,369,000.00	17,286,140.57	17,151,282.19	17,263,157.66	(111,875.47)
3132XKZH3	FH WN5243	4.362	97.8922	04/01/2030	15,000,000.00	14,806,347.82	14,683,823.55	14,753,906.25	(70,082.70)
3132XKZH3	FH WN5243	4.206	97.8922	04/01/2030	5,548,000.00	5,504,301.27	5,431,056.87	5,494,253.75	(63,196.88)
3142FEDK3	FH WR1005	4.277	98.7841	04/01/2030	10,000,000.00	9,980,864.87	9,878,407.20	9,976,171.88	(97,764.68)
3132XFWR5	FH WN1555	4.114	98.3654	04/01/2030	16,156,000.00	16,142,162.33	15,891,917.90	16,138,960.47	(247,042.57)
3132XKZQ3	FH WN5250	4.130	97.5426	04/01/2030	50,000,000.00	49,565,403.64	48,771,308.00	49,464,843.75	(693,535.75)
3132XKZQ3	FH WN5250	4.130	97.5426	04/01/2030	50,000,000.00	49,565,403.64	48,771,308.00	49,464,843.75	(693,535.75)
3132XKZQ3	FH WN5250	4.061	97.5426	04/01/2030	25,000,000.00	24,838,972.45	24,385,654.00	24,803,710.94	(418,056.94)
3132XKZQ3	FH WN5250	4.053	97.5426	04/01/2030	23,341,000.00	23,197,045.15	22,767,422.00	23,165,942.50	(398,520.50)
3132XDCY7	FH WA4486	4.082	97.7266	04/01/2030	14,614,980.53	14,511,743.20	14,282,730.58	14,491,095.74	(208,365.15)
3132XFWD6	FH WN1543	4.368	99.1136	03/01/2030	14,314,000.00	14,314,000.00	14,187,117.70	14,314,000.00	(126,882.30)
3132XKY84	FH WN5234	4.070	97.8657	03/01/2030	11,169,637.47	11,132,860.76	10,931,241.44	11,123,824.51	(192,583.06)
3132XK3D7	FH WN5295	3.966	98.0044	03/01/2030	21,840,000.00	21,840,000.00	21,404,169.91	21,840,000.00	(435,830.09)
3132XK3G0	FH WN5298	3.946	97.9108	03/01/2030	11,410,000.00	11,382,353.47	11,171,616.69	11,376,572.27	(204,955.58)
3132XFYA0	FH WN1604	4.013	97.7094	03/01/2030	28,850,000.00	28,658,439.94	28,189,159.30	28,619,384.01	(430,224.71)
3132XDCS0	FH WA4480	4.039	98.1989	03/01/2030	19,563,265.48	19,513,149.67	19,210,912.88	19,502,894.46	(291,981.59)
3132XKY35	FH WN5229	4.133	98.9234	02/01/2030	7,300,000.00	7,296,096.26	7,221,409.88	7,295,152.34	(73,742.46)
3132XK2Q9	FH WN5282	4.015	98.1291	02/01/2030	25,770,000.00	25,770,000.00	25,287,873.19	25,770,000.00	(482,126.81)
3132XK2K2	FH WN5277	3.972	97.9701	01/01/2030	33,000,000.00	32,933,206.83	32,330,143.89	32,917,500.00	(587,356.11)
3132XK2K2	FH WN5277	3.990	97.9701	01/01/2030	31,114,000.00	31,032,069.10	30,482,427.18	31,013,122.58	(530,695.40)
3132XFX29	FH WN1596	3.965	98.1070	01/01/2030	52,288,000.00	52,288,000.00	51,298,190.25	52,288,000.00	(989,809.75)
3132XK2S5	FH WN5284	3.943	98.0579	12/01/2029	10,875,000.00	10,864,989.03	10,663,796.08	10,862,680.66	(198,884.58)
3132XDCU5	FH WA4482	4.027	98.2870	12/01/2029	15,172,644.93	15,142,509.62	14,912,739.34	15,135,898.67	(223,159.33)
3132XKV38	FH WN5133	4.382	98.8997	11/01/2029	6,250,000.00	6,209,530.72	6,181,233.25	6,190,673.83	(9,440.58)
3132XFUU0	FH WN1494	4.669	98.2427	11/01/2029	11,000,000.00	10,775,045.12	10,806,699.31	10,679,453.13	127,246.18
3142FFGV3	FH WR2011	4.378	98.4039	11/01/2029	25,000,000.00	24,882,312.23	24,600,985.75	24,838,867.19	(237,881.44)
3142FFGV3	FH WR2011	4.218	98.4039	11/01/2029	15,000,000.00	15,000,000.00	14,760,591.45	15,000,000.00	(239,408.55)
3132XFJ58	FH WN1183	4.059	97.1769	10/01/2029	7,470,000.00	7,353,056.25	7,259,111.82	7,290,253.13	(31,141.31)
3132XFUA4	FH WN1476	4.332	98.4534	10/01/2029	25,000,000.00	24,832,585.05	24,613,354.25	24,777,343.75	(163,989.50)
3132XKV87	FH WN5138	4.719	98.0331	10/01/2029	15,000,000.00	14,680,515.00	14,704,970.70	14,541,210.94	163,759.76
3132XKV87	FH WN5138	4.239	98.0331	10/01/2029	23,833,000.00	23,641,865.99	23,364,237.78	23,584,429.26	(220,191.48)
3132XFRX8	FH WN1401	4.241	97.8906	09/01/2029	17,875,000.00	17,697,898.89	17,497,937.06	17,603,383.79	(105,446.73)
3132XFR91	FH WN1411	4.474	98.6068	09/01/2029	20,000,000.00	19,768,305.47	19,721,367.80	19,647,656.25	73,711.55
3132XFR91	FH WN1411	4.633	98.6068	09/01/2029	15,000,000.00	14,759,060.89	14,791,025.85	14,636,718.75	154,307.10
3132XFR91	FH WN1411	4.370	98.6068	09/01/2029	11,500,000.00	11,399,336.48	11,339,786.49	11,349,960.94	(10,174.46)
3132XKUQ8	FH WN5090	4.392	98.2274	09/01/2029	20,000,000.00	19,730,061.38	19,645,480.40	19,597,656.25	47,824.15
3132XKUQ8	FH WN5090	4.352	98.2274	09/01/2029	32,000,000.00	31,604,159.91	31,432,768.64	31,410,000.00	22,768.64
3132XKTE7	FH WN5048	4.513	98.0366	08/01/2029	11,495,000.00	11,327,852.34	11,269,309.35	11,266,896.09	2,413.26
3132XKSS7	FH WN5028	3.886	98.1409	07/01/2029	24,971,000.00	24,971,000.00	24,506,775.13	24,971,000.00	(464,224.87)
3132XKS65	FH WN5040	3.845	98.0447	07/01/2029	27,733,000.00	27,685,250.12	27,190,732.77	27,676,667.34	(485,934.57)
3132XKR25	FH WN5004	4.439	98.4951	06/01/2029	22,870,000.00	22,764,186.54	22,525,829.83	22,696,688.28	(170,858.45)
3132WW2J0	FH WA3276	4.668	100.0591	02/01/2029	14,539,647.93	14,519,167.73	14,548,247.84	14,503,298.82	44,949.02
3132XG2H8	FH WN2575	4.428	99.5765	02/01/2029	33,705,000.00	33,844,145.68	33,562,266.40	33,947,254.69	(384,988.29)
3132XGYU4	FH WN2522	4.779	99.4401	12/01/2028	10,000,000.00	9,941,391.92	9,944,007.70	9,884,375.00	59,632.70
3137FKSH0	FHMS K-086 A2	3.795	98.6018	11/25/2028	11,187,000.00	11,186,818.20	11,030,585.83	11,186,776.26	(156,190.43)
3137FJZ93	FHMS K-084 A2	3.770	98.4841	10/25/2028	16,255,000.00	16,235,588.98	16,008,589.80	16,230,942.60	(222,352.80)
3132XGX35	FH WN2497	4.611	99.6881	10/01/2028	28,340,000.00	28,268,521.91	28,251,621.14	28,187,229.69	64,391.45
3137FJYH6	FHMS K-W07 A2	5.264	98.0913	09/25/2028	16,627,402.00	16,117,217.53	16,310,035.28	15,471,927.46	838,107.82
3137FGZH1	FHMS K-W06 A2	5.290	98.5635	06/25/2028	23,567,592.50	22,988,561.28	23,229,037.91	22,160,901.82	1,068,136.08
3132XFLR7	FH WN1235	4.690	99.5490	01/01/2028	20,000,000.00	19,923,293.21	19,909,803.80	19,760,937.50	148,866.30
3132XFLR7	FH WN1235	4.333	99.5490	01/01/2028	10,000,000.00	9,984,772.56	9,954,901.90	9,953,125.00	1,776.90
3132XGRH1	FH WN2287	3.945	98.4845	11/01/2027	23,969,856.00	23,912,117.01	23,606,592.35	23,763,865.05	(157,272.70)
3132XGRH1	FH WN2287	4.073	98.4845	11/01/2027	23,969,856.00	23,890,305.77	23,606,592.35	23,703,004.09	(96,411.74)
3132XGQ74	FH WN2277	4.062	98.8111	11/01/2027	9,587,942.40	9,557,164.50	9,473,948.57	9,478,579.93	(4,631.36)
3137FBBX3	FHMS K-068 A2	4.548	98.7886	08/25/2027	9,525,000.00	9,398,175.83	9,409,615.96	9,120,187.50	289,428.46
3137F2LJ3	FHMS K-066 A2	3.111	98.9215	06/25/2027	10,926,135.10	10,924,188.71	10,808,296.08	10,915,891.85	(107,595.77)
3137BXQY1	FHMS K-064 A2	3.154	99.2466	03/25/2027	1,000,000.00	1,000,245.37	992,466.03	1,001,760.00	(9,293.97)
3137BXSW3	FHMS K-IR2 A2	4.545	99.0531	03/25/2027	15,000,000.00	14,866,460.06	14,857,965.00	14,389,453.20	468,511.80
3137BXSW3	FHMS K-IR2 A2	3.677	99.0531	03/25/2027	37,500,000.00	37,332,683.79	37,144,912.50	37,201,171.88	(56,259.38)
3137BYLD0	FHMS K-L01 A2E	4.184	99.1253	02/25/2027	15,000,000.00	14,927,753.99	14,868,800.10	14,494,950.00	373,850.10
3137BVZ82	FHMS K-063 A2	3.782	99.4771	01/25/2027	9,801,336.96	9,776,216.29	9,750,090.09	9,748,501.63	1,588.45
3137BTUM1	FHMS K-061 A2	4.501	99.5335	11/25/2026	8,435,110.68	8,405,326.18	8,395,763.00	8,086,656.26	309,106.74
3137BTUM1	FHMS K-061 A2	4.561	99.5335	11/25/2026	7,966,493.42	7,936,586.37	7,929,331.72	7,667,909.25	261,422.47
3132XDAU7	FH WA4418	4.107	98.9989	11/01/2026	13,767,777.25	13,669,319.08	13,629,943.49	13,284,291.63	345,651.85

3137FQXJ7	FHMS K-737 A2	4.358	99.5050	10/25/2026	1,673,437.95	1,665,864.40	1,665,155.23	1,633,759.16	31,396.08
3137FQXJ7	FHMS K-737 A2	4.358	99.5050	10/25/2026	41,116,411.50	40,930,329.35	40,912,905.00	40,141,502.84	771,402.16
3137FQXJ7	FHMS K-737 A2	4.358	99.5050	10/25/2026	41,116,411.50	40,930,329.35	40,912,905.00	40,141,502.84	771,402.16
3137FQXJ7	FHMS K-737 A2	4.358	99.5050	10/25/2026	41,116,411.50	40,930,329.35	40,912,905.00	40,141,502.84	771,402.16
3137BSRE5	FHMS K-059 A2	4.148	99.5991	09/25/2026	10,134,417.48	10,115,917.68	10,093,792.86	9,974,483.70	119,309.15
3137BSP72	FHMS K-058 A2	4.465	99.6854	08/25/2026	12,410,788.20	12,391,124.49	12,371,749.82	12,071,430.71	300,319.11
3137BSP72	FHMS K-058 A2	4.142	99.6854	08/25/2026	17,354,418.83	17,331,406.24	17,299,830.16	16,979,536.27	320,293.89
3137BSP72	FHMS K-058 A2	4.251	99.6854	08/25/2026	35,141,560.48	35,091,871.91	35,031,022.00	34,328,911.90	702,110.10
3137FQ3P6	FHMS K-C06 A2	4.291	99.6884	08/25/2026	5,739,746.88	5,731,233.02	5,721,864.12	5,638,404.52	83,459.60
3137BRQJ7	FHMS K-057 A2	4.657	99.7373	07/25/2026	3,127,178.85	3,127,178.85	3,118,964.69	2,985,356.40	133,608.29
3137FNWX4	FHMS K-736 A2	3.655	99.7359	07/25/2026	8,814.80	8,814.80	8,791.52	8,377.50	414.02
3137FNWX4	FHMS K-736 A2	4.170	99.7359	07/25/2026	42,434.45	42,434.45	42,322.38	41,476.36	846.03
---	**---**	**4.176**	**98.2284**	**05/22/2029**	**1,929,684,769.26**	**1,917,759,340.90**	**1,895,403,581.01**	**1,906,454,310.44**	**(11,050,729.42)**

Agency MBS

FNMA

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Book Value	Market Value	Principal	Net Unrealized Gain/Loss
3140Q2MR6	FN BZ6667	4.123	97.9272	04/01/2031	14,714,000.00	14,616,710.40	14,409,015.42	14,612,841.25	(203,825.83)
3140Q2ML9	FN BZ6662	4.129	96.1407	04/01/2031	25,000,000.00	24,401,833.88	24,035,184.25	24,375,976.56	(340,792.31)
3140Q2N20	FN BZ6708	4.189	97.1792	04/01/2031	12,025,000.00	11,795,205.10	11,685,793.03	11,787,788.09	(101,995.06)
3140Q2VN5	FN BZ6920	4.155	97.5522	04/01/2031	23,573,000.00	23,308,959.53	22,995,975.86	23,300,437.19	(304,461.33)
3140Q2F29	FN BZ6484	4.200	97.3490	03/01/2031	18,633,000.00	18,297,125.18	18,139,042.15	18,277,808.44	(138,766.29)
3140Q2GJ1	FN BZ6500	4.181	98.7199	03/01/2031	1,897,000.00	1,889,867.35	1,872,716.29	1,889,515.74	(16,799.45)
3140Q2JZ2	FN BZ6579	4.180	99.1371	03/01/2031	3,380,000.00	3,380,000.00	3,350,834.45	3,380,000.00	(29,165.55)
3140Q04W9	FN BZ5336	3.943	97.9394	12/01/2030	23,400,000.00	23,373,205.96	22,917,818.43	23,369,835.95	(452,017.52)
3140Q1CP3	FN BZ5477	4.055	97.9803	11/01/2030	8,909,000.00	8,864,436.50	8,729,065.82	8,858,190.86	(129,125.04)
3140Q1CN8	FN BZ5476	4.055	97.9803	11/01/2030	13,860,000.00	13,790,671.22	13,580,070.97	13,780,954.69	(200,883.72)
3140Q1GR5	FN BZ5607	3.972	97.6015	11/01/2030	38,220,000.00	38,009,906.72	37,303,304.77	37,981,125.00	(677,820.23)
3140Q1D72	FN BZ5525	3.987	97.6773	11/01/2030	24,750,000.00	24,623,303.98	24,175,129.28	24,605,947.27	(430,818.00)
3140Q06B3	FN BZ5365	3.953	98.1398	11/01/2030	34,527,000.00	34,455,028.36	33,884,727.36	34,446,077.34	(561,349.98)
3140Q1C40	FN BZ5490	3.955	97.8607	11/01/2030	25,000,000.00	24,930,827.28	24,465,173.75	24,921,875.00	(456,701.25)
3140Q1JH4	FN BZ5663	4.094	97.5019	11/01/2030	28,849,000.00	28,524,084.08	28,128,309.00	28,483,879.84	(355,570.85)
3140Q0U42	FN BZ5102	4.031	97.8751	10/01/2030	47,851,000.00	47,556,230.78	46,834,196.87	47,507,070.94	(672,874.07)
3140Q03R1	FN BZ5307	3.870	97.8555	10/01/2030	25,000,000.00	24,940,988.27	24,463,870.50	24,931,640.63	(467,770.13)
3140Q0UZ3	FN BZ5099	3.848	98.0121	10/01/2030	32,630,000.00	32,630,000.00	31,981,360.96	32,630,000.00	(648,639.04)
3140Q0XF4	FN BZ5177	3.987	98.5604	10/01/2030	6,580,000.00	6,580,000.00	6,485,276.75	6,580,000.00	(94,723.25)
3140Q0L91	FN BZ4851	3.978	98.3391	09/01/2030	25,000,000.00	25,000,000.00	24,584,770.00	25,000,000.00	(415,230.00)
3140Q0MF6	FN BZ4857	3.996	98.3991	09/01/2030	10,526,000.00	10,524,614.57	10,357,494.21	10,524,355.31	(166,861.10)
3140Q0P30	FN BZ4941	3.972	98.3607	09/01/2030	7,485,000.00	7,471,910.23	7,362,296.15	7,469,503.71	(107,207.56)
3140Q0FN7	FN BZ4672	3.975	98.5531	09/01/2030	32,175,000.00	32,175,000.00	31,709,445.45	32,175,000.00	(465,554.55)
3140Q0FZ0	FN BZ4683	4.107	98.8032	09/01/2030	13,509,000.00	13,504,077.66	13,347,318.34	13,503,195.32	(155,876.98)
3140Q0HM7	FN BZ4735	4.062	98.6685	09/01/2030	16,530,000.00	16,529,441.88	16,309,900.74	16,529,354.30	(219,453.56)
3140Q0SN3	FN BZ5024	4.052	98.6300	09/01/2030	6,050,000.00	6,050,000.00	5,967,115.54	6,050,000.00	(82,884.46)
3140Q0CZ3	FN BZ4587	4.250	99.3285	08/01/2030	9,750,000.00	9,722,866.59	9,684,525.14	9,716,865.23	(32,340.09)
3140Q0AY8	FN BZ4522	4.192	98.9908	08/01/2030	20,933,850.00	20,896,715.08	20,722,576.17	20,888,874.93	(166,298.76)
3140NYUL3	FN BZ4186	4.200	99.1106	08/01/2030	10,601,000.00	10,594,161.71	10,506,716.51	10,592,717.97	(86,001.46)
3140NY4W8	FN BZ4436	3.922	98.3676	08/01/2030	8,283,000.00	8,283,000.00	8,147,792.04	8,283,000.00	(135,207.96)
3140NYN64	FN BZ4012	4.074	98.5214	07/01/2030	8,345,000.00	8,309,879.76	8,221,610.83	8,301,971.09	(80,360.26)
3140NY3N9	FN BZ4404	4.069	98.8355	07/01/2030	7,048,000.00	7,042,064.69	6,965,922.94	7,040,841.88	(74,918.94)
3140NYN49	FN BZ4010	4.104	98.5214	07/01/2030	12,805,000.00	12,762,458.60	12,615,665.27	12,754,480.27	(138,815.00)
3140NYNY3	FN BZ4006	4.104	98.5214	07/01/2030	18,760,000.00	18,697,674.62	18,482,614.64	18,685,985.94	(203,371.30)
3140NYMU2	FN BZ3970	4.106	98.8282	05/01/2030	18,485,000.00	18,429,656.70	18,268,399.42	18,417,125.39	(148,725.97)
3140NYKT7	FN BZ3905	4.067	98.8443	05/01/2030	10,000,000.00	9,983,437.68	9,884,431.30	9,979,687.50	(95,256.20)
3140NXY72	FN BZ3433	4.213	99.3138	04/01/2030	12,855,000.00	12,855,000.00	12,766,785.65	12,855,000.00	(88,214.35)
3140NX7M9	FN BZ3599	4.344	99.2037	04/01/2030	35,880,000.00	35,602,504.61	35,594,275.00	35,514,192.21	80,082.79
3140NXWN9	FN BZ3352	4.382	100.0355	03/01/2030	41,362,000.00	41,319,909.98	41,376,674.00	41,305,450.37	71,223.63
3140HXL65	FN BL5748	3.918	93.9316	02/01/2030	12,733,404.90	12,212,225.68	11,960,684.85	12,101,708.65	(141,023.80)
3140NWVP7	FN BZ2421	1.440	100.1092	12/01/2029	31,354,000.00	31,354,000.00	31,388,225.09	31,354,000.00	34,225.09
3140NWVP7	FN BZ2421	4.498	100.1092	12/01/2029	20,000,000.00	19,923,319.90	20,021,831.40	19,889,062.50	132,768.90
3140NW2N4	FN BZ2580	4.589	100.1412	12/01/2029	30,144,000.00	29,954,863.74	30,186,576.29	29,870,820.00	315,756.29
3140NWPY5	FN BZ2238	4.376	99.8915	11/01/2029	9,870,000.00	9,851,063.98	9,859,286.21	9,842,240.63	17,045.58
3140NWHV0	FN BZ2043	4.334	98.0516	11/01/2029	20,000,000.00	19,669,035.20	19,610,325.20	19,566,406.25	43,918.95
3140LHHC7	FN BS6526	3.976	97.1607	10/01/2029	25,000,000.00	24,644,717.39	24,290,185.75	24,573,242.19	(283,056.44)
3140NWG41	FN BZ2018	3.891	98.0791	10/01/2029	57,415,000.00	57,098,508.74	56,312,135.93	57,029,242.97	(717,107.04)
3140NWG90	FN BZ2023	4.497	98.7836	10/01/2029	15,000,000.00	14,761,228.18	14,817,546.45	14,640,234.38	177,312.07
3140NWEX9	FN BZ1949	4.468	98.8222	10/01/2029	3,444,000.00	3,400,767.67	3,403,436.05	3,380,097.66	23,338.39
3140NWKR5	FN BZ2103	4.517	99.1206	10/01/2029	15,000,000.00	14,797,298.16	14,868,087.15	14,711,132.81	156,954.34
3140HVB60	FN BL3660	4.458	95.1518	08/01/2029	24,101,481.25	22,979,439.06	22,932,989.38	22,283,514.05	649,475.33
3140HUNU6	FN BL3102	4.474	95.0085	08/01/2029	21,416,143.50	20,377,094.40	20,347,155.84	19,727,112.50	620,043.35
3140HUNU6	FN BL3102	4.139	95.0085	08/01/2029	4,669,575.93	4,480,786.44	4,436,493.86	4,365,871.09	70,622.77

3140HUNU6	FN BL3102	4.396	95.0085	08/01/2029	23,814,751.57	22,701,322.38	22,626,037.29	22,014,691.24	611,346.05
3140LGYA4	FN BS6104	3.874	98.3411	08/01/2029	21,190,000.00	21,157,589.57	20,838,476.34	21,151,924.22	(313,447.88)
3138L5YU8	FN AM5222	4.323	99.3614	07/01/2029	27,724,962.77	27,724,962.78	27,547,916.70	27,724,962.78	(177,046.07)
3140NVFJ1	FN BZ1068	4.555	100.6342	06/01/2029	10,000,000.00	10,000,000.00	10,063,424.00	10,000,000.00	63,424.00
3140NVFJ1	FN BZ1068	4.555	100.6342	06/01/2029	15,000,000.00	15,000,000.00	15,095,136.00	15,000,000.00	95,136.00
3140NVE37	FN BZ1053	4.596	100.7111	06/01/2029	15,770,000.00	15,770,000.00	15,882,138.42	15,770,000.00	112,138.42
3140NU4W6	FN BZ0836	4.606	100.7068	05/01/2029	16,365,000.00	16,365,000.00	16,480,665.69	16,365,000.00	115,665.69
3140NU6F1	FN BZ0869	4.623	100.6922	04/01/2029	32,230,000.00	32,207,468.59	32,453,082.85	32,189,712.50	263,370.35
3140NUPT0	FN BZ0433	4.580	99.6669	03/01/2029	25,000,000.00	24,789,447.29	24,916,721.00	24,609,375.00	307,346.00
3140NUPT0	FN BZ0433	4.612	99.6669	03/01/2029	25,681,000.00	25,438,644.32	25,595,452.48	25,236,598.32	358,854.16
3140NURK7	FN BZ0489	4.552	100.5616	02/01/2029	25,000,000.00	25,000,000.00	25,140,390.75	25,000,000.00	140,390.75
3140NURK7	FN BZ0489	4.636	100.5616	02/01/2029	16,000,000.00	15,967,813.61	16,089,850.08	15,942,500.00	147,350.08
3140NUNR6	FN BZ0399	4.670	100.5729	02/01/2029	14,938,491.60	14,905,480.20	15,024,068.84	14,875,469.84	148,599.00
3140HSM24	FN BL1276	4.081	98.5030	01/01/2029	7,850,000.00	7,790,739.17	7,732,483.46	7,785,298.83	(52,815.37)
3140LLKK6	FN BS9297	5.110	100.1251	10/01/2028	21,050,000.00	20,755,381.77	21,076,331.45	20,402,054.69	674,276.76
3140LLZT1	FN BS9753	5.092	101.5136	10/01/2028	20,000,000.00	19,975,683.05	20,302,728.20	19,946,875.00	355,853.20
3136B3XY1	FNA 2019-M1 A2	4.441	98.2960	09/25/2028	10,527,933.15	10,407,840.19	10,348,535.80	10,342,871.87	5,663.93
3140LLB83	FN BS9062	5.049	100.2216	09/01/2028	20,000,000.00	19,770,697.46	20,044,327.80	19,481,250.00	563,077.80
3140LLMH1	FN BS9359	5.051	100.8723	08/01/2028	15,874,000.00	15,798,987.36	16,012,472.55	15,699,758.05	312,714.50
3136BQDE6	FNA 2023-M6 A2	4.724	99.3631	07/25/2028	22,907,244.50	22,699,297.52	22,761,358.57	22,433,887.77	327,470.80
3140LKKW2	FN BS8408	4.658	100.0729	06/01/2028	12,003,000.00	11,947,023.71	12,011,744.79	11,878,750.20	132,994.59
3140LKYQ0	FN BS8818	4.526	99.0794	06/01/2028	25,000,000.00	24,752,171.10	24,769,853.75	24,363,281.25	406,572.50
3140LKU84	FN BS8706	4.510	99.3840	06/01/2028	25,000,000.00	24,796,004.16	24,846,005.25	24,478,515.63	367,489.62
3140LKJP9	FN BS8369	4.649	99.7304	05/01/2028	16,838,753.80	16,758,022.99	16,793,362.25	16,646,686.77	146,675.48
3140LKJM6	FN BS8367	4.651	99.6999	05/01/2028	14,563,000.00	14,449,903.26	14,519,303.28	14,304,734.30	214,568.98
3140LKJC8	FN BS8358	4.074	99.5223	04/01/2028	24,459,000.00	24,459,000.00	24,342,149.08	24,459,000.00	(116,850.92)
3140LBU27	FN BS1500	4.591	94.6808	03/01/2028	29,612,500.00	28,035,940.10	28,037,351.90	26,109,896.48	1,927,455.42
3140LBU27	FN BS1500	3.741	94.6808	03/01/2028	20,000,000.00	19,176,489.12	18,936,160.00	18,286,718.75	649,441.25
3140LBP64	FN BS1344	4.165	94.6699	03/01/2028	19,896,519.20	18,964,935.28	18,836,007.67	17,924,743.06	911,264.61
3140LHSB7	FN BS6813	4.363	99.6340	02/01/2028	19,478,000.00	19,472,129.07	19,406,700.98	19,459,739.38	(53,038.40)
3140LJS23	FN BS7736	4.416	99.6204	02/01/2028	20,000,000.00	19,913,354.64	19,924,088.00	19,731,250.00	192,838.00
3140LJS23	FN BS7736	4.071	99.6204	02/01/2028	15,000,000.00	15,000,000.00	14,943,066.00	15,000,000.00	(56,934.00)
3140LJS23	FN BS7736	4.078	99.6204	02/01/2028	10,000,000.00	10,000,000.00	9,962,044.00	10,000,000.00	(37,956.00)
3140LHVX5	FN BS6929	4.280	99.7595	11/01/2027	31,100,000.00	31,071,989.04	31,025,194.24	30,996,738.28	28,455.96
3136BML55	FNA 2022-M11 A2	4.554	98.2272	10/25/2027	20,452,740.90	20,201,718.91	20,090,161.05	19,486,553.42	603,607.63
3138LKZ34	FN AN7061	6.197	97.7413	10/01/2027	12,800,000.00	12,533,330.31	12,510,889.60	12,028,000.00	482,889.60
3136AY6X6	FNA 2017-M15 A2	4.609	98.7416	09/25/2027	11,347,783.09	11,223,004.61	11,204,979.64	10,888,995.71	315,983.93
3138LHUZ5	FN AN5099	3.076	98.9560	04/01/2027	22,777,288.50	22,773,850.83	22,539,494.75	22,755,934.78	(216,440.03)
3138LHDY7	FN AN4618	3.829	98.8862	04/01/2027	9,785,684.81	9,727,497.36	9,676,689.80	9,686,298.95	(9,609.15)
3140HXKT6	FN BL5705	3.988	98.4167	03/01/2027	19,061,711.96	18,822,535.43	18,759,904.82	18,746,746.98	13,157.84
3138LG4R4	FN AN4431	3.647	99.2789	01/01/2027	42,620,000.00	42,476,993.32	42,312,684.23	42,315,333.59	(2,649.36)
3138LGMP8	FN AN3965	3.805	99.1517	01/01/2027	15,013,234.91	14,947,862.29	14,885,881.24	14,878,936.82	6,944.41
3140HV2G8	FN BL4374	4.291	99.1999	10/01/2026	21,300,000.00	21,175,659.12	21,129,584.03	19,947,117.19	1,182,466.84
3136AS4R4	FNA 2016-M7 A2	4.574	99.4984	09/25/2026	274,060.28	273,386.24	272,685.58	268,157.02	4,528.56
3138LEVL2	FN AN2418	5.290	99.7254	09/01/2026	15,000,000.00	14,937,839.12	14,958,816.15	14,354,328.92	604,487.23
3138LETC5	FN AN2346	4.438	99.7256	08/01/2026	8,026,726.40	8,015,261.43	8,004,699.06	7,849,574.08	155,124.98
3138LENE7	FN AN2188	3.543	99.7258	07/01/2026	9,434,077.70	9,434,077.70	9,408,205.02	9,252,766.52	155,438.51
3138LECC3	FEDERAL NATIONAL MORTGAGE ASSOCIATION	3.902	99.7262	07/01/2026	4,000,000.00	4,000,000.00	3,989,048.16	3,963,125.00	25,923.16
---	**---**	**4.213**	**98.6407**	**06/24/2029**	**1,907,095,920.72**	**1,890,793,441.90**	**1,880,876,507.26**	**1,876,677,405.06**	**4,199,102.20**

Agency MBS

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Book Value	Market Value	Principal	Net Unrealized Gain/Loss
---	**---**	**4.195**	**98.4331**	**06/08/2029**	**3,836,780,689.98**	**3,808,552,782.81**	**3,776,280,088.27**	**3,783,131,715.50**	**(6,851,627.23)**

CD

CD

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Book Value	Market Value	Principal	Net Unrealized Gain/Loss
PPGYBN2W3RC	Altura Credit Union	4.020	100.0000	09/04/2026	25,000,000.00	25,000,000.00	25,000,000.00	25,000,000.00	0.00
95001KUF9	Wells Fargo Bank, National Association	3.800	100.0000	08/31/2026	50,000,000.00	50,000,000.00	50,000,000.00	50,000,000.00	0.00
95001KUF9	Wells Fargo Bank, National Association	3.800	100.0000	08/31/2026	50,000,000.00	50,000,000.00	50,000,000.00	50,000,000.00	0.00
95001KUF9	Wells Fargo Bank, National Association	3.800	100.0000	08/31/2026	50,000,000.00	50,000,000.00	50,000,000.00	50,000,000.00	0.00
95001KUF9	Wells Fargo Bank, National Association	3.800	100.0000	08/31/2026	50,000,000.00	50,000,000.00	50,000,000.00	50,000,000.00	0.00
95001KUJ1	Wells Fargo Bank, National Association	3.800	100.0000	08/31/2026	50,000,000.00	50,000,000.00	50,000,000.00	50,000,000.00	0.00
95001KUJ1	Wells Fargo Bank, National Association	3.800	100.0000	08/31/2026	50,000,000.00	50,000,000.00	50,000,000.00	50,000,000.00	0.00
86959TTW6	Svenska Handelsbanken AB (publ)	3.720	100.0000	08/05/2026	50,000,000.00	50,000,000.00	50,000,000.00	50,000,000.00	0.00
78015JZG5	Royal Bank of Canada New York Branch	3.720	100.0000	07/22/2026	50,000,000.00	50,000,000.00	50,000,000.00	50,000,000.00	0.00
---	**---**	**3.794**	**100.0000**	**08/23/2026**	**425,000,000.00**	**425,000,000.00**	**425,000,000.00**	**425,000,000.00**	**0.00**

CD

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Book Value	Market Value	Principal	Net Unrealized Gain/Loss
---	**---**	**3.794**	**100.0000**	**08/23/2026**	**425,000,000.00**	**425,000,000.00**	**425,000,000.00**	**425,000,000.00**	**0.00**

CP

CP

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Book Value	Market Value	Principal	Net Unrealized Gain/Loss
7426M5KW3	Private Export Funding Corporation	3.648	98.8135	10/30/2026	25,000,000.00	24,703,381.95	24,703,381.95	24,193,493.06	509,888.89
7426M5KU7	Private Export Funding Corporation	3.798	98.7736	10/28/2026	40,000,000.00	39,509,455.55	39,509,455.55	39,076,622.22	432,833.33
7426M5KE3	Private Export Funding Corporation	3.574	98.9879	10/14/2026	25,000,000.00	24,746,979.17	24,746,979.17	24,272,263.89	474,715.28
7426M3JW0	Private Export Funding Corporation	3.591	99.1153	09/30/2026	50,000,000.00	49,557,638.89	49,557,638.89	48,736,111.11	821,527.78
7426M3JE0	Private Export Funding Corporation	3.780	99.2271	09/14/2026	25,000,000.00	24,806,770.83	24,806,770.83	24,536,250.00	270,520.83
93114FH64	Walmart Inc.	3.706	99.6310	08/06/2026	50,000,000.00	49,815,500.00	49,815,500.00	49,779,625.00	35,875.00
7426M3GX1	Private Export Funding Corporation	3.791	99.6925	07/31/2026	50,000,000.00	49,846,250.00	49,846,250.00	48,667,500.00	1,178,750.00
47816GGV5	Johnson & Johnson	3.677	99.7184	07/29/2026	50,000,000.00	49,859,222.22	49,859,222.22	49,220,694.44	638,527.78
93114FGF5	Walmart Inc.	3.650	99.8581	07/15/2026	50,000,000.00	49,929,222.22	49,929,027.79	49,863,500.00	65,527.79
93114FGF5	Walmart Inc.	3.658	99.8581	07/15/2026	25,000,000.00	24,964,513.89	24,964,513.89	24,946,770.84	17,743.05
93114FGF5	Walmart Inc.	3.658	99.8581	07/15/2026	50,000,000.00	49,929,027.77	49,929,027.79	49,893,541.66	35,486.13
47816GGD5	Johnson & Johnson	3.671	99.8793	07/13/2026	25,000,000.00	24,969,833.33	24,969,833.33	24,653,083.33	316,750.00
47816GGD5	Johnson & Johnson	3.671	99.8793	07/13/2026	50,000,000.00	49,939,666.67	49,939,666.67	49,306,166.67	633,500.00
47816GG86	Johnson & Johnson	3.699	99.9290	07/08/2026	50,000,000.00	49,964,513.89	49,964,513.89	49,335,902.78	628,611.11
71344UG86	PepsiCo, Inc.	3.715	99.9286	07/08/2026	50,000,000.00	49,964,319.44	49,964,319.44	49,393,430.56	570,888.88
93114FG81	Walmart Inc.	3.658	99.9292	07/08/2026	50,000,000.00	49,964,513.89	49,964,611.11	49,893,541.67	71,069.44
93114FG81	Walmart Inc.	3.658	99.9292	07/08/2026	50,000,000.00	49,964,513.89	49,964,611.11	49,893,541.66	71,069.45
93114FG81	Walmart Inc.	3.647	99.9292	07/08/2026	50,000,000.00	49,964,611.11	49,964,611.11	49,898,888.89	65,722.22
93114FG81	Walmart Inc.	3.647	99.9292	07/08/2026	50,000,000.00	49,964,611.11	49,964,611.11	49,898,888.89	65,722.22
47816GG29	Johnson & Johnson	3.697	99.9899	07/02/2026	50,000,000.00	49,994,930.56	49,994,930.56	49,366,319.44	628,611.12
93114FG16	Walmart Inc.	3.635	100.0000	07/01/2026	50,000,000.00	50,000,000.00	50,000,000.00	49,929,416.66	70,583.34
93114FG16	Walmart Inc.	3.635	100.0000	07/01/2026	50,000,000.00	50,000,000.00	50,000,000.00	49,929,416.66	70,583.34
---	**---**	**3.676**	**99.7277**	**07/28/2026**	**965,000,000.00**	**962,359,476.39**	**962,359,476.41**	**954,684,969.43**	**7,674,506.98**

CP

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Book Value	Market Value	Principal	Net Unrealized Gain/Loss
---	**---**	**3.676**	**99.7277**	**07/28/2026**	**965,000,000.00**	**962,359,476.39**	**962,359,476.41**	**954,684,969.43**	**7,674,506.98**

Corporate

CORP

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Book Value	Market Value	Principal	Net Unrealized Gain/Loss
037833DK3	APPLE INC	4.252	98.4654	11/13/2027	11,148,000.00	10,970,278.26	10,976,922.79	10,755,590.40	221,332.39
037833DK3	APPLE INC	4.070	98.4654	11/13/2027	8,275,000.00	8,161,066.95	8,148,011.85	8,057,615.75	90,396.10
037833DB3	APPLE INC	4.444	98.5833	09/12/2027	4,296,000.00	4,222,483.68	4,235,138.57	4,104,656.16	130,482.41
037833DB3	APPLE INC	3.620	98.5833	09/12/2027	25,000,000.00	24,796,960.33	24,645,825.00	24,497,500.00	148,325.00
037833DB3	APPLE INC	3.618	98.5833	09/12/2027	10,000,000.00	9,918,953.72	9,858,330.00	9,800,900.00	57,430.00
037833DB3	APPLE INC	4.322	98.5833	09/12/2027	8,635,000.00	8,497,606.85	8,512,667.96	8,308,769.70	203,898.26
931142EX7	WALMART INC	4.404	99.6829	09/09/2027	20,000,000.00	19,899,674.30	19,936,580.00	19,738,000.00	198,580.00
931142EX7	WALMART INC	4.326	99.6829	09/09/2027	3,770,000.00	3,754,309.12	3,758,045.33	3,729,095.50	28,949.83
594918CQ5	MICROSOFT CORP	3.718	99.3172	06/15/2027	5,000,000.00	4,985,593.81	4,965,860.00	4,958,350.00	7,510.00
594918CQ5	MICROSOFT CORP	3.994	99.3172	06/15/2027	6,441,000.00	6,406,640.66	6,397,020.85	6,339,103.38	57,917.47
037833CR9	APPLE INC	3.677	99.1343	05/11/2027	20,000,000.00	19,922,135.83	19,826,860.00	19,761,200.00	65,660.00
037833CR9	APPLE INC	3.647	99.1343	05/11/2027	10,411,000.00	10,373,015.72	10,320,871.97	10,295,958.45	24,913.52
931142CH4	WALMART INC	3.581	101.2495	04/05/2027	3,351,000.00	3,406,514.04	3,392,870.75	3,536,712.42	(143,841.68)
771196BV3	ROCHE HOLDINGS INC	4.213	98.6187	03/10/2027	20,000,000.00	19,753,600.00	19,723,740.00	19,084,800.00	638,940.00
771196BV3	ROCHE HOLDINGS INC	4.559	98.6187	03/10/2027	5,000,000.00	4,927,606.31	4,930,935.00	4,726,800.00	204,135.00
771196BV3	ROCHE HOLDINGS INC	4.326	98.6187	03/10/2027	25,000,000.00	24,674,389.47	24,654,675.00	23,772,500.00	882,175.00
771196BV3	ROCHE HOLDINGS INC	3.870	98.6187	03/10/2027	6,000,000.00	5,938,920.68	5,917,122.00	5,785,980.00	131,142.00
771196BV3	ROCHE HOLDINGS INC	4.128	98.6187	03/10/2027	5,710,000.00	5,642,716.16	5,631,127.77	5,461,957.60	169,170.17
06054REL2	Bank of America, National Association	3.763	99.8591	11/23/2026	25,000,000.00	25,000,000.00	24,964,786.00	25,000,000.00	(35,214.00)
06054REK4	BANK OF AMERICA, NATIONAL ASSOCIATION	3.780	100.0000	11/20/2026	50,000,000.00	50,000,000.00	50,000,000.00	50,000,000.00	0.00
06054REK4	BANK OF AMERICA, NATIONAL ASSOCIATION	3.780	100.0000	11/20/2026	50,000,000.00	50,000,000.00	50,000,000.00	50,000,000.00	0.00
06054RED0	BANK OF AMERICA, NATIONAL ASSOCIATION	3.740	100.0000	11/16/2026	50,000,000.00	50,000,000.00	50,000,000.00	50,000,000.00	0.00
06054RE81	BANK OF AMERICA, NATIONAL ASSOCIATION	3.730	100.0000	11/13/2026	50,000,000.00	50,000,000.00	50,000,000.00	50,000,000.00	0.00
06054REC2	BANK OF AMERICA, NATIONAL ASSOCIATION	3.750	100.0000	09/30/2026	50,000,000.00	50,000,000.00	50,000,000.00	50,000,000.00	0.00
06054RE73	BANK OF AMERICA, NATIONAL ASSOCIATION	3.740	100.0000	09/17/2026	50,000,000.00	50,000,000.00	50,000,000.00	50,000,000.00	0.00
594918CG7	MICROSOFT CORP	4.560	99.8502	09/15/2026	14,108,000.00	14,076,310.06	14,086,866.22	13,685,606.48	401,259.74

037833DN7	APPLE INC	4.211	99.6345	09/11/2026	15,000,000.00	14,938,819.89	14,945,175.00	14,538,600.00	406,575.00
037833DN7	APPLE INC	5.003	99.6345	09/11/2026	10,557,000.00	10,499,646.70	10,518,414.17	9,891,064.44	627,349.73
06054REP3	BANK OF AMERICA, NATIONAL ASSOCIATION	3.800	100.0000	08/19/2026	50,000,000.00	50,000,000.00	50,000,000.00	50,000,000.00	0.00
06054REQ1	BANK OF AMERICA, NATIONAL ASSOCIATION	3.800	100.0000	08/05/2026	50,000,000.00	50,000,000.00	50,000,000.00	50,000,000.00	0.00
93114FGM0	WALMART INC	3.680	99.7961	07/21/2026	25,000,000.00	24,949,027.78	24,949,027.78	24,931,187.50	17,840.28
93114FGM0	WALMART INC	3.680	99.7961	07/21/2026	50,000,000.00	49,898,055.56	49,898,055.56	49,862,375.00	35,680.56
93114FGM0	WALMART INC	3.680	99.7961	07/21/2026	50,000,000.00	49,898,055.56	49,898,055.56	49,862,375.00	35,680.56
---	**---**	**3.857**	**99.6711**	**12/01/2026**	**787,702,000.00**	**785,512,381.43**	**785,092,985.11**	**780,486,697.78**	**4,606,287.33**

Corporate

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Book Value	Market Value	Principal	Net Unrealized Gain/Loss
---	**---**	**3.857**	**99.6711**	**12/01/2026**	**787,702,000.00**	**785,512,381.43**	**785,092,985.11**	**780,486,697.78**	**4,606,287.33**

MM Fund

MMFUND

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Book Value	Market Value	Principal	Net Unrealized Gain/Loss
38141W273	GOLDMAN:FS GOVT INST	3.540	1.0000	06/30/2026	30,000,000.00	30,000,000.00	30,000,000.00	30,000,000.00	0.00
61747C707	MORG STAN I LQ:GV I	3.560	1.0000	06/30/2026	15,000,000.00	15,000,000.00	15,000,000.00	15,000,000.00	0.00
857492706	SS INST INV:US GV MM PRM	3.600	1.0000	06/30/2026	210,000,000.00	210,000,000.00	210,000,000.00	210,000,000.00	0.00
69347S	PNC BANK DEPOSIT	3.500	1.0000	06/30/2026	25,000,000.00	25,000,000.00	25,000,000.00	25,000,000.00	0.00
4812CA538	JPMORGAN:US GVT MM EMPWR	3.550	1.0000	06/30/2026	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	0.00
26200X100	BNY DREYFUS INS PGMM INS	3.620	1.0000	06/30/2026	228,757,738.81	228,757,738.81	228,757,738.81	228,757,738.81	0.00
26200X100	BNY DREYFUS INS PGMM INS	3.620	1.0000	06/30/2026	942,261.19	942,261.19	942,261.19	942,261.19	0.00
26200X100	BNY DREYFUS INS PGMM INS	3.620	1.0000	06/30/2026	200,000,000.00	200,000,000.00	200,000,000.00	200,000,000.00	0.00
---	**---**	**3.605**	**1.0000**	**06/30/2026**	**710,700,000.00**	**710,700,000.00**	**710,700,000.00**	**710,700,000.00**	**0.00**

MM Fund

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Book Value	Market Value	Principal	Net Unrealized Gain/Loss
---	**---**	**3.605**	**1.0000**	**06/30/2026**	**710,700,000.00**	**710,700,000.00**	**710,700,000.00**	**710,700,000.00**	**0.00**

Muni

MUNI

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Book Value	Market Value	Principal	Net Unrealized Gain/Loss
13063ETN6	CALIFORNIA STATE	4.001	100.3732	04/01/2029	66,740,000.00	67,595,917.39	66,989,072.06	67,662,346.80	(673,274.74)
20772KJ34	CONNECTICUT ST	4.107	101.5692	09/15/2028	8,000,000.00	8,149,507.37	8,125,536.98	8,154,880.00	(29,343.02)
60412AR54	MINNESOTA ST	4.051	99.4874	08/01/2028	1,250,000.00	1,250,000.00	1,243,592.04	1,250,000.00	(6,407.96)
419792M29	HAWAII ST	4.513	100.8877	10/01/2027	5,000,000.00	5,027,826.74	5,044,385.37	5,084,150.00	(39,764.63)
20772KJ26	CONNECTICUT ST	4.062	101.4606	09/15/2027	8,000,000.00	8,134,439.32	8,116,850.58	8,143,280.00	(26,429.42)
13063D3N6	CALIFORNIA STATE	4.847	100.4266	03/01/2027	9,300,000.00	9,300,000.00	9,339,675.36	9,300,000.00	39,675.36
13063DRD2	CALIFORNIA STATE	4.259	99.5791	10/01/2026	5,500,000.00	5,474,960.56	5,476,848.90	5,336,155.00	140,693.90
20772KH93	CONNECTICUT ST	4.050	100.2892	09/15/2026	10,000,000.00	10,029,676.19	10,028,918.55	10,041,000.00	(12,081.46)
13063EBN5	CALIFORNIA STATE	5.096	100.2348	09/01/2026	30,000,000.00	30,019,265.82	30,070,438.70	30,269,100.00	(198,661.30)
93974EYC4	WASHINGTON STATE	3.370	99.9845	08/01/2026	20,825,000.00	20,825,000.00	20,821,767.20	20,825,000.00	(3,232.80)
---	**---**	**4.203**	**100.3921**	**12/10/2027**	**164,615,000.00**	**165,806,593.39**	**165,257,085.72**	**166,065,911.80**	**(808,826.08)**

Muni

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Book Value	Market Value	Principal	Net Unrealized Gain/Loss
---	**---**	**4.203**	**100.3921**	**12/10/2027**	**164,615,000.00**	**165,806,593.39**	**165,257,085.72**	**166,065,911.80**	**(808,826.08)**

Mutual Fund

Open-End Fund

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Book Value	Market Value	Principal	Net Unrealized Gain/Loss
900999101	CalTRUST Liquidity Fund	3.770	1.0000	---	113,000,000.00	113,000,000.00	113,000,000.00	113,000,000.00	0.00
900999101	**CalTRUST Liquidity Fund**	**3.770**	**1.0000**	**---**	**113,000,000.00**	**113,000,000.00**	**113,000,000.00**	**113,000,000.00**	**0.00**

Mutual Fund

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Book Value	Market Value	Principal	Net Unrealized Gain/Loss

900999101	**CalTRUST Liquidity Fund**	**3.770**	**1.0000**	**---**	**113,000,000.00**	**113,000,000.00**	**113,000,000.00**	**113,000,000.00**	**0.00**

Non-US Gov

SUPRANATIONAL

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Book Value	Market Value	Principal	Net Unrealized Gain/Loss
459058LY7	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	3.609	97.1690	10/28/2030	8,500,000.00	8,463,519.82	8,259,365.00	8,457,840.00	(198,475.00)
459058KD4	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	4.630	100.1283	11/22/2028	10,000,000.00	10,000,000.00	10,012,830.00	10,000,000.00	12,830.00
459058LG6	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	5.590	100.1889	05/15/2028	10,000,000.00	10,008,487.59	10,018,890.00	10,017,000.00	1,890.00
459058LG6	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	5.584	100.1889	05/15/2028	10,000,000.00	10,008,100.00	10,018,890.00	10,016,200.00	2,690.00
459058LG6	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	5.601	100.1889	05/15/2028	10,000,000.00	10,007,112.39	10,018,890.00	10,014,100.00	4,790.00
459058LG6	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	5.096	100.1889	05/15/2028	5,000,000.00	5,003,090.36	5,009,445.00	5,006,000.00	3,445.00
459058LG6	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	4.919	100.1889	05/15/2028	10,000,000.00	10,003,611.52	10,018,890.00	10,006,600.00	12,290.00
459052FK7	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	3.795	96.4227	05/10/2027	50,000,000.00	48,417,611.11	48,211,350.00	48,164,833.33	46,516.67
459052BE5	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	3.920	97.5716	01/29/2027	50,000,000.00	48,884,055.55	48,785,800.00	48,852,472.22	(66,672.22)
459052BE5	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	3.920	97.5716	01/29/2027	50,000,000.00	48,884,055.55	48,785,800.00	48,852,472.22	(66,672.22)
459058KN2	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	4.222	100.1194	01/12/2027	9,665,000.00	9,678,495.79	9,676,540.01	9,692,545.25	(16,005.24)
459053M50	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	3.719	98.6094	10/30/2026	50,000,000.00	49,395,000.00	49,304,700.00	48,945,000.00	359,700.00
459053M50	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	3.719	98.6094	10/30/2026	50,000,000.00	49,395,000.00	49,304,700.00	48,945,000.00	359,700.00
459053M50	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	3.719	98.6094	10/30/2026	25,000,000.00	24,697,500.00	24,652,350.00	24,472,500.00	179,850.00
459053K52	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	3.718	98.7911	10/14/2026	25,000,000.00	24,737,500.00	24,697,775.00	24,512,500.00	185,275.00
459053K52	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	3.718	98.7911	10/14/2026	25,000,000.00	24,737,500.00	24,697,775.00	24,512,500.00	185,275.00
459053K52	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	3.718	98.7911	10/14/2026	25,000,000.00	24,737,500.00	24,697,775.00	24,512,500.00	185,275.00
459053H72	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	3.749	98.9531	09/30/2026	50,000,000.00	49,541,208.33	49,476,550.00	49,057,208.33	419,341.67
459053G81	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	3.748	99.0328	09/23/2026	50,000,000.00	49,576,500.00	49,516,400.00	49,092,500.00	423,900.00
459053F90	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	3.763	99.1127	09/16/2026	50,000,000.00	49,606,444.45	49,556,350.00	49,575,777.78	(19,427.78)
459053E34	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	3.740	99.2729	09/02/2026	50,000,000.00	49,682,375.00	49,636,450.00	49,198,375.00	438,075.00
459053ZW7	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	3.726	99.7001	07/27/2026	50,000,000.00	49,868,916.67	49,850,050.00	49,384,916.67	465,133.33
45818LZW3	INTER-AMERICAN DEVELOPMENT BANK	3.700	99.7001	07/27/2026	25,000,000.00	24,934,638.89	24,925,025.00	24,796,375.00	128,650.00
45818LZR4	INTER-AMERICAN DEVELOPMENT BANK	3.699	99.7576	07/22/2026	25,000,000.00	24,947,208.33	24,939,400.00	24,808,944.44	130,455.56
45818LZR4	INTER-AMERICAN DEVELOPMENT BANK	3.694	99.7576	07/22/2026	50,000,000.00	49,894,125.00	49,878,800.00	49,818,500.00	60,300.00
---	**---**	**3.870**	**98.8164**	**12/21/2026**	**773,165,000.00**	**765,109,556.36**	**763,950,790.01**	**760,712,660.24**	**3,238,129.77**

Non-US Gov

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Book Value	Market Value	Principal	Net Unrealized Gain/Loss
---	**---**	**3.870**	**98.8164**	**12/21/2026**	**773,165,000.00**	**765,109,556.36**	**763,950,790.01**	**760,712,660.24**	**3,238,129.77**

Repo

REPO

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Book Value	Market Value	Principal	Net Unrealized Gain/Loss
RP07022026365	Reference Number: L26062600010A0	3.650	100.0000	07/02/2026	75,000,000.00	75,000,000.00	75,000,000.00	75,000,000.00	0.00
RP07012026364	Reference Number: L26061800008A0	3.640	100.0000	07/01/2026	100,000,000.00	100,000,000.00	100,000,000.00	100,000,000.00	0.00
RP07012026366	Reference Number: L26063000018A0	3.660	100.0000	07/01/2026	900,000,000.00	900,000,000.00	900,000,000.00	900,000,000.00	0.00
---	**---**	**3.657**	**100.0000**	**07/01/2026**	**1,075,000,000.00**	**1,075,000,000.00**	**1,075,000,000.00**	**1,075,000,000.00**	**0.00**

Repo

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Book Value	Market Value	Principal	Net Unrealized Gain/Loss
---	**---**	**3.657**	**100.0000**	**07/01/2026**	**1,075,000,000.00**	**1,075,000,000.00**	**1,075,000,000.00**	**1,075,000,000.00**	**0.00**

US Gov

T-BILL

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Book Value	Market Value	Principal	Net Unrealized Gain/Loss
912797UX3	UNITED STATES TREASURY	3.812	96.6864	05/13/2027	50,000,000.00	48,395,641.52	48,343,194.50	48,151,941.50	191,253.00
912797TV9	UNITED STATES TREASURY	3.643	97.5737	02/18/2027	50,000,000.00	48,870,788.33	48,786,833.50	48,359,722.71	427,110.79
912797TV9	UNITED STATES TREASURY	3.684	97.5737	02/18/2027	50,000,000.00	48,857,400.00	48,786,833.50	48,404,300.00	382,533.50
912797TM9	UNITED STATES TREASURY	3.605	97.9062	01/21/2027	50,000,000.00	49,015,360.00	48,953,083.50	48,508,560.00	444,523.50
912797TX5	UNITED STATES TREASURY	3.698	99.4910	08/20/2026	25,000,000.00	24,874,270.83	24,872,743.00	24,821,464.58	51,278.42
912797US4	UNITED STATES TREASURY	3.675	99.6595	08/04/2026	25,000,000.00	24,914,881.95	24,914,882.00	24,862,309.03	52,572.97
---	**UNITED STATES TREASURY**	**3.686**	**97.8718**	**01/21/2027**	**250,000,000.00**	**244,928,342.63**	**244,657,570.00**	**243,108,297.82**	**1,549,272.18**

US Gov

US GOV

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Book Value	Market Value	Principal	Net Unrealized Gain/Loss
91282CQD6	UNITED STATES TREASURY	4.000	97.0859	02/28/2031	25,000,000.00	24,475,154.80	24,271,484.25	24,444,335.94	(172,851.69)
91282CQD6	UNITED STATES TREASURY	4.000	97.0859	02/28/2031	25,000,000.00	24,475,154.80	24,271,484.25	24,444,335.94	(172,851.69)
91282CQD6	UNITED STATES TREASURY	4.018	97.0859	02/28/2031	25,000,000.00	24,456,706.81	24,271,484.25	24,424,804.69	(153,320.44)
91282CQD6	UNITED STATES TREASURY	4.003	97.0859	02/28/2031	25,000,000.00	24,472,387.60	24,271,484.25	24,441,406.25	(169,922.00)
91282CKX8	UNITED STATES TREASURY	4.045	100.2344	06/30/2029	25,000,000.00	25,140,169.71	25,058,593.75	25,189,453.13	(130,859.38)
91282CKT7	UNITED STATES TREASURY	3.980	100.9102	05/31/2029	20,000,000.00	20,277,723.15	20,182,031.20	20,381,250.00	(199,218.80)
91282CJF9	UNITED STATES TREASURY	4.010	101.5430	10/31/2028	10,000,000.00	10,186,284.99	10,154,296.90	10,282,812.50	(128,515.60)
91282CCY5	UNITED STATES TREASURY	3.548	93.7930	09/30/2028	7,000,000.00	6,665,236.14	6,565,507.83	6,405,000.00	160,507.83
91282CNH0	UNITED STATES TREASURY	4.083	99.4648	06/15/2028	17,000,000.00	16,934,127.37	16,909,023.48	16,932,929.69	(23,906.21)
912810FB9	UNITED STATES TREASURY	4.003	102.3984	11/15/2027	15,000,000.00	15,393,049.45	15,359,765.55	16,425,000.00	(1,065,234.45)
91282CFH9	UNITED STATES TREASURY	3.269	98.8555	08/31/2027	5,000,000.00	4,992,299.38	4,942,773.45	4,966,992.19	(24,218.74)
912810FA1	UNITED STATES TREASURY	3.247	102.2813	08/15/2027	15,000,000.00	15,482,855.19	15,342,187.50	17,133,984.38	(1,791,796.88)
912810FA1	UNITED STATES TREASURY	3.483	102.2813	08/15/2027	15,000,000.00	15,443,795.80	15,342,187.50	16,957,031.25	(1,614,843.75)
912828ZV5	UNITED STATES TREASURY	3.995	96.5000	06/30/2027	50,000,000.00	48,309,221.18	48,250,000.00	48,207,031.25	42,968.75
91282CEW7	UNITED STATES TREASURY	3.213	99.1641	06/30/2027	15,000,000.00	15,005,060.91	14,874,609.30	15,024,609.38	(150,000.08)
91282CEW7	UNITED STATES TREASURY	3.109	99.1641	06/30/2027	15,000,000.00	15,019,367.33	14,874,609.30	15,094,335.94	(219,726.64)
91282CNL1	UNITED STATES TREASURY	3.999	99.6484	06/30/2027	25,000,000.00	24,939,220.37	24,912,109.25	24,935,546.88	(23,437.63)
912828ZS2	UNITED STATES TREASURY	2.845	96.7969	05/31/2027	20,000,000.00	19,602,877.70	19,359,375.00	17,828,906.25	1,530,468.75
91282CNE7	UNITED STATES TREASURY	3.792	99.8008	05/31/2027	25,000,000.00	25,017,693.29	24,950,195.25	25,022,460.94	(72,265.69)
91282CKR1	UNITED STATES TREASURY	3.795	100.3281	05/15/2027	25,000,000.00	25,148,423.14	25,082,031.25	25,190,429.69	(108,398.44)
912828ZN3	UNITED STATES TREASURY	3.779	97.1094	04/30/2027	50,000,000.00	48,677,608.53	48,554,687.50	48,306,640.63	248,046.87
912828ZN3	UNITED STATES TREASURY	3.779	97.1094	04/30/2027	50,000,000.00	48,677,608.53	48,554,687.50	48,306,640.62	248,046.88
912828ZN3	UNITED STATES TREASURY	3.749	97.1094	04/30/2027	50,000,000.00	48,689,154.59	48,554,687.50	48,330,078.13	224,609.37
91282CEN7	UNITED STATES TREASURY	3.823	98.9219	04/30/2027	50,000,000.00	49,566,239.79	49,460,937.50	49,496,093.75	(35,156.25)
91282CEN7	UNITED STATES TREASURY	3.823	98.9219	04/30/2027	25,000,000.00	24,783,119.90	24,730,468.75	24,748,046.88	(17,578.13)
91282CMY4	UNITED STATES TREASURY	3.774	99.7383	04/30/2027	50,000,000.00	49,990,109.24	49,869,140.50	49,988,281.25	(119,140.75)
91282CEF4	UNITED STATES TREASURY	2.503	98.8867	03/31/2027	25,000,000.00	24,999,415.99	24,721,679.75	24,996,093.75	(274,414.00)
91282CEF4	UNITED STATES TREASURY	2.502	98.8867	03/31/2027	25,000,000.00	24,999,707.99	24,721,679.75	24,998,046.88	(276,367.13)
91282CMV0	UNITED STATES TREASURY	3.738	99.8906	03/31/2027	50,000,000.00	50,049,668.24	49,945,312.50	50,066,406.25	(121,093.75)
912810EZ7	UNITED STATES TREASURY	3.048	101.4922	02/15/2027	15,000,000.00	15,311,732.23	15,223,828.05	17,248,828.13	(2,025,000.08)
91282CKA8	UNITED STATES TREASURY	3.735	100.0547	02/15/2027	50,000,000.00	50,117,775.27	50,027,343.50	50,164,062.50	(136,719.00)
91282CJT9	UNITED STATES TREASURY	3.530	100.0078	01/15/2027	50,000,000.00	50,124,002.21	50,003,906.00	50,230,468.75	(226,562.75)
91282CDQ1	UNITED STATES TREASURY	3.624	98.6719	12/31/2026	50,000,000.00	49,421,272.88	49,335,937.50	48,779,296.88	556,640.62
91282CDQ1	UNITED STATES TREASURY	3.630	98.6719	12/31/2026	50,000,000.00	49,419,997.58	49,335,937.50	48,773,437.50	562,500.00
91282CDQ1	UNITED STATES TREASURY	3.527	98.6719	12/31/2026	50,000,000.00	49,443,008.18	49,335,937.50	49,035,156.25	300,781.25
91282CJP7	UNITED STATES TREASURY	3.616	100.2227	12/15/2026	50,000,000.00	50,168,800.54	50,111,328.00	50,375,000.00	(263,672.00)
91282CLY5	UNITED STATES TREASURY	3.668	100.1328	11/30/2026	50,000,000.00	50,117,644.62	50,066,406.00	50,291,015.63	(224,609.63)
912810EY0	UNITED STATES TREASURY	4.205	100.6680	11/15/2026	25,000,000.00	25,195,675.45	25,166,992.25	27,136,718.75	(1,969,726.50)
91282CDG3	UNITED STATES TREASURY	2.884	99.0820	10/31/2026	10,000,000.00	9,945,317.69	9,908,203.10	9,258,203.13	649,999.97
91282CJC6	UNITED STATES TREASURY	3.602	100.2344	10/15/2026	50,000,000.00	50,144,574.90	50,117,187.50	50,488,281.25	(371,093.75)
91282CJC6	UNITED STATES TREASURY	3.698	100.2344	10/15/2026	50,000,000.00	50,130,819.75	50,117,187.50	50,425,781.25	(308,593.75)
91282CCZ2	UNITED STATES TREASURY	2.540	99.2773	09/30/2026	15,000,000.00	14,941,558.34	14,891,601.60	13,943,554.69	948,046.91
91282CCZ2	UNITED STATES TREASURY	0.982	99.2773	09/30/2026	20,000,000.00	19,994,808.79	19,855,468.80	19,895,833.60	(40,364.80)
91282CCZ2	UNITED STATES TREASURY	3.756	99.2773	09/30/2026	25,000,000.00	24,824,208.08	24,819,336.00	24,646,484.38	172,851.62
91282CCZ2	UNITED STATES TREASURY	3.727	99.2773	09/30/2026	25,000,000.00	24,825,800.12	24,819,336.00	24,663,085.94	156,250.06
91282CCW9	UNITED STATES TREASURY	0.902	99.5000	08/31/2026	25,000,000.00	24,993,818.18	24,875,000.00	24,817,382.81	57,617.19
91282CCW9	UNITED STATES TREASURY	0.832	99.5000	08/31/2026	25,000,000.00	24,996,673.27	24,875,000.00	24,900,416.25	(25,416.25)
---	**UNITED STATES TREASURY**	**3.525**	**99.1174**	**07/12/2027**	**1,414,000,000.00**	**1,405,986,930.01**	**1,401,244,451.56**	**1,408,041,992.12**	**(6,797,540.56)**

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Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Book Value	Market Value	Principal	Net Unrealized Gain/Loss
---	**UNITED STATES TREASURY**	**3.549**	**98.9326**	**06/16/2027**	**1,664,000,000.00**	**1,650,915,272.64**	**1,645,902,021.56**	**1,651,150,289.94**	**(5,248,268.38)**

Summary

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Book Value	Market Value	Principal	Net Unrealized Gain/Loss
---	**---**	**3.851**	**94.4123**	**11/07/2027**	**17,250,469,129.55**	**17,168,306,480.14**	**17,104,463,518.44**	**17,101,309,328.22**	**3,154,190.21**

APPENDIX H

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No.: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

ASSURED GUARANTY INC. ("AG"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AG, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AG. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AG shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AG may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AG agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AG, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By __________________________________
Authorized Officer

1633 Broadway, New York, N.Y. 10019 (212) 974-0100