INVITATION TO TENDER FOR PURCHASE
made by
EAST SIDE UNION HIGH SCHOOL DISTRICT

To the Owners of all or any portion of the maturities listed on pages (i) through and including (iv) herein of:

East Side Union High School District

General Obligation Bonds, 2012 Election, Series B
2015 General Obligation Refunding Bonds
2016 General Obligation Refunding Bonds, Series A
2016 General Obligation Refunding Bonds, Series B
General Obligation Bonds, 2008 Election, Series E
General Obligation Bonds, 2016 Election, Series B
2020 Refunding General Obligation Bonds, Series B (Federally Taxable)
General Obligation Bonds, 2016 Election, Series C

THIS INVITATATION TO TENDER FOR PURCHASE WILL EXPIRE AT 5:00 PM NEW YORK CITY TIME ON MAY 3, 2024 UNLESS EARLIER TERMINATED OR EXTENDED AS DESCRIBED HEREIN, TENDERED BONDS MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE EXPIRATION DATE

The East Side Union High School District (the "**District**") invites the beneficial owners (the "**Owners**") of the bonds listed and maturing on the dates set forth in the tables on pages (i) through and including (iv) of this Invitation (the "**Target Bonds**") to sell their Target Bonds to the District for payment in cash at the applicable tender offer: (i) purchase prices for the Taxable Target Bonds (as defined below) described herein and as set forth in the Notice of Taxable Bonds Purchase Prices (the "**Notice of Taxable Bonds Purchase Prices**") in the form attached hereto as Appendix B expected to be issued on or about May 7, 2024, which purchase prices will be based on fixed spreads (each a "**Fixed Spread**") added to the yields on certain benchmark United States Treasury Securities ("**Benchmark Treasury Securities**"), as set forth in the Pricing Notice in the form attached hereto as Appendix A (the "**Pricing Notice**"), which is expected to be issued on or about April 26, 2024 (as it may be amended or supplemented) as described herein or (ii) purchase prices for the Tax-Exempt Target Bonds set forth in this Invitation and the Pricing Notice, plus, in each case, accrued interest on the Target Bonds tendered for purchase up to but not including the Settlement Date ("**Accrued Interest**"), all on the terms and conditions as set forth in more detail below (the "**Invitation**"). Purchase prices will be based on the following:

(i) With respect to the Target Bonds which are federally taxable bonds (the "**Taxable Target Bonds**"), the purchase prices for each CUSIP of the Taxable Target Bonds will be based on Fixed Spreads added to the yields on certain Benchmark Treasury Securities, as set forth in the Pricing Notice; and

(ii) With respect to the Target Bonds which are federally tax-exempt bonds (the "**Tax-Exempt Target Bonds**"), indicative, i.e. preliminary, purchase prices are set forth in this Invitation on pages (ii) through and including (iv), and the final purchase prices will be set forth in the Pricing Notice.

The purchase of any Target Bonds pursuant to the Invitation is contingent on the issuance of the District's 2024 General Obligation Refunding Bonds, Series B (the "**Tender Refunding Bonds**") and is also subject to the terms of this Invitation and certain other conditions as described herein. The Tender Refunding Bonds will be issued in the manner, on the terms and with the security therefor to be described in the Preliminary Official Statement dated April 19, 2024, attached hereto as Appendix C (as may be amended and supplemented) (the "**Tender Refunding Bonds POS**"). If the Tender Refunding Bonds are issued, the source of funds to purchase the Target Bonds validly tendered for purchase and accepted for purchase pursuant to this Invitation as to the principal amount thereof and any accrued interest will be from proceeds of the Tender Refunding Bonds.

This Invitation is part of a plan by the District to refund a portion of the District's outstanding indebtedness, as described in the Tender Refunding Bonds POS. As outlined on pages (i) through and including (iv) of this Invitation, the District intends to purchase up to $228,050,000 in principal amount of the Tax-Exempt Target Bonds and up to $80,265,000 principal amount of the Taxable Target Bonds, pursuant to this Invitation, although if certain conditions are not met the District may purchase, as applicable, a lesser principal amount or none of the Target Bonds. Should the District accept a portion of tendered bonds, such tendered bonds will be accepted on a pro rata basis as described under the caption "**Acceptance of Target Bonds for Purchase**" of the Invitation. Owners of the Target Bonds who do not accept this Invitation and Owners of the Target Bonds whose tenders are rejected by the District will continue to hold their interest in such Target Bonds. It is anticipated that, subject to market conditions, all of the Target Bonds not purchased pursuant to this Invitation will remain outstanding, as described under the caption "THE REFINANCING PLAN – The Tender Offer" in the Tender Refunding Bonds POS.

To make an informed decision as to whether, and how, to tender the Target Bonds for purchase, as applicable, pursuant to the Invitation, Owners must read this Invitation carefully, including the Tender Refunding Bonds POS and the Pricing Notice, and consult their broker-dealer, financial, legal, accounting, tax and other advisors in making these decisions. This Invitation, the Tender Refunding Bonds POS and the Pricing Notice, collectively, shall constitute an invitation to Owners to tender their Target Bonds for purchase, as applicable.

The terms of the Pricing Notice for the Target Bonds will be available as described in the table below.

Key Date and Times
All of these dates and times are subject to change. All times are New York City time.
Notices of changes will be sent in the manner provided for in this Tender Invitation.

Launch Date and Tender Refunding Bonds POS	April 19, 2024
Pricing Notice	On or about April 26, 2024
Expiration Date	5:00 p.m. (NYC time) on May 3, 2024
Notice of Preliminary Acceptance of Tendered Bonds	5:00 p.m. (NYC time) on May 6, 2024
Determination of Taxable Target Bonds Purchase Prices	2:00 p.m. (NYC time) on May 7, 2024
Notice of Taxable Target Bonds Purchase Prices	5:00 p.m. (NYC time) on May 7, 2024
Acceptance Date	May 9, 2024
Settlement Date	May 23, 2024

The Dealer Manager for the Invitation is:

LOOP CAPITAL MARKETS

The Information Agent and Tender Agent for the Invitation is:

GLOBIC ADVISORS

Any owner wishing to tender the Target Bonds for purchase pursuant to this Invitation should follow the procedures more fully described herein. Owners and their brokers and account executives with questions about this Invitation should contact the Dealer Manager or the Information Agent and Tender Agent.

The date of this Invitation is April 19, 2024.

INVITATION

TAXABLE TARGET BONDS
SUBJECT TO INVITATION TO TENDER FOR PURCHASE

East Side Union High School District
(Santa Clara County, California)
2020 Refunding General Obligation Bonds, Series B
(Federally Taxable)

CUSIP[1] (275282)	Maturity (August 1)	Principal Amount Outstanding	Interest Rate	Par Call Date	Benchmark Treasury Security[2]	Indicative Fixed Spread (Basis Points)[3]
PU9	2027	$ 3,705,000	1.551%	Noncallable	3-Year	(29.7)
PV7	2028	3,815,000	1.777	Noncallable	5-Year	(17.6)
PW5	2029	3,940,000	1.927	Noncallable	5-Year	(17.1)
PX3	2030	4,075,000	2.027	Noncallable	7-Year	(13.9)
PY1	2031	4,250,000	2.177	08/01/2030	7-Year	(10.9)
PZ8	2032	4,435,000	2.277	08/01/2030	10-Year	(5.1)
QA2	2033	4,640,000	2.377	08/01/2030	10-Year	(2.3)
QB0	2034	4,850,000	2.477	08/01/2030	10-Year	1.1
QC8	2035	5,075,000	2.527	08/01/2030	10-Year	5.0
QD6	2042[4]	41,480,000	3.130	08/01/2030	10-Year	25.1

1 Copyright, American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. The CUSIP number is provided for convenience of reference only. Neither the District, the Information and Tender Agent or the Dealer Manager take any responsibility for the accuracy of such CUSIP number.

2 Each Benchmark Treasury Security (as defined herein) will be the most recently auctioned "on-the-run" United States Treasury Security for the maturity indicated as of the date and time that the purchase price for the Taxable Target Bonds is set, currently expected to be approximately 2 p.m. New York City time on May 7, 2024.

3 Indicative Fixed Spreads (as defined herein) are preliminary and subject to change. Actual Fixed Spreads will appear in the Pricing Notice. See Section 7 for information regarding the Taxable Bonds Purchase Price.

4 The Taxable Target Bond maturing on August 1, 2042 is subject to mandatory sinking fund redemption payments on August 1 in 2036, 2037, 2038, 2039, 2040, 2041, and 2042, and its Purchase Price will be calculated assuming its average life date of October 5, 2039 as its maturity date.

TAX-EXEMPT TARGET BONDS
SUBJECT TO INVITATION TO TENDER FOR PURCHASE

East Side Union High School District
(Santa Clara County, California)
General Obligation Bonds, 2012 Election, Series B

CUSIP[1] (275282)	Maturity (August 1)	Principal Amount Outstanding	Interest Rate	Par Call Date	Indicative Purchase Price[2]
JP7	2028	$5,605,000	5.000%	08/01/2025	103.646
JQ5	2029	6,110,000	5.000	08/01/2025	103.685
JR3	2030	6,655,000	5.000	08/01/2025	103.698
JS1	2031	7,230,000	5.000	08/01/2025	103.702
JT9	2032	7,835,000	5.000	08/01/2025	103.723
JU6	2033	8,480,000	5.000	08/01/2025	103.744
JV4	2034	9,160,000	4.000	08/01/2025	102.283
JW2	2035	9,885,000	4.000	08/01/2025	102.226

East Side Union High School District
(Santa Clara County, California)
2015 General Obligation Refunding Bonds

CUSIP[1] (275282)	Maturity (August 1)	Principal Amount Outstanding	Interest Rate	Par Call Date	Indicative Purchase Price[2]
KN0	2030	$2,015,000	5.000%	08/01/2025	103.698
KP5	2031	2,125,000	5.000	08/01/2025	103.703
KQ3	2032	2,235,000	5.000	08/01/2025	103.720
KR1	2033	2,355,000	5.000	08/01/2025	103.699
KS9	2034	750,000	3.625	08/01/2025	101.682
KW0	2034	1,755,000	4.000	08/01/2025	102.173
KT7	2035	2,575,000	5.000	08/01/2025	103.688

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2 The Indictive Purchase Prices shown herein are preliminary and subject to change. Actual Purchase Prices will appear in the Pricing Notice.

INVITATION

TAX-EXEMPT TARGET BONDS
SUBJECT TO INVITATION TO TENDER FOR PURCHASE

East Side Union High School District
(Santa Clara County, California)
2016 General Obligation Refunding Bonds, Series A

CUSIP[1] (275282)	Maturity (August 1)	Principal Amount Outstanding	Interest Rate	Par Call Date	Indicative Purchase Price[2]
LM1	2029	$1,315,000	2.125%	08/01/2026	93.770
LP4	2031	1,405,000	3.000	08/01/2026	98.866
LQ2	2032	1,450,000	3.000	08/01/2026	97.592
LR0	2033	1,520,000	3.000	08/01/2026	96.722

East Side Union High School District
(Santa Clara County, California)
2016 General Obligation Refunding Bonds, Series B

CUSIP[1] (275282)	Maturity (August 1)	Principal Amount Outstanding	Interest Rate	Par Call Date	Indicative Purchase Price[2]
MF5	2029	$ 4,175,000	5.000%	08/01/2026	105.989
MG3	2030	4,400,000	5.000	08/01/2026	105.993
MH1	2031	4,635,000	5.000	08/01/2026	106.030
MJ7	2032	4,875,000	4.000	08/01/2026	103.628
MK4	2033	5,070,000	4.000	08/01/2026	103.389
ML2	2034	5,275,000	4.000	08/01/2026	103.222
MN8	2036	11,130,000	3.000	08/01/2026	94.756

2 The Indictive Purchase Prices shown herein are preliminary and subject to change. Actual Purchase Prices will appear in the Pricing Notice.

INVITATION

TAX-EXEMPT TARGET BONDS
SUBJECT TO INVITATION TO TENDER FOR PURCHASE

East Side Union High School District
(Santa Clara County, California)
General Obligation Bonds, 2008 Election, Series E

CUSIP[1] (275282)	Maturity (August 1)	Principal Amount Outstanding	Interest Rate	Par Call Date	Indicative Purchase Price[2]
ND9	2030	$11,435,000	3.750%	08/01/2026	102.851
NE7	2031	12,690,000	4.000	08/01/2026	103.839

East Side Union High School District
(Santa Clara County, California)
General Obligation Bonds, 2016 Election, Series B

CUSIP[1] (275282)	Maturity (August 1)	Principal Amount Outstanding	Interest Rate	Par Call Date	Indicative Purchase Price[2]
PA3	2032	$10,665,000	3.000%	08/01/2027	97.892
PB1	2033	11,420,000	3.000	08/01/2027	97.330
PC9	2034	12,120,000	3.000	08/01/2027	96.864
PD7	2035	12,955,000	3.000	08/01/2027	96.331

East Side Union High School District
(Santa Clara County, California)
General Obligation Bonds, 2016 Election, Series C

CUSIP[1] (275282)	Maturity (August 1)	Principal Amount Outstanding	Interest Rate	Par Call Date	Indicative Purchase Price[2]
QN4	2030	$6,640,000	2.000%	08/01/2029	91.973
QP9	2031	6,970,000	2.000	08/01/2029	90.238
QQ7	2032	7,320,000	2.000	08/01/2029	88.848
QR5	2033	7,695,000	2.000	08/01/2029	87.403
QS3	2034	8,120,000	2.000	08/01/2029	85.219

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2 The Indictive Purchase Prices shown herein are preliminary and subject to change. Actual Purchase Prices will appear in the Pricing Notice.

IMPORTANT INFORMATION

This Invitation and other information with respect to the Invitation are available from the Dealer Manager and the Information Agent and Tender Agent at www.globic.com/eastside. Owners wishing to tender their Target Bonds for purchase, as applicable, pursuant to the Invitation should follow the procedures more fully described herein. The District reserves the right to cancel or modify the Invitation at any time on or prior to the Acceptance Date and reserves the right to make a future tender invitation for bonds at prices different than the purchase prices described herein in its sole discretion. The District will have no obligation to purchase, as applicable, the Target Bonds tendered pursuant to the Invitation. The District further reserves the right to waive any irregularities or defects in any tendered bonds received.

The District also reserves the right in the future to refund, repurchase, tender, or exchange on a later date any remaining portion of outstanding Target Bonds through the issuance of bonds or any other means available to the District. The Target Bonds maturing after the respective first optional redemption date are subject to redemption in whole or in part, at the option of the District on any date on or after its respective first optional redemption date indicated in the tables above, at a redemption price equal to 100% of the principal amount of the Target Bonds, or portions thereof, to be redeemed plus accrued but unpaid interest to the date fixed for redemption. Further details concerning the District's debt refunding plan are contained in the Tender Refunding Bonds POS.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THIS INVITATION OR PASSED UPON THE FAIRNESS OR MERITS OF THIS INVITATION OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS INVITATION. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This Invitation is not being made to, and the Target Bonds tendered for purchase in response to this Invitation will not be accepted from or on behalf of, Owners in any jurisdiction in which the Invitation, tendering the Target Bonds or the acceptance thereof would not be in compliance with the laws of such jurisdiction. In those jurisdictions whose laws require the Invitation to be made through a licensed or registered broker or dealer, the Invitation is being made on behalf of the District by the Dealer Manager.

The District is not recommending to any Owner whether to tender its Target Bonds for purchase, as applicable, in connection with the Invitation. Each Owner must make these decisions and should read this Invitation and the Tender Refunding Bonds POS in their entirety and consult with its broker-dealer, financial, legal, accounting, tax and other advisors in making these decisions.

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in this Invitation and, if given or made, such information or representation may not be relied upon as having been authorized by the District.

The Dealer Manager makes no representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein. The Dealer Manager has not independently verified any of the information contained herein, and assumes no responsibility for the accuracy or completeness of any such information.

The delivery of this Invitation shall not under any circumstances create any implication that the information contained herein is correct as of any time subsequent to the date hereof or that there has been no change in the information set forth herein or in any attachments hereto or materials delivered herewith or in the affairs of the District since the date hereof.

This Invitation contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Invitation and other materials referred to or incorporated herein, the words "estimate," "anticipate," "forecast," "project," "intend," "propose," "plan," "expect" and similar expressions identify forward-looking statements. 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.

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INVITATION TO TENDER FOR PURCHASE

made by

EAST SIDE UNION HIGH SCHOOL DISTRICT

1. General

The East Side Union High School District (the "**District**") invites the beneficial owners (the "**Owners**") of the bonds listed and maturing on the dates set forth in the tables on pages (i) through and including (iv) of this Invitation (the "**Target Bonds**") to sell their Target Bonds to the District for payment in cash at the applicable tender offer (i) purchase prices for the Taxable Target Bonds (as defined below) described herein and as set forth in the Notice of Taxable Bonds Purchase Prices (the "**Notice of Taxable Bonds Purchase Prices**") in the form attached hereto as Appendix B expected to be issued on or about May 7, 2024, which purchase prices will be based on fixed spreads (each a "**Fixed Spread**") added to the yields on certain benchmark United States Treasury Securities ("**Benchmark Treasury Securities**"), as set forth in the Pricing Notice in the form attached hereto as Appendix A (the "**Pricing Notice**"), which is expected to be issued on or about April 26, 2024 (as it may be amended or supplemented) as described herein or (ii) purchase prices for the Tax-Exempt Target Bonds set forth in this invitation and the Pricing Notice, as described herein, plus, in each case, accrued interest on the Target Bonds tendered for purchase up to but not including the Settlement Date ("**Accrued Interest**"), all on the terms and conditions as set forth in more detail below (the "**Invitation**").

With respect to the Target Bonds which are federally taxable bonds (the "**Taxable Target Bonds**"), the purchase prices for each CUSIP of the Taxable Target Bonds will be based on Fixed Spreads determined on April 26, 2024, as set forth in the Pricing Notice, which will be added to the yields on certain Benchmark Treasury Securities determined on May 7, 2024, which prices will be set forth in the Notice of Taxable Bonds Purchase Prices. Indicative Fixed Spreads are as set forth on page (i) and in section 7 of the Invitation.

With respect to the Target Bonds which are federally tax-exempt bonds (the "**Tax-Exempt Target Bonds**"), the purchase prices will be set forth in the Pricing Notice. Indicative Purchase prices for the Tax-Exempt Target Bonds shown herein are preliminary and subject to change.

The purchase of any Target Bonds pursuant to the Invitation is contingent on the issuance of the District's 2024 General Obligation Refunding Bonds, Series B (the "**Tender Refunding Bonds**") and is also subject to the terms of this Invitation and certain other conditions as described herein. The Tender Refunding Bonds will be issued in the manner, on the terms and with the security therefor described in the Preliminary Official Statement dated April 19, 2024, attached hereto as Appendix C (as may be amended and supplemented) (the **"Tender Refunding Bonds POS"**).

If the Tender Refunding Bonds are issued, the source of funds to purchase the Target Bonds validly tendered and accepted for purchase pursuant to this Invitation as to the principal amount thereof and accrued interest thereon will be from proceeds of the Tender Refunding Bonds.

2. Authorizing Resolutions

The Target Bonds consisting of the East Side Union High School District (Santa Clara County, California), General Obligation Bonds, 2012 Election, Series B were issued by the District pursuant to a resolution, adopted by the Board of Trustees of the District (the "**Board**") on June 9, 2015 (the "**2015 New Money Resolution**").

The Target Bonds consisting of the East Side Union High School District (Santa Clara County, California), 2015 General Obligation Refunding Bonds were issued by the District pursuant to a resolution, adopted by the Board on June 9, 2015 (the "**2015 Refunding Resolution**").

The Target Bonds consisting of the East Side Union High School District (Santa Clara County, California), 2016 General Obligation Refunding Bonds, Series A were issued by the District pursuant to a resolution, adopted by the Board on April 21, 2016 (the "**2016 Series A Resolution**").

The Target Bonds consisting of the East Side Union High School District (Santa Clara County, California), 2016 General Obligation Refunding Bonds, Series B were issued by the District pursuant to a resolution, adopted by the Board on April 21, 2016 (the "**2016 Series B Resolution**").

The Target Bonds consisting of the East Side Union High School District (Santa Clara County, California), General Obligation Bonds, 2008 Election, Series E were issued by the District pursuant to a resolution, adopted by the Board on December 8, 2016 (the "**2016 Series E Resolution**").

The Target Bonds consisting of the East Side Union High School District (Santa Clara County, California), General Obligation Bonds, 2016 Election, Series B were issued by the District pursuant to a resolution, adopted by the Board on March 7, 2019 (the "**2019 Series B Resolution**").

The Target Bonds consisting of the East Side Union High School District (Santa Clara County, California), 2020 Refunding General Obligation Bonds, Series B were issued by the District pursuant to a resolution, adopted by the Board on September 24, 2020 (the "**2020 Resolution**").

The Target Bonds consisting of the East Side Union High School District (Santa Clara County, California), General Obligation Bonds, 2016 Election, Series C were issued by the District pursuant to a resolution, adopted by the Board on March 4, 2021 (the "**2021 Resolution**" and together with the 2015 New Money Resolution, the 2015 Refunding Resolution, the 2016 Series A Resolution, the 2016 Series B Resolution, the 2016 Series E Resolution, the 2019 Series B Resolution and the 2020 Resolution, the "**Authorizing Resolutions**").

This Invitation is part of a plan by the District to refinance some or all of the outstanding Target Bonds, as are described in the Refunding Bonds POS. The outstanding general obligation bonds of the District of any series that are not identified in the tables above on pages (i) through and including (iv) herein are not subject to this Invitation. For additional information concerning the District, the purpose of the Refunding Bonds, the District's financing plan, and its outstanding indebtedness, see the Tender Refunding Bonds POS.

Pursuant to the Invitation, each Owner may tender to the District for purchase the Target Bonds, in a denomination of $5,000 principal amount (the "**Minimum Authorized Denomination**") or any integral multiple of $5,000 in excess thereof, with respect to which the Owner has a beneficial ownership interest.

See below for more information on how an Owner can tender its Target Bonds for purchase, as applicable, and the Purchase price offered.

The purchase of any of the Target Bonds tendered for purchase pursuant to the Invitation is contingent on the issuance of the Tender Refunding Bonds. The District's obligations to accept for purchase, and to pay for, the Target Bonds validly tendered (and not withdrawn) pursuant to this Invitation are also subject to the satisfaction or waiver of certain conditions. See Section 17, "Conditions to Purchase," for additional information regarding certain of such conditions.

Subject to the terms of this Invitation and the satisfaction of all conditions to the District's obligation to purchase tendered Target Bonds as described herein, and provided that (i) the Target Bonds tendered by an Owner for purchase, as applicable, have been validly tendered by 5:00 p.m., New York City time, on May 3, 2024 (as extended from time to time in accordance with this Invitation, the "**Expiration Date**"), and (ii) the tendered Target Bonds have been accepted by the District on or before 5:00 p.m., New York City time, on May 9, 2024 (as extended from time to time in accordance with this Invitation, the "**Acceptance Date**"), the District will purchase such Target Bonds at the applicable Purchase Prices on May 23, 2024 or such later date as the District shall determine (such date, the "**Settlement Date**"). Accrued Interest on the Target Bonds purchased will also be paid on the Settlement Date.

All times in this Invitation are local time in New York City.

No assurances can be given that the Tender Refunding Bonds will be issued or that the other conditions will be satisfied or waived or that any Target Bonds tendered for purchase, as applicable, by an Owner will be purchased. See section 12 "Acceptance of Target Bonds for Purchase" herein for more information on the selection of tendered Target Bonds to be purchased, if any. Subject to the terms and conditions set forth in this Invitation, the District reserves the right to amend or waive the terms of this Invitation as to any or all of the Target Bonds in any respect and at any time prior to the Acceptance Date or from time to time. The District also has the right to terminate this Invitation at any time up to and including the Acceptance Date. See Section 18 "Extension, Termination and Amendment of Invitation" herein below.

The District is under no obligation to accept any of the Target Bonds that are tendered for purchase, as applicable, pursuant to the Invitation, and, if any Target Bonds are accepted, will accept such Target Bonds as described herein in Section 12 "Acceptance of Target Bonds for Purchase." Any Target Bonds tendered by Owners pursuant to this Invitation but not accepted by the District will be returned to the Owners and will continue to be payable and secured under the terms of the respective Authorizing Resolution under which such Target Bonds were issued until maturity or prior redemption. If all conditions to this Invitation are not satisfied or waived by the District on or prior to the Settlement Date, any Target Bonds tendered by Owners pursuant to this Invitation will be returned to the Owners and will continue to be payable and secured under the terms of the respective Authorizing Resolution under which such Target Bonds were issued until maturity or prior redemption.

It is anticipated that, subject to market conditions, all of the Target Bonds not tendered for purchase pursuant to this Invitation will remain outstanding.

If less than all of the Target Bonds of a given CUSIP number for which sinking fund installments have been established are purchased by the District, the District, in accordance with the applicable Authorizing Resolution, may have the ability to select which sinking fund installments may be reduced, and the average life of the remaining Target Bonds may change.

Further details concerning the District's debt refunding plan are contained in the Tender Refunding Bonds POS. See also "Additional Considerations," hereinbelow. To make an informed decision as to whether, and how, to tender the Target Bonds for purchase pursuant to the Invitation, an Owner must read this Invitation carefully, including the Tender Refunding Bonds POS.

None of the District, the Dealer Manager (as defined below) or the Information Agent and Tender Agent (as defined below) make any recommendation that any Owner tender or refrain from tendering all or any portion of such Owner's Target Bonds for purchase. Owners must make these decisions and should consult with their broker-dealer, financial, legal, accounting, tax and other advisors in making these decisions.

3. Dealer Manager, Information Agent and Tender Agent

The Dealer Manager for this Invitation is Loop Capital Markets LLC (the "**Dealer Manager**"). Globic Advisors is serving as Information Agent and Tender Agent (the "**Information Agent and Tender Agent**") in connection with this Invitation. Owners with questions about the substance of this Invitation should contact the Dealer Manager. Owners with questions about the mechanics of this Invitation should contact the Information Agent and Tender Agent. Contact information for the Dealer Manager and the Information Agent and Tender Agent is as follows:

Dealer Manager:

Loop Capital Markets LLC
Phone number: 415-635-3776
Attention: Robert Larkins
Email address: robert.larkins@loopcapital.com

Information Agent and Tender Agent:

Globic Advisors
(212) 227-9622
Attention: Robert Stevens
Email address: rstevens@globic.com

In addition to serving as Dealer Manager for the Target Bonds, Loop Capital Markets LLC is also serving as underwriter (the "**Underwriter**") for the District's 2024 General Obligation Refunding Bonds, Series A and the Tender Refunding Bonds described in Appendix C hereto.

4. Plan of Finance

This Invitation is being issued as part of a plan of finance to use proceeds from the sale of the Tender Refunding Bonds. Further, as described above, the District's purchase of Target Bonds pursuant to this Invitation is contingent upon the receipt of sufficient proceeds for such purpose from the issuance of the Tender Refunding Bonds. There can be no assurance that the Tender Refunding Bonds will be issued or when they will be issued or that the proceeds thereof will be sufficient to enable the District to purchase any or all of the Target Bonds tendered for purchase.

The purpose of this Invitation and the issuance of the Tender Refunding Bonds is to produce present value debt service savings. Thus, the final decision to purchase Target Bonds, and, if less than all of the Target Bonds that are tendered are purchased, which Target Bonds will be accepted for purchase by the District will be based upon market conditions associated with the sale of the Tender Refunding Bonds and other factors outside of the control of the District.

5. Information to Owners

The District will provide additional information about this Invitation, if any, to the market and Owners, including, without limitation, the Tender Refunding Bonds POS and any supplement thereto, by delivery of such information in the following ways: (1) to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access website, currently located at http://emma.msrb.org (the

"**EMMA Website**"), using the CUSIP numbers for the Target Bonds listed on pages (i) through and including (iv) herein; (2) to DTC (defined below) and to the DTC participants holding the Target Bonds; and (3) by posting electronically on the website of the Information Agent and Tender Agent at www.globic.com/eastside. Delivery by the District of information in this manner will be deemed to constitute delivery of the information to each Owner. The Dealer Manager, and the Information Agent and Tender Agent have no obligation to ensure that an Owner actually receives any information provided by the District in this manner. An Owner who would like to receive information furnished by or on behalf of the District as described above must make appropriate arrangements with its broker, account executive or other financial advisor or representative. The final Official Statement with respect to the Tender Refunding Bonds will be posted to the EMMA Website.

6. Expiration Date; Offers Only Through Financial Institutions; Brokerage Commission

This Invitation will expire at 5:00 p.m., New York City time, on May 3, 2024, the Expiration Date, unless earlier terminated or extended as described in this Invitation. Tenders of the Target Bonds received after 5:00 p.m., New York City time, on the Expiration Date (as it may be extended) will not be considered. See section 18 "Extension, Termination and Amendment of Invitation" herein for a discussion of the ability of the District to extend the Expiration Date and to terminate or amend this Invitation.

All of the Target Bonds are held in book-entry-only form through the facilities of The Depository Trust Company of New York ("**DTC**"). The Information Agent and Tender Agent and DTC have confirmed that the Invitation is eligible for submission of tenders for purchase through DTC's Automated Tender Offer Program (known as the "**ATOP**" system). Owners of the Target Bonds who want to accept this Invitation to sell, as applicable, the Target Bonds must do so through a DTC participant in accordance with the relevant DTC procedures for the ATOP system. The District will not accept any tenders of the Target Bonds for purchase, as applicable, that are not made through the ATOP system. Owners who are not DTC participants can only tender the Target Bonds for purchase, as applicable, pursuant to this Invitation by making arrangements with and instructing the bank or brokerage firm through which they hold their Target Bonds (sometimes referred to herein as a "custodial intermediary") to tender the Owner's Target Bonds on their behalf through the ATOP system. To ensure an Owner's Target Bonds are tendered through the ATOP system by 5:00 p.m., New York City time, on the Expiration Date, Owners must provide instructions to the bank or brokerage firm through which their Target Bonds are held in sufficient time for such custodial intermediary to tender the Target Bonds in accordance with DTC procedures through the ATOP system by this deadline. Owners should contact their bank or brokerage firm through which they hold their Target Bonds for information on when such custodial intermediary needs the Owner's instructions in order to tender the Owner's Target Bonds through the ATOP system by 5:00 p.m., New York City time, on the Expiration Date. See also section 9 "Transmission of Offers by Financial Institutions; DTC ATOP Procedures," hereinbelow. The District, the Dealer Manager, and the Information Agent and Tender Agent are not responsible for making or transmitting any tender of the Target Bonds or for the transfer of any tendered Target Bonds through the ATOP system or for any mistakes, errors or omissions in the making or transmission of any tender or transfer.

Owners will not be obligated to pay any brokerage commissions or solicitation fees to the District, the Dealer Manager or the Information Agent and Tender Agent in connection with this Invitation. However, Owners should check with their broker, account executive or other financial institution which maintains the account in which their Target Bonds are held to determine if it will charge any commission or fees.

7. Minimum Denominations and Consideration for Offers; Changes to the Terms of the Invitation

Authorized Denominations for Offers. An Owner may tender all or a portion of the Target Bonds of a particular CUSIP that it owns in an amount of its choosing, but only in principal amounts equal to the Minimum Authorized Denomination or any integral multiple of $5,000 in excess thereof.

Tender Consideration.

On April 26, 2024, the District will publish the Pricing Notice in the form attached hereto as APPENDIX A, which Pricing Notice will set forth the purchase prices to be paid by the District for each CUSIP for the Tax-Exempt Target Bonds tendered pursuant to this Invitation and the Fixed Spreads for each CUSIP of the Taxable Target Bonds .

On May 7, 2024, the District will publish the Notice of Taxable Bonds Purchase Prices and (i) either a confirmation or (ii) amendment to the Fixed Spread for each CUSIP for the Taxable Target Bonds tendered pursuant to this Invitation.

The Taxable Target Bonds may only be tendered by an Owner for purchase by the District pursuant to this Invitation at the Fixed Spread for each CUSIP (set forth on page (i) of this Invitation). The Pricing Notice will set forth the Fixed Spread for each CUSIP for the Taxable Target Bonds that will be used to determine the purchase price for the Taxable Target Bonds tendered and accepted.

The Fixed Spread for each CUSIP of the Taxable Target Bonds will represent the yield, expressed as an interest rate percentage above the yield on the indicated Benchmark Treasury Securities (set forth on page (i) of this Invitation) at which the District will purchase Taxable Target Bonds. The Fixed Spreads will be added to the yield on the Benchmark Treasury Security for each CUSIP.

The yields on the Benchmark Treasury Securities (the "**Treasury Security Yields**") will be based on the bid-side price of the U.S. Benchmark Treasury as quoted on the Bloomberg Bond Trader FIT1 series of pages determined at 2:00 p.m. (NYC time) on May 7, 2024 and calculated in accordance with standard market practice. The Fixed Spread will be added to the Treasury Security Yield to arrive at a yield (the "**Purchase Yield**").

The Purchase Yield will be used to calculate the purchase prices for the Taxable Target Bonds. The purchase prices for the Taxable Target Bonds will be the sum of the present value of all remaining scheduled principal and interest on the applicable Taxable Target Bonds on the Settlement Date, as determined on May 7, 2024, as such date may be extended, discounted at the Purchase Yield on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) minus accrued interest up to but not including the Settlement Date, in accordance with standard market practice, except that for the Taxable Target Bond maturing on August 1, 2042, the average life date of October 5, 2039 will be used as the assumed maturity date.

The District will publish a Notice of Taxable Bonds Purchase Prices by 5:00 p.m., New York City time, on May 7, 2024.

The Pricing Notice and the Notice of Taxable Bonds Purchase Price will be made available: (1) at the Municipal Securities Rulemaking Board ("**MSRB**") through its Electronic Municipal Market Access ("**EMMA**") website, currently located at http://emma.msrb.org (the "**EMMA Website**"), using the CUSIP numbers for the Target Bonds listed in pages (i) through and including (iv) of this Invitation, as applicable; (2) to The Depository Trust Company ("**DTC**") and to the DTC participants holding the

Bonds (as shown in a securities position report obtained by the Information Agent and Tender Agent); and (3) by posting electronically on the website of the Information Agent and Tender Agent at www.globic.com/eastside.

In addition to the Purchase price of the Target Bonds accepted for purchase by the District, Accrued Interest on such Target Bonds will be paid by, or on behalf of, the District to the tendering Owners on the Settlement Date. The Purchase prices (and the Accrued Interest) will constitute the sole consideration payable by the District for the Target Bonds purchased by the District pursuant to the Invitation.

The table below provides an example of the purchase prices realized by an Owner that tendered Taxable Target Bonds based on the following closing yields as of April 18, 2024 for the Benchmark Treasury Securities provided below and the Fixed Spreads. This example is being provided for convenience only and is not to be relied upon by an Owner as an indication of the purchase yields or purchase price that may be accepted by the District.

Indicative Purchase Prices of Taxable Target Bonds[1]

CUSIP[2] (275282)	Maturity (August 1)	Par Call Date	Benchmark Treasury Security[3]	Fixed Spread (Basis Points)[4]	Indicative Purchase Yield (%)	Indicative Purchase Price (% of Principal Amount)
PU9	2027	Noncallable	3-Year	(29.7)	4.526%	91.256
PV7	2028	Noncallable	5-Year	(17.6)	4.502	89.698
PW5	2029	Noncallable	5-Year	(17.1)	4.507	88.180
PX3	2030	Noncallable	7-Year	(13.9)	4.525	86.642
PY1	2031	08/01/2030	7-Year	(10.9)	4.555	85.557
PZ8	2032	08/01/2030	10-Year	(5.1)	4.584	84.391
QA2	2033	08/01/2030	10-Year	(2.3)	4.612	83.407
QB0	2034	08/01/2030	10-Year	1.1	4.646	82.548
QC8	2035	08/01/2030	10-Year	5.0	4.685	81.372
QD6	2042[5]	08/01/2030	10-Year	25.1	4.886	81.177

1 THIS EXAMPLE IS BEING PROVIDED FOR CONVENIENCE ONLY AND IS NOT TO BE RELIED UPON BY A BONDHOLDER AS AN INDICATION OF THE PURCHASE YIELD OR PURCHASE PRICES THAT MAY BE ACCEPTED BY THE DISTRICT.

2 Copyright, American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. The CUSIP number is provided for convenience of reference only. Neither the District, the Information and Tender Agent or the Dealer Manager take any responsibility for the accuracy of such CUSIP number.

3 Each Benchmark Treasury Security (as defined herein) will be the most recently auctioned "on-the-run" United States Treasury Security for the maturity indicated as of the date and time that the purchase price for the Taxable Target Bonds is set, currently expected to be approximately 2 p.m. New York City time on May 7, 2024.

4 Indicative Fixed Spreads (as defined herein) are preliminary and subject to change. Actual Fixed Spreads will appear in the Pricing Notice.

5 The Taxable Target Bond maturing on August 1, 2042 is subject to mandatory sinking fund redemption payments on August 1 in 2036, 2037, 2038, 2039, 2040, 2041, and 2042, and its Purchase Price will be calculated assuming its average life date of October 5, 2039 as its maturity date.

Changes to Terms of the Invitation. As described in section 18 "Extension, Termination and Amendment of Invitation" herein, the District may revise the terms of this Invitation prior to the Acceptance Date. If the District determines to revise the terms of the Invitation, it shall provide notice thereof in the manner described in section 5 "Information to Owners" of this Invitation no later than 11:00 a.m., New York City time, on the Business Day prior to the Acceptance Date. If subsequent to the publication of the Pricing Notice the District changes the Purchase Price for any of the Target Bonds pursuant to the Invitation, or makes any other material change to the terms of the Tender Refunding Bonds (as determined by the District) pursuant to the Invitation, the District shall provide notice thereof (as described herein under "Information to Owners") no less than five (5) business days prior to the Expiration Date, as extended. In such event, any tenders submitted with respect to the affected Target Bonds prior to such change in the Purchase Price for such Target Bonds pursuant to the Invitation, or any other material change to the terms of the Tender Refunding Bonds (as determined by the District) pursuant to the Invitation, will remain in full force and effect and any Owner of such affected Target Bonds wishing to revoke their tender of such Target Bonds must affirmatively withdraw such tender for purchase, as applicable, prior to the Expiration Date as described herein under section 11 "Withdrawals of Offers Prior to Expiration Date; Irrevocability of Offers on Expiration Date" herein.

8. Provisions Applicable to all Offers

An Owner should consult with its broker-dealer, financial, legal, accounting, tax and other advisors in determining whether to tender the Target Bonds for purchase, as applicable, and the principal amount of the Target Bonds to be tendered. An Owner should also inquire as to whether its financial institution will charge a fee for submitting tenders. The District, the Dealer Manager, and the Information Agent and Tender Agent will not charge fees to any Owner making an offer or completing the purchase, as applicable, of the Target Bonds.

A tender of the Target Bonds cannot exceed the par amount of the Target Bonds owned by the Owner. The Target Bonds may be tendered and accepted for payment only in principal amounts equal to the Minimum Authorized Denomination and integral multiples of $5,000 in excess thereof.

"All or none" tenders are not permitted. No alternative, conditional or contingent tenders will be accepted. All tenders shall survive the death or incapacity of the tendering Owner.

By tendering the Target Bonds pursuant to this Invitation, each Owner will be deemed to have represented and warranted to and agreed with the District and the Dealer Manager that:

(a) the Owner has received, and has had the opportunity to review, this Invitation (including the Tender Refunding Bonds POS) prior to making the decision as to whether or not it should tender its Target Bonds for purchase, as applicable;

(b) the Owner has full authority to tender, sell, assign and transfer such Target Bonds, and that, on the Settlement Date, the District, as transferee, will acquire good title to the tendered Target Bonds, free and clear of all liens, charges, encumbrances, conditional sales agreements or other obligations and not subject to any adverse claims, subject to payment to the Owner of the Purchase Price, plus in each case, payment of the Accrued Interest;

(c) the Owner has made its own independent decision to tender the Target Bonds, the appropriateness of the terms thereof, and whether it is appropriate for the Owner;

(d) such decisions are based upon the Owner's own judgment and upon advice from such advisors as the Owner has consulted;

(e) the Owner is not relying on any communication from the District or the Dealer Manager as investment advice or as a recommendation to tender bonds, it being understood that the information from the District or the Dealer Manager related to the terms and conditions of this Invitation shall not be considered investment advice or a recommendation to tender bonds; and

(f) the Owner is capable of assessing the merits of and understanding (on its own and/or through independent professional advice), and does understand and accept, the terms and conditions of the Invitation.

9. Transmission of Offers by Financial Institutions; DTC ATOP Procedures

Tenders of the Target Bonds for purchase, as applicable, pursuant to this Invitation may only be made to the District through DTC's ATOP system. Owners that are not DTC participants must tender their Target Bonds through their custodial intermediary. A DTC participant must tender the Target Bonds offered by the Owner pursuant to the Invitation on behalf of the Owner for whom it is acting, by book-entry through the ATOP system. In so doing, such custodial intermediary and the Owner on whose behalf the custodial intermediary is acting agree to be bound by DTC's rules for the ATOP system. In accordance with ATOP procedures, DTC will then verify receipt of the tendered Target Bonds and send an Agent's Message (as described below) to the Information Agent and Tender Agent.

The term "Agent's Message" means a message transmitted by DTC to, and received by, the Information Agent and Tender Agent and forming a part of the book-entry confirmation which states that DTC has received an express acknowledgement from the DTC participant tendering the Target Bonds for purchase, as applicable, that are the subject of such book-entry confirmation, stating: (i) the par amount of the Target Bonds that have been tendered by such DTC participant on behalf of the Owner pursuant to the Invitation, and (ii) that the Owner agrees to be bound by the terms of this Invitation, including the representations, warranties, agreements and affirmations deemed made by it as set forth in section 8 "Provisions Appliable to all Offers" herein above.

Agent's Messages must be transmitted to and received by the Information Agent and Tender Agent by not later than 5:00 p.m., New York City time, on the Expiration Date (as such date may have been changed as provided in this Invitation). The Target Bonds will not be deemed to have been tendered for cash purchase, as applicable, pursuant to the Invitation until an Agent's Message with respect thereto is received by the Information Agent and Tender Agent.

Each DTC participant is advised to submit each beneficial owner's instruction individually into DTC's ATOP system to ensure proper settlement.

10. Determinations as to Form and Validity of Offers; Right of Waiver and Rejection

All questions as to the validity (including the time of receipt of Agent's Messages by the Information Agent and Tender Agent), eligibility, and acceptance of any tenders of the Target Bonds for purchase, as applicable, will be determined by the District in its sole discretion and will be final, conclusive and binding.

The District reserves the right to waive any irregularities or defects in any tender. The District, the Dealer Manager, and the Information Agent and Tender Agent are not obligated to give notice of any defects or irregularities in tenders, and they will have no liability for failing to give such notice.

11. Withdrawals of Offers Prior to Expiration Date; Irrevocability of Offers on Expiration Date

An Owner may withdraw the Target Bonds tendered for purchase, as applicable, pursuant to this Invitation by causing a withdrawal notice to be transmitted via DTC's ATOP system to, and received by, the Information Agent and Tender Agent at or before 5:00 p.m., New York City time, on the Expiration Date (as the date and time may have been changed as provided in this Invitation).

Owners who are not DTC participants can only withdraw their tendered Target Bonds by making arrangements with and instructing the custodial intermediary through which they hold their Target Bonds to submit the Owner's notice of withdrawal through the DTC ATOP system.

All tenders of the Target Bonds for purchase, as applicable, will become irrevocable as of 5:00 p.m., New York City Time, on the Expiration Date (as such date may have been changed from time to time as provided in this Invitation).

12. Acceptance of Target Bonds for Purchase

On or before 5:00 p.m., New York City Time, on the Acceptance Date (i.e., May 9, 2024, unless extended), upon the terms and subject to the conditions of the Invitation, the District will announce its acceptance of the Target Bonds for purchase, as applicable, if any, validly tendered by Owners pursuant to this Invitation by giving notice in the manner described in section 5 "Information to Owners" herein, with acceptance subject to the satisfaction or waiver by the District of the conditions to the purchase, as applicable, of tendered Target Bonds. See section 14 "Acceptance of Offers Constitutes Irrevocable Agreement" and section 17 "Conditions to Purchase" herein

The District intends to purchase, as applicable, up to $228,050,000 in principal amount of the Tax-Exempt Target Bonds and up to $80,265,000 principal amount of the Taxable Target Bonds pursuant to this Invitation, though if certain conditions are not met the District may purchase, as applicable, none or a lesser principal amount of the Target Bonds. The District shall be under no obligation to accept any Target Bonds tendered for purchase, as applicable, pursuant to this Invitation.

The Target Bonds that will be purchased, as applicable, will be indicated by CUSIP. The District may choose to purchase, as applicable, some but not all of the tendered Target Bonds of a particular CUSIP. Should the District decide to only purchase, as applicable, a portion of the Target Bonds being tendered for purchase, as applicable, of a certain CUSIP, the District will accept such Target Bonds tendered for purchase, as applicable, on a pro rata basis except for certain Target Bonds which are term bonds subject to mandatory sinking fund payments. Except for certain Target Bonds which are term bonds subject to mandatory sinking fund payments, the principal amount of each individual tender will be accepted, pro rata, based upon the ratio of principal amount of such Target Bonds of a certain CUSIP accepted for purchase by the District divided by the aggregate principal amount of such Target Bonds tendered for purchase, as applicable. In such event, should the principal amount of any individual tender offer, when adjusted by the pro rata acceptance, result in an amount that is not a multiple of $5,000, the principal amount of such tender will be rounded up to the nearest multiple of $5,000. If as a result of such adjustment, the principal amount of a holder's unaccepted Target Bonds is less than the minimum authorized denomination of $5,000, the District will reject such holder's tendered Target Bonds in whole.

The District will determine the amount to accept for each CUSIP in its sole discretion, and reserves the right to accept significantly more or significantly less (or none) of any CUSIP as compared to any other CUSIP.

The acceptance notification will state: (i) the principal amount of the Target Bonds of each CUSIP number that the District has accepted for purchase, as applicable, in accordance with the Invitation, which may be zero for a particular CUSIP number, or (ii) that the District has decided not to purchase, as applicable, any Target Bonds.

Shortly following the giving of notice of its acceptance of tendered Target Bonds for purchase, as applicable, the District will instruct DTC to release from the controls of the ATOP system all the Target Bonds that were tendered but were not accepted for purchase, as applicable. The release of such Target Bonds will take place in accordance with DTC's ATOP procedures. The District, the Dealer Manager, and the Information Agent and Tender Agent are not responsible or liable for the operation of the ATOP system by DTC to properly credit such released Target Bonds to the applicable account of the DTC participant or custodial intermediary or by such DTC participant or custodial intermediary for the account of the Owner.

Notwithstanding any other provision of this Invitation, the obligation of the District to accept for purchase, and to pay for, as applicable, the Target Bonds validly tendered (and not validly withdrawn) by Owners pursuant to the Invitation is subject to the satisfaction or waiver of the conditions set forth under Section 17, "Conditions to Purchase" below. The District reserves the right to amend or waive any of the terms of or conditions to this Invitation, in whole or in part, at any time prior to the Acceptance Date in its sole discretion. This Invitation may be withdrawn by the District at any time prior to the Acceptance Date.

13. Sinking Fund Installment Schedule Modification

Certain of the Target Bonds are term bonds subject to mandatory sinking fund payments. If less than all of the Target Bonds of a given CUSIP number that are subject to mandatory sinking fund payments are purchased by the District, the manner in which the sinking fund payments will be reduced for the remaining Target Bonds of that CUSIP number which are not purchased will be determined by the District. The District has the right to select which sinking fund payments for Target Bonds subject to sinking fund payments which are not purchased will be reduced. The reduction in sinking fund payments resulting from the purchase by the District of less than all of the Target Bonds of a given CUSIP number may cause the average life of the remaining bonds of that CUSIP number to change.

14. Acceptance of Offers Constitutes Irrevocable Agreement

Acceptance by the District of the Target Bonds tendered for purchase, as applicable, by Owners will constitute an irrevocable agreement between the tendering Owner and the District to sell and purchase, as applicable, such Target Bonds, subject to the conditions and terms of this Invitation, including the Conditions to Purchase set forth in Section 17, "Conditions to Purchase."

The acceptance of the Target Bonds tendered for purchase, as applicable, is expected to be made by notification to the Information Services no later than 5:00 p.m., New York City time, on the Acceptance Date. This notification will state the principal amount of the Target Bonds of each CUSIP number that the District has agreed to accept for purchase, as applicable, in accordance with this Invitation, which may be zero for a particular CUSIP number.

15. Settlement Date; Purchase of Target Bond

Subject to satisfaction of all conditions to the District's obligation to purchase, as applicable, tendered Target Bonds, as described herein, the Settlement Date is the day on which the Target Bonds accepted for purchase, as applicable, will be purchased and paid for at the applicable Purchase Prices for the required principal amount of the Tender Refunding Bonds and the Accrued Interest on the Target Bonds to be purchased, as applicable, will also be paid. Such purchase and payment are expected to occur on the Settlement Date. The Settlement Date has initially been set as May 23, 2024, unless extended by the District, assuming all conditions to the Invitation have been satisfied or waived by the District.

The District may, in its sole discretion, change the Settlement Date by giving notice thereof in the manner described in Section 5 of this Invitation prior to the change.

Subject to satisfaction of all conditions to the District's obligation to purchase the Target Bonds tendered for purchase pursuant to the Invitation, as described herein, payment by the District will be made through DTC on the Settlement Date. The District expects that, in accordance with DTC's standard procedures, DTC will transmit the aggregate Purchase Prices to be paid for the Target Bonds tendered for purchase (plus Accrued Interest) to DTC participants holding the Target Bonds accepted for purchase on behalf of Owners for subsequent disbursement to the Owners. **The District, the Dealer Manager and the Information Agent and Tender Agent have no responsibility or liability for the distribution of the Purchase Prices paid and Accrued Interest by DTC to DTC participants or by DTC participants to Owners.**

Promptly following such deliveries and payments, the District will instruct the Paying Agent for the Target Bonds purchased, as applicable, to cause such Target Bonds to be cancelled and retired.

16. Sources of Funds to Pay Purchase Prices and Accrued Interest

The source of funds to purchase the Target Bonds validly tendered and accepted for purchase pursuant to the Invitation and accepted by the District is anticipated to be proceeds received by the District from the sale of its Tender Refunding Bonds, expected to be issued on the Settlement Date. The District's ability to settle the cash purchase of the Target Bonds tendered for purchase is contingent upon the successful delivery of its Tender Refunding Bonds and the other conditions set forth herein.

17. Conditions to Purchase

As described above, this Invitation is being issued as part of a plan of finance to use proceeds from the sale of the Tender Refunding Bonds. The purpose of this Invitation and the issuance of the Tender Refunding Bonds is to produce present value debt service savings. Thus, the consummation of the purchase of the Target Bonds pursuant to the Invitation is conditioned upon the District obtaining satisfactory and sufficient economic benefit therefrom when taken together with the proposed issuance of the Tender Refunding Bonds, all on the terms and conditions that are in the District's best interest as determined by the District. Payment on the Settlement Date is conditioned upon the issuance of the Tender Refunding Bonds. The District will not be required to purchase any Target Bonds, and will incur no liability as a result, if, before payment for, as applicable, the Target Bonds on the Settlement Date:

(i) The District does not, for any reason, have sufficient funds on the Settlement Date from the proceeds of the Tender Refunding Bonds to pay the Purchase Prices of tendered Target Bonds accepted for purchase pursuant to the Invitation and pay all fees and expenses associated with the Tender Refunding Bonds and this Invitation, including the Accrued Interest on all the Target Bonds accepted for purchase, as applicable;

(ii) Litigation or another proceeding is pending or threatened which the District believes may, directly or indirectly, have an adverse impact on this Invitation or the expected benefits of this Invitation to the District or the Owners;

(iii) There shall have occurred any outbreak or escalation of war, public health or other national or international emergency, banking moratorium, suspension of payments by banks, a general suspension of trading by the New York Stock Exchange or a limitation of prices on the New York Stock Exchange exists and the District believes this fact makes it inadvisable to proceed with the purchase of the Target Bonds;

(iv) A material change in the business or affairs of the District has occurred which the District believes makes it inadvisable to proceed with the purchase of the Target Bonds;

(v) A material change in the net benefits of the transaction contemplated by this Invitation and the Tender Refunding Bonds POS has occurred due to a material change in market conditions which the District reasonably believes makes it inadvisable to proceed with the purchase of the Target Bonds; or

(vi) There shall have occurred a material disruption in securities settlement, payment or clearance services.

These conditions are for the sole benefit of the District. They may be asserted by the District at any time prior to the time of payment for, as applicable, the Target Bonds on the Settlement Date. The conditions may be waived by the District in whole or in part at any time and from time to time in its sole discretion and may be exercised independently for each maturity date and CUSIP number of the Target Bonds. The failure by the District at any time to exercise any of these rights will not be deemed a waiver of any of these rights, and the waiver of these rights with respect to particular facts and other circumstances will not be deemed a waiver of these rights with respect to any other facts and circumstances. Each of these rights will be deemed an ongoing right of the District which may be asserted at any time and from time to time through the Settlement Date. Any determination by the District concerning the events described in this Section 17 will be final and binding upon all parties. If, prior to the time of payment for, as applicable, any Target Bonds any of the events described happens, the District will have the absolute right to cancel its obligations to purchase, as applicable, the Target Bonds without any liability to any Owner or any other person.

18. Extension, Termination and Amendment of Invitation

Through and including the Acceptance Date, the District has the right to extend this Invitation, to any date in its sole discretion. Notice of an extension of the Expiration Date will be given in the manner described in Section 5 of this Invitation, on or about 11:00 a.m., New York City time, on the first business day after the then current Expiration Date.

The District also has the right, prior to the Acceptance Date to terminate this Invitation at any time by giving notice of such termination in the manner described in Section 5 of this Invitation.

The District also has the right, prior to the Acceptance Date, to amend or waive the terms of this Invitation in any respect and at any time by giving notice of the amendment or waiver in the manner described in Section 5 of this Invitation. The amendment or waiver will be effective at the time specified in such notice.

If the District amends the terms of this Invitation, including a waiver of any term, in any material respect, notice of such amendment or waiver will be given no later than five (5) Business Days prior to the Expiration Date, as extended, to provide reasonable time for dissemination of such amendment or waiver to Owners and for Owners to respond. If the District changes the Purchase Price for any of the Target Bonds pursuant to the Invitation, or makes any other material change to the terms of the Tender

Refunding Bonds (as determined by the District) pursuant to the Invitation, any tenders submitted with respect to the affected Target Bonds prior to such change in the Purchase Price for such Target Bonds pursuant to the Invitation will remain in full force and effect, and any Owner of such affected Target Bonds wishing to revoke its tender of such Target Bonds for purchase, as applicable, must affirmatively withdraw such tender prior to the Expiration Date as described in Section 11 hereof.

No extension, termination or amendment of this Invitation (or waiver of any terms of this Invitation) will: (i) change the District's right to decline to purchase, as applicable, any Target Bonds without liability; or (ii) give rise to any liability of the District, the Dealer Manager, or the Information Agent and Tender Agent to any Owner or nominee.

19. Certain Federal Income Tax Consequences

The following discussion summarizes certain U.S. federal income tax considerations generally applicable to U.S. Holders (as defined below) of the Target Bonds that tender their Target Bonds for cash. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective tendering investors should note that no rulings have been or are expected to be sought from the U.S. Internal Revenue Service (the "**IRS**") with respect to any of the U.S. federal income tax considerations discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Target Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose "functional currency" is not the U.S. dollar, or certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Internal Revenue Code of 1986 (the "**Code**"), or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Target Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors who will hold their Target Bonds as "**capital assets**" within the meaning of Section 1221 of the Code. The following discussion does not address tax considerations applicable to any investors in the Target Bonds other than investors that are U.S. Holders.

As used herein, "**U.S. Holder**" means a beneficial owner of a Target Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). If a partnership holds the Target Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding the Target Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Target Bonds (including their status as U.S. Holders).

PROSPECTIVE TENDERING INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE U.S. FEDERAL, STATE, LOCAL, OR NON-U.S. TAX

CONSEQUENCES TO THEM FROM THE TENDER OF THE TARGET BONDS IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES.

Tendering U.S. Holders. The tender of a Target Bond for cash will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Target Bond will recognize a gain or loss equal to the difference between (i) the amount of cash received (except to the extent attributable to accrued but unpaid interest and original issue discount (the "**OID**") accrued since the most recent compounding date on the Target Bond, which will be treated for federal income tax purposes as a coupon payment on the Target Bond) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the Target Bond (generally, the purchase price paid by the U.S. Holder for the Target Bond, decreased by any amortized premium, and increased by the amount of any OID previously accrued by such U.S. Holder with respect to such Target Bond). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Target Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the Target Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

20. Additional Considerations

In deciding whether to participate in the Invitation, each Owner should consider carefully, in addition to the other information contained in this Invitation, the following:

Market for Target Bonds. The Target Bonds are not listed on any national or regional securities exchange. To the extent that the Target Bonds are traded, their prices may fluctuate greatly depending on the trading volume and the balance between buy and sell orders. Owners may be able to effect a sale of the Target Bonds at a price higher than the Purchase Price established pursuant to the Invitation.

Target Bonds Not Tendered or Accepted for Purchase. Owners of the Target Bonds who do not accept this Invitation or whose Target Bonds that are tendered but not accepted will continue to hold their interest in such Target Bonds. If the Target Bonds are purchased, as applicable, pursuant to this Invitation, the principal amount of the Target Bonds for a particular CUSIP that remains outstanding will be reduced, which could adversely affect the liquidity and market value of the Target Bonds of that CUSIP that remain outstanding.

The terms of the Target Bonds that remain outstanding will continue to be governed by the terms of the respective Authorizing Resolution under which such Target Bonds were issued. The Target Bonds maturing after the respective first optional redemption date are subject to redemption in whole or in part, at the option of the District on any date on or after its respective first optional redemption date indicated in the tables above, at a redemption price equal to 100% of the principal amount of the Target Bonds, or portions thereof, to be redeemed plus accrued but unpaid interest to the date fixed for redemption, without premium. Further details concerning the District's debt refunding plan are contained in the Tender Refunding Bonds POS.

If less than all of the Target Bonds of a given CUSIP number for which sinking fund installments have been established are purchased by the District, the District, in accordance with the governing documents, has the ability to select which sinking fund installments may be reduced and the average life of the remaining Target Bonds may change.

To the extent the Target Bonds are not purchased, as applicable, pursuant to this Invitation the District reserves the right to, and may in the future decide to, acquire some or all of the Target Bonds through open market purchases, privately negotiated transactions, subsequent tender offers, exchange offers or otherwise, upon such terms and at such prices as it may determine, which may be more or less than the consideration offered pursuant to this Invitation, which could be cash or other consideration. Any future acquisition of the Target Bonds may be on the same terms or on terms that are more or less favorable to Owners than the terms of the Invitation described in this Invitation. The District also reserves the right in the future to refund, or cause the refunding of (on an advance or current basis), any remaining portion of outstanding Target Bonds through the issuance of publicly offered or privately placed bonds. The decision to undertake any such future transactions will depend on various factors existing at that time. There can be no assurance as to which of these alternatives, if any, the District may ultimately choose to pursue in the future.

21. District Instruction Regarding Priority of Allocation of the Tender Refunding Bonds

The District has instructed the Underwriter that any Owner who tenders any Target Bonds in the Tender Offer and who submits an order to purchase the Tender Refunding Bonds will, subject to the following sentence, have a priority of allocation for a like maturity of the Tender Refunding Bonds up to the principal amount of Target Bonds that such Owner is tendering. The Underwriter has the discretion to accept orders outside of the District's instructed priorities if it determines it is in the best interests of the District, as per the rules of the MSRB. The District also has the discretion to alter its instructions. The District will notify the Underwriter of any change in the District's instructions. As such, Owners are advised that such priority allocation may not ultimately be possible.

22. Soliciting Dealer Fees; Eligible Institutions Are Not Agents

The District agrees to pay, or cause to be paid, to (i) any commercial bank or trust company having an office, branch or agency in the United States, and (ii) any firm which is a member of a registered national securities exchange or of the Financial Industry Regulatory Authority (each, an "**Eligible Institution**"), a solicitation fee of $1.25 per $1,000 on the principal amount of the Target Bonds purchased from each of its Retail Customers by the District pursuant to the Invitation. A "**Retail Customer**" is (i) an individual who owns less than $250,000 principal amount of the Target Bonds and manages its own investments or (ii) an individual who owns less than $250,000 principal amount of the Target Bonds whose investments are managed by an investment manager or bank trust department that holds the investments of that individual in a separate account in the name of that individual.

The Solicitation Fee Payment Request Form, attached hereto as Appendix D, must be returned to the Information Agent and Tender Agent no later than 5:00 p.m., New York City time, on or before the next business day following the Expiration Date, unless earlier terminated or extended. No payment of a solicitation fee will be made on requests received after this time. No solicitation fee will be paid on requests improperly submitted or for the Target Bonds not purchased by the District.

Eligible Institutions are not agents of the District for the Invitation.

23. The Dealer Manager

References in this Invitation to the Dealer Manager is to Loop Capital Markets LLC only in its capacity as the Dealer Manager.

The Dealer Manager may contact Owners regarding this Invitation and may request brokers, dealers, custodian banks, depositories, trust companies and other nominees to forward this Invitation to beneficial owners of the Target Bonds.

The District will pay to the Dealer Manager customary fees for its services in connection with this Invitation. In addition, the District will pay the Dealer Manager its reasonable out-of-pocket costs and expenses relating to this Invitation.

The Dealer Manager and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Dealer Manager and its affiliates have, from time to time, performed, and may in the future perform, a variety of these services for the District, for which they received and or will receive customary fees and expenses. In the ordinary course of their various business activities, the Dealer Manager and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities of the Dealer Manager and/or its affiliates may involve securities and instruments of the District, including but not limited to the Target Bonds which may be tendered for purchased, as applicable, pursuant to the Invitation.

In addition to its role as Dealer Manager in connection with this Invitation, the Dealer Manager is currently expected to act as an underwriter of the Tender Refunding Bonds and other bonds anticipated to be issued by the District as described in the Tender Refunding Bonds POS and, as such, it will receive compensation in connection with that transaction as well as for acting as Dealer Manager in connection with this Invitation.

24. Information Agent and Tender Agent

On behalf of the District, the Dealer Manager has retained Globic Advisors to serve as Information Agent and Tender Agent in connection with this Invitation. The District has agreed to reimburse the Dealer Manager for the Information Agent's and the Tender Agent's customary fees for its services and to reimburse the Dealer Manager for the Information Agent's and Tender Agent's reasonable out-of-pocket costs and expenses relating to this Invitation.

25. Miscellaneous

The Invitation is not being made to, and tenders will not be accepted from or on behalf of, Owners in any jurisdiction in which this Invitation or the acceptance thereof would not be in compliance with the laws of such jurisdiction. In those jurisdictions whose laws require the Invitation to be made through a licensed or registered broker or dealer, the Invitation is being made on behalf of the District by the Dealer Manager.

No one has been authorized by the District, the Dealer Manager or the Information Agent and Tender Agent to recommend to any Owners whether to tender the Target Bonds for purchase, as applicable, pursuant to this Invitation. No one has been authorized to give any information or to make any representation in connection with this Invitation other than those contained in this Invitation. Any recommendation, information and representations given or made cannot be relied upon as having been authorized by the District, the Dealer Manager or the Information Agent and Tender Agent.

None of the District, the Dealer Manager or the Information Agent and Tender Agent makes any recommendation that any Owner tender or refrain from tendering all or any portion of such Owner's Target Bonds for purchase, as applicable. Owners must make these decisions and should consult with their broker-dealer, financial, legal, accounting, tax and other advisors in making these decisions.

EAST SIDE UNION HIGH SCHOOL DISTRICT

APPENDIX A

FORM OF PRICING NOTICE

Regarding the
INVITATION TO TENDER FOR PURCHASE
Dated April 19, 2024

Made by
East Side Union High School District

Pursuant to the Invitation to Tender for Purchase, dated April 19, 2024 (the "**Invitation**"), made by the East Side Union High School District (the "**District**"), the Preliminary Official Statement dated April 19, 2024, relating to the District's 2024 General Obligation Refunding Bonds (the "**Tender Refunding Bonds POS**"), and this Pricing Notice, the District invites the beneficial owners (the "**Owners**") of the outstanding bonds listed and maturing on the dates set forth in Exhibit A hereto (the "**Target Bonds**") to sell their Target Bonds to the District for payment in cash i) with respect to the Taxable Target Bonds, at the applicable purchase prices based on a fixed spread to be added to the yields on certain benchmark United States Treasury Securities ("**Benchmark Treasury Securities**") set forth in Exhibit A to this Pricing Notice, and ii) with respect to the Tax-Exempt Target Bonds, at the applicable purchase prices expressed as a percentage of par designated in Exhibit A hereto, plus with respect to both the Taxable Target Bonds and the Tax-Exempt Target Bonds, accrued interest on the Target Bonds tendered for purchase, to but not including the Settlement Date ("**Accrued Interest**"), all on the terms and conditions as set forth in more detail herein. All terms used herein and not otherwise defined shall be as defined in the Invitation.

The Purpose of this Pricing Notice is to either confirm or amend the purchase prices for the Target Bonds subject to the Invitation.

Fixed Spreads for certain Taxable Target Bonds [have changed (*increased/decreased*) from those referenced in the Invitation as follows:

- [Changes to come]

Benchmark Treasury Securities for certain Taxable Target Bonds have changed from those referenced in the Invitation as follows:

- [Changes to come]

The purchase prices for the Tax-Exempt Target Bonds have changed from those referenced in the Invitation as follows: The purchase prices for the Tax-Exempt Target Bonds are the same as the indicative prices for the related Tax-Exempt Target Bonds as set forth in the Invitation; such prices have remained unchanged.]

- [Changes to come]

The ability of Owners of the Target Bonds to accept the Invitation of the District expires at 5:00 p.m., New York City time, on May 3, 2024.

Any questions can be directed to the:

Dealer Manager, Loop Capital Markets LLC at:
Phone number: (415) 635-3776
Attention: Robert Larkins
Email address: robert.larkins@loopcapital.com

Or, to the:

Information Agent and Tender Agent, Globic Advisors, at:
Phone number: (212) 227-9622
Attention: Robert Stevens
Email address: rstevens@globic.com

Dated: April 26, 2024

EXHIBIT A TO PRICING NOTICE

FIXED SPREADS ON TAXABLE TARGET BONDS
SUBJECT TO INVITATION TO TENDER FOR PURCHASE

Pursuant to the Invitation, the Fixed Spreads for the Taxable Target Bonds are listed below. The purchase prices to be paid on the Settlement Date excludes Accrued Interest on the Taxable Bonds tendered for purchase, which interest will be paid to but not including the Settlement Date in addition to the Purchase Price.

The yields on the Benchmark Treasury Securities will be determined at 2:00 pm New York City time on May 7, 2024.

East Side Union High School District
(Santa Clara County, California)
2020 Refunding General Obligation Bonds, Series B
(Federally Taxable)

CUSIP[1] (275282)	Maturity (August 1)	Principal Amount Outstanding	Interest Rate	Par Call Date	Benchmark Treasury Security[2]	Fixed Spread
	2042[3]					

[1] Copyright, American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. The CUSIP number is provided for convenience of reference only. Neither the District nor the Underwriter takes any responsibility for the accuracy of such CUSIP number.
[2] Each Benchmark Treasury Security (as defined herein) will be the most recently auctioned “on-the-run” United States Treasury Security for the maturity indicated as of the date and time that the purchase price for the Taxable Target Bonds is set, currently expected to be approximately 2 p.m. New York City time on May 7, 2024.
[3] The Taxable Target Bond maturing on August 1, 2042 is subject to mandatory sinking fund redemption payments on August 1 in 2036, 2037, 2038, 2039, 2040, 2041, and 2042, and its Purchase Price will be calculated assuming its average life date of October 5, 2039 as its maturity date.

PURCHASE PRICES OF TAX-EXEMPT TARGET BONDS
SUBJECT TO INVITATION TO TENDER FOR PURCHASE

Pursuant to the Invitation, the purchase prices for the Tax-Exempt Target Bonds are listed below. The purchase prices to be paid on the Settlement Date excludes Accrued Interest on the Tax-Exempt Bonds tendered for purchase, which interest will be paid to but not including the Settlement Date in addition to the Purchase Price.

East Side Union High School District
(Santa Clara County, California)
General Obligation Bonds, 2012 Election, Series B

CUSIP[1] (275282)	Maturity (August 1)	Principal Amount Outstanding	Interest Rate	Par Call Date	Purchase Price

East Side Union High School District
(Santa Clara County, California)
2015 General Obligation Refunding Bonds

CUSIP[1] (275282)	Maturity (August 1)	Principal Amount Outstanding	Interest Rate	Par Call Date	Purchase Price

[1] Copyright, American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. The CUSIP number is provided for convenience of reference only. Neither the District nor the Underwriter takes any responsibility for the accuracy of such CUSIP number.

East Side Union High School District
(Santa Clara County, California)
2016 General Obligation Refunding Bonds, Series A

CUSIP[1] (275282)	Maturity (August 1)	Principal Amount Outstanding	Interest Rate	Par Call Date	Purchase Price

East Side Union High School District
(Santa Clara County, California)
2016 General Obligation Refunding Bonds, Series B

CUSIP[1] (275282)	Maturity (August 1)	Principal Amount Outstanding	Interest Rate	Par Call Date	Purchase Price

[1] Copyright, American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. The CUSIP number is provided for convenience of reference only. Neither the District nor the Underwriter takes any responsibility for the accuracy of such CUSIP number.

East Side Union High School District
(Santa Clara County, California)
General Obligation Bonds, 2008 Election, Series E

CUSIP[1] (275282)	Maturity (August 1)	Principal Amount Outstanding	Interest Rate	Par Call Date	Purchase Price

East Side Union High School District
(Santa Clara County, California)
General Obligation Bonds, 2016 Election, Series B

CUSIP[1] (275282)	Maturity (August 1)	Principal Amount Outstanding	Interest Rate	Par Call Date	Purchase Price

[1] Copyright, American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. The CUSIP number is provided for convenience of reference only. Neither the District nor the Underwriter takes any responsibility for the accuracy of such CUSIP number.

East Side Union High School District
(Santa Clara County, California)
General Obligation Bonds, 2016 Election, Series C

CUSIP[1] (275282)	Maturity (August 1)	Principal Amount Outstanding	Interest Rate	Par Call Date	Purchase Price

APPENDIX B

FORM OF NOTICE OF TAXABLE BONDS PURCHASE PRICES

Relating to the
INVITATION TO TENDER FOR PURCHASE
Dated April 26, 2024

Made by
East Side Union High School District

Pursuant to the Invitation to Tender for Purchase, dated April 19, 2024 (the "**Invitation**"), made by the East Side Union High School District (the "**District**"), the Preliminary Official Statement dated April 19, 2024, relating to the District's 2024 General Obligation Refunding Bonds (the "**Refunding Bonds POS**"), and this Notice of Taxable Bonds Purchase Prices, the District invites the beneficial owners (the "**Owners**") of the outstanding taxable bonds listed and maturing on the dates set forth in Exhibit A hereto (the "**Taxable Target Bonds**") to sell their Taxable Target Bonds to the District for payment in cash at the applicable purchase prices based on a fixed spread to be added to the yields on certain benchmark United States Treasury Securities ("**Benchmark Treasury Securities**") set forth in this Notice of Taxable Bonds Purchase Price, plus in each case, accrued interest on the Taxable Target Bonds tendered for purchase, to but not including the Settlement Date ("**Accrued Interest**"), all on the terms and conditions as set forth in more detail herein.

The Invitation expired at 5:00 p.m., New York City time, on May 3, 2024, and will not be extended. The Notice of Preliminary Acceptance of Tendered Bonds was distributed separately on May 6, 2024.

Purchase prices were determined at 2:00 p.m., New York City time, on May 7, 2024, and are listed in Appendix A attached hereto.

Pursuant to the terms set forth in the Invitation, the District will provide notice of its acceptance to purchase the tendered bonds, if any, by 5:00 p.m., New York City time, on May 9, 2024.

The Settlement Date is the day on which Taxable Target Bonds tendered to the District for purchase will, subject to the conditions set forth in the Invitation, be purchased for cash. The Settlement Date is expected to be May 23, 2024. The District may change the Settlement Date by giving notice as described in the Invitation.

Any questions can be directed to the:

Dealer Manager, Loop Capital Markets LLC at:
Phone number: (415) 635-3776
Attention: Robert Larkins
Email address: robert.larkins@loopcapital.com

Or, to the:

Information Agent and Tender Agent, Globic Advisors, at:
Phone number: (212) 227-9622
Attention: Robert Stevens
Email address: rstevens@globic.com

Dated: May 7, 2024

EXHIBIT A TO NOTICE OF TAXABLE BONDS PURCHASE PRICES

PURCHASE PRICES FOR TAXABLE BONDS ACCEPTED FOR TENDER

The tables below provide the purchase prices and yields for the Benchmark Treasury Securities for the Taxable Target Bonds tendered for purchase. In addition to the purchase prices to be paid on the Settlement Date, Accrued Interest on the Taxable Target Bonds tendered for purchase to but not including the Settlement Date will be paid on the Settlement Date. Pursuant to the terms set forth in the Invitation, the District will provide notice of its acceptance to purchase tendered bonds, if any, by 5:00 p.m., New York City time, on May 9, 2024.

East Side Union High School District
(Santa Clara County, California)
2020 Refunding General Obligation Bonds, Series B
(Federally Taxable)

CUSIP[1] (275282)	Maturity (August 1)	Principal Amount Outstanding	Interest Rate	Par Call Date	Benchmark Treasury Security CUSIP	Benchmark Yield	Fixed Spread	Purchase Yield	Purchase Price (% of Principal Amount)
		2042[2]							

[1] Copyright, American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. The CUSIP number is provided for convenience of reference only. Neither the District nor the Underwriter takes any responsibility for the accuracy of such CUSIP number.
[2] The Taxable Target Bond maturing on August 1, 2042 is subject to mandatory sinking fund redemption payments on August 1 in 2036, 2037, 2038, 2039, 2040, 2041, and 2042, and its Purchase Price has been calculated assuming its average life date of October 5, 2039 as its maturity date.

APPENDIX C

PRELIMINARY OFFICIAL STATEMENT

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 19, 2024

NEW ISSUE - FULL BOOK-ENTRY

INSURED RATING: S&P: "AA"
UNDERLYING RATING: Moody's: "Aa3"
See "RATINGS" herein.

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

$88,560,000*
EAST SIDE UNION HIGH SCHOOL DISTRICT
(Santa Clara County, California)
2024 Refunding General Obligation Bonds
Series A

$100,000,000*
EAST SIDE UNION HIGH SCHOOL DISTRICT
(Santa Clara County, California)
2024 Refunding General Obligation Bonds
Series B (Tender Bonds)

Dated: Date of Delivery. **Due: As shown on inside front cover.**

Authority and Purposes. The above-captioned bonds (collectively, the "Bonds") are being issued by the East Side Union High School District (the "District") of Santa Clara County (the "County"), California, pursuant to applicable provisions of the California Government Code and a resolution adopted by the Board of Trustees of the District on April 18, 2024. Proceeds of the 2024 Refunding General Obligation Bonds, Series A (the "Series A Refunding Bonds") will be applied to refinance on a current basis some or all maturities of certain of the District's outstanding general obligation bonds and refunding bonds (the "Refunded Bonds") as more particularly identified herein under the heading "THE REFINANCING PLAN - The Refunding", and to pay related issuance costs. Proceeds of the 2024 Refunding General Obligation Bonds, Series B (Tender Bonds) (the "Tender Refunding Bonds") will be applied to purchase certain maturities of the District's outstanding general obligation bonds (the "Target Bonds") as more particularly identified herein under the heading "THE REFINANCING PLAN - The Tender Offer", and to pay related issuance costs. See "THE REFINANCING PLAN" and "THE BONDS – Authority for Issuance" herein.

Invitation to Tender; Tender Bonds. The District, with the assistance of Loop Capital Markets LLC, as dealer manager (the **"Dealer Manager"**), has released an "Invitation to Tender For Purchase made by the East Side Union High School District" dated April 19, 2024 (the "Tender Offer") inviting owners of the Target Bonds to tender such bonds for purchase by the District. The Tender Offer, unless extended or cancelled, is expected to expire on May 3, 2024 (the "Expiration Date"). The District will purchase all of the Target Bonds tendered for purchase and accepted by the District pursuant to the Notice of Acceptance of Tendered Bonds, expected to be dated May 9, 2024*. Such tender is expected to close concurrently with the issuance of the Bonds, and the District's ability to fund the purchase of such Target Bonds is contingent on the issuance of the Tender Refunding Bonds. See "THE REFINANCING PLAN – The Tender Offer."

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

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

Payments. The Bonds are dated the date of delivery and will accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity, commencing August 1, 2024. Payments of principal of and interest on the Bonds will be made by U.S. Bank Trust Company, National Association, as the designated paying agent, registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS - Description of the Bonds."

Redemption.* The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS – Optional Redemption" and "-Mandatory Sinking Fund 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 Municipal Corp. ("AGM"). See "BOND INSURANCE" herein.

ASSURED GUARANTY MUNICIPAL

MATURITY SCHEDULES
(See inside cover)

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

The Bonds will be offered when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, and subject to certain other conditions. Jones Hall is also serving as Disclosure Counsel to the District. Dannis Woliver Kelley, Long Beach, California is serving as counsel to the Underwriter. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about May 23, 2024.*

LOOP CAPITAL MARKETS

The date of this Official Statement is _________, 2024.
**Preliminary, subject to change.*

MATURITY SCHEDULES*

EAST SIDE UNION HIGH SCHOOL DISTRICT
(Santa Clara County, California)
2024 Refunding General Obligation Bonds
Series A

Base CUSIP†: 275282

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
2024	$1,375,000				
2025	9,875,000				
2026	10,775,000				
2027	13,245,000				
2028	16,660,000				
2029	16,600,000				
2030	3,130,000				
2031	3,275,000				
2032	3,420,000				
2033	3,585,000				
2034	3,795,000				
2035	1,570,000				
2036	1,255,000				

(Continued on Next Page)

**Preliminary; subject to change.*
† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services ("CGS"), managed on behalf of the American Bankers Association by FactSet Research Systems Inc. © 2024 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience only. Neither of the District nor the Underwriter takes any responsibility for the accuracy of such numbers.

MATURITY SCHEDULES*

(Continued from Previous Page)

EAST SIDE UNION HIGH SCHOOL DISTRICT
(Santa Clara County, California)
2024 Refunding General Obligation Bonds
Series B (Tender Bonds)

Base CUSIP†: 275282

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

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

EAST SIDE UNION HIGH SCHOOL DISTRICT
SANTA CLARA COUNTY
STATE OF CALIFORNIA

DISTRICT ADMINISTRATION

Glenn Vander Zee, *Superintendent*
Michele Huntoon, Ed.D., *Associate Superintendent, Business Services*
Sylvia Pelayo, *Director of Finance*

FINANCIAL ADVISOR

Dale Scott & Company, Inc.
San Francisco, California

BOND and DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

BOND REGISTRAR, TRANSFER AGENT, PAYING AGENT and ESCROW AGENT

U.S. Bank Trust Company, National Association
San Francisco, California

UNDERWRITER'S COUNSEL

Dannis Wolliver Kelley
Long Beach, California

ESCROW VERIFICATION

Causey Demgen & Moore P.C.
Denver, Colorado

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

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

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

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

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

Bond Insurance. Assured Guaranty Municipal Corp. ("AGM" or the "Bond Insurer") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, the Bond Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted here from, other than with respect to the accuracy of the information regarding the Bond Insurer, supplied by the Bond Insurer and presented under the heading "BOND INSURANCE" and in "APPENDIX H – SPECIMAN MUNICIPAL BOND INSURANCE POLICY".

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

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

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

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

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

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

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OFFICIAL STATEMENT

$88,560,000*	$100,000,000*
EAST SIDE UNION HIGH SCHOOL DISTRICT	**EAST SIDE UNION HIGH SCHOOL DISTRICT**
(Santa Clara County, California)	**(Santa Clara County, California)**
2024 Refunding General Obligation Bonds	**2024 Refunding General Obligation Bonds**
Series A	**Series B (Tender Bonds)**

The purpose of this Official Statement, which includes the cover page, inside cover page and attached appendices, is to set forth certain information concerning the sale and delivery of the captioned 2024 General Obligation Refunding Bonds, Series A (the **"Series A Refunding Bonds"**) and 2024 Refunding General Obligation Bonds, Series B (Tender Bonds) (the **"Tender Refunding Bonds",** and together with the Series A Refunding Bonds, the **"Bonds"**), both by the East Side Union High School District (the "**District**") of Santa Clara County (the "**County"**), State of California (the **"State"**).

INTRODUCTION

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

The District. The District is a public high school district located in the northeast portion of the County, encompassing a total area of approximately 180 square miles. The District's boundaries encompass nearly half of the City of San José and include portions of the City of Milpitas and unincorporated portions of the County, extending from the Milpitas border in the north to the Coyote Narrows in the south and from the Diablo Mountain Range in the east to the Guadalupe River in the west. The area within these boundaries has a population of approximately 528,800 residents. The District currently operates eleven comprehensive high schools serving students in grades nine through twelve, five alternative high schools/programs, and an adult education center. The District also authorizes seven independent charter schools which serve students residing in District boundaries. Enrollment in fiscal year 2023-24 is approximately 20,471 students. Total assessed value for fiscal year 2023-24 is over $107 billion.

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

Purposes. The net proceeds of the Series A Refunding Bonds will be used to refinance on a current basis certain maturities of the District's outstanding general obligation bonds as more particularly identified herein (the **"Refunded Bonds"**), and to pay related costs of issuance. The net proceeds of the Tender Refunding Bonds will be used to repurchase certain maturities of the District's outstanding general obligation bonds as more particularly identified herein (the **"Target Bonds"**), and to pay related costs of issuance. See "THE REFINANCING PLAN."

**Preliminary; subject to change.*

Tender Bonds; Tender Offer. The District, with the assistance of Loop Capital Markets LLC, as dealer manager (the **"Dealer Manager"**), has released an "Invitation to Tender For Purchase made by East Side Union High School District" dated April 19, 2024. The Tender Offer will expire on May 3, 2024 (the **"Expiration Date"**). The District will purchase all of the Target Bonds tendered for purchase and accepted by the District pursuant to the Notice of Acceptance of Tendered Bonds, dated May 9, 2024. Such tender is expected to close concurrently with the issuance of the Tender Refunding Bonds, and the District's ability to fund the tender of such purchased Target Bonds is contingent on the issuance of the Tender Refunding Bonds. See "THE REFINANCING PLAN – Tender Offer."

Authority for Issuance of the Bonds. The Bonds will be issued pursuant to applicable provisions of the California Government Code and pursuant to a resolution adopted by the Board of Trustees of the District on April 18, 2024 (the **"Bond Resolution"**). See "THE BONDS - Authority for Issuance" herein.

Payment and Registration of the Bonds. The Bonds mature in the years and in the amounts as set forth on the inside cover pages hereof. The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Bonds. See "THE BONDS" and "APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM."

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

The District has other series of general obligation bonds outstanding that are payable from *ad valorem* property taxes levied on taxable property in the District. The Bonds have a co-equal lien on the *ad valorem* property taxes levied to pay debt service thereon with each other and with all other outstanding general obligation bonds of the District. See "DEBT SERVICE SCHEDULES" and "DISTRICT FINANCIAL INFORMATION – Existing Debt Obligations - General Obligation Bonds" in APPENDIX A.

Redemption. The Bonds are subject to optional redemption and mandatory sinking fund redemption prior to maturity as described herein. See "THE BONDS – Optional Redemption" and "– Mandatory Sinking Fund Redemption."

Bond Insurance. Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. (**"AGM"** or the **"Bond Insurer"**) will issue its Municipal Bond Insurance Policy for the Bonds (the "**Policy**"). The Policy guarantees the scheduled payment of principal 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. In the opinion of Bond Counsel, interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See “TAX MATTERS” and Appendix D hereto for the form of Bond Counsel’s opinion to be delivered concurrently with the Bonds.

Other Information. This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this Official Statement and information concerning the Bonds are available from the Superintendent’s Office at 830 N. Capitol Ave., San José, California 95133, Phone: (408) 347-5000. The District may impose a charge for copying, mailing and handling.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entireties by reference to each of such documents, statutes and constitutional provisions.

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

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THE REFINANCING PLAN

The Refunding

The net proceeds of the Series A Refunding Bonds will be used to refund certain maturities of the District's outstanding general obligation bonds (collectively, the **"Prior Bonds"**), more particularly described as follows:

- 2013 General Obligation Refunding Bonds issued in the aggregate original principal amount of $88,145,000 (the **"2013 Prior Bonds"**)
- General Obligation Bonds, 2012 Election, Series A issued in the aggregate original principal amount of $20,000,000 (the **"2012A Prior Bonds"**)
- 2014 General Obligation Refunding Bonds issued in the aggregate original principal amount of $41,400,000 (the **"2014 Prior Bonds"**)

The following tables identify the maturities of the Prior Bonds expected to be refunded with the proceeds of the Series A Refunding Bonds (the **"Refunded Bonds"**).

EAST SIDE UNION HIGH SCHOOL DISTRICT
Identification of Refunded 2013 Prior Bonds*

Maturities Payable from Escrow	CUSIP†	Interest Rate	Principal Amount	Redemption Date	Redemption Price (%)
8/1/25	275282 FZ9	5.000%	$7,200,000	08/21/2024	100.00
8/1/26	275282 GA3	5.000	7,970,000	08/21/2024	100.00
8/1/27	275282 GB1	5.000	10,305,000	08/21/2024	100.00
8/1/28	275282 GC9	5.000	13,590,000	08/21/2024	100.00
8/1/29	275282 GD7	5.000	18,040,000	08/21/2024	100.00
Total:	--	--	$57,105,000	--	--

EAST SIDE UNION HIGH SCHOOL DISTRICT
Identification of Refunded 2012A Prior Bonds*

Maturities Payable from Escrow	CUSIP†	Interest Rate	Principal Amount	Redemption Date	Redemption Price (%)
8/1/25	275282 GS4	5.000%	$680,000	08/21/2024	100.00
8/1/26	275282 GT2	5.000	715,000	08/21/2024	100.00
8/1/27	275282 GU9	4.000	750,000	08/21/2024	100.00
8/1/28	275282 GV7	4.000	780,000	08/21/2024	100.00
8/1/29	275282 GW5	4.000	815,000	08/21/2024	100.00
8/1/30	275282 GX3	4.125	845,000	08/21/2024	100.00
8/1/31	275282 GY1	4.250	880,000	08/21/2024	100.00
8/1/32	275282 GZ8	4.375	915,000	08/21/2024	100.00
8/1/33	275282 HA2	4.375	955,000	08/21/2024	100.00
8/1/34	275282 HB0	4.500	745,000	08/21/2024	100.00
8/1/38	275282 HC8	5.250	5,000,000	08/21/2024	100.00
Total:	--	--	$13,080,000	--	--

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

EAST SIDE UNION HIGH SCHOOL DISTRICT
Identification of Refunded 2014 Prior Bonds*

Maturities Payable from Escrow	CUSIP†	Interest Rate	Principal Amount	Redemption Date	Redemption Price (%)
8/1/25	275282 HQ7	5.000%	$1,925,000	08/21/2024	100.00
8/1/26	275282 HR5	3.000	2,015,000	08/21/2024	100.00
8/1/27	275282 HS3	3.125	2,065,000	08/21/2024	100.00
8/1/28	275282 HT1	3.250	2,115,000	08/21/2024	100.00
8/1/29	275282 HU8	3.250	2,175,000	08/21/2024	100.00
8/1/30	275282 HV6	4.000	2,230,000	08/21/2024	100.00
8/1/31	275282 HW4	3.500	2,310,000	08/21/2024	100.00
8/1/32	275282 HX2	5.000	2,375,000	08/21/2024	100.00
8/1/33	275282 HY0	5.000	2,485,000	08/21/2024	100.00
8/1/34	275282 HZ7	3.750	2,600,000	08/21/2024	100.00
8/1/35	275282 JA0	3.750	2,670,000	08/21/2024	100.00
Total:			$24,965,000	--	--

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

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

Sufficiency of the deposits in the Escrow Fund for the foregoing purposes will be verified by Causey Demgen & Moore P.C., Denver, Colorado (the **"Verification Agent"**). See "VERIFICATION OF MATHEMATICAL ACCURACY" herein. As a result of the deposit of funds with the Escrow Agent on the date of issuance of the Series A Refunding Bonds, the Refunded Bonds will be legally defeased and will be payable solely from amounts held and deposited in the Escrow Fund for that purpose under the Escrow Agreement, and will cease to be secured by *ad valorem* property taxes levied in the District.

The Escrow Fund Securities and cash held by the Escrow Agent in the Escrow Fund are pledged solely to the payment of the Refunded Bonds, and will not be available for the payment of debt service with respect to the Bonds described herein.

The Tender Offer

The net proceeds of the Tender Refunding Bonds will be used to purchase certain maturities of the District's outstanding general obligation bonds referred to herein as the Target Bonds all as more particularly described below.

Concurrently herewith, the District, with the assistance of the Dealer Manager, has released the Tender Offer inviting owners of the Target Bonds listed in the Tender Offer and described in the tables below to tender such Target Bonds for purchase by the District. Such purchase of tendered Target Bonds is intended to be financed with the net proceeds of the Tender Refunding Bonds. The purpose of the Tender Offer is to refund the Target Bonds on the date of issuance of the Tender Refunding Bonds (the **"Settlement Date"**) in order to produce present value debt service savings.

As set forth in the Tender Offer, the owners of the Target Bonds may tender such Target Bonds for cash and, subject to the conditions set forth therein, the District will purchase the Target Bonds that are accepted for purchase. The purchase price of the Target Bonds tendered for purchase which are tax-exempt (the **"Tax-Exempt Target Bonds"**) and for the Target Bonds tendered for purchase which are federally taxable (the **"Taxable Target Bonds"**) will be determined in separate manners as described below.

For Tax-Exempt Target Bonds, the purchase will be made pursuant to the terms and at the purchase prices set forth in the Tender Offer, as confirmed in a related Pricing Notice expected to be dated April 26, 2024, as available on EMMA (the **"Tax-Exempt Target Bonds Purchase Price"**).

For Taxable Target Bonds, the purchase will be made pursuant to the terms set forth in the Tender Offer and at the purchase prices set forth in a Notice of Taxable Target Bonds Purchase Price expected to be dated May 7, 2024 identifying either a confirmation or amendment to the fixed spread (the "**Fixed Spread**") for each CUSIP for the Taxable Bonds tendered pursuant to the Tender Offer which Fixed Spreads will be set forth in the Pricing Notice, expected to be dated April 26, 2024.

The Target Bonds purchased pursuant to the Tender Offer (the **"Purchased Target Bonds"**) are expected to be refunded and cancelled on the Settlement Date and shall no longer be deemed outstanding under their authorizing resolutions. Funds to pay the purchase price of the Purchased Target Bonds, and to pay the costs of the Tender Offer, will be provided from the proceeds of the Tender Refunding Bonds.

The foregoing discussion is not intended to summarize all of the terms of the Tender Offer and reference is made to the Tender Offer for the terms of the Tender Offer and the conditions for settlement of the Target Bonds validly tendered and accepted for purchase.

Based on the results of the Tender Offer, the Target Bonds listed in the Tender Offer may be (i) purchased pursuant to the Tender Offer, or (ii) remain outstanding.

The tendered Target Bonds accepted by the District for purchase are described in the below tables. Subject to satisfaction of all conditions to the District's obligation to purchase the Target Bonds tendered for purchase pursuant to the Tender Offer, payment by the District will be made through DTC on the Settlement Date. The District expects that, in accordance with DTC's standard procedures, DTC will transmit the aggregate Purchase Prices (as described in the Tender Offer) to be paid for the Target Bonds tendered for purchase (plus accrued interest) to DTC participants holding the Target Bonds accepted for purchase on behalf of bondowners for subsequent disbursement to the bondowners. The District, the Dealer Manager and the Information Agent and Tender Agent have no responsibility or liability for the distribution of the Purchase Prices paid and accrued interest by DTC to DTC participants or by DTC participants to bondowners.

The District will purchase Purchased Targeted Bonds at their respective Purchase Prices in amounts expected to achieve the District's financing goals. The District's ability to fund the tender of such Purchased Target Bonds is based on the issuance of the Tender Refunding Bonds. **The issuance of the Tender Refunding Bonds is dependent on the results of the Tender Offer as described in this Official Statement.** The final decision to purchase Target Bonds will be based upon market conditions associated with the sale of the Tender Refunding Bonds and other factors outside of the control of the District.

The Target Bonds

The following tables show information with respect to the specific maturities of the Target Bonds which may be purchased with the net proceeds of the Tender Refunding Bonds. Only the maturities of Target Bonds that are tendered and accepted for purchase by the District are considered Purchased Target Bonds. Following the Settlement Date, Purchased Target Bonds shall be cancelled and shall no longer be outstanding.

The proceeds of the Tender Refunding Bonds are intended to be applied to purchase the following Target Bonds:

EAST SIDE UNION HIGH SCHOOL DISTRICT
(Santa Clara County, California)
2020 Refunding General Obligation Bonds, Series B*
(Federally Taxable)

CUSIP† (275282)	**Maturity (August 1)**	**Principal Amount Outstanding**
Total:		

EAST SIDE UNION HIGH SCHOOL DISTRICT
(Santa Clara County, California)
General Obligation Bonds, 2012 Election, Series B*

CUSIP† (275282)	**Maturity (August 1)**	**Principal Amount Outstanding**
Total:		

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

EAST SIDE UNION HIGH SCHOOL DISTRICT
(Santa Clara County, California)
2015 General Obligation Refunding Bonds*

CUSIP† (275282)	**Maturity (August 1)**	**Principal Amount Outstanding**
Total:		

EAST SIDE UNION HIGH SCHOOL DISTRICT
(Santa Clara County, California)
2016 General Obligation Refunding Bonds, Series A*

CUSIP† (275282)	**Maturity (August 1)**	**Principal Amount Outstanding**
Total:		

EAST SIDE UNION HIGH SCHOOL DISTRICT
(Santa Clara County, California)
2016 General Obligation Refunding Bonds, Series B*

CUSIP† (275282)	**Maturity (August 1)**	**Principal Amount Outstanding**
Total:		

EAST SIDE UNION HIGH SCHOOL DISTRICT
(Santa Clara County, California)
General Obligation Bonds, 2008 Election, Series E*

CUSIP† (275282)	**Maturity (August 1)**	**Principal Amount Outstanding**
Total:		

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

EAST SIDE UNION HIGH SCHOOL DISTRICT
(Santa Clara County, California)
General Obligation Bonds, 2016 Election, Series B*

CUSIP† (275282)	**Maturity (August 1)**	**Principal Amount Outstanding**
Total:		

EAST SIDE UNION HIGH SCHOOL DISTRICT
(Santa Clara County, California)
General Obligation Bonds, 2016 Election, Series C*

CUSIP† (275282)	**Maturity (August 1)**	**Principal Amount Outstanding**
Total:		

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

SOURCES AND USES OF FUNDS

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

EAST SIDE UNION HIGH SCHOOL DISTRICT
Sources and Uses

Sources of Funds	**Series A Refunding Bonds**	**Tender Refunding Bonds**
Principal Amount of Bonds		
Plus Net Original Issue Premium		
Total Sources		
Uses of Funds		
Deposit to Escrow Fund		
Purchase of Target Bonds		
Costs of Issuance(1)		
Total Uses		

(1) Estimated costs of issuance include, but are not limited to, Underwriter's discount, printing costs, and fees of Bond Counsel, Disclosure Counsel, Municipal Advisor, the Paying Agent, Escrow Agent, Tender and Information Agent fees, verification fees, bond insurance premium and the rating agency.

THE BONDS

Authority for Issuance

The Bonds will be issued pursuant to the authority of 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 Section 53550 of said Code (the **"Refunding Bond Law"**), and the Bond Resolution.

Description of the Bonds

The Bonds mature in the years and in the amounts and bear interest at the rates per annum all as set forth on the inside cover page hereof. Interest shall 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" below and "APPENDIX F – DTC and the Book-Entry Only System."

The Bonds will be issued in the denomination of $5,000 principal amount each or any integral multiple thereof. Interest on the Bonds is payable semiannually on each February 1 and August 1, commencing August 1, 2024 (each, an **"Interest Payment Date"**). Each Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it will bear interest from such date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the 15th calendar day of the month preceding the Interest Payment Date (each, a **"Record Date"**), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to July 15, 2024, in which event it will bear interest from the date of delivery thereof identified on the cover page. 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 the Paying Agent to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds.

See the maturity schedules on the inside cover page of this Official Statement and "DEBT SERVICE SCHEDULES" herein.

Book-Entry Only System

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

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

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

Optional Redemption*

Optional Redemption of Series A Refunding Bonds. The Series A Refunding Bonds maturing on or before August 1, 20__ are not subject to redemption prior to maturity. The Series A Refunding 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.

Optional Redemption of Tender Refunding Bonds. The Tender Refunding Bonds maturing on or before August 1, 20__ are not subject to redemption prior to maturity. The Tender Refunding 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.

Selection of Redeemed Bonds. Whenever less than all of the outstanding Bonds of any one maturity are designated for redemption, the Paying Agent will select the outstanding Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For the purpose of selection for optional redemption, Bonds will be deemed to consist of $5,000 portions (principal amount), and any such portion may be separately redeemed. The Bonds may all be separately redeemed.

Mandatory Sinking Fund Redemption*

Series A Refunding Term Bonds. The Series A Refunding Bonds maturing on August 1, 20__, and August 1, 20__ (the **"Series A Refunding Term Bonds"**), are subject to mandatory sinking fund redemption on August 1 of each year in accordance with the schedules set forth below. The Series A Refunding Term Bonds so called for mandatory sinking fund redemption will be redeemed in the sinking fund payments amounts and on the dates set forth below, without premium.

*Preliminary; subject to change.

Series A Refunding Term Bonds Maturing August 1, 20__

Redemption Date (August 1)	Sinking Fund Redemption

Series A Refunding Term Bonds Maturing August 1, 20__

Redemption Date (August 1)	Sinking Fund Redemption

Tender Refunding Term Bonds. The Tender Refunding Bonds maturing on August 1, 20__, and August 1, 20__ (the **"Tender Refunding Term Bonds"** and together with the Series A Refunding Term Bonds, the "**Term Bonds**"), are subject to mandatory sinking fund redemption on August 1 of each year in accordance with the schedules set forth below. The Tender Refunding Term Bonds so called for mandatory sinking fund redemption will be redeemed in the sinking fund payments amounts and on the dates set forth below, without premium.

Tender Refunding Term Bonds Maturing August 1, 20__

Redemption Date (August 1)	Sinking Fund Redemption

Tender Refunding Term Bonds Maturing August 1, 20__

Redemption Date (August 1)	Sinking Fund Redemption

Sinking Fund Payments Upon Optional Redemption. If any Term Bonds are redeemed pursuant to the optional redemption provisions described above, the total amount of all future sinking fund payments with respect to such 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 will cause notice of any redemption 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 respective owners of any Bonds designated for redemption, at their addresses appearing on the registration books maintained by the Paying Agent. Such notice may be a conditional notice of redemption and subject to rescission as set forth below. Such notice shall state the redemption date and the redemption price and, if less than all of the then outstanding Bonds are to be called for redemption, shall designate the serial numbers of the Bonds to be redeemed by giving the individual number of each Bond or by stating that all Bonds between two stated numbers, both inclusive, or by stating that all of the Bonds of one or more maturities have been called for redemption, and shall require that such Bonds be then surrendered at the office of the Paying Agent for redemption at the said redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

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, the Bonds called for redemption 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 the notice.

Partial Redemption of Bonds

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

Right to Rescind Notice of Optional 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 optional redemption will 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 owners of the Bonds or any other party related to or arising from any such rescission of redemption. The Paying Agent will 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 will cause the Paying Agent to maintain and keep at its principal corporate trust office all books and records necessary for the registration, exchange and transfer of the Bonds.

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

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

No exchanges of Bonds shall be required to be made (a) fifteen days prior to an Interest Payment Date or the date established by the Paying Agent for selection of Bonds for redemption until the close of business on the Interest Payment Date or day on which the applicable notice of redemption is given or (b) with respect to a Bond after such Bond has been selected or called for redemption in whole or in part.

Defeasance

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

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

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

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

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

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

(ii) Federal Securities (not callable by the issuer thereof prior to maturity) the principal of and interest on which when due, in the opinion of a certified public accountant delivered to the County and 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 Federal 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 District in respect of such Bond will cease and be completely discharged, except only that thereafter the owner thereof will be entitled only to payment of the principal of and interest on such Bond by the District, and the District will remain liable for such payment, but only out of such money or securities deposited with the Paying Agent for such payment.

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

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DEBT SERVICE SCHEDULES

The Series A Refunding Bonds. The following tables show the annual debt service schedule with respect to the Series A Refunding Bonds (assuming no optional redemptions).

EAST SIDE UNION HIGH SCHOOL DISTRICT
Series A Refunding Bonds Debt Service Schedule

Bond Year Ending August 1	Principal	Interest	Total Debt Service
Total			

Tender Refunding Bonds. The following tables show the annual debt service schedule with respect to the Tender Refunding Bonds (assuming no optional redemptions).

EAST SIDE UNION HIGH SCHOOL DISTRICT
Tender Refunding Bonds Debt Service Schedule

Bond Year Ending August 1	Principal	Interest	Total Debt Service
Total			

[Remainder of page intentionally left blank]

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

EAST SIDE UNION HIGH SCHOOL DISTRICT
Combined General Obligation Bonds Debt Service Schedule

Period Ending (Aug. 1)	Outstanding GO Bonds Annual Debt Service*	Series A Refunding Bonds Annual Debt Service	Tender Refunding Bonds Annual Debt Service	Aggregate Annual Debt Service
2024	$110,387,485.07			
2025	113,951,630.44			
2026	90,320,645.18			
2027	89,363,428.94			
2028	90,440,883.12			
2029	93,520,653.08			
2030	81,727,023.02			
2031	74,592,454.00			
2032	50,904,681.50			
2033	51,951,565.32			
2034	51,433,591.26			
2035	44,036,419.26			
2036	31,443,474.00			
2037	17,278,484.50			
2038	17,363,596.00			
2039	13,098,033.50			
2040	6,801,750.50			
2041	6,902,847.00			
2042	6,909,710.00			
2043	--			
2044	--			
2045	--			
2046	--			
TOTAL	$1,042,428,355.69			

**For purposes of the Preliminary Official Statement, includes debt services on the Refunded Bonds and the Target Bonds tendered for purchase.*

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 and collected by the County. In accordance with Education Code 15250 and following, the County Board of Supervisors is empowered and obligated to annually levy *ad valorem* property taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates). In no event is the District obligated to pay principal of and interest on the Bonds out of any funds or properties of the District other than *ad valorem* property taxes levied upon all taxable property in the District; provided, however, nothing in the Bond Resolution prevents the District from making advances of its own moneys howsoever derived to any of the uses or purposes permitted by law.

Other Bonds Payable from* Ad Valorem *Property Taxes. The District has a number of general obligation bond issues outstanding which are payable from *ad valorem* property taxes on a parity basis. In addition to the general obligation bonds issued by the District, there is other debt issued by entities with jurisdiction in the District, which is payable from *ad valorem* property taxes levied on parcels in the District. See "DISTRICT FINANCIAL INFORMATION – Existing Debt Obligations" and "PROPERTY TAXATION – Tax Rates" and "- Direct and Overlapping Debt" below.

Levy and Collection. 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 by the District of debt service on each respective series of the Bonds. Such taxes, when collected, will be deposited into the applicable Debt Service Fund for the Bonds, which are maintained by the County and which is irrevocably pledged by the District for the payment by it of principal of and interest on the respective series of Bonds when due.

District property taxes are assessed and collected by the County in the same manner and at the same time, and in the same installments as other *ad valorem* 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. Pursuant to Senate Bill 222 effective January 1, 2016, voter approved general obligation bonds which are secured by *ad valorem* tax collections, including the Bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds. Said lien attaches automatically and is valid and binding from the time the bonds are executed and delivered. The lien is enforceable against the District, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any further act.

Annual Tax Rates. The amount of the annual *ad valorem* taxes levied by the County for the District to repay each series of the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on each series of the Bonds. The relationship between the annual debt service on each series of the

Bonds and the annual assessed value of taxable property in the District may cause the annual tax rate to fluctuate.

Economic and other factors beyond the District's control, such as economic recession, deflation of property values, a relocation out of the District or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire, outbreak of disease or other natural disaster or man-made disaster, could cause a reduction in the assessed value within the District and necessitate a corresponding increase in the annual tax rate. See "PROPERTY TAXATION – Assessed Valuation – Factors Relating to Increases/Decreases in Assessed Value." See also below under the heading "–Disclosure Relating to COVID-19 Pandemic."

Debt Service Funds

The County will establish two separate Debt Service Funds (each, a **"Debt Service Fund"** and together, the **"Debt Service Funds"**), one for the Series A Refunding Bonds and the other for the Tender Refunding Bonds, into which will be deposited all taxes levied by the County for the payment by the District of the principal of and interest on each respective series of the Bonds. The Debt Service Funds are pledged by the District for the payment by it of the principal of and interest and premium (if any) on the applicable series of Bonds when and as the same become due. The County will transfer amounts in the applicable Debt Service Fund to the Paying Agent to the extent necessary to enable the District to pay the principal of and interest and premium (if any) on the applicable series of Bonds as the same becomes due and payable.

If, after payment in full of the Bonds, any amounts remain on deposit in the respective Debt Service Fund, the District shall transfer such amounts to other debt service funds of the District with respect to outstanding general obligation bonds of the District, if any, and if none, then to its 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

No part of any fund or account of the County is pledged or obligated to the payment of the Bonds. The Bonds are payable solely from the proceeds of *ad valorem* property taxes levied and collected by the County, for the payment by the District of principal of and interest on each series of the Bonds. Although the County is obligated to collect the *ad valorem* property tax for the payment of the Bonds, the Bonds are not a debt (or a pledge of the full faith and credit) of the County.

Disclosure Relating to COVID-19 Pandemic

Coronavirus disease (**"COVID-19"**) is an infectious disease caused by a virus generally causing respiratory illness and other symptoms which can range from mild to fatal. Commencing in approximately March 2020, COVID-19 became a well-known and world-wide pandemic (the **"COVID-19 Pandemic"**), which continued through approximately May 2023 at which time the federal government declared an end of the public health emergency. During said period at times restrictions on activities were imposed by governing authorities, world, national and local economies were disrupted, and several vaccines and related boosters were developed and made generally widely available in the United States. In the United States there were several federal relief packages adopted during said period, as well as at the State level, each implemented in an effort to minimize disruptions to operations and address long-term impacts of the COVID-19 Pandemic

The impacts of the COVID-19 Pandemic on all levels of economies may be reflected in some of the data presented herein, and operations of the District may have been impacted during said period. There may be several direct and indirect results of the COVID-19 Pandemic on the District's enrollment, attendance, and finances, and on property values in certain years, and otherwise which the District is unable to predict. However, Bonds described herein are voter-approved general obligations of the District payable solely from the levy and collection of *ad valorem* property taxes, unlimited as to rate or amount, levied in the District. The Bonds are not payable from the general fund of the District. See "SECURITY FOR THE BONDS – *Ad Valorem* Taxes" and Appendix A under "GENERAL INFORMATION ABOUT THE DISTRICT- District's Response to COVID-19 Pandemic."

PROPERTY TAXATION

Property Tax Collection Procedures

Generally. In California, property which is subject to *ad valorem* taxes is classified as "secured" or "unsecured." The "secured roll" is that part of the assessment roll containing (1) state assessed public utilities' property and (2) property the taxes on which are a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. A tax levied on unsecured property does not become a lien against such unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens arising pursuant to State law on such secured property, regardless of the time of the creation of the other liens. Secured and unsecured property are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1-1/2% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the county 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. A bill enacted in 1983, Senate Bill 813 (Statutes of 1983, Chapter 498), however, provided for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Thus, this legislation eliminated delays in the realization of increased property taxes from new assessments. As amended, Senate Bill 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 1-1/2% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the 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.

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

Taxation of State-Assessed Utility Property

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

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Assessed Valuation

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

EAST SIDE UNION HIGH SCHOOL DISTRICT
Historical Assessed Valuations
Fiscal Year 2005-06 through Fiscal Year 2023-24

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2005-06	$46,044,312,953	$16,807,160	$2,285,180,093	$48,346,300,206	--%
2006-07	50,963,637,376	28,145,536	2,212,802,144	53,204,585,056	10.0
2007-08	55,430,805,453	14,890,536	2,434,410,936	57,880,106,925	8.8
2008-09	57,653,006,932	20,931,361	2,424,751,423	60,098,689,716	3.8
2009-10	54,310,478,571	20,930,313	2,589,375,559	56,920,784,443	(5.3)
2010-11	52,328,706,749	20,931,032	2,575,973,562	54,925,611,343	(3.5)
2011-12	51,981,937,517	21,550,611	2,527,933,380	54,531,421,508	(0.7)
2012-13	52,383,459,887	20,750,985	2,919,632,306	55,323,843,178	1.5
2013-14	56,932,905,962	20,750,859	2,941,771,425	59,895,428,246	8.3
2014-15	61,064,147,771	22,503,090	2,833,949,786	63,920,600,647	6.7
2015-16	64,578,960,434	21,698,831	2,804,215,769	67,404,875,034	5.5
2016-17	68,920,347,194	19,105,629	2,954,147,015	71,893,599,838	6.7
2017-18	73,461,000,520	18,991,878	3,219,801,779	76,699,794,177	6.7
2018-19	78,163,788,860	19,281,524	3,220,741,364	81,403,811,748	6.1
2019-20	83,468,106,619	19,163,028	3,516,268,172	87,003,537,819	6.9
2020-21	87,570,213,186	18,235,038	3,444,933,115	91,033,381,339	4.6
2021-22	91,113,174,484	15,922,130	3,474,761,187	94,603,857,801	3.9
2022-23	97,184,285,265	15,404,642	4,248,959,748	101,448,649,655	7.2
2023-24	102,423,928,290	17,600,281	4,951,590,510	107,393,119,081	5.9

Source: California Municipal Statistics, Inc.

Factors Relating to Increases/Decreases in Assessed Value. Economic Conditions; Disasters. As indicated in the previous table, assessed valuations are subject to change in each year. Increases or decreases in assessed valuation result from a variety of factors including but not limited to general economic conditions, supply and demand for real property in the area, government regulations such as zoning, and man-made or natural disasters which include but are not limited to earthquakes, fires/wildfires, floods, drought, mudslides and the consequences of climate change such as heat waves, droughts, sea level rise and floods, which could have an impact on assessed values. The State, including the region in which the District is located, has in recent years experienced significant natural disasters such as earthquakes, droughts, mudslides and floods. Public health disasters such as the COVID-19 pandemic could also have direct and indirect impacts on economic conditions and property values.

Future Conditions and Disasters Cannot be Predicted. The District cannot predict or make any representations regarding the effects that any natural or manmade disasters, including health disasters such as the COVID-19 pandemic, and the effects of climate change, and related conditions have or may have on the value of taxable property within the District, or to what extent the effects said disasters might have on economic activity in the District or throughout the State.

Assessed Valuation by Jurisdiction. The following table shows a recent breakdown of the District's assessed valuation by jurisdiction.

EAST SIDE UNION HIGH SCHOOL DISTRICT
Assessed Valuation by Jurisdiction
Fiscal Year 2023-24

Jurisdiction:	**Assessed Valuation in School District**	**% of District**	**Assessed Valuation of Jurisdiction**	**% of Jurisdiction in District**
City of Milpitas	$ 1,072,161,501	1.00%	$25,269,350,900	4.24%
City of San Jose	102,734,760,019	95.66	$245,167,985,028	41.90%
Unincorporated Santa Clara Co.	3,586,197,561	3.34	$23,251,521,092	15.42%
Total District	$107,393,119,081	100.00%		
Santa Clara County	$107,393,119,081	100.00%	$660,080,440,806	16.27%

Source: California Municipal Statistics, Inc.

Parcels by Land Use. The following table shows a recent breakdown of local secured property assessed value and parcels within the District by land use.

EAST SIDE UNION HIGH SCHOOL DISTRICT
Local Secured Property Assessed Valuation and Parcels by Land Use
Fiscal Year 2023-24

Non-Residential:	**2023-24 Assessed Valuation (1)**	**% of Total**	**No. of Parcels**	**% of Total**
Agricultural/Rural Undeveloped	$ 106,540,965	0.10%	450	0.34%
Commercial/Office	9,999,865,773	9.76	2,085	1.59
Industrial	10,155,506,403	9.92	1,837	1.40
Recreational	274,741,226	0.27	98	0.07
Institutional/Social/Religious	969,692,018	0.95	311	0.24
Miscellaneous/Water Companies	317,305,899	0.31	186	0.14
Subtotal Non-Residential	$21,823,652,284	21.31%	4,967	3.79%
Residential:				
Single Family Residence	$59,268,368,239	57.87%	91,329	69.65%
Condominium/Townhouse	12,331,692,997	12.04	25,555	19.49
Mobile Homes & Lots	388,547,318	0.38	5,284	4.03
2 Residential Units	1,709,254,896	1.67	2,254	1.72
5+ Residential Units	6,063,461,125	5.92	910	0.69
Subtotal Residential	$79,761,324,575	77.87%	125,332	95.59%
Vacant	$838,951,431	0.82%	819	0.62%
Total $102,423,928,290		100.00%	131,118	100.00%

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

Per Parcel Assessed Valuation of Single-Family Homes. The table below shows the recent per parcel assessed valuation of single-family homes in the District.

EAST SIDE UNION HIGH SCHOOL DISTRICT
Per Parcel Assessed Valuation of Single Family Homes
Fiscal Year 2023-24

	No. of Parcels	2023-24 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	91,329	$59,268,368,239	$648,955	$568,122

2023-24 Assessed Valuation	No. of Parcels (1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $99,999	5,486	6.007%	6.007%	$ 392,626,118	0.662%	0.662%
$100,000 - $199,999	6,044	6.618	12.625	903,484,347	1.524	2.187
$200,000 - $299,999	8,571	9.385	22.009	2,169,548,868	3.661	5.847
$300,000 - $399,999	10,913	11.949	33.959	3,819,197,488	6.444	12.291
$400,000 - $499,999	8,984	9.837	43.796	4,027,606,979	6.796	19.087
$500,000 - $599,999	8,287	9.074	52.869	4,557,409,923	7.689	26.776
$600,000 - $699,999	8,024	8.786	61.655	5,201,966,116	8.777	35.553
$700,000 - $799,999	7,109	7.784	69.439	5,325,121,359	8.985	44.538
$800,000 - $899,999	6,658	7.290	76.729	5,651,026,145	9.535	54.073
$900,000 - $999,999	5,037	5.515	82.244	4,775,764,029	8.058	62.131
$1,000,000 - $1,099,999	3,827	4.190	86.435	4,011,238,494	6.768	68.898
$1,100,000 - $1,199,999	2,969	3.251	89.686	3,406,197,535	5.747	74.646
$1,200,000 - $1,299,999	2,337	2.559	92.245	2,914,191,749	4.917	79.562
$1,300,000 - $1,399,999	1,748	1.914	94.158	2,352,053,826	3.968	83.531
$1,400,000 - $1,499,999	1,257	1.376	95.535	1,818,326,183	3.068	86.599
$1,500,000 - $1,599,999	972	1.064	96.599	1,503,034,187	2.536	89.135
$1,600,000 - $1,699,999	670	0.734	97.333	1,104,238,481	1.863	90.998
$1,700,000 - $1,799,999	561	0.614	97.947	979,336,387	1.652	92.650
$1,800,000 - $1,899,999	378	0.414	98.361	699,256,356	1.180	93.830
$1,900,000 - $1,999,999	296	0.324	98.685	576,220,757	0.972	94.802
$2,000,000 and greater	1,201	1.315	100.000	3,080,522,912	5.198	100.000
	91,329	100.000%		$59,268,368,239	100.000%	

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

According to Redfin, in February 2024 the median sale price of a single family parcel in the City of San Jose was $1,295,000.

Reassessments and Appeals of Assessed Value

Reassessment or appeals of assessed values could adversely impact property tax revenues within the District.

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

Under California law, property owners may apply for a Proposition 8 reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of

Equalization, with the County board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Proposition 8 reductions may also be unilaterally applied by the County Assessor.

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

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

Tax Rates

Below are historical typical tax rates in a typical tax rate area within the District in recent years.

EAST SIDE UNION HIGH SCHOOL DISTRICT
Typical Total Tax Rates per $100 of Assessed Valuation
Fiscal Years 2019-20 through 2023-24
(TRA 17-028)(1)

Purpose	2019-20	2020-21	2021-22	2022-23	2023-24
County-wide	$1.00000	$1.00000	$1.00000	$1.00000	$1.00000
County Retirement Levy	.03880	.03880	.03880	.03880	.03880
County Hospital Bonds	.01690	.00690	.01876	.01710	.01500
Evergreen Elementary School District Bonds	.06610	.06760	.09640	.09280	.08660
San José-Evergreen Comm. College District Bond	.01990	.03570	.03220	.03070	.02670
East Side Union High School District Bonds	.09860	.10050	.09950	.09630	.08960
City of San José General Obligation Bonds	.02260	.01750	.02070	.01910	.01670
Total All Property Tax Rate	**$1.26290**	**$1.26700**	**$1.30636**	**$1.29480**	**$1.27340**
Santa Clara Valley Water District State Water Project	$.00410	$.00370	$.00510	$.00440	$.00410
Total Land and Improvement Tax Rate	**$.00410**	**$.00370**	**$.00510**	**$.00440**	**$.00410**

(1) 2023-24 assessed valuation of TRA 17-028 is $19,178,249,933 which is 17.86% of the District's total assessed valuation.
Source: California Municipal Statistics, Inc.

Teeter Plan; Property Tax Collections

The Board of Supervisors of the County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the **"Teeter Plan"**), as provided for in

Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, each entity levying property taxes in the County may draw on the amount of uncollected secured taxes credited to its fund, in the same manner as if the amount credited had been collected. The District participates in the Teeter Plan, and thus receives 100% of secured property taxes levied in exchange for foregoing any interest and penalties collected on delinquent taxes. Currently, the County includes general obligation bond debt service in its Teeter Plan, including debt service levies for the Bonds.

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 with regard to the secured tax roll, 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. With respect to general obligation bonds, county assessors are authorized to levy taxes sufficient to pay debt service on bonds coming due, including at a rate that will provide for a reserve in the event of delinquencies. The District cannot represent the sufficiency of any such reserve to the extent necessary to cover delinquent taxes, to the extent the Teeter Plan were amended or discontinued.

The District cannot provide any assurances that the County will continue to maintain the Teeter Plan described above, or will have sufficient funds available to distribute the full amount of the District's share of property tax collections to the District. The ability of the County to maintain the Teeter Plan may depend on its financial resources and may be affected by future property tax delinquencies. Property tax delinquencies may be impacted by economic and other factors beyond the District's or the County's control, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression could be caused by many factors outside the control of the District, including high interest rates, reduced consumer confidence, reduced real wages or reduced economic activity as a result of the spread of COVID-19 or other outbreak of disease or natural or manmade disaster. See "SECURITY FOR THE BONDS – Disclosure Relating to COVID-19 Pandemic."

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

EAST SIDE UNION HIGH SCHOOL DISTRICT
Secured Tax Charges and Delinquencies
Fiscal Years 2008-09 through 2022-23

Year	Secured Tax Charge[1]	Amt. Delinquent June 30	% Delinquent June 30
2008-09	$29,635,170	$1,598,772	5.39%
2009-10	32,647,716	923,557	2.83
2010-11	36,006,682	732,052	2.03
2011-12	37,671,181	555,474	1.47
2013-14	46,314,122	352,526	0.76
2014-15	46,101,575	324,064	0.70
2015-16	54,410,256	452,190	0.83
2016-17	54,542,330	397,685	0.73
2017-18	75,365,490	348,000	0.46
2018-19	79,006,982	411,136	0.52
2019-20	81,329,581	631,735	0.78
2020-21	87,396,151	784,487	0.90
2021-22	90,051,785	719,766	0.80
2022-23	93,361,466	886,222	0.95

(1) Debt Service Levy only.
Source: California Municipal Statistics, Inc.

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Major Taxpayers

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

The more property (by assessed value) which is owned by a single taxpayer in the District, the greater the amount of tax collections that are exposed to weaknesses in the taxpayer's financial situation and ability or willingness to pay property taxes. Each taxpayer listed below is a unique name listed on the tax rolls. The District cannot determine from County assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below.

EAST SIDE UNION HIGH SCHOOL DISTRICT
Top Twenty Secured Property Taxpayers
Fiscal Year 2023-24

	Property Owner	Primary Land Use	2023-24 Assessed Valuation	% of Total (1)
1.	Richard T. Peery, Trustee	Office Building	$ 527,833,909	0.52%
2.	Apple Inc.	Industrial	516,536,258	0.50
3.	SI SVY01-02 ABS LLC	Industrial	468,581,380	0.46
4.	China Mobile International	Industrial	409,607,337	0.40
5.	San Jose Water Works	Water Company	394,697,274	0.39
6.	Hudson Concourse LLC	Office Building	331,788,753	0.32
7.	Paypal Inc.	Office Building	330,668,325	0.32
8.	Platform Urban Apartments LLC	Apartments	319,133,944	0.31
9.	San Jose Health Care System LP	Hospital	294,139,004	0.29
10.	ICS Transit Village Prop Owner LLC	Apartments	265,120,615	0.26
11.	Super Micro Computer Inc.	Industrial	251,396,330	0.25
12.	Essex Portfolio LP	Apartments	246,467,155	0.24
13.	Equinix LLC	Industrial	240,667,540	0.23
14.	AMB Property LP	Industrial	234,924,972	0.23
15.	Altera Corporation	Industrial	213,798,129	0.21
16.	Woods of San Jose LLC	Apartments	205,840,721	0.20
17.	PMI Waterford Park LLC	Apartments	203,621,542	0.20
18.	Hudson Skyport Plaza LLC	Office Building	193,675,128	0.19
19.	New Century Towers LLC	Apartments	192,820,609	0.19
20.	EQR LEX LP	Apartments	192,688,120	0.19
			$6,034,007,045	5.89%

(1) 2023-24 local secured assessed valuation: $102,423,928,290.
Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the "**Debt Report**") prepared by California Municipal Statistics, Inc. The Debt Report is included for general information purposes only. Neither the District nor the Underwriter have reviewed the Debt Report for completeness or accuracy and neither makes any 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.

EAST SIDE UNION HIGH SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt
Dated as of April 1, 2024

2023-24 Assessed Valuation: $107,393,119,081

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 4/1/24
Santa Clara County	16.270%	$ 155,666,479
San Jose-Evergreen Community College District	51.439	505,200,219
West Valley-Mission Community College District	1.024	6,789,530
East Side Union High School District	**100.000**	**810,341,437**(1)
Alum Rock Union School District	100.000	168,195,000
Berryessa Union School District	100.000	168,093,724
Evergreen School District	100.000	129,625,597
Franklin-McKinley School District	100.000	170,254,017
Mount Pleasant School District	100.000	47,810,099
Oak Grove School District	100.000	273,292,189
Orchard School District	100.000	36,651,699
City of San Jose	41.904	219,080,398
Santa Clara Valley Water District Benefit Assessment District	16.270	4,756,535
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$2,695,756,923
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Santa Clara County General Fund Obligations	16.270%	$177,136,280
Santa Clara County Pension Obligation Bonds	16.270	52,671,454
San Jose-Evergreen CCD Pension and Post Employment Obligation Bonds	51.439	24,163,470
West Valley-Mission Community College District General Fund Obligations	1.024	83,558
East Side Union High School District Post Employment Obligation Bonds	**100.000**	**23,670,000**
Berryessa Union School District Certificates of Participation	100.000	1,980,983
Franklin McKinley School District General Fund Obligations	100.000	10,760,000
City of Milpitas General Fund Obligations	4.243	751,011
City of San Jose Certificates of Participation	41.904	275,030,618
Santa Clara County Vector Control District Certificates of Participation	16.270	200,121
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$566,447,495
Less: Santa Clara County supported obligations		432,782
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$566,014,713
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$474,334,176
GROSS COMBINED TOTAL DEBT		$3,736,538,594 (2)
NET COMBINED TOTAL DEBT		$3,736,105,812

Ratios to 2023-24 Assessed Valuation:
Direct Debt ($810,341,437).. 0.75%
Total Direct and Overlapping Tax and Assessment Debt............. 2.51%
Combined Direct Debt ($834,011,437) 0.78%
Gross Combined Total Debt.. 3.48%
Net Combined Total Debt.. 3.48%

Ratios to 2023-24 Redevelopment Incremental Valuation ($17,853,614,339):
Total Overlapping Tax Increment Debt.. 2.66%

(1) Excludes the Bonds described herein but includes the Refunded Bonds and the Target Bonds tendered for purchase.
(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 Municipal Corp. ("**AGM**" or the "**Bond Insurer**") will issue its Municipal Bond Insurance Policy for the Bonds (the "**Policy**"). The Policy guarantees the scheduled payment of principal of 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, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

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

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

Current Financial Strength Ratings

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

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

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

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Capitalization of AGM

At December 31, 2023:

- The policyholders' surplus of AGM was approximately $2,646 million.

- The contingency reserve of AGM was approximately $876 million.

- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $2,077 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty UK Limited ("**AGUK**") and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("**AGE**").

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

Incorporation of Certain Documents by Reference

Portions of AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2023 filed with the Securities and Exchange Commission (the "SEC") on February 28, 2024 that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

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

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

Miscellaneous Matters

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

TAX MATTERS

Tax Exemption

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

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

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

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

No Material Litigation

Absence of Pending or Threatened Litigation Relating to the Bonds. No litigation is pending or threatened, nor is any audit or investigation premised on any assertion, concerning or contesting the validity of the Bonds or the District's ability to receive *ad valorem* property taxes and to collect other revenues, or contesting the District's ability to issue and retire the Bonds. The District is not aware of any litigation pending or threatened, nor is any audit or investigation premised on any assertion, questioning the political existence of the District or contesting the title to their offices of District officers who will execute the Bonds or District officials who will sign certifications relating to the Bonds, or the powers of those offices. A certificate (or certificates) to that effect will be furnished to the Underwriter (defined herein) at the time of the original delivery of the Bonds.

Absence of Material Litigation. The District is subject to lawsuits and claims that arise in the regular course of operating a public school district. In the opinion of the District, the aggregate amount of uninsured liabilities of the District under existing lawsuits and claims will not materially affect the financial position or operations of the District. The District maintains property and liability coverage and workers' compensation coverage. For more information on the District's insurance coverages, see Appendix A under the heading "GENERAL INFORMATION ABOUT THE DISTRICT - Insurance."

Legality for Investment

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

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. District officials and staff may also be the target of online fraudsters, posing as legitimate vendors or other parties for the purpose of accessing District funds and other assets.

The District has never had a major cyber breach or online fraud event that resulted in a financial loss. The District has taken steps to minimize cyber risks including using anti-virus software, providing regular staff awareness training through its insurance agency's program, implementing firewalls, off-site back ups, and by including cyber insurance in its standard insurance policies. 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.

Compensation of Certain Professionals

Payment of the fees and expenses of Jones Hall, A Professional Law Corporation, San Francisco, California as Bond Counsel and Disclosure Counsel to the District, Dannis Woliver Kelley, Long Beach, California, as Underwriter's Counsel, and Dale Scott & Company, Inc., as Municipal Advisor to the District, is contingent upon issuance of the Bonds.

CONTINUING DISCLOSURE

The District will execute a Continuing Disclosure Certificate in connection with the issuance of the Bonds in the form attached hereto as APPENDIX E. The District has covenanted therein, for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District to the Municipal Securities Rulemaking Board (an **"Annual Report"**) not later than nine months after the end of the District's fiscal year (which currently would be March 31), commencing March 31, 2025 with the report for the 2023-24 fiscal year, and to provide notices of the occurrence of certain enumerated events. Such notices will be filed by the District with the Municipal Securities Rulemaking Board (the **"MSRB"**). The specific nature of the information to be contained in an Annual Report or the notices of enumerated events is set forth in "APPENDIX E – FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter of the Bonds in complying with S.E.C. Rule 15c2-12(b)(5) (the **"Rule"**).

The District has existing disclosure undertakings that have been made pursuant to the Rule in connection with the issuance of other outstanding general obligation bonds and refunding general obligation bonds. See Appendix A under the heading "DISTRICT FINANCIAL INFORMATION – Existing Debt Obligations." A review of the District's filing requirements and related filings in the previous five years has been undertaken and the following instances of material non-compliance during said period were identified: the late filing of a notice of rating change for a rating downgrade occurring on October 28, 2020 which was made on June 22, 2022, and the untimely filing of a notice of incurrence of a financial obligation with respect to privately placed bonds issued in June 2020 which was filed on April 4, 2024.

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

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

RATINGS

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

In addition, Moody's Investors Services ("**Moody's**") has assigned a rating of "Aa3" to the Bonds. Generally, rating agencies base their ratings on information and materials furnished to them and on investigations, studies and assumptions by the rating agencies. The District has provided certain additional information and materials to Moody's (some of which does not appear in this Official Statement). Such rating reflects only the views of Moody's, and an explanation of the significance of such rating may be obtained only from Moody's. There is no assurance that any credit ratings given to the Bonds will be maintained for any period of time or that the rating may not be lowered or withdrawn entirely by Moody's, if in such agency's judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

The District has covenanted in a Continuing Disclosure Certificate to file notices of any rating changes on the Bonds (if any) at the times and in the manner described in the Continuing Disclosure Certificate. See "CONTINUING DISCLOSURE" herein and ""APPENDIX E - Form of Continuing Disclosure Certificate" attached hereto. Notwithstanding such covenant, information relating to rating changes on the Bonds may be publicly available from Moody's 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 pursuant to the Rule. Purchasers of the Bonds are directed to the Moody's website and official media outlets for the most current rating changes with respect to the Bonds after the initial issuance thereof. Information available on such website is not incorporated herein by reference.

UNDERWRITING

The Bonds are being purchased by Loop Capital Markets LLC (the "**Underwriter**"). The Underwriter has agreed to purchase the Bonds at the following prices:

> Series A Refunding Bonds: $_______which is equal to the initial principal amount of the Series A Refunding Bonds of $______, plus net original issue premium of $_______, less an Underwriter's discount of $______.
>
> Tender Refunding Bonds: $_______which is equal to the initial principal amount of the Tender Refunding Bonds of $______, plus net original issue premium of $_______, less an Underwriter's discount of $______.

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

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

ADDITIONAL INFORMATION

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

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

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

EXECUTION

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

EAST SIDE UNION HIGH SCHOOL DISTRICT

By: ______________________________
Superintendent

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APPENDIX A

GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT

*The information in this section concerning the operations of the East Side Union High School District (the **"District"**) of Santa Clara County (the **"County"**), State of California (the **"State"**), its operating budget and the District's general fund finances 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 solely from the proceeds of a voter-approved* 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 main body of the Official Statement.*

GENERAL INFORMATION ABOUT THE DISTRICT

General Information

The District. The District is a public high school district located in the northeast portion of the County, encompassing a total area of approximately 180 square miles. The District's boundaries encompass nearly half of the City of San José and include portions of the City of Milpitas and unincorporated portions of the County, extending from the Milpitas border in the north to the Coyote Narrows in the south and from the Diablo Mountain Range in the east to the Guadalupe River in the west. The area within these boundaries has a population of approximately 528,800 residents. The District currently operates eleven comprehensive high schools serving students in grades nine through twelve, five alternative high schools/programs, and an adult education center. The District also authorizes seven independent charter schools which serve students residing in District boundaries. Enrollment is approximately 20,471 students in fiscal year 2023-24. For demographic information regarding the City of San Jose and County, see Appendix C hereto.

Administration

Board Members. The District is governed by a five-member Board of Trustees, with each member elected to a four-year term. Elections for positions to the Board of Trustees are held every two years, alternating between two and three available positions. The Board of Trustees is charged with the responsibility for the general policy and direction of education in the District based on State and Federal Constitutions and laws, and State Board of Education rules and regulations. Current members of the Board of Trustees, together with their office and the date their term expires, are listed below.

BOARD OF TRUSTEES
East Side Union High School District

Name	Office	Term Expires
Pattie Cortese	President	December 2024
Bryan Do	Vice President	December 2024
Van T. Le	Clerk	December 2026
Lorena Chavez	Member	December 2026
J. Manuel Herrera	Member	December 2026

Source: East Side Union High School District.

Superintendent and Administrative Personnel. The day-to-day operations are managed by a board-appointed Superintendent. Glenn Vander Zee currently serves as the Superintendent. The Associate Superintendent of Business Services is Michelle Huntoon, Ed.D., and Sylvia Pelayo is the Director of Finance.

Recent Enrollment and ADA Trends

The following table shows historical enrollment and average daily attendance ("**ADA**") for the District.

ANNUAL ENROLLMENT AND ADA
Fiscal Years 2017-18 through 2023-24
East Side Union High School District

Fiscal Year	Enrollment**	% Change	ADA	% Change
2017-18	23,336	--%	22,081	--%
2018-19	22,606	(3.1)	21,330	(3.4)
2019-20	22,576	(0.1)	21,484*	0.7
2020-21	22,488	(0.4)	21,484*	0.0
2021-22	21,844	(2.9)	19,934	(7.2)
2022-23	21,148	(3.2)	19,307*	(3.1)
2023-24†	20,471	(3.2)	19,024	(1.5)

*The COVID-19 pandemic commenced in approximately March 2020. Legislation was enacted which included hold harmless provisions for consequences on funded ADA in fiscal years 2019-20 and 2020-21. Figures do not represent actual ADA but represent funded ADA. State law allows ADA in fiscal year 2022-23 to be based on the greater of actual, prior year or average of prior three years ADA.
**Excluding independent charter school enrollment.
†Second Interim.
Source: East Side Union High School District.

Declines in enrollment are generally attributed to the aging community in the District and the high cost of living. The District has implemented an "Attention to Attendance" strategy to reduce the possibility of additional declines.

Employee Relations

In fiscal year 2023-24 the District has 1,179.7 full time equivalent (**"FTE"**) certificated employees, 583.0 FTE classified employees and 84.2 management/Supervisor/Confidential FTE employees. District employees (excluding management) are represented by employee bargaining units as follows:

BARGAINING UNIT CONTRACTS
East Side Union High School District

Name of Bargaining Unit	Current Contract Expiration Date
East Side Teachers Association/CTA/NEA	July 31, 2024
California School Employees Association-187	June 30, 2025
American Federation of Teachers (Adult Education)	June 30, 2024

Source: East Side Union High School District.

Management contracts are not part of union negotiations and have been settled through June 30, 2024.

Risk Management

The District participates in joint ventures under joint powers agreements ("**JPAs**") with Northern California Regional Liability Excess Fund, Santa Clara County Schools Insurance Group and Metropolitan Education District. The District pays an annual premium to the North California Regional Liability Excess Fund for its property liability insurance (which includes coverage for cyber events) and Santa Clara County Schools Insurance Group for its workers' compensation coverage. In addition, the Metropolitan Education District operates the vocational classes for the District. The relationships among the District and the JPA's are such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2023, the District made payments of $2,281,592 and $3,197,088 to Northern California Regional Liability Excess Fund and Santa Clara County Schools Insurance Group, respectively.

District's Response to COVID-19 Pandemic

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

Federal and State legislation was enacted providing additional funding for educational agencies in order to respond the additional costs and services required as a result of the COVID-19 pandemic. The District has received a total amount of approximately $64 million in COVID-relief funding. These funds will be spent in accordance with applicable guidelines.

DISTRICT FINANCIAL INFORMATION

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

Education Funding Generally

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

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

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

- A base grant for each local education agency per unit of ADA, which varies with respect to different grade spans. The base grant is $2,375 more than the average revenue limit provided prior to LCFF implementation. The base grants will be adjusted upward each year to reflect cost-of-living increases. In addition, grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in grades K-3 and the provision of career technical education in grades 9-12.

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

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

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

The LCFF was implemented for fiscal year 2013-14 and was phased in gradually. Beginning in fiscal year 2013-14, an annual transition adjustment was required to be calculated for each school district, equal to each district's proportionate share of the appropriations included in the State budget (based on the percentage of each district's students who are low-income, English learners, and foster youth ("**Targeted Students**")), to close the gap between the prior-year funding level and the target allocation at full implementation of LCFF. In each year, districts had the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district's funding gap. The legislation implementing LCFF also included a "hold harmless" provision which provided that a district or charter school would maintain total revenue limit and categorical funding at least equal to its fiscal year 2012-13 level, unadjusted for changes in ADA or cost of living adjustments.

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

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

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

*Add-ons to the Base Grant, as may be applicable, are: (1) Supplemental Grant: For the supplemental grant funding entitlement, for each grade span, the calculation is the base grant or adjusted base grant per ADA, times total funded ADA, times Unduplicated Pupil Percentage, times 20%, (2) Concentration Grant: For the concentration grant funding entitlement, the calculation is the base grant or adjusted base grant per ADA, times total funded ADA, times portion of Unduplicated Pupil Percentage that exceeds 55%, times 65%, and (3) Transitional Kindergarten Add-On: For the TK add-on funding, the amount in fiscal year 2023-24 is the rate of $3,044 times the school district's current year TK ADA.
Source: California Department of Education.

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

County superintendents review and provide support to the districts under their jurisdiction, and the Superintendent of Public Instruction performs a corresponding role for county offices of education. In addition, the State Budget for fiscal year 2013-14 created the California Collaborative for Education Excellence to advise and assist school districts, county offices of education, and charter schools in achieving the goals identified in their plans. Under the LCFF and related legislation, the State will continue to measure student achievement through statewide assessments, produce an Academic Performance Index for schools and subgroups of students, determine the contents of the school accountability report card, and establish policies to implement the federal accountability system.

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

District Accounting Practices

The accounting practices of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the California Education Code, is to be followed by all California school districts.

District accounting is organized on the basis of funds, with each group consisting of a separate accounting entity. The major fund classification is the general fund which accounts for all financial resources not requiring a special fund placement. The District's fiscal year begins on July 1 and ends on June 30. For more information on the District's basis of accounting and fund accounting, see "APPENDIX B – Audited Financial Statements of the District for Fiscal Year Ended June 30, 2023 – Note 1 - Significant Accounting Policies" herein.

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. GASB 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 Audited Financial Statements for fiscal year 2022-23 were prepared by Eide Bailly LLP, Menlo Park, California (the **"Auditor"**). Audited financial statements for the District for the fiscal year ended June 30, 2023 and prior fiscal years are on file with the District and available for public inspection at the Superintendent's Office. See Appendix B hereto for the District's 2022-23 Audited Financial Statements. The District has not requested, and the Auditor has not provided, any additional review of such financial statements in connection with their inclusion in the Official Statement. Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to the District.

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General Fund Revenues, Expenditures and Changes in Fund Balance. The District's General Fund is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund. The following table shows the audited income and expense statements for the District for the fiscal years 2018-19 through 2022-23.

EAST SIDE UNION HIGH SCHOOL DISTRICT
General Fund Revenues, Expenditures and Changes in Fund Balance
Fiscal Years 2018-19 through 2022-23 (Audited)

	Audited 2018-19	Audited 2019-20	Audited 2020-21	Audited 2021-22	Audited 2022-23
REVENUES					
LCFF	$238,525,405	$239,046,298	$238,078,777	$248,922,453	$286,598,682
Federal	11,562,572	11,789,779	27,454,544	20,925,503	32,344,615
Other State	38,131,201	25,428,351	34,362,165	45,815,300	54,014,255
Other Local	10,682,440	14,761,464	10,317,107	12,234,080	19,044,963
Total Revenues	298,901,618	291,025,892	310,212,593	327,897,336	392,002,515
EXPENDITURES					
Instruction	172,208,871	164,869,707	165,811,816	188,025,375	192,560,970
Instruction-related services:					
Supervision of instruction	17,803,782	15,027,103	18,045,646	19,863,656	23,289,826
Library, media and technology	1,086,650	1,101,192	1,341,783	1,446,753	1,741,934
School site administration	15,419,227	14,434,299	14,746,385	16,342,928	17,331,814
Pupil services:					
Hone-to-school transportation	8,051,306	6,770,442	3,510,377	8,455,063	8,912,004
Food services	--	94,516	580,345	185,358	244,323
All other pupil services	31,334,683	31,604,098	34,251,484	41,553,222	44,279,821
General administration:					
Data processing	3,429,155	3,757,849	1,974,098	2,132,172	2,356,956
All other general administration	11,954,754	12,024,035	12,598,383	11,220,669	13,146,765
Plant services/Maintenance and operations	22,753,637	21,488,713	22,566,010	25,300,784	28,588,106
Facility Acquisition and Construction	--	--	--	--	--
Ancillary Services	2,734,552	2,951,637	2,686,135	3,166,132	3,639,927
Community Services	39,096	17,956	234	42,378	36,764
Other outgo	10,456,710	9,453,027	8,335,075	6,929,349	7,870,665
Capital outlay	55,430	364	--	--	755
Debt service: Principal	765,649	872,931	938,412	1,186,595	995,000
Debt service: Interest	1,550,671	1,525,649	1,460,529	1,418,312	1,370,432
Total Expenditures	299,644,173	285,993,518	288,846,712	327,268,746	346,366,062
Revenues Over (Under) Expends	(742,555)	5,032,374	21,365,881	628,590	45,636,453
Net Other Financing Sources (Uses)	(2,436,509)	(1,963,830)	(1,666,442)	(100,000)	(100,000)
Net Change in Fund Balance	(3,179,064)	3,068,544(1)	19,699,439(2)	528,590	45,536,453
Fund Balance, July 1	43,435,288	40,256,224	43,324,768	63,024,207	63,552,797
Fund Balance June 30	$40,256,224	$43,324,768	$63,024,207	$63,552,797	$109,089,250

(1) Savings attributed to reduced operating costs as a result of the COVID-19 pandemic.
(2) Savings generally attributed to COVID one-time funding sources.
Source: East Side Union High School District Audit Reports.

District Budget and Interim Financial Reporting

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

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

The County Superintendent must review and approve or disapprove the budget no later than August 15. The County Superintendent is required to examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Trustees 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 fiscal year. The County Superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and 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 two subsequent fiscal years.

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

District's Budget Approval/Disapproval and Certification History. In the previous five years, three interim reports have been certificate as qualified, the fiscal year 2019-20 second interim report was certified as qualified, and the District's first and second interim reports for fiscal year 2023-24 were also certified as qualified.

2019-20 Second Interim (Qualified). Initially the District certified the report as positive on March 5, 2020. However, in a letter to the District dated April 15, 2020, the County Superintendent informed the District that its staff had examined the District's second interim report, that it did not agree with a positive certification, and it made a finding of qualified certification. The County appointed a fiscal advisor for March through June of 2020.

The rationale provided was generally because on March 11, 2020, the District Board rescinded its prior planned reduction of force actions, which were critical elements to balancing the District's budget in future years. Without finding additional cuts of $781,000 for fiscal year 2020-21 the District would show a reserve level below the minimum 3% requirement. As required, the District thereafter submitted a third interim report to the County Superintendent which included adjustments for addressing its fiscal condition. In addition, the Fiscal Crisis Management and Management Assessment Team (**"FCMAT"**) was engaged by the County Superintendent to perform a Fiscal Health Risk Analysis to examine the District's deficit spending and projected reserves that were projected to fall below statutory reserve requirements. The FCMAT report dated June 4, 2020 identified main areas of concern being governance, position control, deficit spending, declining enrollment and General Fund reserves, with development of trust and cooperation between administration and the Board being critical in the months and years ahead to sustain quality educational services and fiscal solvency. The FCMAT report also noted that the Board actions and financial calculations took place prior to the COVID-19 pandemic and related economic impacts. The fiscal solvency risk level in the report was identified as high.

Subsequently, the District's budget for fiscal year 2020-21 was approved by the County Superintendent. The District's original target of $29.35 million in proposed spending reductions in 2020-21 were reduced to $6.5 million as a result of an improved fiscal year 2019-20 ending fund balance due to savings resulting from the COVID-19 shutdown, from the realization of COVID relief funds received from State and federal programs, in addition to including the 3.85% COLA assumption included the State's proposed 2021-22 Budget proposal in District projections.

Thereafter, at the Board level, in order to address the District's fiscal health, in June 2022, the District Board approved a Fiscal Solvency Resolution, which the Board thereafter amended on February 9, 2023. As revised, the Fiscal Solvency Resolution calls for the following actions:

- Ensure fiscal solvency by reducing expenditures in all areas as necessary.

- Implement a Reduction in Force of $8 million commencing in the 2024-25 fiscal year.

However, the Fiscal Solvency Resolution may be further modified by the District Board with future action.

2023-24 First Interim (Qualified for Period Ending October 31, 2023). As of First Interim for fiscal year 2023-24, the District projected a deficit of $16.8 million, $55.1 million deficit in 2024-25, and $58.3 million deficit in 2025-26, with projections indicating that the District would be unable to meet its obligations for staff and vendors and negative cash balances in September 2025. The District's Budget Advisory Committee identified several areas to be considered for reductions starting in fiscal year 2023-24 to ensure that the District is not in an insolvency situation. At the June 2023 Board meeting, the Board passed Resolution 2021/2022-43, which committed $31,270,000 for fiscal solvency in future years, but those funds will be exhausted in the current year (2023-24). The qualified certification reflects that the District will end the current and next fiscal year with a positive ending balance, but a contingency plan is required to address the projected negative balance for fiscal year 2025-26.

2023-24 Second Interim (Qualified for Period Ending January 31, 2024). As of Second Interim, the District projected a deficit of $16.8 million in 2023-24, $56.8 million deficit in 2024-25, and $61.4 million deficit in 2025-26. The ending fund balance in 2023-24 was projected to be $92.1 million, 2024-25 is $35.2 million, and 2025-26 is negative $26 million, and excluding the economic uncertainty and restricted funds, there is a projected negative balance of $48.3 million. Based on this information, the District projects that it will be unable to meet its obligations for staff and vendors in future fiscal years, with a negative cash balance projected as Second Interim in September 2025. The District will continue with Budget Advisory Committee meetings through June 2024 and beyond until it is able to maintain fiscal solvency based on actions by the Board. Expected next steps are a 2023-24 FCMAT Fiscal Health Analysis, a 2023-24 Third Interim Report (June 2024), and 2024-25 Budget development.

Subsequent to the Second Interim Report, the District offered an early retirement incentive package to its eligible employees in order to reduce expenses and achieve savings to the District's General Fund. The District is in the process of identifying participants, but as of April 2024 approximately 72 certificated and 35 classified have indicated interest in participating, with June 30, 2024 being the end of service date. See "2024 Supplemental Early Retirement Incentive Program" below.

Copies of Financial Documents. Copies of the District's budget, interim reports and certifications may be obtained upon request from the Superintendent's Office at 830 N. Capitol Ave., San José, California 95133, Phone: (408) 347-5000. Financial reports are also available online at the District's web site: www.esuhsd.org. The contents of the District's web site are not incorporated herein by reference.

District's General Fund Fiscal Year 2023-24 (Adopted Budget and Second Interim Projections). The following table shows the General Fund figures for the District for fiscal year 2023-24 (adopted budget and second interim projections).

GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE(1)
Fiscal Year 2023-24 (Adopted Budget and Second Interim Projections)
East Side Union High School District

	Adopted Budget 2023-24	Second Interim Projections
Revenues		
LCFF Sources	$292,098,137	$291,523,993
Federal revenues	25,156,911	23,231,074
Other state revenues	26,224,589	33,418,641
Other local revenues	13,912,460	17,745,124
Total Revenues	357,392,096	365,918,833
Expenditures		
Certificated Salaries	162,786,046	159,475,176
Classified Salaries	40,829,802	39,872,385
Employee Benefits	111,669,488	108,940,487
Books and Supplies	9,801,779	8,147,616
Services and Other Operating Expenditures	48,334,895	53,444,974
Capital Outlay	112,500	600,032
Other Outgo (excl. transfers of Ind. Costs)	12,309,891	12,746,390
Other Outgo-Transfers of Indirect Costs	(549,905)	(570,227)
Total Expenditures	385,294,496	382,656,833
Excess of Revenues Over/(Under) Expenditures	(27,902,400)	(16,738,000)
Other Financing Sources (Uses)		
Interfund Transfers In		
Interfund Transfers Out	(100,000)	(100,000)
Other Sources/Uses	--	--
Contributions	--	--
Total Other Financing Sources (Uses)	(100,000)	(100,000)
Net Change in Fund Balance	(28,002,400)	(16,838,000)
Fund Balance, July 1	108,897,256	108,897,256
Fund Balance, June 30(2)	$80,894,857	$92,059,256

(1) Budget documents do not account for reserves held outside of the General Fund, which reserves are included in the audited financial statements for the District's General Fund summarized in the preceding table.
(2) Totals may not foot due to rounding.
Source: East Side Union High 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 projects that its reserve will fall below required levels in future years. See above under the heading "-District's Budget Approval/Disapproval and Certification History."

Under State law (Education Code Section 42127.01), there are certain restrictions on the amount of reserves that can be maintained by school districts under certain circumstances. This reserve cap requirement does not apply to small school districts (ADA of fewer than 2,501 students) or school districts funded as Basic Aid school districts. When applicable, the reserve cap requires that a school district's adopted or revised budget shall not contain a combined assigned or unassigned ending General Fund balance of more than 10% of those funds. The applicability of the reserve cap is based on the balance in the State's Public School System Stabilization Account and is triggered in a fiscal year when the balance is equal to or exceeds 3% of the combined total of General Fund revenues appropriated for school districts. A county superintendent of schools may grant a school district under its jurisdiction an exemption from the requirements for up to two consecutive fiscal years within a three-year period if the school district provides documentation indicating that extraordinary fiscal circumstances, including, but not limited to, multiyear infrastructure or technology projects, substantiate the need for a combined assigned or unassigned ending General Fund balance that is in excess of the reserve cap. The reserve cap has been triggered for fiscal year 2023-24 and as such, for school districts to which it applies, the cap must be taken into account in its budgeting documents or an exemption must be sought. The District has taken the reserve cap into account in its budgeting documents.

2024 Supplemental Early Retirement Incentive Program. The Supplemental Early Retirement Program ("**SERP**") has been offered to certain eligible certificated and classified employees of the District, who are at least 55 years of age and have at least 5 years of service. Effective July 1, 2024, the SERP is expected to reduce ongoing expenditures relating to employee salaries and other benefits. The District is in the process of identifying which employees will be entering the program, so the total benefit of SERP is not known at this time, although savings are expected to be realized starting in fiscal year 2024-25.

Attendance - Revenue Limit and LCFF Funding

Funding Trend per ADA. As previously described, prior to fiscal year 2013-14, school districts in the State derived most State funding based on a formula which considered a revenue limit per unit of ADA. With the implementation of the LCFF, commencing in fiscal year 2013-14, school districts receive base funding based on ADA, and may also be entitled to supplemental funding, concentration grants and funding based on an economic recovery target. The following table sets forth ADA and total LCFF funding or the District for fiscal years 2017-18 through 2023-24 (Projected).

ADA AND LCFF FUNDING
Fiscal Years 2017-18 through 2023-24 (Projected)
East Side Union High School District

Fiscal Year	ADA	Total LCFF Funding
2017-18	22,081	$224,061,119
2018-19	21,330	238,525,405
2019-20	21,484	239,046,298
2020-21	21,484	238,078,777
2021-22	19,934	248,922,453
2022-23	19,307	286,598,682
2023-24*	19,024	291,523,993

*Second Interim.
Source: East Side Union High School District.

Unduplicated Pupil Count. The District's unduplicated pupil percentage (**"UPP"**) for purposes of supplemental and concentration grant funding under LCFF is projected to be 49.27% in fiscal year 2023-24. This percent qualifies the District for a certain amount of funding under LCFF, but because it is under 55%, the District does not receive concentration funding under LCFF.

Revenue Sources

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

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

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

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

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

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

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

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

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

District Retirement Systems

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

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

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

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

STRS EMPLOYER CONTRIBUTION RATES
Effective Dates of July 1, 2014 through July 1, 2023

Effective Date	Employer Contribution Rate
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	17.10*
July 1, 2020*	16.15*
July 1, 2021	16.92*
July 1, 2022	19.10
July 1, 2023	19.10

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

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

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
East Side Union High School District
Fiscal Years 2017-18 through 2023-24 (Projected)

Fiscal Year	Amount
2017-18	$17,926,108
2018-19	20,097,021
2019-20	37,058,670
2020-21	21,393,958
2021-22	23,774,213
2022-23	28,207,731
2023-24(1)	43,306,419

(1) Second Interim. Budgeting documents include State on-behalf contributions. Prior years audited figures shown in the foregoing table are net of State contributions.
Source: East Side Union High School District.

The STRS defined benefit program continues to have unfunded actuarial liabilities estimated at approximately $85.8 (on a market value of assets basis) and $88.6 billion (on an actuarial value of assets basis) as of June 30, 2022, which is the date of the last actuarial valuation.

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

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

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

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

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

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

PERS CONTRIBUTIONS
East Side Union High School District
Fiscal Years 2017-18 through 2023-24 (Projected)

Fiscal Year	Amount
2017-18	$5,120,582
2018-19	6,788,525
2019-20	7,521,104
2020-21	7,702,705
2021-22	9,354,284
2022-23	11,069,130
2023-24(1)	11,269,151

(1) Second Interim.
Source: East Side Union High School District.

PERS continues to have an unfunded liability which, on a market value of assets basis, was approximately $37.6 billion (on a market value of assets basis) as of June 30, 2022, which is the date of the last actuarial valuation.

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

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

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

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

Additional Information - STRS and PERS. Additional information regarding the District's retirement programs is available in Note 15 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 Self-Insured Schools of California ("**SISC**") administers the District's Postemployment Benefits Plan (the "**Plan**") which is a single-employer defined benefit plan that is used to provide other postemployment benefits ("**OPEB**") other than pensions for all permanent full-time employees of the District. Financial information for SISC can be found on the SISC website at https://www.sisc.kern.org/; however, the information in such website is not incorporated herein by reference. Membership of the Plan consists of 173 retirees and beneficiaries currently receiving benefits and 1,281 active plan members, as of the June 30, 2022 most recent actuarial valuation date. Management of the Plan is vested in District management. Management of the Trustee assets is vested with SISC.

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

Contributions. The contribution requirements of plan members and the District are established and may be amended by the District and the East Side Teacher Association ("**ESTA**") and the local California Service Employees Association ("**CSEA**"). The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund as determined annually through the agreements between the District, ESTA, and CSEA. As stated in the District's most recent audited financial report for fiscal year 2022-23, the District contributed $891,266 to the Plan, all of which was used for current premiums.

Irrevocable Trust for OPEB. In 2007, the District established an irrevocable trust to address its OPEB liability. The trust is projected to have a balance of $12.7 million for the fiscal year ending June 30, 2024. In fiscal year 2020-21, 2021-22 and 2022-23, the District did not make contributions to the trust. No contributions are budgeted in fiscal year 2023-24.

Actuarial Assumptions and Other Inputs. The net OPEB liability in the June 30, 2022 actuarial valuation, and June 30, 2022 measurement date was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified: inflation of 2.75%, salary increases of 3.0%, average, including inflation, investment rate of return of 5.0%, net of OPEB plan investment expense, including inflation, healthcare cost trend rates of 5.5%, Medicare Part B premiums are assumed to increase to 4%, and a discount rate of 3.72%.

Mortality rates for were based on the 2021 CalPERS valuation, projected to future years using the ultimate rates from projection scale MP-2021. Mortality rates vary by age and sex. 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 long-term expected rate of return on OPEB plan investments was 5%, which is the District's estimate of long-term investment returns on its OPEB investment portfolio in the SISC trust.

Discount Rate. The discount rate has been changed from 2.49% per year to 3.72% at the June 30, 2022 measurement date. The projection of cash flows used to determine the discount rate assumed that the District will receive reimbursement from the OPEB trust for benefits paid to retired employees until the Trust is exhausted. Under that assumption, the fiduciary net position is projected to be available to make all projected OPEB payments until 2028. The long-term expected rate of return (5.00%) was applied to all periods prior to 2029, and the Fidelity General Obligation AA Index was applied to all periods after 2028. The discount rate of 3.72% is the single rate of return at which the actuarial present value of all projected benefit payments equals the present value of projected benefit payments using the two rates described in the previous sentence.

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

CHANGES IN TOTAL NET OPEB LIABILITY
East Side Union High School District

	Total OPEB Liability	**Plan Fiduciary Net Position**	**Net OPEB Liability**
Balance at June 30, 2021	$66,399,075	$18,480,524	$47,918,551
Service Cost	3,854,149	--	3,854,149
Interest	1,312,040	--	1,312,040
Changes in Assumptions	(7,288,588)	--	(7,288,588)
Difference Between Actual and Expected Experience	(2,686,469)		(2,686,469)
Employer Contributions	--	(958,425)	958,425
Net Investment Income	--	(1,438,988)	1,438,988
Benefit payments	(2,246,871)	(2,246,871)	--
Administrative Expenses	--	(17,244)	17,244
Net changes	(7,055,739)	(4,661,528)	(2,394,211)
Balance at June 30, 2022	$59,343,336	$13,818,996	$45,524,340

Source: East Side Union High School District.

OPEB Expense. For the year ended June 30, 2023, the District recognized an OPEB expense of $1,319,168.

For more information regarding the District's OPEB and assumptions used in its most recent actuarial study, see Note 14 of Appendix B to the Official Statement. The District has previously issued its long-term bonds to provide a source of payment for a portion of its annual OPEB costs. See below under "– Existing Debt Obligations – 2006 OPEB Bonds."

Existing Debt Obligations

In addition to debt relating to retirement plans and post-employment benefits as described above, the District has debt in the form of voter-approved general obligation bonds which are secured by *ad valorem* property taxes, and General Fund debt in the form of refunding bonds relating to OPEB liability, and capital leases. These obligations are described below. The District has never defaulted on the payment of principal or interest on any of its long-term indebtedness.

Summary of General Obligation Debt. The following table summarizes the District's general obligation bond debt which is currently outstanding.

EAST SIDE UNION HIGH SCHOOL DISTRICT
Schedule of Long Term General Obligation Debt[1]

Issue[2]	Date Issued	Final Maturity Date	Original Amount	Amount Outstanding March 1, 2024
2002 Authorization				
Series G	August 2007	8/1/31	$19,997,738.85	$13,585,695.95
2008 Authorization				
Series C	July 2011	2/1/26	$20,026,088.23	3,250,741.50
Series E	March 2017	8/1/31	$78,970,000.00	65,675,000.00
2012 Authorization				
Series A	November 2013	8/1/38	$20,000,000.00	13,730,000.00
Series B	July 2015	8/1/35	$100,000,000.00	78,865,000.00
2014 Authorization				
Series C[3]	June 2020	8/1/25	$30,000,000.00	11,510,000.00
Series D	May 2023	8/1/30	$47,000,000.00	47,000,000.00
2016 Authorization				
Series B	April 2019	8/1/36	$140,000,000.00	121,580,000.00
Series C	April 2021	8/1/34	$127,320,000.00	95,655,000.00
Refunding Bonds				
2003, Series B	August 2003	8/1/26	$97,160,000.00	21,725,000.00
2006 Crossover	July 2006	9/1/24	$42,665,000.00	8,790,000.00
2013 RGOBs	July 2013	8/1/29	$88,145,000.00	63,670,000.00
2014 RGOBs	June 2014	8/1/35	$41,400,000.00	26,810,000.00
2015 RGOBs	August 2015	8/1/38	$41,420,000.00	32,990,000.00
2016 RGOBs, Series A	June 2016	8/1/33	$16,060,000.00	12,845,000.00
2016 RGOBs, Series B	June 2016	8/1/39	$83,665,000.00	75,930,000.00
2020 RGOBs (Forward)	May 2020	8/1/27	$21,090,000.00	12,885,000.00
2020 RGOBs, Series B	October 2020	8/1/42	$97,585,000.00	90,805,000.00
2022 RGOBs	July 2022	8/1/28	$15,880,000.00	13,040,000.00
Totals			**$1,128,383,827.08**	**$810,341,437.45**

(1) This table does not include the District's 2006 OPEB Bonds, because the OPEB Bonds are not secured by *ad valorem* property taxes, but are secured by the District's General Fund, as described below.
(2) The District also received voter authorization on the November 8, 2022 ballot to issue general obligation bonds in an amount of up to $572 million. As of this date no bonds have been issued pursuant to such authority. See the following paragraph.
(3) Privately placed with J.P. Morgan Chase Bank on June 29, 2020.

The District also has recently received voter authorization to issue general obligation bonds in the amount of up to $572 million pursuant to Measure N approved by District voters on the November 8, 2022 ballot. No bonds have been issued as of this date pursuant to Measure N. When issued, the proceeds of the Measure N Bonds will be applied for the purposes set forth on the Project List approved by District voters.

2006 OPEB Bonds. In November 2006, the District issued its $32,050,000 East Side Union High School District Taxable 2006 Limited Obligation (Other Post-Employment Benefit) Bonds (the **"2006 OPEB Bonds"**) to refinance the District's obligation to pay certain health care benefits for certain retired District employees and to provide certain retirement benefits (in the form of monthly payments to certain eligible employees under a Supplemental Employee Retirement Plan), which are payable from the District's General Fund. The following is the remaining annual debt service with respect to the 2006 OPEB Bonds.

EAST SIDE UNION HIGH SCHOOL DISTRICT
2006 OPEB Bonds
Annual Debt Service Schedule

Bond Year Ending August 1	Principal	Interest	Total Debt Service
8/1/24	$1,095,000	$1,317,498	$2,412,498
8/1/25	1,205,000	1,259,244	2,464,244
8/1/26	1,315,000	1,195,138	2,510,138
8/1/27	1,435,000	1,125,180	2,560,180
8/1/28	1,565,000	1,048,838	2,613,838
8/1/29	1,700,000	965,580	2,665,580
8/1/30	1,845,000	875,140	2,720,140
8/1/31	1,995,000	776,986	2,771,986
8/1/32	2,160,000	670,852	2,830,852
8/1/33	2,330,000	555,940	2,885,940
8/1/34	2,510,000	431,984	2,941,984
8/1/35	2,705,000	298,452	3,003,452
8/1/36	2,905,000	154,546	3,059,546
Total	$24,765,000	$10,675,378	$35,440,378

Compensated Absences. Compensated absences (unpaid employee vacation) for the District at June 30, 2023, amounted to $3,636,100.

Investment of District Funds

In accordance with Government Code Section 53600 *et seq*., the Santa Clara 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 Government Code. See APPENDIX G hereto for a copy of the County's Investment Policy and recent investment report.

Effect of State Budget on Revenues

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

LCFF funding. School districts also receive funding from the State for some specialized programs such as special education.

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

STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

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

State Budgeting for Education Generally

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

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

The Budget Process

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

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

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

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

Available Public Resources

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

- www.treasurer.ca.gov: 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 2023-24 State Budget

Governor Gavin Newsom (the **"Governor"**) signed the State budget bill for fiscal year 2023-24 on June 27, 2023 (the **"2023-24 State Budget"**), prior to the July 1, 2023 deadline. The overall State spending plan totals $310 billion ($226 billion General Fund/$84 billion Special Fund) and solves a $31.5 billion deficit problem. The deficit is largely the result of falling State revenues in recent months due to a downturn in the stock market and resulting decreased capital gains, which is a volatile yet significant source of the State's revenues. The 2023-24 State Budget maintains the largest-ever reserves aimed at weathering projected deficits in the out-years as well as a potential economic recession in the coming year or two.

The 2023-24 State Budget marked a turnabout from several previous years of record surpluses, big ongoing program commitments, and major one-time augmentations for projects. Adding to uncertainties in budgeting was the delayed income tax return filing date due to the federal and State winter storm disaster declarations. As a result, actual revenues in the new budget can be only an educated guess until October 15, 2023 and further adjustments may be necessary early next year if revenues continue to underperform projections.

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

Highlights of the 2023-24 State Budget include:

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

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

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

Climate Change: Fiscal year 2022-23's multiyear commitment of more than $6 billion toward battling climate change was reduced by $2.9 billion. The Governor indicated that he is seeking federal funding from the Inflation Reduction Act and the Infrastructure and Investment and Jobs Act to make up for the cuts, and asked the Legislature to seek voters' approval of a climate bond ranging from $6 billion to $16 billion.

Housing and Homelessness**:** $1 billion for local homeless programs, and directs $100 million to the Housing and Community Development Department's flagship Multi-Family Housing Program for developing additional affordable housing and leveraging additional public and private investment dollars.

Public Transit**:** $5.1 billion for transit across four years, with 100% flexibility for capital and operations expenses and accountability provisions.

With respect more particularly to education funding, the 2023-24 State Budget will provide slightly less funding for schools and community colleges than in the 2022-23 fiscal year, yet assures school districts will have a sizable increase in general operational funding. The 2023-24 State Budget marks a retrenchment from three years of record education funding supplemented by tens of billions in one-time federal and state COVID-19 relief, which together set in motion ambitious new programs. These include $4.4 billion for community schools and $4 billion for after-school and summer programs for low-income children through the Expanded Learning Opportunities Program. Funding for all of those priorities remains intact in the 2023-24 State Budget, as does an 8.2% cost of living increase for the LCFF, special education and other ongoing programs.

Funding for Proposition 98, the formula that sets the portion of the State General Fund going to TK-12, community schools and some child care funding, will be $108.3 billion. That is $2.1 billion less than the Legislature adopted a year ago for the current year.

The 8.2% cost-of-living adjustment will raise the funding formula, which is the primary funding source for general expenses and additional money for high-needs students, by 4.5% to $79 billion. The additional funding takes into account a projected 3.16% decline statewide in ADA, including fewer students than projected enrolling in traditional kindergarten.

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

- $300 million to the funding formula to create what Newsom is calling the "equity multiplier" program. It will enable at least several hundred high-needs schools to close opportunity and achievement gaps by addressing learning needs for the lowest-performing racial and ethnic student groups, students with disabilities and English learners in those schools. The criteria to qualify for the funding includes schools with 90% or more students qualifying for free school meals, and factors in school instability, reflecting high rates of expelled and truant students, dropouts, homeless and foster-care students plus a minimum of 70% low-income students.

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

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

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

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

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

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

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

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

Trailer bills implementing the provisions of the 2023-24 State Budget were considered and voted upon in the weeks following the final budget agreement.

LAO's Fiscal Outlook Publication Dated December 7, 2023

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

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

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

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

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

The 2024-25 State Budget Proposal

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

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

These revenue sources are projected to revert to levels consistent with a normal revenue growth trajectory, absent the COVID-19 surge and subsequent correction.

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

Highlights of the 2024-25 State Budget Proposal include:

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

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

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

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

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

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

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

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

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

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

- $7 million to support inquiry-based science instruction and assessment.

- $5 million ongoing to support the California College Guidance Initiative.

- $122.2 million to fully fund universal school meals program.

- $5 million to the Broadband Infrastructure Grant.

- $3.2 million ongoing to support the K-12 High Speed Network program.

- $2.1 million ongoing for a county office of education to enable fourth graders attending public schools to access California state parks.

- $2 million ongoing to establish a Technical Assistance center.

- $1.5 million ongoing to maintain support for Homeless Education Technical Assistance Centers that were first established through the American Rescue Plan Act's Homeless Children and Youth Program.

- $3.4 million, of which $380,000 is ongoing, to replace critical servers, maintain warranty coverage for network infrastructure, and refresh laptops, tables, and workstations for students and staff at the State Special Schools and Diagnostic Centers.

In February 2024, the Department of Finance released the K-12 Education Omnibus trailer bill language ("**TBL**"). The TBL provides additional information on the Governor's 2024-25 State Budget Proposal. Key components include proposed amendments to the Learning Recovery and Emergency Block Grant as well as clarification regarding attendance recovery.

Specifically, the TBL explains that the 2024-25 State Budget Proposal contains the following statutory changes:

- Allows Local Education Agencies ("**LEAs**") to add attendance recovery time to the attendance data submitted to the Department of Education, both for funding purposes (ADA reporting) and chronic absenteeism (individual student reporting).

- Requires LEAs to provide students with access to remote instruction or support to enroll at a neighboring LEA for emergencies lasting 5 or more days.

- Encourages LEAs to provide hybrid or remote learning opportunities to students unable to attend school.

The TBL provides the following clarification on attendance recovery:

- Recovery shall not result in the crediting of more than the equivalent of 15 days of attendance for in a school year and shall not be credited with more than day of attendance for any calendar day.

- ADA earned may be generated in increments of 15 minutes, as documented by the teacher of each attendance recovery classroom. Credit would be provided with a full day of attendance once the amount of time that student participates in an attendance recovery program exceeds the applicable minimum day minutes requirements.

- Program shall be under the immediate supervision and control of a teacher employee of the LEA.

Additionally, the 2024-25 State Budget Proposal provides statutory changes to include focusing the use of unexpended allocated Learning Recovery Emergency Block Grant funds to address the needs of students most impacted by learning loss, based on an assessment of needs and incorporated into the existing Local Control and Accountability Plan development process and clarifies that the allowable uses of the funds include professional development aligned to the new mathematics framework as well as tools for staff to recognize and offer mental health support to students.

For the full text of the 2024-25 State Budget Proposal, see the DOF website at www.dof.ca.gov. *The reference to this Internet website is shown for reference and convenience only and the information contained on such website is not incorporated by reference into this Official Statement. The information contained on this website may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

LAO's Budget Overview Dated January 13, 2024

The LAO provided a brief review of the 2024-25 State Budget Proposal. Major notes are:

- The LAO estimates the administration solved a budget problem of $58 billion, larger than the administration's estimate ($38 billion) largely due to differences in baseline changes. The largest of these changes impacts schools and community colleges. Specifically, the administration defines a $15 billion reduction to school and community college spending as a baseline change.

- The Governor's budget solutions focus on spending. Spending-related solutions (including both school and community college spending and other spending) total $41 billion and represent nearly three-quarters of the total solutions. In addition, the Governor's budget includes $13 billion in reserve withdrawals, which represent nearly one-quarter of the total; $4 billion in cost shifts; and about $400 million in revenue-related solutions.

- The Governor's budget revenue projection is $15 billion higher than that contained in the LAO's Fiscal Outlook which is plausible but optimistic. On the spending side, there are strengths and weaknesses to the Governor's approach. In particular, the Governor's reserve withdrawal is reasonable, however, some significant spending-related solutions pose challenges. The budget lacks a plan for implementing proposed reductions to schools and community colleges, and some other solutions are unlikely to yield the anticipated savings. Further, the State faces significant deficits in the coming years, likely necessitating difficult decisions in the future, such as reductions to core services and/or revenue increases.

- Overall, the Governor's budget runs the risk of understating the degree of fiscal pressure facing the State in the future. The Legislature likely will face more difficult choices next year. To mitigate these challenges, the LAO recommends the Legislature develop the budget with a focus on future years, specifically: (1) plan for lower revenues, (2) maintain a similar reserve withdrawal, (3) develop a plan for school and community college funding, (4) maximize reductions in one-time spending, and (5) apply a higher bar for any discretionary proposals and contain ongoing service level.

Disclaimer Regarding State Budgets

The execution of State budgets may be affected by numerous factors, including but not limited to: (i) shifts in costs from the federal government to the State, (ii) national, State and international economic conditions, (iii) litigation risks, (iv) rising health care costs and/or other unfunded liabilities, such as pension or OPEB, and (v) numerous other factors, all or any of which could cause the revenue and spending projections included in such budgets to be unattainable. The District cannot predict the impact that the 2023-24 State Budget or subsequent State budgets, or future changes (if any) in the budget due to shifts in the economy or other factors, will have on its own finances and operations. However, the Bonds described herein are secured by *ad valorem* property taxes levied and collected on taxable property in the District, without limit as to rate or amount, and are not secured by a pledge of revenues of the District or its General Fund.

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

Uncertainty Regarding Future State Budgets

The District cannot predict what actions will be taken in future years by the State legislature or the Governor to address the State's current or future revenues and expenditures or possible future budget deficits. Future State Budgets will be affected by national and State economic conditions and other factors over which the District has no control. The District cannot predict what impact any future budget proposals will have on the financial condition of the District. To the extent that the State Budget process results in reduced revenues to the District, the District will be required to make adjustments to its own budgets.

Legal Challenges to State Funding of Education

The application of Proposition 98 and other statutory regulations 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.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Principal of and interest on the Bonds are payable from the proceeds of an *ad valorem* property tax levied by the County for the payment thereof. Articles 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* property tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* property taxes may be levied to pay debt service on (a) indebtedness approved by the voters prior to July 1, 1978, (b) (as a result of an amendment to Article XIIIA approved by State voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness, and (c) (as a result of an amendment to Article 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. 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.

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 State Board of Equalization has approved this methodology for increasing assessed values. On appeal, the Appellate Court held that the trial court erred in ruling that assessments are always limited to no more than 2% of the previous year's assessment. On May 10, 2004, a petition for review was filed with the California Supreme Court. The petition has been denied by the California Supreme Court. As a result of this litigation, the "recapture" provision described above may continue to be employed in determining the full cash value of property for property tax purposes.

Article 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 State Board of Equalization (**"SBE"**) as part of a "going concern" rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

Articles 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: (a) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (b) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (c) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections , and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (d) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (e) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (f) a charge imposed as a condition of property development; and (g) assessments and property-related fees imposed in accordance with the provisions of Article 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 (a) 40.9% of State general fund revenues (the **"first test"**) or (b) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to *per capita* personal income) and enrollment (the **"second test"**). Under Proposition 111, schools will receive the greater of (a) the first test, (b) the second test, or (c) a third test, which will replace the second test in any year when growth in *per capita* State general fund revenues from the prior year is less than the annual growth in California per capita personal income (the **"third test"**). Under the third test, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and *per capita* State general fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test will become a "credit" to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

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

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

Proposition 1A and Proposition 22

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

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

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

Proposition 30 and Proposition 55

The Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment, also known as **"Proposition 30"**, temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposed an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposed an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017. This excise tax was levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018, Proposition 30 increases for such period the marginal personal income tax rate by: (a) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $340,000 but less than $408,000 for head of household filers and over $500,000 but less than $600,000 for joint filers), (b) 2% for taxable income over $300,000 but less than $500,000 for single filers (over $408,000 but less than $680,000 for head of household filers and over $600,000 but less than $1,000,000 for joint filers), and (c) 3% for taxable income over $500,000 for single filers (over $680,000 for head of household filers and over $1,000,000 for joint filers). Proposition 55 (described below) extended said increases to personal income rates through the end of 2030.

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

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

California Senate Bill 222

Senate Bill 222 (**"SB 222"**) was signed by the California Governor on July 13, 2015, and became effective on January 1, 2016. SB 222 amended Section 15251 of the California Education Code and added Section 52515 to the California Government Code to provide that voter approved general obligation bonds which are secured by *ad valorem* property tax collections are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds. Said lien shall attach automatically and is valid and binding from the time the bonds are executed and delivered. The lien is enforceable against the issuer, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any further act. The effect of SB 222 is the treatment of general obligation bonds, such as the Bonds, as secured debt in bankruptcy due to the existence of a statutory lien.

Proposition 19

On November 3, 2020, State voters approved Proposition 19, a legislatively referred constitutional amendment (**"Proposition 19"**), which amends Article 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) narrows as of February 16, 2021 existing special rules for the valuation of inherited real property due to a transfer between family members, and (iii) allocates most resulting State revenues and savings (if any) to fire protection services and reimbursing local governments for taxation-related changes. The District cannot predict whether the implementation of Proposition 19 will increase, decrease or have no overall impact on the District's assessed values.

Future Initiatives

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

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APPENDIX B

AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2022-23

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Financial Statements
June 30, 2023

East Side Union High School District

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

Governing Board
East Side Union High School District
San Jose, California

Report on Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the East Side Union High School District (District) as of and for the year ended June 30, 2023, 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, the business-type activities, the each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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, general fund budgetary comparison information, schedule of changes in the net OPEB liability and related ratios, schedule of the District's contributions for OPEB, schedule of the District's proportionate share of the net pension liability, and the schedule of the District's contributions for pensions 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 the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), LEA organization structure, schedule of average daily attendance, schedule of instructional time, reconciliation of the annual financial and budget report with audited financial statements, schedule of financial trends and analysis, schedule of charter schools, and the combining nonmajor funds balance sheets and income statements 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, LEA organization structure, schedule of average daily attendance, schedule of instructional time, reconciliation of the annual financial and budget report with audited financial statements, schedule of financial trends and analysis, schedule of charter schools, and the combining nonmajor funds balance sheets and income statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2023 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 District's internal control over financial reporting and compliance.

Eide Bailly LLP

Menlo Park, California
December 13, 2023

The annual financial report of the East Side Union High School District (District) presents a discussion and analysis of the District's financial performance during the year ended June 30, 2023. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

The major financial highlights of the current year are as follows:

- The District's cash and investments balances increased by $47.6 million, with most of that increase reported in our capital projects funds due to the issuance of bonds.
- Capital assets increased by $20.1 which is comprised of $66.3 million in capital asset additions, which was offset by depreciation of $35.1 million.
- The District's long-term debt, other than claim liability, pension, and other post-employment benefit (OPEB) liabilities, decreased by $27.0 million mainly due to repayment of principal. Net pension and OPEB liabilities increased by $88.0 million, mainly due to changes in earnings related to those plans with CalPERS and CalSTRS. The $27.0 million was also offset by principal payments, including the refunded debt, in the amount of $81.2 million. The District's general obligation bonds are secured with proceeds from property taxes collected from various bond measures approved by the District's voters.
- The District's operating grants, which were received from federal and state sources, increased by $25.6 million mainly due to one-time COVID-19 emergency funds.
- The District's instructional related expenses increased by $30.6 million due to instructional salaries and support for learning and wellness.
- The District's state aid, including Education Protection Act (EPA), increased by $11.1 million due to increases related to Cost of Living Adjustments (COLA) and other State authorized increases within the Local Control Funding Formula (LCFF).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements which comprise of three components: (1) Government-wide financial statements, (2) Fund financial statements, and (3) Notes to the basic financial statements. Additional supplementary information is included, in addition to the basic financial statements.

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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 and business-type activities separately. These statements include all assets of the District (including capital assets, right-to-use leased assets, and right-to-use subscription information technology (IT) 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 statement of net position includes all assets including capital assets, deferred outflows of resources, liabilities including long-term liabilities, deferred inflows of resources with the difference being presented as net position. Certain eliminations have occurred as prescribed by the generally accepted accounting principles for interfund activities.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to accrued, but uncollected grants, and to expenses pertaining to earned, but unused compensated absences.

The *Fund Financial Statements* include statements for each of the three categories of activities: governmental, proprietary, and fiduciary.

The Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. All of the District's basic services are reported in governmental funds. These statements, however, focus on: (1) how cash and other financial assets can readily be converted to available resources and (2) the balances left at year-end, which are available for spending. Such information is useful in determining what financial resources are available in the near future to finance the District's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances include a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains nine governmental funds organized according to their source of funding. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the: (1) General Fund, (2) Building Fund, (3) Bond Interest and Redemption Fund, (4) and six other nonmajor funds that accounts for restricted or committed funds for capital or maintenance or educational programs. The basic governmental fund financial statements can be found on pages 14-25 of this report.

The *Proprietary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.

The District maintains two different types of proprietary funds. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses an enterprises fund to account for its food service activities. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses internal service funds to account for the management of its retained risks such as the self-insurance program. Because the services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the food service operations and internal service funds.

The proprietary fund financial statements can be found on pages 21-23 of this report.

The *Fiduciary Funds* are agency funds, which are prepared using the economic resources measurement focus and the accrual basis of accounting.

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary fund.

The fiduciary fund financial statements can be found on pages 24-25 of this report.

The *Notes to the Financial Statements* provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-66 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the District's budgetary comparison information and changes in the net pension and OPEB liabilities to its employees. Required supplementary information can be found on pages 67-73 of this report.

The combining statements in connection with nonmajor governmental funds referred to earlier are presented immediately following the required supplementary information on pensions and OPEB. Combining fund statements and schedules can be found on pages 82-83 of this report.

Government-Wide Overall Financial Analysis

Net Position

The District reported a net position of $68.9 million and $36.6 million deficit for the fiscal years ended June 30, 2023 and 2022, respectively. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limits the Governing Board's ability to use net position for day-to-day operations. Our analysis below focuses on the net position (Table 1) and change in net position (Table 2) of the District's government-wide financial statement.

Table 1

	Governmental Activities		Business-Type Activities	
	2023	2022	2023	2022
Current and Other Assets	$ 550,209,962	$ 502,517,025	$ 3,039,110	$ 1,536,506
Capital Assets	817,339,031	797,228,839	-	-
Total assets	1,367,548,993	1,299,745,864	3,039,110	1,536,506
Total deferred outflows	98,868,084	93,931,893	2,588,704	357,463
Current Liabilities	64,060,014	63,790,182	112,418	277,977
Long-Term Obligations	979,887,755	1,006,889,742	-	-
Net Other Post-Employment	44,693,298	47,059,487	831,042	859,064
Aggregate Net Pension Liability	247,397,665	156,730,272	7,136,965	6,967,501
Total liabilities	1,336,038,732	1,274,469,683	8,080,425	8,104,542
Total deferred inflows	58,174,704	147,232,844	851,814	2,339,325
Net position (deficit)				
Net investment in capital assets	206,128,776	122,200,555	-	-
Restricted	69,327,947	84,496,907	-	-
Unrestricted	(203,253,082)	(234,722,232)	(3,304,425)	(8,549,898)
Total net position (deficit)	$ 72,203,641	$ (28,024,770)	$ (3,304,425)	$ (8,549,898)

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities in the financial statements. Table 2 is information from the Statement of Activities by revenues and expenses.

Table 2

	Governmental Activities		Business-Type Activities	
	2023	2022	2023	2022
Revenues				
Program Revenues				
Charges for services and sales	$ 279,465	$ 466,059	$ 76,530	$ 21,593
Operating grants and contributions	99,280,591	72,917,346	11,061,340	10,428,914
Capital grants and contributions	2,359,060	-	-	-
General Revenues				
State and federal sources	153,659,305	144,724,303	-	-
Taxes	262,899,470	214,531,795	-	-
Other general revenues	14,800,842	10,969,519	(132,921)	(29,553)
Total revenues	533,278,733	443,609,022	11,004,949	10,420,954
Expenses				
Instruction related	274,865,811	244,235,195	-	-
Student support services	57,246,726	53,577,915	-	-
Administration	17,096,293	14,938,158	-	-
Maintenance and operations	37,605,454	39,519,637	-	-
Other outgo	7,870,665	6,929,349	-	-
Food services	-	-	5,759,476	13,367,980
All other services	38,365,373	42,130,049	-	-
Total expenses	433,050,322	401,330,303	5,759,476	13,367,980
Change in net position	$ 100,228,411	$ 42,278,719	$ 5,245,473	$ (2,947,026)

Governmental Activities

As reported in the Statement of Activities in the financial statements, the cost of all of our governmental activities this year was $433.1 million. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $262.9 million because the cost was paid by those who benefited from the programs $0.3 million or by other governments and organizations who subsidized certain programs with operating and capital grants and contributions $101.6 million. We paid for the remaining public benefit portion of our governmental activities with $168.5 million in Federal and State funds that are not restricted to specific purposes and with other revenues, like interest and general entitlements.

In Table 3, we have presented the total primary government fund net cost of each of the District's largest functions. As discussed earlier, net cost shows the financial burden placed on the District's taxpayers by each function. Providing this information allows our citizens to consider the cost of each function compared to the benefits they believe are provided by that function. During the year, there was a decrease in maintenance and operations as COVID funding provided to the District was reduced, and it was one-time funding that has been exhausted and projects completed related to the work. There was an increase in instruction and related activities due to support for students in the classroom. Interest decreased related to low-interest rates. All other functions are fairly consistent with the prior year.

Table 3

	2023	2022
Instruction and related activities	$ 194,949,214	$ 192,582,450
Pupil services	45,905,310	42,886,046
General administration	14,636,875	12,145,788
Maintenance and operations	36,871,743	38,507,316
Interest	26,230,817	32,485,756
Other	12,537,247	9,339,542
Totals	$ 331,131,206	$ 327,946,898

The District's Funds

As the District completed this year, our governmental funds reported a combined fund balance of $486.2 million, which was an increase of $45.0 million from last year. The General Fund reported an increase in fund balance of $45.5 million. The Building Fund reported an decrease in fund balance of $9.6 million mainly due to construction activities. The Bond Interest and Redemption Fund reported an increase in fund balance for $9.0 million due to collecting more property tax on anticipation of next year's payments on debt. All other funds reported a combined increase in fund balance for $0.1 million.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted in June 2022. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report page 67).

The State Local Control Funding Formula (LCFF) revenue is the main funding source or general fund for the general operation expenditures of the District. The net LCFF Average Daily Attendance (ADA) base is $10,119 and supplemental per ADA is $1,272 with unduplicated count percentage of Economic Disadvantage, Foster Youth, Homeless, English Language Learner and Migrant Education Students. The enrollment reported in the California Basic Educational Data System (CBEDS) decreased 696 from 2021-22 of 21,844 to 21,148 in 2022-23. Second period average daily attendance (commonly known as P-2 ADA) was 19,307 in 2022-23.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2023, the District governmental activities had $817.3 million in a broad range of capital assets. This amount represents a net increase (including additions, deductions and depreciation) of $20.1 million, or 2.5%, from last year.

Table 4

	Governmental Activities	
	2023	2022
Land	$ 25,442,454	$ 25,442,454
Construction in progress	100,075,367	64,738,069
Buildings and improvements	1,082,137,145	1,064,369,435
Furniture and equipment	45,004,261	42,973,249
Total assets	1,252,659,227	1,197,523,207
Less accumulated depreciation	(435,320,196)	(400,294,368)
Totals	$ 817,339,031	$ 797,228,839

The Building Fund reported a fund balance of $270.4 million. These funds are programmed for projects that are in the planning, design, and construction phases for the upcoming year(s). Major projects approved by various measures and authorized by the voters of the District include Andrew Hill Student Union Building with Performing Arts Classroom, Foothill Modernization of Building G, Evergreen Valley Cougar Hall - Library Modernization, Piedmont Hills Performing Arts Classroom Building, Independence Building A1- Student Union and Building E Music Modernization, Mt. Pleasant Modernization of Building 500, Oak Grove Modernization of Building K, Santa Teresa Soccer Field, Santa Teresa new concession/restroom buildings, Santa Teresa baseball and softball field improvements, Santa Teresa mechanical and electrical upgrades, Silver Creek New Classroom Building K and Buildings J and T Modernization, Yerba Buena Ball Field Improvements and Yerba Buena Performing/Fine Arts Classrooms and Theater Building.

Additional information about the District's capital assets can be found on page 42.

Long-Term Obligations

Table 5

	Governmental Activities 2023	Governmental Activities 2022
General obligation bonds	$ 899,638,577	$ 924,389,420
Premium	51,848,078	53,257,909
OPEB revenue bonds	24,765,000	25,760,000
Compensated absences (vacation)	3,636,100	3,482,413
Totals	$ 979,887,755	$ 1,006,889,742

The District's latest general obligation bond issuance was rated "Aa3" by Moody's Investors Service. The State limits the amount of general obligation debt that districts can issue to 1.25% of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt of $899.6 million is below the statutorily imposed limit. Additional information about the District's debt can be found on page 45.

In addition to amounts reported above, the District reports net pension and net OPEB liabilities on its financial statements. These amounts will be paid for by the District as the District makes its monthly contributions to CalSTRS and CalPERS. The District reported a total of $254.5 million in net pension liabilities related to CalPERS and CalSTRS. In addition, the District reports a net OPEB liability of $45.5 million which are funded by the District's annual contributions to the OPEB Trust.

Economic Factors and Next Year's Budget and Rates

The State budget projections started a downward trend in July 2023. The extension of the 2022 tax returns impacted projections for the next fiscal year, 2024-25, due to the extensions first to October 2023 and then November 2023 from April 2023. In November 2023, the Legislative Analyst's Office (LAO) updated the COLA estimates for 2024-25. They announced the update on November 17, 2023. However, there have been signs of a downturn coming from Sacramento since late summer 2023, so it was not completely unexpected.

The original estimate from the California Administration was 3.94% for 2024-25; with the updated information from LAO, we are now looking at a 1% COLA as a projection. The update will impact the future projections related to revenues based on the Local Control Funding Formula, along with the decline in enrollment. While inflation is increasing, the COLA is dropping. The economy's slowing as a year-over-year change levels out, leading to a lower COLA.

CalSTRS and CalPERS, certificated and classified pensions, respectively, personnel retirement system rates have been increasing steadily since 2014-15 and are expected to continue increasing through 2024-25 at this point.

We await the next update at the Governor's release of the 2024-25 proposed budget in January 2024.

The State fully implemented the LCFF in 2018-19. The District's unduplicated count was 49% for 2022-23.

In 2022-23, the District received $14.3 million and will receive $11.3 million in 2023-24 in one-time Federal COVID-19 funds from the Elementary and Secondary School Emergency Relief (ESSER) III American Rescue Plan (ARP), respectively.

In 2022-23, the District accepted and enrolled four international students in the International Student Program. In 2023-24, the District accepted and enrolled nine students for this program.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, students, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Associate Superintendent of Business Services or Director of Finance, at East Side Union High School District, 830 North Capitol Avenue, San Jose, California, 95133.

	Governmental Activities	Business-Type Activities	Total
Assets			
Deposits and investments	$ 519,161,449	$ 2,651,004	$ 521,812,453
Receivables	23,068,571	206,076	23,274,647
Prepaid expenses	3,339,848	-	3,339,848
Stores inventories	274,167	182,030	456,197
Leases receivable	4,364,464	-	4,364,464
Other current assets	1,463	-	1,463
Capital assets not depreciated	125,517,821	-	125,517,821
Capital assets, net of accumulated depreciation	691,821,210	-	691,821,210
Total assets	1,367,548,993	3,039,110	1,370,588,103
Deferred Outflows of Resources			
Deferred charge on refunding	5,133,734	-	5,133,734
OPEB related	14,628,863	272,014	14,900,877
Pension related	79,105,487	2,316,690	81,422,177
Total deferred outflows of resources	98,868,084	2,588,704	101,456,788
Liabilities			
Overdraft	36,596	-	36,596
Accounts payable	46,536,897	112,418	46,649,315
Interest payable	10,032,628	-	10,032,628
Unearned revenue	6,255,893	-	6,255,893
Long-term obligations other than Other-Post Employment Benefits (OPEB) and pensions			
Claims liabilities due within one year	1,198,000	-	1,198,000
Current portion of long-term obligations	78,202,331	-	78,202,331
Noncurrent portion of long-term obligations	901,685,424	-	901,685,424
Net OPEB liability	44,693,298	831,042	45,524,340
Aggregate net pension liability	247,397,665	7,136,965	254,534,630
Total liabilities	1,336,038,732	8,080,425	1,344,119,157
Deferred Inflows of Resources			
Lease related	4,108,184	-	4,108,184
Deferred charge on refunding	802,984	-	802,984
OPEB related	23,474,845	436,499	23,911,344
Pension related	29,788,691	415,315	30,204,006
Total deferred inflows of resources	58,174,704	851,814	59,026,518
Net Position			
Net investment in capital assets	206,128,776	-	206,128,776
Restricted for			
Debt service	10,130,000	-	10,130,000
Capital projects	13,227,804	-	13,227,804
Educational programs	45,970,143	-	45,970,143
Unrestricted net position (deficit)	(203,253,082)	(3,304,425)	(206,557,507)
Total net position (deficit)	$ 72,203,641	$ (3,304,425)	$ 68,899,216

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenues (Expenses) and Change in Net Position: Governmental Activities	Net Revenues (Expenses) and Change in Net Position: Business-Type Activities	Net Revenues (Expenses) and Change in Net Position: Total
Governmental Activities							
Instruction	$ 226,449,178	$ 67,475	$ 34,423,373	$ 2,359,060	$ (189,599,270)	$ -	$ (189,599,270)
Instruction-related activities							
Supervision of instruction	25,303,887	99,065	37,467,964	-	12,263,142	-	12,263,142
Instructional library and technology	1,790,606	-	1,232,635	-	(557,971)	-	(557,971)
School site administration	21,322,140	7,065	4,259,960	-	(17,055,115)	-	(17,055,115)
Pupil services							
Home-to-school transportation	9,826,440	-	52,003	-	(9,774,437)	-	(9,774,437)
Food services	-	80	199,286	-	199,366	-	199,366
All other pupil services	47,420,286	85,515	11,004,532	-	(36,330,239)	-	(36,330,239)
Administration							
Data processing	2,461,744	-	-	-	(2,461,744)	-	(2,461,744)
All other administration	14,634,549	5,665	2,453,753	-	(12,175,131)	-	(12,175,131)
Maintenance and operations	37,605,454	6,253	727,458	-	(36,871,743)	-	(36,871,743)
Ancillary services	8,517,550	5,364	4,197,927	-	(4,314,259)	-	(4,314,259)
Community services	3,617,006	2,983	3,213,904	-	(400,119)	-	(400,119)
Interest on long-term obligations	26,230,817	-	-	-	(26,230,817)	-	(26,230,817)
Other outgo	7,870,665	-	47,796	-	(7,822,869)	-	(7,822,869)
Total governmental activities	433,050,322	279,465	99,280,591	2,359,060	(331,131,206)	-	(331,131,206)
Business-Type Activities							
Food services	5,759,476	76,530	11,061,340	-	-	5,378,394	5,378,394
Total Business-Type Activities	5,759,476	76,530	11,061,340	-	-	5,378,394	5,378,394
Total primary government	$ 438,809,798	$ 355,995	$ 110,341,931	$ 2,359,060	(331,131,206)	5,378,394	(325,752,812)
General Revenues and Subventions							
Property taxes, levied for general purposes					140,690,822	-	140,690,822
Property taxes, levied for debt service					107,195,844	-	107,195,844
Taxes levied for other specific purposes					15,012,804	-	15,012,804
Federal and State aid not restricted to specific purposes					153,659,305	-	153,659,305
Interest and investment earnings					7,978,596	(132,921)	7,845,675
Interagency revenues					160,623	-	160,623
Miscellaneous					6,661,623	-	6,661,623
Total general revenues and subventions					431,359,617	(132,921)	431,226,696
Change in Net Position (Deficit)					100,228,411	5,245,473	105,473,884
Net Position (Deficit) - Beginning					(28,024,770)	(8,549,898)	(36,574,668)
Net Position (Deficit) - End					$ 72,203,641	$ (3,304,425)	$ 68,899,216

	General Fund	Building Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	$ 130,256,286	$ 274,345,195	$ 88,726,924	$ 18,552,183	$ 511,880,588
Receivables	19,343,642	2,103,919	381,225	1,239,785	23,068,571
Prepaid items	2,049,435	1,290,413	-	-	3,339,848
Stores inventories	267,821	-	-	6,346	274,167
Leases receivable	4,364,464	-	-	-	4,364,464
Other current assets	-	-	-	1,463	1,463
Total assets	$ 156,281,648	$ 277,739,527	$ 89,108,149	$ 19,799,777	$ 542,929,101
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Overdrafts	$ -	$ -	$ -	$ 36,596	$ 36,596
Accounts payable	37,658,988	7,335,520	9,546	1,320,565	46,324,619
Unearned revenue	5,425,226	-	-	830,667	6,255,893
Total liabilities	43,084,214	7,335,520	9,546	2,187,828	52,617,108
Deferred Inflow of Resources					
Lease related	4,108,184	-	-	-	4,108,184
Fund Balances					
Nonspendable	2,582,535	1,290,413	-	35,159	3,908,107
Restricted	41,849,692	269,113,594	89,098,603	17,348,255	417,410,144
Committed	31,270,000	-	-	-	31,270,000
Assigned	-	-	-	278,910	278,910
Unassigned	33,387,023	-	-	(50,375)	33,336,648
Total fund balances	109,089,250	270,404,007	89,098,603	17,611,949	486,203,809
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 156,281,648	$ 277,739,527	$ 89,108,149	$ 19,799,777	$ 542,929,101

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Total fund balance - governmental funds		$ 486,203,809
Capital assets used in governmental activities are not financial resources, and therefore, are not reported as assets in governmental funds.		
Governmental capital assets	$ 1,252,659,227	
Less accumulated depreciation	(435,320,196)	817,339,031
Costs resulting from advance refunding are expensed in the governmental funds. On the government-wide statements, they are deferred and amortized over the life of the related debt.		4,330,750
Deferred inflows and outflows related to pension liability are not due in the current period and therefore are not reported on the governmental funds.		49,316,796
Deferred inflows and outflows related to OPEB liability are not due in the current period and therefore are not reported on the governmental funds.		(8,845,982)
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term obligations is recognized when it is incurred.		(10,032,628)
An internal service fund is used by the District's management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.		5,870,583
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		
General obligation bonds	(899,638,577)	
Bond premiums	(51,848,078)	
OPEB bonds	(24,765,000)	
Compensated absences (vacation)	(3,636,100)	
Net OPEB liability	(44,693,298)	
Net pension liability	(247,397,665)	(1,271,978,718)
Net position (deficit) of governmental activities		$ 72,203,641

	General Fund	Building Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Local control funding formula	$ 286,598,682	$ -	$ -	$ -	$ 286,598,682
Federal sources	32,344,615	-	-	1,469,951	33,814,566
Other State sources	54,014,255	36,290	440,250	13,532,215	68,023,010
Other local sources	19,044,963	5,795,256	107,013,236	4,640,320	136,493,775
Total revenues	392,002,515	5,831,546	107,453,486	19,642,486	524,930,033
Expenditures					
Current					
Instruction	192,560,970	-	-	5,054,347	197,615,317
Instruction-related activities					
Supervision of instruction	23,289,826	-	-	455,042	23,744,868
Instructional library and technology	1,741,934	-	-	64,103	1,806,037
School site administration	17,331,814	-	-	2,926,380	20,258,194
Pupil services					
Home-to-school transportation	8,912,004	-	-	-	8,912,004
Food services	244,323	-	-	-	244,323
All other pupil services	44,279,821	-	-	257,784	44,537,605
Administration					
Data processing	2,356,956	-	-	-	2,356,956
All other administration	13,146,765	-	-	371,614	13,518,379
Maintenance and operations	28,588,106	9,549,214	-	584,120	38,721,440
Ancillary services	3,639,927	-	-	4,029,527	7,669,454
Community services	36,764	-	-	3,174,776	3,211,540
Other outgo	7,870,665	-	-	-	7,870,665
Capital Outlay	755	54,935,055	-	277,098	55,212,908
Debt Service					
Principal	995,000	-	72,249,394	-	73,244,394
Interest and other	1,370,432	328,407	32,337,054	-	34,035,893
Total expenditures	346,366,062	64,812,676	104,586,448	17,194,791	532,959,977
Excess (Deficiency) of Revenues Over Expenditures	45,636,453	(58,981,130)	2,867,038	2,447,695	(8,029,944)
Other Financing Sources (Uses)					
Transfers in	-	2,382,769	-	-	2,382,769
Refunding bonds issued	-	-	15,880,000	-	15,880,000
Premium on refunding bonds issued	-	-	1,620,104	-	1,620,104
Bonds issued	-	47,000,000	-	-	47,000,000
Premium on bonds issued	-	-	5,836,426	-	5,836,426
Payments to refunded bond escrow agent	-	-	(17,223,091)	-	(17,223,091)
Transfers out	(100,000)	-	-	(2,382,769)	(2,482,769)
Net Financing Sources (Uses)	(100,000)	49,382,769	6,113,439	(2,382,769)	53,013,439
Net Change in Fund Balances	45,536,453	(9,598,361)	8,980,477	64,926	44,983,495
Fund balance - Beginning	63,552,797	280,002,368	80,118,126	17,547,023	441,220,314
End of year	$ 109,089,250	$ 270,404,007	$ 89,098,603	$ 17,611,949	$ 486,203,809

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Net change in fund balances - total governmental funds		$ 44,983,495
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 amortizations expenses in the statement of activities.		
This is the amount by which Capital Outlays exceed depreciation and amortization expense.		
Capital outlays	$ 55,212,908	
Depreciation and amortization expenses	(35,102,716)	20,110,192
Proceeds received from bonds are revenues in the governmental funds, but increase long-term obligations in the statement of net position and does not affect the statement of activities.		(62,880,000)
Accretion of interest on capital appreciation bonds is recorded as an expense in the government-wide statement of activities, but is not recorded in the governmental funds.		(1,433,551)
Premium received from issuance of bonds is a revenue in the governmental funds, but it increases long-term obligations in the statement of net position and does not affect the statement of activities.		
Premiums received	(7,456,530)	
Amortiation of premiums	8,866,361	1,409,831
Repayment of the long-term debt is an expenditure in the governemntal funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of acitvities.		90,059,394
Interest on long-term obligations in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is paid, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is paid. The additional interest reported in the statement of activities is the net result of these two factors.		2,415,774
Bond defeasance cost is an amortied expense in the statement of activities but does not require the use of current resources. it is amortized over the life of the related bond.		
Deferred charges amortized	(645,240)	
Deferred charges incurred	(936,815)	(1,582,055)
In the statement of activities, certain operating expenses - compensated absences (vacation) 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). Vacation earned was more than the amounts used by this amount:		(153,687)

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the statement of activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.	12,213,047
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the statement of activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows and net OPEB liability during the year.	(6,511,615)
An internal service fund is used by the District's management to charge the costs of the health and dental insurance program to the individual funds. The net gain of the internal service fund is reported with the government-wide activities.	1,597,586
Change in net position (deficit) of governmental activities	$ 100,228,411

	Business-Type Activities- Cafeteria Enterprise Fund	Governmental Activities- Internal Service Fund
Assets		
Current Assets		
Deposits and investments	$ 2,651,004	$ 7,280,861
Receivables	206,076	-
Stores inventories	182,030	-
Total assets	3,039,110	7,280,861
Deferred Outflows of Resources		
Other post-employment benefit (OPEB) related	272,014	-
Pension related	2,316,690	-
Total deferred outflows of resources	2,588,704	-
Liabilities		
Current Liabilities		
Accounts payable	112,418	212,278
Current portion of claims liability	-	1,198,000
Total current liabilities	112,418	1,410,278
Noncurrent Liabilities		
Net OPEB liability	831,042	-
Aggregate net pension liability	7,136,965	-
Total noncurrent liabilities	7,968,007	-
Total liabilities	8,080,425	1,410,278
Deferred Inflows of Resources		
OPEB related	436,499	-
Pension related	415,315	-
Total deferred inflows of resources	851,814	-
Net Position (Deficit)		
Restricted for insurance programs	-	5,870,583
Unrestricted deficit	(3,304,425)	-
Total net position (deficit)	$ (3,304,425)	$ 5,870,583

	Business-Type Activities- Cafeteria Enterprise Fund	Governmental Activities- Internal Service Fund
Operating Revenues		
Food sales	$ 76,530	$ -
In-district contributions	-	13,667,232
Total operating revenues	76,530	13,667,232
Operating Expenses		
Payroll costs	2,447,803	-
Supplies and materials	2,739,590	20,119
Equipment related expense	3,591	133,313
Claims expense	-	12,071,505
Other operating expenses	568,492	108,857
Total operating expenses	5,759,476	12,333,794
Operating Income (Loss)	(5,682,946)	1,333,438
Nonoperating Revenues (Expenses)		
Investment income (loss)	(132,921)	164,148
Federal grants	6,557,449	-
State grants	4,503,891	-
Total nonoperating revenues	10,928,419	164,148
Transfers In	-	100,000
Change in Net Position (Deficit)	5,245,473	1,597,586
Net position (deficit) - Beginning	(8,549,898)	4,272,997
Net position (deficit) - Ending	$ (3,304,425)	$ 5,870,583

	Business-Type Activities-Cafeteria Enterprise Fund	Governmental Activities-Internal Service Fund
Operating Activities		
Cash received from user charges	$ 76,530	$ -
Cash received from in-district contributions	-	13,667,232
Cash payments for employee benefits	(6,025,113)	-
Cash payments for insurance claims	-	(11,948,679)
Cash payments to suppliers for goods and services	(2,814,258)	(20,119)
Cash payments for equipment repairs	(3,591)	(133,313)
Cash payments for other operating expenses	(568,492)	(108,857)
Net Cash Provided by (Used for) Operating Activities	(9,334,924)	1,456,264
Non-capital Financing Activities		
Operating grants and contributions	10,925,059	-
Cash received from (paid to) general fund	(925,351)	100,000
Net Cash from Non-capital Financing Activities	9,999,708	100,000
Investing Activities		
Investment income (loss)	(132,921)	164,148
Net Change in Cash and Cash Equivalents	531,863	1,720,412
Beginning of year	2,119,141	5,560,449
End of year	$ 2,651,004	$ 7,280,861
Reconciliation of Operating Income (Loss) to Net Cash provided by (used for) operating activities		
Operating income (loss)	$ (5,682,946)	$ 1,333,438
Changes in assets and liabilities		
Prepaid items	-	84,699
Stores inventories	13,712	-
Accounts payable	(88,380)	142,127
Pension, OPEB and related deferred inflows and outflows	(3,577,310)	-
Claims liabilities	-	(104,000)
Net Cash Provided by (Used for) Operating Activities	$ (9,334,924)	$ 1,456,264

	Private-Purpose Trust Fund
Assets	
Deposits and investments	$ 660,386
Liabilities	
Accounts payable	28,000
Net Position	
Restricted for scholarship purposes	$ 632,386

	Private-Purpose Trust Fund
Additions	
Net increase in the fair value of investments	$ 38,794
Total additions	38,794
Deductions	
Scholarships awarded	34,300
Total deductions	34,300
Change in Fiduciary Net Position	4,494
Beginning of year	627,892
End of year	$ 632,386

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The East Side Union High School District was organized in 1949 under the laws of the State of California. The District operates under a locally elected five-member Governing Board form of government and provides educational services to grades 9-12 as mandated by the State and/or Federal agencies. The District operates 11 high schools, 3 adult education sites, 1 independent study program, 4 continuation schools and 1 alternative school.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District. The District determined that there are no potential component units that meet the criteria for inclusion within the reporting entity.

Basis of Presentation - Fund Accounting

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

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 less liabilities and deferred inflows of resources is reported as fund balance. The following are the District's major and nonmajor governmental funds:

Major Governmental Funds

- The *General Fund* is the chief operating fund for the District. 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.

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

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

Nonmajor Governmental Funds

The Special Revenue Funds 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 is used to account separately for the operating activities of the associated student body accounts that are fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.

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

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

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 is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*California 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 is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

Proprietary Funds Proprietary Funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the local education agency, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service. The District has the following proprietary funds:

- Enterprise Funds may be used to account for any activity for which a fee is charged to external users for goods or services. The enterprise fund of the District accounts for the financial transactions related to the food service operations of the District.

- Internal Service Funds may be used to account for goods or services provided to other funds of the District on a cost-reimbursement basis. The District pays medical benefits and operates a dental and vision insurance program that is accounted for in an internal service fund.

Fiduciary Funds Fiduciary Funds are used to account for resources held for the benefit of parties outside the District and are not available to support the District's own programs. Fiduciary funds are split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The three types of trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics.

The District operates a private-purpose trust fund. Trust funds are used to account for resources held by the District under a trust agreement for individuals, private organizations, or other governments. The private-purpose trust funds are therefore not available to support the District's own programs. The District's private-purpose trust fund accounts for student scholarships.

Basis of Accounting - Measurement Focus

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, and program revenues for each segment of the business-type activities of the District and for each governmental program and excludes fiduciary activity. Direct expenses are those that are specifically associated with a function or program 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. Program revenues include charges paid by the recipients of the goods or services offered by the programs, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to remove the double counting of internal activities.

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

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

- All *governmental funds* are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, current assets, current liabilities, and deferred inflows 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 statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and governmental funds statements.

- *Proprietary funds* are accounted for using a flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in total net position. The statement of cash flows provides information about how the District operates and finances cash to meet the cash flow needs of its proprietary fund.

- *Fiduciary funds* are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

Revenues – Exchange and Non-Exchange Transactions

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

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

Unearned Revenue

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

Expenses/Expenditures

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with the Santa Clara County Treasury for purposes of the statement of cash flows.

Investments

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

Prepaid Expenditures (Expenses)

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

Stores Inventories

Stores inventories consist of expendable food and supplies held for consumption and unused donated commodities. Inventories are stated at cost, on the weighted average basis. The costs of inventory items are recorded as expenditures in the governmental type funds and expenses in the proprietary type funds when consumed rather than when purchased.

Capital Assets and Depreciation

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

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement. The valuation basis for general capital assets are 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.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets are the same as those used for the general capital assets.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings and improvements, 20 to 50 years; and furniture and equipment, 2 to 10 years.

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 and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Compensated Absences (Vacation)

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

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

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations 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 and are reported as obligations of the 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 fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and long-term loans are recognized as a liability on the fund financial statements when due.

Debt Issuance Costs, Premiums and Discounts

In the government-wide and proprietary fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities 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 and discounts, as well as debt issuance costs are recognized in the period the bonds are issued. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures in the period the bonds are issued.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items. The deferred charge on refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate to differences between expected and actual earnings on investments, changes of assumptions, and other pension and OPEB related changes.

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 leases, deferred recognition of revenue for prepayment of services completed in the future, for pension related items, and for OPEB related items.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) plan 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.

Other Post Employment Benefits (OPEB) Other Than Pensions

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Self-Insured Schools of California (District Plan) and additions to/deductions from the District Plan have been determined on the same basis as they are reported by the District Plan. For this purpose, the District Plan 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 net OPEB liability attributable to the governmental activities will be paid by the fund in which the employee worked.

Leases and Subscription Based Information Technology Arrangements (SBITA)

As lessor: The District is a lessor for noncancellable facilities leases of District property. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

As lessee/subscriber: At the commencement of a lease/SBITA, the District initially measures the lease/SBITA liability at the present value of payments expected to be made during the lease/subscription term. Subsequently, the lease liability is reduced by the principal portion of lease/subscription payments made. The lease/subscription asset is initially measured as the initial amount of the lease/subscription liability, adjusted for lease/subscription payments made at or before the lease/subscription commencement date, plus certain initial direct costs. Subsequently, the lease/subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease/subscription receipts/payments to present value, (2) lease/subscription term, and (3) lease receipts. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The District monitors changes in circumstances that would require a remeasurement of its lease/subscription and will remeasure the lease/subscription if certain changes occur that are expected to significantly affect the amount of the lease/subscription.

Lease/subscription assets are reported with other capital assets and lease/subscription liabilities are reported with long-term debt on the statement of net position.

Fund Balances - Governmental Funds

As of June 30, 2023, 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. The District currently does not have any committed funds.

- **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 Superintendent 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. For a district this size, the State recommends available reserve of three percent.

Net Position

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are food service sales to the enterprise fund and employer contributions to the internal service fund. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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

Estimates

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

Property Tax

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

Effects of New Pronouncements

As of July 1, 2022, the District implemented the following GASB Statement:

GASB Statement No. 96 – In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objectives of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Implementation did not result in a material change to the District's financial statements.

The District is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB statements:

GASB Statement No. 99 – In April 2022, GASB Issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Certain requirements of this statement have been implemented as of June 30, 2022. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100 – In June 2022, GASB Issued Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023 and all reporting periods thereafter.

GASB Statement No. 101 – In June 2022, GASB Issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of the financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2023, are classified in the accompanying financial statements as follows:

Governmental funds	$ 511,880,588
Proprietary funds	9,931,865
Fiduciary funds	660,386
Total deposits and investments	$ 522,472,839

Deposits and investments as of June 30, 2023, consist of the following:

Cash on hand and in banks	$ 2,586,425
Cash in revolving	39,133
Cash with fiscal agents	718,038
Investments	519,129,243
Total deposits and investments	$ 522,472,839

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 Santa Clara County Treasury (the County Treasurer) - 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 (California Education Code Section 41001). The fair value of the District’s investment in the pool is reported in the accounting financial statements at amounts based upon the District’s pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

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

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	$65M
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities but follows the provisions stipulated in the California Government Code which limits investment to securities with maturity of less than 5 years. In addition, the District manages its exposure to interest rate risk by substantially investing in the county pool and other investment pools and having the pools purchase a combination of shorter term and longer-term investments. The following represents the weighted average maturity of the District's investment by type:

Investment Type	Fair Value	Average Maturity in Years
Mutual funds	$ 657,634	0.00
Santa Clara County Investment Pool	518,338,960	1.78
Certificate of deposits	132,649	0.25
	$ 519,129,243	

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 investments are not rated as of June 30, 2023.

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 the District. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits. As of June 30, 2023, the District's bank balances of $3,086,967 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Note 3 - Fair Value Measurements

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

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

The District's fair value measurements are as follows at June 30, 2023:

Investment Type	Reported Amount	Fair Value Measurement Level 1	Fair Value Measurement Uncategoried	Fair Value
Mutual funds	$ 657,634	$ 657,634	$ -	$ 657,634
Santa Clara County Investment Pool	518,338,960	-	518,338,960	518,338,960
Certificates of deposits	132,649	-	132,649	132,649
	$ 519,129,243	$ 657,634	$ 518,471,609	$ 519,129,243

Only mutual funds have been valued using a market approach with quoted market prices.

Note 4 - Accounts Receivables

Account receivables, at June 30, 2023, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds
Federal Government				
Categorical aid	$ 11,592,771	$ -	$ -	$ 713,445
State Government				
LCFF Apportionment	2,801	-	-	-
Categorical aid	2,826,653	-	-	380,667
Lottery	507,589	-	-	-
Local Government				
Interest	1,221,037	2,102,419	381,225	145,673
Other local sources	3,192,791	1,500	-	-
	$ 19,343,642	$ 2,103,919	$ 381,225	$ 1,239,785

	Total Governmental Funds	Enterprise Fund
Federal Government		
Categorical aid	$ 12,306,216	$ 155,054
State Government		
Apportionment	2,801	-
Categorical aid	3,207,320	51,022
Lottery	507,589	-
Local Government		
Interest	3,850,354	-
Other local sources	3,194,291	-
	$ 23,068,571	$ 206,076

Note 5 - Capital Asset

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	Balance June 30, 2022	Additions	Deductions	Balance June 30, 2023
Governmental Activities				
Capital Assets not being Depreciated				
Land	$ 25,442,454	$ -	$ -	$ 25,442,454
Construction in progress	64,738,069	46,403,638	11,066,340	100,075,367
Total capital assets, not being depreciated	90,180,523	46,403,638	11,066,340	125,517,821
Capital Assets being Depreciated				
Buildings and building improvement	906,762,904	9,111,954	-	915,874,858
Site improvement	157,606,531	8,655,756	-	166,262,287
Furniture and equipment	42,973,249	2,107,900	76,888	45,004,261
Total capital assets, being depreciated	1,107,342,684	19,875,610	76,888	1,127,141,406
Total capital assets	1,197,523,207	66,279,248	11,143,228	1,252,659,227
Less Accumulated Depreciation				
Buildings and building improvement	318,461,308	25,954,553	-	344,415,861
Site improvement	51,441,269	6,654,328	-	58,095,597
Furniture and equipment	30,391,791	2,493,835	76,888	32,808,738
Total accumulated depreciation	400,294,368	35,102,716	76,888	435,320,196
Governmental Activities capital assets, net	$ 797,228,839	$ 31,176,532	$ 11,066,340	$ 817,339,031

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

Governmental Activities	
Instruction	$ 21,434,436
Supervision of instruction	2,575,498
Instructional library, media and technology	195,893
School site administration	2,197,314
Home-to-school transportation	966,645
All other pupil services	4,830,792
Ancillary services	831,871
Community services	348,341
Data processing services	255,648
All other administration	1,466,278
Total depreciation expenses - governmental activities	$ 35,102,716

Note 6 - Leases Receivable

The District is leasing nine facilities to third-parties under noncancellable lease agreements. The lease agreements expire through fiscal year 2027, and the District receives annual payments averaging $1 million over the least terms. The District recognized $1.6 million in lease revenue and $125 thousand in interest revenue during the current fiscal year related to the leases. As of June 30, 2023, the District's receivable for lease payments was $4.4 million, calculated using a discount rate of 1.5%. Also, the District has a deferred inflow of resources associated with the leases that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was $4.1 million.

Note 7 - Interfund Transactions

Operating Transfers

Interfund transfers for the year ended June 30, 2023, consisted of a $100,000 transfer from the General Fund to the self-insurance fund as a budgetary contribution. Additionally, the County School Facilities Fund transferred $2,382,769 to the building fund as reimbursement as expenditure-driven grant reimbursements were received for projects initially funded by the building fund.

Note 8 - Deferred Charge on Refunding

For current refundings and advance refundings resulting in defeasance of debt reported by proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense systematically and rationally over the remaining life of the old debt or the life of the new debt, whichever is shorter.

The balances of deferred charges on refunding as of and for the year ending June 30, 2023 is as follows:

	Balance June 30, 2022	Additions	Deductions	Balance June 30, 2023
Deferred outflows of resources	$ 5,912,805	$ -	$ 779,071	$ 5,133,734
Deferred inflows of resources	$ -	$ (936,815)	$ (133,831)	$ (802,984)

Note 9 - Accounts Payable

Accounts payable at June 30, 2023, consisted of the following:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds
Vendor payables	$ 19,166,582	$ 7,335,520	$ 9,546	$ 1,320,565
LCFF apportionment	7,006,335	-	-	-
Salaries and benefits	7,572,365	-	-	-
State in-lieu tax	3,913,706	-	-	-
Total	$ 37,658,988	$ 7,335,520	$ 9,546	$ 1,320,565

	Total Governmental Funds	Cafeteria Enterprise Fund	Internal Service Fund
Vendor payables	$ 27,832,213	$ 112,418	$ 212,278
LCFF apportionment	7,006,335	-	-
Salaries and benefits	7,572,365	-	-
State in-lieu tax	3,913,706	-	-
Total	$ 46,324,619	$ 112,418	$ 212,278

Note 10 - Unearned Revenue

Unearned revenue at June 30, 2023, consists of the following:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Federal financial assistance	$ 627,348	$ 30,299	$ 657,647
State categorical aid	1,390,037	800,368	2,190,405
Local sources	3,407,841	-	3,407,841
	$ 5,425,226	$ 830,667	$ 6,255,893

Note 11 - Long-Term Obligations Other than OPEB and Pensions

Summary

Payments on the general obligation bonds (GOB) and private placement notes are made by the Bond Interest and Redemption Fund with local revenues. Payments on the post-employment benefit revenue bonds (OPEB bonds) are made by the General Fund. The accrued vacation will be paid by the fund for which the employee worked.

The changes in the District's long-term obligations during the year consisted of the following:

	Balance June 30, 2022	Additions	Deductions	Balance June 30, 2023	Due in One Year
Long-Term Liabilities					
General obligation bonds	$897,299,420	$ 64,313,551	$ 81,159,394	$ 880,453,577	$ 71,156,270
Private placement notes	27,090,000	-	7,905,000	19,185,000	-
Bond premium	53,257,909	7,456,530	8,866,361	51,848,078	5,616,061
OPEB bonds	25,760,000	-	995,000	24,765,000	1,095,000
Compensated absences	3,482,413	411,738	258,051	3,636,100	335,000
Total	$ 1,006,889,742	$ 72,181,819	$ 99,183,806	$ 979,887,755	$ 78,202,331

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issue Title	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding June 30, 2022	Accreted/ Issued	Defeased/ Redeemed	Bonds Outstanding June 30, 2023
Current Interest Bonds							
2003 Refunding	2027	2.0%-5.3%	$ 97,160,000	$ 37,615,000	$ -	$ 9,260,000	$ 28,355,000
2006 Refunding	2025	4.0%-5.25%	42,665,000	18,545,000	-	4,635,000	13,910,000
2008 Series C	2026	4.0%	20,026,088	6,306,405	-	1,504,394	4,802,011
2008 Series D	2043	2.0%-5.0%	100,000,000	2,070,000	-	2,070,000	-
2008 Series E	2032	3.5%-5.0%	78,970,000	71,165,000	-	2,365,000	68,800,000
2012 Refunding	2029	2.0%-5.0%	36,735,000	19,190,000	-	19,190,000	-
2012 Series A	2039	2.0%-5.0%	20,000,000	14,940,000	-	590,000	14,350,000
2012 Series B	2036	4.0%-5.0%	100,000,000	85,505,000	-	3,160,000	82,345,000
2013 Refunding	2030	3.0%-5.0%	88,145,000	74,855,000	-	5,280,000	69,575,000
2014 Refunding	2036	2.0%-5.0%	41,400,000	30,255,000	-	1,685,000	28,570,000
2014 Series D	2031	5.0%	47,000,000	-	47,000,000	-	47,000,000
2015 Refunding	2035	3.0%-5.0%	41,420,000	36,015,000	-	1,475,000	34,540,000
2016 Refunding A	2033	2.0%-5.0%	16,060,000	14,835,000	-	970,000	13,865,000
2016 Refunding B	2039	2.0%-5.0%	83,665,000	82,080,000	-	2,985,000	79,095,000
2016 Series B	2036	3.0%-5.0%	140,000,000	130,500,000	-	4,200,000	126,300,000
2016 Series C	2035	2.0%-3.0%	127,320,000	127,320,000	-	15,540,000	111,780,000
2020 Refunding	2027	2.0%-4.0%	21,090,000	18,490,000	-	2,730,000	15,760,000
2020 Refunding	2036	0.353%-2.527%	97,585,000	95,240,000	-	1,080,000	94,160,000
2022 Refunding	2028	5.0%	15,880,000	-	15,880,000	360,000	15,520,000
Subtotal - current interest bonds				864,926,405	62,880,000	79,079,394	848,727,011
Capital Appreciation Bonds							
2002 Series G	2032	4.6%-6.9%	19,997,739	32,373,015	1,433,551	2,080,000	31,726,566
Subtotal - general obligation bonds				897,299,420	64,313,551	81,159,394	880,453,577
Private Placement Notes							
2014 Series C	2026	1.33%	30,000,000	27,090,000	-	7,905,000	19,185,000
Total General Obligation Bonds and Notes				$ 924,389,420	$ 64,313,551	$ 89,064,394	$ 899,638,577

Debt Service Requirements to Maturity

The current interest bonds mature through 2043 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2024	$ 63,481,270	$ 30,985,120	$ 94,466,390
2025	80,360,020	28,865,789	109,225,809
2026	65,090,721	25,536,475	90,627,196
2027	57,960,000	22,874,264	80,834,264
2028	64,610,000	20,232,158	84,842,158
2029-2033	296,095,000	61,353,546	357,448,546
2034-2038	173,775,000	19,459,554	193,234,554
2039-2043	47,355,000	2,964,141	50,319,141
Total	$ 848,727,011	$ 212,271,047	$ 1,060,998,058

The private placement notes mature through 2026 as follows:

Fiscal Year	Principal	Maturity	Total
2024	$ 7,675,000	$ 178,913	$ 7,853,913
2025	7,025,000	85,558	7,110,558
2026	4,485,000	4,971	4,489,971
Total	$ 19,185,000	$ 269,442	$ 19,454,442

The capital appreciation bonds mature through 2032 as follows:

Fiscal Year	Initial Bond Value	Accreted Interest	Accreted Obligation	Unaccreted Interest	Maturity Value
2024	$ 1,052,972	$ 1,192,028	$ 2,245,000	$ -	$ 2,245,000
2025	1,072,643	1,225,027	2,297,670	112,330	2,410,000
2026	1,099,410	1,262,950	2,362,360	237,640	2,600,000
2027	1,114,385	1,287,600	2,401,985	373,015	2,775,000
2028	1,187,500	1,380,101	2,567,601	547,399	3,115,000
2029-2032	9,111,759	10,740,191	19,851,950	8,138,050	27,990,000
Total	$ 14,638,669	$ 17,087,897	$ 31,726,566	$ 9,408,434	$ 41,135,000

Other Post-Employment Benefit (OPEB) Revenue Bonds

The District issued the bonds to refinance the District's obligation to pay certain healthcare and retirement benefits for certain retired District employees and to pay the costs of issuance of the bonds. Principal and interest on the bonds is payable from any source of legally available funds of the District, including amounts on deposit in the general fund of the district.

The outstanding OPEB bonded debt is as follows:

Maturity	Interest	Original	Bonds June 30, 2022	Redeemed	Bonds June 30, 2023
2036	5.18%-5.32%	$ 32,050,000	$ 25,760,000	$ 995,000	$ 24,765,000

Debt Service Requirements to Maturity

The bonds mature through 2036 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2024	$ 1,095,000	$ 1,317,498	$ 2,412,498
2025	1,205,000	1,259,244	2,412,498
2026	1,315,000	1,195,138	2,464,244
2027	1,435,000	1,125,180	2,560,180
2028	1,565,000	1,048,838	2,613,838
2029-2033	10,030,000	3,844,498	13,874,498
2034-2036	8,120,000	884,982	9,004,982
Total	$ 24,765,000	$ 10,675,378	$ 35,342,738

General Obligation Bonds 2014 Election, Series D (Ed-Tech Bonds)

The Bonds were issued by the District pursuant to certain provisions of the California Government Code and a resolution of the Governing Board of the District adopted on March 2, 2023. The Bonds were authorized at an election of the registered voters of the District held on November 4, 2014, which authorized the issuance of general obligation bonds for the purpose of financing school facility projects and increasing student computer and technology access. The Bonds are the fourth and final series of bonds to be issued pursuant to the authority of the election. The bonds mature through fiscal year 2031 and have an interest rate of 5.0%.

Debt Refunding

During July 2022, the District issued $15,880,000 in general obligation bonds with an interest rate of 5.0 percent to advance refund $16,815,000 of 2012 general obligation refunding bonds with an interest rate range of 3.50 percent to 5.0 percent. The net proceeds of $17,223,091 (including premiums of $1,620,104 and costs of issuance of $277,013) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased, and the liability for the defeased bonds is not reported on the statement of net position.

The advance refunding resulted in a difference between the new debt's reacquisition price and the old debt's net carrying amount in the amount of $936,815. The advance refunding decreases the total debt service payments, including principal and interest, over the next seven years by $456,482, resulting in an economic gain (difference between the present values of the old and new debt service payments) of $228,887.

Note 12 - Fund Balances

Governmental Fund balances are composed of the following elements:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable					
Revolving cash	$ 8,999	$ -	$ -	$ 28,813	$ 37,812
Stores inventories	267,821	-	-	6,346	274,167
Prepaid items	2,049,435	1,290,413	-	-	3,339,848
Lease	256,280	-	-	-	256,280
Total nonspendable	2,582,535	1,290,413	-	35,159	3,908,107
Restricted					
Educational programs	41,849,692	-	-	4,120,451	45,970,143
Capital projects	-	269,113,594	-	13,227,804	282,341,398
Debt services	-	-	89,098,603	-	89,098,603
Total restricted	41,849,692	269,113,594	89,098,603	17,348,255	417,410,144
Committed					
Budgeted deficits	31,270,000	-	-	-	31,270,000
Total committed	31,270,000	-	-	-	31,270,000
Assigned					
Adult education	-	-	-	278,910	278,910
Total assigned	-	-	-	278,910	278,910
Unassigned					
Reserve for economic uncertainty	33,195,029	-	-	-	33,195,029
Remaining unassigned	191,994	-	-	(50,375)	141,619
Total unassigned	33,387,023	-	-	(50,375)	33,336,648
	$ 109,089,250	$ 270,404,007	$ 89,098,603	$ 17,611,949	$ 486,203,809

Note 13 - 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 fiscal year ending June 30, 2023, the District contracted with Northern California Regional Liability Excess Fund for property and liability insurance coverage. Settled claims have not exceeded the 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 2023, the District participated in the Santa Clara County Schools Insurance Group, an insurance purchasing pool. The intent of the Santa Clara County Schools Insurance Group is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Santa Clara County Schools Insurance Group. 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 Santa Clara County Schools Insurance Group. Each participant pays its workers' compensation premium based on its individual rate. A participant will then either receive money from or be required to contribute to the "equity pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Santa Clara County Schools Insurance Group. Participation in the Santa Clara County Schools Insurance Group is limited to districts that can meet the Santa Clara County Schools Insurance Group selection criteria.

Claims Liabilities

The District records an estimated liability for its self-insured health benefit programs. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based on historical experience.

Unpaid Claims Liabilities

The Internal Service Fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District's self-insured dental and vision insurance program from July 1, 2021 to June 30, 2023:

	Health Benefits
Liability Balance, July 1, 2021	$ 922,000
Claims and changes in estimates	12,785,533
Claim payments	(12,405,533)
Liability Balance, June 30, 2022	1,302,000
Claims and changes in estimates	11,967,505
Claim payments	(12,071,505)
Liability Balance, June 30, 2023	$ 1,198,000
Assets available to pay claims at June 30, 2023	$ 7,068,583

Note 14 - Net Other Post-Employment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2023, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
$ 45,524,340	$ 14,900,877	$ 23,911,344	$ 1,319,168

Plan Administration

Management of the Plan vests with District management. Management of the Trustee assets is vested with the Self-Insured Schools of California (SISC). SISC administers the East Side Union High School District's Post-Employment Benefits Plan (Plan) – an agent multiple-employer defined benefit plan that is used to provide other post-employment benefits (OPEB) other than pensions for all permanent full-time employees of the District. Financial information for SISC can be found on the SISC website at https://www.sisc.kern.org/.

Plan Membership

At June 30, 2022, the most recent actuarial valuation, the Plan membership consisted of the following:

	Membership
Inactive employees or beneficiaries currently receiving benefits payments	173
Active employees	1,281
	1,454

Benefits Provided

The Plan offers benefits from various providers for medical, dental, and vision insurance, pharmacy, and specialists to eligible retirees and their spouses. Benefits are provided through SISC, a third-party insurer, and the full cost of benefits is covered by the Plan. The District's Governing Board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The contribution requirements of plan members and the District are established and may be amended by the District and the East Side Teacher Association (ESTA) and the local California Service Employees Association (CSEA). The required contribution is based on projected pay-as-you-go financing requirements. For the current fiscal year, the District contributed $891,266 to the Plan, all of which was used for current premiums.

Actuarial Assumptions

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

Inflation	2.75%
Salary increases	3.0%, average, including inflation
Investment rate of return	5.0%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	5.5%, Medicare Part B premiums are assumed to increase to 4%
Discount rate	3.72%

Mortality rates for were based on the 2021 CalPERS valuation, projected to future years using the ultimate rates from projection scale MP-2021. Mortality rates vary by age and sex. 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 long-term expected rate of return on OPEB plan investments was 5%, which is the District’s estimate of long-term investment returns on its OPEB investment portfolio in the SISC trust.

Discount Rate

The discount rate has been changed from 2.49% per year to 3.72% at the June 30, 2022 measurement date. The projection of cash flows used to determine the discount rate assumed that the District will receive reimbursement from the OPEB trust for benefits paid to retired employees until the Trust is exhausted. Under that assumption, the fiduciary net position is projected to be available to make all projected OPEB payments until 2028. The long-term expected rate of return (5.00%) was applied to all periods prior to 2029, and the Fidelity General Obligation AA Index was applied to all periods after 2028. The discount rate of 3.72% is the single rate of return at which the actuarial present value of all projected benefit payments equals the present value of projected benefit payments using the two rates described in the previous sentence.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at measurement date June 30, 2021	$ 66,399,075	$ 18,480,524	$ 47,918,551
Service cost	3,854,149	-	3,854,149
Interest	1,312,040	-	1,312,040
Changes in assumptions	(7,288,588)	-	(7,288,588)
Difference between actual and expected experience	(2,686,469)	-	(2,686,469)
Contributions-employer	-	(958,425)	958,425
Net investment income	-	(1,438,988)	1,438,988
Administrative expense	-	(17,244)	17,244
Benefit payments	(2,246,871)	(2,246,871)	-
Net change in total OPEB liability	(7,055,739)	(4,661,528)	(2,394,211)
Balance at measurement date June 30, 2022	$ 59,343,336	$ 13,818,996	$ 45,524,340

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

The following presents the net OPEB liability of the District, as well as what the District's 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 (2.72%)	$ 51,460,132
Current discount rate (3.72%)	45,524,340
1% increase (4.72%)	40,199,738

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

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

Healthcare Cost Trend Rates	Net OPEB Liability
1% decrease (4.5%)	$ 39,002,080
Current healthcare cost trend rate (5.5%)	45,524,340
1% increase (6.5%)	53,200,625

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

At June 30, 2023, the District reported deferred outflows of resources for OPEB contributions subsequent to measurement date of $0.8 million which will be recognized as an OPEB expense in the subsequent year. For the year ended June 30, 2023, the District recognized OPEB expense of $3,760,645.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 10,700,116	$ (9,540,391)
Difference between actual and expected experience	1,594,750	(11,949,359)
Contributions subsequent to measurement date	891,266	
Net difference between projected and actual earnings on OPEB plan investments	1,714,745	(2,421,594)
	$ 14,900,877	$ (23,911,344)

Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended June 30,	Deferred Inflows of Resources
2024	$ (1,356,023)
2025	(1,285,246)
2026	(1,418,507)
2027	(634,905)
2028	(996,958)
Thereafter	(4,210,094)
	$ (9,901,733)

Note 15 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2023, the District reported its proportionate share of the 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	$ 168,082,631	$ 53,359,478	$ 25,173,177	$ 13,750,365
CalPERS	86,451,999	28,062,699	5,030,829	9,599,095
	$ 254,534,630	$ 81,422,177	$ 30,204,006	$ 23,349,460

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, 2021, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2% 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 programs. The STRP provisions and benefits in effect at June 30, 2023 are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.25%
Required employer contribution rate	19.10%	19.10%
Required state contribution rate	10.828%	10.828%

Contributions

For required members, 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 Assembly Bill 1469, *State Teachers' Retirement: Defined Benefit Program*, 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, 2023, are presented above and the District's total contributions were $28,207,731.

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

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of net pension liability	$ 168,082,631
State's proportionate share of the net pension liability associated with the District	84,175,124
Total net pension liability, including State share	$ 252,257,755

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively was 0.2419% and 0.2430%, resulting in a net decrease in the proportionate share of 0.00110%.

For the year ended June 30, 2023, the District recognized pension expense of $13,750,365. In addition, the District recognized pension expense and revenue of $6,788,668 for support provided by the State. At June 30, 2023, 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 measurment date	$ 28,207,731	$ -
Net change in proportionate share of net pension liability	16,678,192	4,350,924
Difference between projected and actual earnings on pension plan investments	-	8,219,565
Differences between expected and actual experience	137,880	12,602,688
Changes of assumptions	8,335,675	-
	$ 53,359,478	$ 25,173,177

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 are 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
2024	$ (6,037,881)
2025	(6,541,021)
2026	(9,825,946)
2027	14,185,283
	$ (8,219,565)

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability and 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 and 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
2024	$ 8,321,386
2025	474,415
2026	1,000,202
2027	1,461,003
2028	(1,919,161)
Thereafter	(1,139,710)
	$ 8,198,135

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, 2021, and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2022, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42%	4.8%
Real estate	15%	1.3%
Private equity	13%	3.6%
Fixed income	12%	6.3%
Risk mitigating strategies	10%	1.8%
Inflation sensitive	6%	-3.3%
Cash/liquidity	2%	-0.4%
	100%	

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%)	$ 285,466,648
Current discount rate (7.10%)	168,082,631
1% increase (8.10%)	70,618,604

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, 2021 annual actuarial valuation report, Schools Pool Actuarial Valuation, and the Risk Pool Actuarial Valuation Report, Safety. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2023, 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
Normal retirement age	55	62
Monthly benefits as a precentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	25.37%	25.37%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions 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, 2023, are presented above and the total District contributions were $11,069,130.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $86,451,999. The net pension liability was measured as of June 30, 2022. 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, 2022 and June 30, 2021, respectively was 0.2512% and 0.2611%, resulting in a net decrease in the proportionate share of 0.00990%.

For the year ended June 30, 2023, the District recognized pension expense of $9,599,095. At June 30, 2023, 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	$ 11,069,130	$ -
Net change in proportionate share of net pension liability	-	2,879,793
Difference between projected and actual earnings on pension plan investments	10,207,630	-
Differences between expected and actual experience in the measurement of the total pension liability	390,712	2,151,036
Changes of assumptions	6,395,227	-
	$ 28,062,699	$ 5,030,829

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 are amortized over a closed four-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/ (Inflows) of Resources
2024	$ 1,702,309
2025	1,509,830
2026	771,239
2027	6,224,252
	$ 10,207,630

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, changes of assumptions, and 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 of Resources
2024	$ 526,745
2025	604,215
2026	744,376
2027	(120,226)
	$ 1,755,110

Actuarial Methods and Assumptions

Total pension liability for the Simplified Employee Plan (SEP) was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
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%	4.45%
Global Equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
	100%	

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (5.90%)	$ 124,884,290
Current discount rate (6.90%)	86,451,999
1% increase (7.90%)	54,689,123

Public Agency Retirement System (PARS) (Defined Contribution Plan)

As established by Federal law, all public sector employees who are not members of either CalSTRS or CalPERS must be covered by social security or an alternative plan. The District has elected to use PARS as its alternative plan. Contributions made by the District and employee vest immediately. For employees who are members of PARS, the District and the employee each contribute 6.2% of the employee's gross earnings towards social security. Total expense related to the plan for the year ended June 30, 2023 was $55,761. The District had no forfeitures reflected in the pension expense during the year ended June 30, 2022. The District's liability as of June 30, 2023 was $2,759.

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 $13,503,440 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 16 - Participation in Public Entity Risk Pools, Joint Powers Authorities (JPA) and Other Related Party Transactions

The District is a member of Northern California Regional Liability Excess Fund JPA (Nor Cal ReLiEF), Santa Clara County Schools Insurance Group and Metropolitan Education District. The District pays an annual premium to the North California Regional Liability Excess Fund for its property liability insurance and Santa Clara County Schools Insurance Group for its workers' compensation coverage. In addition, the Metropolitan Education District operates vocational classes for the District. The relationships among the District, the pools and the JPA's are such that they are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are generally available from the respective entities. The District has appointed one board member to the governing board of the Metropolitan Education District.

During the year ended June 30, 2023, the District made payments of $2,281,592, and $3,197,088 to the Northern California Regional Liability Excess Fund, and Santa Clara County Schools Insurance Group.

Note 17 - 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, 2023.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2023.

Construction Commitments

As of June 30, 2023, the District had construction and technology commitments in the amount of $41,692,813.

Required Supplementary Information
June 30, 2023

East Side Union High School District

	Budgeted Amounts			Variance
	Original	Final	Actual	Final to Actual
Revenues				
Local control funding formula	$ 247,912,149	$ 285,213,448	$ 286,598,682	$ 1,385,234
Federal sources	35,689,277	32,566,132	32,344,615	(221,517)
Other State sources	60,362,449	60,520,992	54,014,255	(6,506,737)
Other local sources	12,166,870	13,717,416	19,044,963	5,327,547
Total revenues	356,130,745	392,017,988	392,002,515	(15,473)
Expenditures				
Current				
Certificated salaries	152,897,688	151,429,293	149,995,384	1,433,909
Classified salaries	36,642,831	36,006,030	35,721,711	284,319
Employee benefits	107,899,531	104,386,993	101,183,269	3,203,724
Books and supplies	7,758,418	9,909,855	7,662,218	2,247,637
Services and operating expenditures	44,286,775	46,786,130	41,752,330	5,033,800
Other outgo	5,500,832	6,769,220	7,246,611	(477,391)
Capital outlay	37,000	348,203	439,107	(90,904)
Debt service - principal	995,000	995,000	995,000	-
Debt service - interest	1,370,432	1,370,432	1,370,432	-
Total expenditures	357,388,507	358,001,156	346,366,062	11,635,094
Excess of Expenditures (over) under Revenues	(1,257,762)	34,016,832	45,636,453	11,619,621
Other Financing Uses				
Transfers out	(2,050,595)	-	(100,000)	(100,000)
Total other financing	(2,050,595)	-	(100,000)	(100,000)
Net Change in Fund Balance	(3,308,357)	34,016,832	45,536,453	11,519,621
Fund Balance, Beginning of Year	63,552,797	63,552,797	63,552,797	-
Fund Balance, End of Year	$ 60,244,440	$ 97,569,629	$ 109,089,250	$ 11,519,621

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	$ 3,854,149	$ 3,854,149	$ 2,588,263	$ 2,248,906	$ 2,197,246	$ 2,377,401
Interest	1,312,040	1,485,049	1,646,121	1,788,510	2,259,566	2,065,888
Changes of assumptions	(7,288,588)	2,959,136	8,275,864	2,562,259	(677,554)	(4,253,271)
Differences between actual and expected experience	(2,686,469)	-	2,073,175	-	(14,038,060)	-
Benefit payments	(2,246,871)	(3,079,592)	(3,070,573)	(3,513,998)	(4,311,762)	(4,429,331)
Net change in total OPEB liability	(7,055,739)	5,218,742	11,512,850	3,085,677	(14,570,564)	(4,239,313)
Total OPEB liability - beginning	66,399,075	61,180,333	49,667,483	46,581,806	61,152,370	65,391,683
Total OPEB liability - ending (a)	$ 59,343,336	$ 66,399,075	$ 61,180,333	$ 49,667,483	$ 46,581,806	$ 61,152,370
Plan Fiduciary Net Position						
Employers contribution	$ (958,425)	$ 2,249,151	$ (745,635)	$ (1,842,310)	$ 2,649,475	$ 690,995
Net investment income	(1,438,988)	4,292,200	(83,699)	1,273,435	1,829,471	2,580,729
Administrative expense	(17,244)	(16,464)	(17,295)	(21,481)	(23,095)	-
Benefit payments	(2,246,871)	(3,079,592)	(3,070,573)	(3,513,998)	(4,311,762)	(4,429,331)
Net change in fiduciary net position	(4,661,528)	3,445,295	(3,917,202)	(4,104,354)	144,089	(1,157,607)
Fiduciary net position - beginning	18,480,524	15,035,229	18,952,431	23,056,785	22,912,696	24,070,303
Fiduciary net position - ending (b)	$ 13,818,996	$ 18,480,524	$ 15,035,229	$ 18,952,431	$ 23,056,785	$ 22,912,696
Net OPEB liability - ending (a) - (b)	$ 45,524,340	$ 47,918,551	$ 46,145,104	$ 30,715,052	$ 23,525,021	$ 38,239,674
Plan fiduciary net position as a percentage of the total OPEB liability	23.29%	27.83%	24.58%	38.16%	49.50%	37.47%
Covered-employee payroll	$ 132,184,496	$ 134,829,817	$ 173,491,372	$ 170,544,906	$ 164,715,470	$ 164,083,302
District's net OPEB liability as a percentage of covered-employee payroll	34.44%	35.54%	26.60%	18.01%	14.28%	23.31%
Measurement date	7/1/2022	7/1/2021	7/1/2021	7/1/2021	7/1/2020	7/1/2017

*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until ten years of data is available, the District will present information only for those years for which information is available.

The Discount rate was changed from 2.49% to 3.72% at the June 30, 2023 fiscal year.

	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	$ 891,266	$ 2,820,855	$ (958,425)	$ 2,424,430	$ 3,099,923	$ 2,649,475
Contribution in relation to the actuarially determined contribution	(891,266)	(2,820,855)	958,425	(2,424,430)	(3,099,923)	(2,649,475)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered payroll	$150,817,951	$132,184,496	$134,829,817	$173,491,372	$170,544,906	$164,715,470
Contributions as a percentage of covered payroll	0.6%	2.1%	-0.7%	1.4%	1.8%	1.6%

* GASB Statement No. 75 requires ten years of information to be presented in this table. However, until ten years of data is available, the District will present information only for those years for which information is available.

The Discount rate was changed from 2.49% to 3.72% at the June 30, 2023 measurement date.

Fiscal Year Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
CalSTRS									
District's proportion of the net pension liability	0.24190%	0.24300%	0.23590%	0.22470%	0.22370%	0.22804%	0.22075%	0.25993%	0.23020%
District's proportionate share of the net pension liability	$ 168,082,631	$ 110,600,452	$ 228,636,812	$ 202,915,416	$ 205,593,282	$ 210,892,070	$ 178,546,485	$ 174,993,327	$ 134,521,149
State's proportionate share of the net pension liability associated with the District	84,175,124	55,649,858	117,862,304	110,703,906	117,711,769	124,761,967	101,643,329	92,552,179	81,229,677
Total	$ 252,257,755	$ 166,250,310	$ 346,499,116	$ 313,619,322	$ 323,305,051	$ 335,654,037	$ 280,189,814	$ 267,545,506	$ 215,750,826
District's covered payroll	$ 144,700,018	$ 136,790,013	$ 126,412,485	$ 123,407,896	$ 121,736,601	$ 122,579,597	$ 119,337,685	$ 111,165,728	$ 102,842,026
District's proportionate share of the net pension liability as a percentage of its covered - payroll	116.16%	80.85%	180.87%	164.43%	168.88%	172.05%	149.61%	157.42%	130.80%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%	69%	70%	74%	77%
Measurement date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS									
District's proportion of the net pension liability	0.25120%	0.26110%	0.26590%	0.26370%	0.26808%	0.28384%	0.28983%	0.28613%	0.26448%
District's proportionate share of the net pension liability	$ 86,451,999	$ 53,097,321	$ 81,579,588	$ 76,863,806	$ 71,477,427	$ 67,760,813	$ 57,240,552	$ 42,175,303	$ 30,024,754
District's covered - payroll	$ 41,500,816	$ 37,301,235	$ 38,137,539	$ 36,626,980	$ 35,436,556	$ 34,903,036	$ 33,120,771	$ 29,702,119	$ 27,540,541
District's proportionate share of the net pension liability as a percentage of its covered - payroll	208.31%	142.35%	213.91%	209.86%	201.71%	194.14%	172.82%	141.99%	109.02%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%	72%	74%	79%	83%
Measurement date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until ten years of data is available, the District will present information only for those years for which information is available.

Fiscal Year Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
CalSTRS									
Contractually required contribution	$ 28,207,731	$ 23,774,213	$ 21,393,958	$ 21,616,535	$ 20,097,021	$ 17,926,108	$ 15,418,734	$ 12,804,206	$ 9,869,073
Contributions in relation to the contractually required contribution	(28,207,731)	(23,774,213)	(21,393,958)	(21,616,535)	(20,097,021)	(17,926,108)	(15,418,734)	(12,804,206)	(9,869,073)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 147,684,455	$ 144,700,018	$ 136,790,013	$ 126,412,485	$ 123,407,896	$ 121,736,601	$ 122,579,597	$ 119,337,685	$ 111,165,728
Contributions as a percentage of covered payroll	19.10%	16.43%	15.64%	17.10%	16.29%	14.73%	12.58%	10.73%	8.88%
CalPERS									
Contractually required contribution	$ 11,069,130	$ 9,354,284	$ 7,702,705	$ 7,521,104	$ 6,788,525	$ 5,120,582	$ 5,177,134	$ 3,814,940	$ 3,496,235
Contributions in relation to the contractually required contribution	(11,069,130)	(9,354,284)	(7,702,705)	(7,521,104)	(6,788,525)	(5,120,582)	(5,177,134)	(3,814,940)	(3,496,235)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 43,630,784	$ 41,500,816	$ 37,301,235	$ 38,137,539	$ 36,626,980	$ 35,436,556	$ 34,903,036	$ 33,120,771	$ 29,702,119
Contributions as a percentage of covered payroll	25.37%	22.54%	20.65%	19.72%	18.53%	14.45%	14.83%	11.52%	11.77%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until ten years of data is available, the District will present information only for those years for which information is available.

The Discount rate was changed from 7.15% to 6.90% for the June 30, 2023 fiscal year.

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 Net OPEB Liability and Related Ratios

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

- Changes in Benefit Terms – No change in the current year.
- Changes of Assumptions –Discount rate change from 3.99% at June 30, 2018 to 3.42% at June 30, 2019 to 2.49% at June 30, 2020 to 2.01% at June 30, 2021 to 3.72% at June 30, 2022 measurement dates; Healthcare cost trend rate change from 6.0% -5.5% at June 30, 2018 to 5.5% at June 30, 2019.

Schedule of the District’s Contributions for OPEB

This schedule presents information on the District’s actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution. In the future, as data becomes available, ten years of information will be presented.

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

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

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

Schedule of the District's Contributions for Pensions

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

Supplementary Information
June 30, 2023

East Side Union High School District

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed through California Department of Education			
Elementary and Secondary School Emergency Relief (ESSER) Fund			
COVID-19, ESSER II	84.425D	15547	$ 134,889
COVID-19, ESSER III	84.425U	15559	11,756,016
COVID-19, ESSER III - Learning Loss	84.425U	10155	2,536,646
Expanded Learning Opportunities (ELO)			
COVID-19, ELO - ESSER II	84.425D	15618	2,105,327
COVID-19, ELO - ESSER III	84.425U	15620	1,583,420
COVID-19, ELO - ESSER III	84.425U	15621	2,672,823
COVID-19, Governor's Emergency Education Relief (GEER) Fund			
ELO - GEER II	84.425C	15619	558,210
ARP - Homeless Children and Youth II	84.425U	15566	74,270
Subtotal			21,421,601
Adult Education - Basic Grants to States			
Adult Basic Education and English as Second Language	84.002	14508	725,020
Adult Secondary Education	84.002	13978	182,930
Subtotal			907,950
Title I, Grants to Local Educational Agencies	84.010	14329	3,260,422
Title I, Grants to Local Educational Agencies	84.010	15438	(492,313)
Subtotal			2,768,109
Migrant Education State Grant Program	84.011	14326	128,212
Migrant Education State Grant Program	84.011	10005	35,505
Subtotal			163,717
Supporting Effective Instruction State Grants	84.367	14341	702,279
Student Support and Academic Enrichment Program	84.424	15396	497,241
English Language Acquisition State Grants	84.365	14346	449,488
Career and Technical Education -- Basic Grants to States	84.048	14893	475,126
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	10006	404,849
Passed through South East Consortium Special Education Local Plan Area			
Special Education Cluster			
Special Education Grants to States			
Basic Local Assistance Entitlement	84.027	13379	4,248,416
Local Assistance, Private School ISPs	84.027	10115	3,567
COVID-19, Local Assistance Entitlement	84.027	15638	736,888
COVID-19, Local Assistance, Private School ISPs	84.027	10169	677
Mental Health Services	84.027	15197	265,896
Total Special Education Cluster			5,255,444
Total U.S. Department of Education			33,045,804

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services Human Services			
Passed through California Department of Education			
The Child Care and Development Fund (CCDF) Cluster			
Child Care and Development Fund	93.575	10163	251,214
Child Development: Federal Child Care	93.575	15136	309,999
Child Care Initiative Project / Resource & Referral Contract	93.575	14092	788
CCDF Cluster			562,001
Total U.S. Department of Health and Human Services			562,001
U.S. Department of Agriculture			
Passed through California Department of Education			
Child Nutrition Cluster			
Supply Chain Assistance Funds	10.555	15655	572,205
National School Lunch Program	10.555	13391	4,283,142
Basic School Breakfast	10.553	13525	1,300,729
Special Milk Program for Children	10.556	13392	10,168
Total Child Nutrition Cluster			6,166,244
Child Nutrition Discretionary Grants Limited Availability	10.579	14906	85,754
Passed Through California Department of Social Services			
Child and Adult Care Food Program	10.558	13393	391,203
Subtotal			391,203
Total U.S. Department of Agriculture			6,643,201
U.S. Department of Defense			
Direct Award			
ROTC Language and Culture Training Grants	12.357	[1]	121,009
Total U.S. Department of Defense			121,009
Total Federal Financial Assistance			$ 40,372,015

[1] Federal Financial Assistance Listing/Federal CFDA Number not available

Organization

The East Side Union High School District was organized in 1949 under the laws of the State of California. The District operates under a locally elected five-member Governing Board form of government and provides educational services to grades 9-12 as mandated by the State and/or Federal agencies. The District operates 11 high schools, 3 adult education sites, 1 independent study program, 4 continuation schools and 1 alternative school. There were no boundary changes during the year.

Board of Trustees

Member	Office	Term Expires
Lorena Chavez	President	2026
Pattie Cortese	Vice President	2024
Bryan Do	Clerk	2024
J. Manuel Herrera	Member	2026
Van T. Le	Member	2026

Administration

Glenn Vander Zee	Superintendent	
Michele Huntoon	Associate Superintendent of Business Services	
Teresa Marquez	Associate Superintendent of Educational Services	
Tom Huynh	Associate Superintendent of Human Resources	

	Final Report	
	Second Period Report	Annual Report
9th Through 12th		
Regular ADA	19,237.10	19,129.83
Extended Year Special Education	12.09	12.09
Special Education, Nonpublic, Nonsectarian Schools	51.57	52.21
Extended Year Special Education, Nonpublic, Nonsectarian Schools	6.05	6.05
	19,306.81	19,200.18

Grade Level	1986-1987 Minutes Requirement	2022-2023 Actual Minutes	Number of Actual Days Tranditional Calendar	Number of Actual Days Multitrack Calendar	Status
Grade 9	64,800	64,995	180	N/A	Complied
Grade 10	64,800	64,995	180	N/A	Complied
Grade 11	64,800	65,000	180	N/A	Complied
Grade 12	64,800	65,000	180	N/A	Complied

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

	General Fund	Governmental Activities- Internal Service Fund	Private-Purpose Trust Fund
Fund Balance			
Balance, June 30, 2023, Unaudited Actuals	$ 108,897,256	$ 6,062,497	$ 632,466
The Fair Market Value adjustment for investments with the County investment pool	191,994	(191,914)	(80)
Balance, June 30, 2023, Audited Financial Statement	$ 109,089,250	$ 5,870,583	$ 632,386

	Business-Type Activities- Cafeteria Enterprise Fund	Bond Interest and Redemption Fund
Fund Balance		
Balance, June 30, 2023, Unaudited Actuals	$ 2,926,692	$ 91,738,952
The Fair Market Value adjustment for investments with the County investment pool	-	(2,640,349)
As required by GASB 68 and 75, the recording of deferred inflows, outflows of resources, and liabilities related to pensions	(6,231,117)	-
Balance, June 30, 2023, Audited Financial Statement	$ (3,304,425)	$ 89,098,603

	Budgeted 2024 [1]	2023	2022 [1]	2021 [1]
General Fund				
Revenues	$ 357,392,096	$ 392,002,515	$ 327,897,336	$ 310,212,593
Other sources and transfers in*	-	-	913,577	171,375
Total revenues and other sources	357,392,096	392,002,515	328,810,913	310,383,968
Expenditures	385,294,496	346,366,062	327,268,746	288,846,712
Other uses and transfers out*	100,000	100,000	1,013,577	1,837,817
Total expenditures and other uses	385,394,496	346,466,062	328,282,323	290,684,529
Changes in Fund Balance	$ (28,002,400)	$ 45,536,453	$ 528,590	$ 19,699,439
Ending Fund Balance	$ 81,086,850	$ 109,089,250	$ 63,552,797	$ 63,024,207
Available Reserves[2]	$ 53,868,416	$ 64,657,023	$ 46,799,768	$ 47,789,414
Available Reserves as a percentage of total outgo	13.98%	18.66%	14.26%	16.44%
Long-Term Obligations	$ 1,201,744,394	$ 1,279,946,725	$ 1,218,506,066	$ 1,441,267,962
Average Daily Attendance At P-2	18,411	19,307	19,934	21,415

The General Fund balance has increased by $46,065,043 over the past two years. The fiscal year 2023-24 budget projects a decrease of $28,002,400. For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo). The District has adopted a policy to reserve at least three percent.

The District has incurred operating surpluses in all of the past three years but anticipates an operating deficit during the 2023-24 fiscal year. Total long-term obligations have decreased by $161,321,237 over the past two years.

Average daily attendance has decreased by 2,108 over the past two years. A decrease of 896 ADA is anticipated during fiscal year 2023-24.

[1] Financial information for 2024, 2022, and 2021 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 or committed for budgeted deficits contained with the General Fund and

* Includes transfers eliminated in the GAAP financial statements.

Name of Charter School	Charter Number	Included in Audit Report
ACE Charter High School	1387	No
Alpha Cindy Avitia High School	1737	No
B. Roberto Cruz Leadership Academy	1675	No
Escuela Popular Accelerated Family Learning Center	0502	No
Escuela Popular Center for Training and Careers	0646	No
KIPP San Jose Collegiate	0976	No
Latino College Preparatory Academy	0414	No
Luis Valdez Leadership Academy	1681	No
San Jose Conservation Corp Charter School	0425	No

	Student Activity Fund	Adult Education Fund	Child Development Fund	Capital Facilities Fund	County School Facilities Fund	Total Nonmajor Governmental Funds
Assets						
Deposits and investments	$ 2,721,639	$ 1,202,048	$ 1,412,757	$ 13,215,739	$ -	$ 18,552,183
Receivables	-	563,568	556,117	107,213	12,887	1,239,785
Stores inventories	6,346	-	-	-	-	6,346
Other current assets	1,463	-	-	-	-	1,463
Total assets	$ 2,729,448	$ 1,765,616	$ 1,968,874	$ 13,322,952	$ 12,887	$ 19,799,777
Liabilities and Fund Balances						
Liabilities						
Overdrafts	$ -	$ -	$ -	$ -	$ 36,596	$ 36,596
Accounts payable	-	60,544	1,164,873	95,148	-	1,320,565
Unearned revenue	-	-	830,667	-	-	830,667
Total liabilities	-	60,544	1,995,540	95,148	36,596	2,187,828
Fund Balances						
Nonspendable	35,159	-	-	-	-	35,159
Restricted	2,694,289	1,426,162	-	13,227,804	-	17,348,255
Assigned	-	278,910	-	-	-	278,910
Unassigned	-	-	(26,666)	-	(23,709)	(50,375)
Total fund balances	2,729,448	1,705,072	(26,666)	13,227,804	(23,709)	17,611,949
Total Liabilities and Fund Balances	$ 2,729,448	$ 1,765,616	$ 1,968,874	$ 13,322,952	$ 12,887	$ 19,799,777

	Student Activity Fund	Adult Education Fund	Child Development Fund	Capital Facilities Fund	County School Facilities Fund	Total Nonmajor Governmental Funds
Revenues						
Federal sources	$ -	$ 907,950	$ 562,001	$ -	$ -	$ 1,469,951
Other State sources	-	8,395,851	2,762,887	-	2,373,477	13,532,215
Other local sources	4,027,607	52,229	(767)	575,668	(14,417)	4,640,320
Total revenues	4,027,607	9,356,030	3,324,121	575,668	2,359,060	19,642,486
Expenditures						
Current						
Instruction	-	5,054,347	-	-	-	5,054,347
Instruction-related activity						
Supervision of instruction	-	455,042	-	-	-	455,042
Instructional library and technology	-	64,103	-	-	-	64,103
School site administration	-	2,850,935	75,445	-	-	2,926,380
Pupil services						
All other pupil services	-	257,784	-	-	-	257,784
Administration						
All other administration	-	307,457	64,157	-	-	371,614
Maintenance and operations	-	484,420	37,495	62,205	-	584,120
Ancillary services	4,029,527	-	-	-	-	4,029,527
Community services	-	-	3,174,776	-	-	3,174,776
Capital outlay	-	-	-	277,098	-	277,098
Total expenditures	4,029,527	9,474,088	3,351,873	339,303	-	17,194,791
Excess (Deficiency) of						
Revenues over expenditures	(1,920)	(118,058)	(27,752)	236,365	2,359,060	2,447,695
Other Financing Sources						
Transfers out	-	-	-	-	(2,382,769)	(2,382,769)
Total other financing sources	-	-	-	-	(2,382,769)	(2,382,769)
Net Change in Fund Balances	(1,920)	(118,058)	(27,752)	236,365	(23,709)	64,926
Fund Balance, Beginning	2,731,368	1,823,130	1,086	12,991,439	-	17,547,023
Fund Balance, End	$ 2,729,448	$ 1,705,072	$ (26,666)	$ 13,227,804	$ (23,709)	$ 17,611,949

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 East Side Union High School District (the District) under programs of the federal government for the year ended June 30, 2023. 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 East Side Union High School District, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of East Side Union High School District.

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

Indirect Cost Rate
The District does not draw for indirect administrative expenses and has not elected to use the ten percent de minimus cost rate.

Local Education Agency Organization Structure

This schedule provides information of number of schools the District operated, the District's members of the Governing Board, and members of the administration.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Annual Financial and Budget Report to the Audited Financial Statements.

Schedule of Financial Trends and Analysis

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

Schedule of Charter Schools

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

Nonmajor Governmental Funds – Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances

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

Independent Auditor's Reports
June 30, 2023

East Side Union High 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*

Governing Board
East Side Union High School District
San Jose, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of East Side Union High School District (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise District's basic financial statements and have issued our report thereon dated December 13, 2023.

Report on Internal Control over Financial Reporting

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

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

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

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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 entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Menlo Park, California
December 13, 2023

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

Governing Board
East Side Union High School District
San Jose, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited East Side Union High School District's (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 District's major federal programs for the year ended June 30, 2023. 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, 2023.

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 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 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 District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on 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 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 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 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 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

Menlo Park, California
December 13, 2023

Independent Auditor's Report on State Compliance

Governing Board
East Side Union High School District
San Jose, California

Report on State Compliance

Qualified and Unmodified Opinions on State Compliance

We have audited East Side Union High School District's (District) compliance with the requirements specified in the *2022-2023 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, 2023.

Qualified Opinion on Home to School Transportation Reimbursement and Unduplicated Local Control Funding Formula Pupil Counts

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2023.

Unmodified Opinion on Each of the Other Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2023, except as described in the accompanying schedule of findings and questioned costs.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2022-2023 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.

Matters Giving Rise to Qualified Opinion on the Home to School Transportation Reimbursement and Unduplicated Local Control Funding Formula Pupil Counts

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding Home to School Transportation (2023-001) and Unduplicated Local Control Funding Formula Pupil Counts (2023-002).

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2022-2023 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 *2022-2023 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 *2022-2023 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:

Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine the Districts compliance with the laws and regulations applicable to the following items:

2022-2023 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	No, see below
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	Yes
K-3 Grade Span Adjustment	No, see below
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
Home to School Transportation Reimbursement	Yes
Independent Study Certification for ADA Loss Mitigation	Yes
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	No, see below
After/Before School Education and Safety Program:	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	No, see below

2022-2023 K-12 Audit Guide Procedures	Procedures Performed
Immunizations	No, see below
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
Transitional Kindergarten	No, see below
Charter Schools	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes – Classroom Based	No, see below
Charter School Facility Grant Program	No, see below

Kindergarten Continuance
The District does not offer kindergarten instruction; therefore, we did not perform procedures related to Kindergarten Continuance.

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

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

K-3 Grade Span Adjustment
The District has only grades 9-12; therefore, we did not perform procedures related to K-3 Grade Span Adjustment.

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

District of Choice
The District did not elect to operate as a school district of choice; therefore, we did not perform procedures related to District of Choice.

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

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

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

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

Transitional Kindergarten
The District did not report ADA for transitional kindergarten; therefore, we did not perform procedures related to Transitional Kindergarten.

Charter Schools
The Charter School is independent of the District; therefore, we did not perform any procedures related to charter schools.

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 instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002.

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

Report on Internal Control over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 to be material weaknesses.

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 *2022-2023 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

Menlo Park, California
December 13, 2023

Schedule of Findings and Questioned Costs
June 30, 2023

East Side Union High School District

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	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 federal programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclossed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of Major Federal Programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing
Child Nutrition Cluster	10.553, 10.555, 10.579
COVID-19, Education Stabilization Fund	84.425C, 84.425D, 84.425U

Dollar threshold used to distinguish between Type A and Type B programs	$1,211,160
Auditee qualified as low-risk auditee?	Yes

State Compliance

Unmodified for all programs except for the following programs which were qualified

Name of Program
Home to School Transportation Reimbursement
Unduplicated Local Control Funding Formula Pupil Counts

None reported.

None reported.

2023-001 **40000 - Home to School Transportation**

Criteria or Specific Requirements
The District was to develop and adopt a plan by April 1, 2023, pursuant to Education Code section 39800.1(a), describing the transportation services it will offer to its pupils, and how it will prioritize planned transportation services (Plan).

Condition
The District did not adopt a Plan before April 1, 2023.

Questioned Costs
The District received $3,538,988 under the Home to School Transportation Grant.

Context/Cause
The Plan was adopted on April 20, 2023. Management of the District informed us that the reason the Plan was not adopted before the April 1, 2023, statutory deadline is that information from California Department of Education (CDE) was not solidified until after March 2023 and that the District also received conflicting guidance from regulators about eligibility. According to the District, the Plan was adopted on April 20 with hopes of the CDE providing waivers.

We verified that the noncompliance was limited to the Plan's adoption date and further that the grant accounting treatment was consistent with governmental accounting standards.

Effect
The District was not eligible to use funds as granted by the State.

Repeat Finding
No

Recommendation
We recommend the District seek a waiver for the Plan adoption date compliance requirements.

Corrective Action Plan and Views of Responsible Officials
The State implemented a new transportation grant program late into 2022-23. Initially, the District was informed that they did not meet eligibility. Information from the CDE was not solidified until after March 2023, providing little to no time to meet the April 1 deadline for a Board to approve a plan. A plan was adopted on April 20, 2023, in hopes of the CDE providing waivers due to the late information, including the final amounts LEAs would receive. After the April 1, 2023, deadline, information was researched by the District to determine if a waiver could be filed. It was not until late April that information was available on the Education Audit Appeals Panel (EAAP) website. Based on that information, the District did not implement the program in 2022-23. The funding was automatically distributed by the CDE to all districts eligible for funding, albeit funds were not received until June 2023. Staff made the appropriate decision to set up a payable to the State for the 2022-23 funding to ensure compliance. The District was never out of compliance with this funding. As of June 30, 2023, the District reported $3,538,988 as a liability of the general fund related to the identified grant funding.

Given the circumstances, the District acted appropriately in setting up a payable. It would have been irresponsible for the District to expend the funds for usage of the grant. The CDE was not approving any waivers for these funds. The District will approve a Plan in February each year to ensure the Plan meets the statutory timelines 2023-2024 and going forward.

2023-002 **40000 - Unduplicated Local Control Funding Formula Pupil Counts**

Criteria or Specific Requirements
Supplemental and concentration grant amounts are calculated based on the percentage of "unduplicated pupils" enrolled in the District on census day (first Wednesday in October). The percentage equals:

Unduplicated count of pupils who (1) are English learners, (2) meet income or categorical eligibility requirements for free or reduced-price meals under the National School Lunch Program, or (3) are foster youth. Divided by total enrollment in the LEA (EC sections 2574(b)(1) and 42238.02(b)(5)).

"Unduplicated count" means that each pupil is counted only once even if the pupil meets more than one of these criteria (EC sections 2574(b) (2) and 42238.02(b)(1)). Data submitted by LEAs to CALPADS is used as the starting point for calculating the unduplicated student count. CALPADS Certification Report 1.17 – FRPM/English Learner/Foster Youth – Count, displays the counts of students by category and an unduplicated total.

In order to be counted in Report 1.17, a student must have an open primary or short-term enrollment in CALPADS over census day and meet one or more of the following criteria:

- Have a program record with an education program code of Homeless (191), Migrant (135), Free Meal Program (181), or Reduced-Price Meal Program (182), that is open over census day.
- Have an English Language Acquisition Status (ELAS) of "English learner" (EL) that is effective over census day.
- Be directly certified in July through November as being eligible for free meals based on a statewide match conducted by CALPADS.
- Be identified as a foster youth based on a statewide match conducted by CALPADS.
- Be identified as a foster youth through a local data matching process and submitted to and validated by CALPADS.

Condition
We identified students classified as eligible for free or reduced price meals per the documentation provided by the District.

Questioned Costs
The method of determining the total impact of the finding on the District's unduplicated pupil count is an extrapolation of the known inappropriately reported pupil counts. Calculated questioned costs are $4,931, per the California Department of Education Audit Finding Calculator.

Context
The following describes the identified deviations:

FRPM Eligibility - Of the students indicated as a “No” under the “Direct Certification” column, that are only free or reduced priced meal eligible (FRPM) identified under the “NSLP Program” column, we identified ***two*** deviations of ***60*** samples.

CALPADS certified total enrollment count was 66,199, and the certified total unduplicated pupil count was 32,386.

Decreases to the unduplicated pupil count are as follows:

FRPM eligibility - Decreases to the unduplicated pupil count based on FRPM eligibility and calculated by extrapolation of the known inappropriately reported pupil counts are 8.

The adjusted unduplicated pupil count based on extrapolation is 32,378. There is no change to enrollment count.

Effect
The District did not comply with certain compliance requirements related to classification of unduplicated pupils.

Cause and Recommendation
The District's internal control process over reviewing meal price applications does not include adequate monitoring for quality control.

Repeat Finding
No

Corrective Action Plan and Views of Responsible Officials
The District will review the current process and procedures to determine deficits in the system that need to be addressed to ensure that appropriate identification and reporting is accurate.

There were no audit findings reported in the prior year's schedule of financial statement findings.

APPENDIX C

GENERAL INFORMATION ABOUT THE CITY OF SAN JOSÉ AND THE SANTA CLARA COUNTY

*The following information concerning the City of San José (the "**City**") and Santa Clara County (the "**County**") and is included only for the purpose of supplying general information regarding the area of the District. The Bonds are not a debt (or a pledge of the full faith and credit) of the City, the County, the State or any of its political subdivisions, other than the District, and neither the City, the County, the State nor any of its political subdivisions, other than the District, is liable therefor.*

General

The City. The District encompasses a total area of approximately 180 square miles in the City of San José (the **"City"**), in the northeast portion of Santa Clara County (the **"County"**). The District's boundaries include an area of the City of San José extending from the Milpitas border in the north to the Coyote Narrows in the south and from the Diablo Mountain Range in the east to the Guadalupe River in the west.

The City is the oldest city in the State. From a former rich agricultural setting, San José has become a primary center of the innovative, high-technology based Silicon Valley - so named for the principal material used in producing semiconductors. During the 1980s and 1990s, the City experienced an expansion in manufacturing, service, retail and tourism industries. With the dot-com collapse in the early 2000s, Silicon Valley was one of the first and most deeply impacted regions in the nation but has since recovered.

The County. The County covers an area of over 1,300 square miles and is located south of the San Francisco Bay in northern California. There are two distinct valleys in the County, which are referred to as North County and South County. South County has more of an agricultural base. As a contrast, North County is densely populated, heavily industrialized and extensively urbanized. This part of the County is comprised of 13 cities, each adjacent to another. Due to its high concentration of high-technology industries, the northwestern portion of North County is commonly referred to as "Silicon Valley". Several small lakes and reservoirs are scattered across the County, and the highest peak can be found in San José at Mount Hamilton, with an elevation of 4,213 feet. Several major highways serve the County, including Highway 101 providing access to San Francisco and Los Angeles.

Population

The most recent estimate of the County's population at January 1, 2023 was 1,886,079 persons, according to the State Department of Finance. The City has an estimated population of 959,256 persons at January 1, 2023. The table below shows population estimates for the cities in the County for the last five years, as of January 1.

SANTA CLARA COUNTY
Population Estimates
Calendar Years 2019 through 2023
(As of January 1st)

Area	2019	2020	2021	2022	2023
Campbell	41,977	41,898	43,541	43,092	42,713
Cupertino	59,436	59,244	60,183	59,673	59,154
Gilroy	56,635	56,704	60,063	59,709	60,078
Los Altos	30,871	30,754	31,507	31,257	31,021
Los Altos Hills	8,438	8,418	8,468	8,414	8,380
Los Gatos	30,501	31,087	33,423	33,167	33,102
Milpitas	75,796	77,180	80,633	80,862	81,067
Monte Sereno	3,633	3,622	3,467	3,481	3,519
Morgan Hill	45,745	46,299	46,568	46,201	45,892
Mountain View	80,986	81,302	83,520	83,856	83,601
Palo Alto	68,272	68,145	67,953	67,693	67,287
San José	**1,043,617**	**1,041,466**	**989,396**	**963,745**	**959,256**
Santa Clara	125,908	127,301	129,926	130,462	132,476
Saratoga	30,940	30,850	30,990	30,758	30,567
Sunnyvale	154,074	154,252	156,085	156,364	156,317
Balance Of County	87,904	86,644	84,828	92,233	91,649
County Total	**1,944,733**	**1,945,166**	**1,910,551**	**1,890,967**	**1,886,079**

Source: State Department of Finance estimates.

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Employment and Industry

The District is part of the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area ("**MSA**"), which is comprised of Santa Clara and San Benito Counties. The unemployment rate in the MSA was 4.4% in January 2024, up from a revised 4.0% in December 2023, and above the year-ago estimate of 3.1%. This compares with an unadjusted unemployment rate of 5.7% for California and 4.1% for the nation during the same period. The unemployment rate was 7.5% in San Benito County, and 4.3% in Santa Clara County.

The table below provides information about employment rates and employment by industry type for the County for calendar years 2019 through 2023.

SAN JOSÉ-SUNNYVALE-SANTA CLARA MSA
(San Benito and Santa Clara Counties)
Annual Averages Civilian Labor Force, Employment and Unemployment, Employment by Industry
(March 2023 Benchmark)

	2019	2020	2021	2022	2023
Civilian Labor Force (1)	1,083,000	1,058,200	1,044,200	1,073,300	1,071,400
Employment	1,054,900	981,900	993,300	1,044,100	1,033,000
Unemployment	28,000	76,300	51,000	29,200	38,300
Unemployment Rate	2.6%	7.2%	4.9%	2.7%	3.6%
Wage and Salary Employment: (2)					
Agriculture	5,600	5,300	5,000	4,800	4,700
Mining and Logging	200	200	200	200	200
Construction	53,000	50,100	51,700	53,900	53,600
Manufacturing	170,300	165,800	167,400	179,100	179,500
Wholesale Trade	31,400	29,200	28,300	29,000	29,000
Retail Trade	83,100	73,000	73,700	73,700	73,900
Transportation, Warehousing, Utilities	16,100	15,800	16,900	19,200	18,400
Information	100,600	105,900	107,100	106,400	97,900
Finance and Insurance	22,000	22,900	23,400	22,200	22,100
Real Estate and Rental and Leasing	15,900	15,100	15,100	15,800	15,900
Professional and Business Services	243,100	237,600	242,600	253,700	245,400
Educational and Health Services	178,700	172,700	178,400	187,100	196,100
Leisure and Hospitality	107,500	73,100	79,000	96,600	101,400
Other Services	28,900	22,100	22,800	25,100	26,400
Federal Government	10,000	10,700	10,500	10,200	10,100
State Government	6,900	7,000	6,900	7,000	7,000
Local Government	80,400	76,300	76,000	78,800	80,800
Total, All Industries (3)	1,153,700	1,082,700	1,104,800	1,162,600	1,162,400

(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) Totals may not add due to rounding.
Source: State of California Employment Development Department.

Major Employers

The following table shows the major employers in the County as of April 2024, in alphabetical order without regard to the number of employees.

SANTA CLARA COUNTY
Major Employers
(Listed Alphabetically)

Employer Name	Location	Industry
Adobe Inc	San Jose	Digital Media & Content Creation
Advanced Micro Devices Inc	Santa Clara	Semiconductor Devices (mfrs)
Alphabet Inc	Mountain View	Internet Search Engines
Analog Devices Inc	San Jose	Semiconductor Devices-Wholesale
Apple Inc	Cupertino	Computers-Electronic-Manufacturers
Applied Materials Inc	Santa Clara	Semiconductor Manufacturing Equip (mfrs)
California's Great America	Santa Clara	Amusement & Theme Parks
Christopher Ranch LLC	Gilroy	Garlic (mfrs)
Cisco Systems Inc	San Jose	Computer Peripherals (mfrs)
Ebay Inc	San Jose	Online Retailers & Marketplaces
Fujitsu Laboratories of Amer	Sunnyvale	Laboratories-Research & Development
Intel Corp	Santa Clara	Semiconductor Devices (mfrs)
Intuitive Surgical Inc	Sunnyvale	Orthopedic Prosthetic/Srgcl Appl (mfrs)
Lockheed Martin Space Systems	Sunnyvale	Satellite Equipment & Systems-Mfrs
Lucile Packard Children's Hosp	Palo Alto	Hospitals
Lumileds	San Jose	Lighting Fixtures-Supplies & Parts-Mfrs
NASA	Mountain View	Federal Government-Space Research & Technolog
Netapp Inc	San Jose	Computer Storage Devices (mfrs)
Netflix Inc	Los Gatos	Online Services
NVIDIA Corp	Santa Clara	Software/Application/Platform Developers & Pr
Palo Alto VA Medical Ctr	Palo Alto	Hospitals
Prime Materials	San Jose	Semiconductors & Related Devices (mfrs)
Servicenow Inc	Santa Clara	Software/Application/Platform Publishing
Stanford University Sch-Mdcn	Stanford	Schools-Medical
Super Micro Computer Inc	San Jose	Computers-Electronic-Manufacturers

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2024 2nd Edition.

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Effective Buying Income

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

The following table summarizes the total effective buying income and median household effective buying income for the City, the County, the State of California, and the United States for the years 2020 through 2024.

CITY OF SAN JOSÉ, SANTA CLARA COUNTY, THE STATE OF CALIFORNIA AND THE UNITED STATES
Effective Buying Income
as of January 1, 2020 through 2024

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2020	City of San José	$43,225,838	$90,810
	Santa Clara County	97,710,060	98,882
	California	1,243,564,816	65,870
	United States	9,487,165,436	55,303
2021	City of San José	$45,634,915	$94,097
	Santa Clara County	103,006,380	103,458
	California	1,290,894,604	67,956
	United States	9,809,944,764	56,790
2022	City of San José	$50,712,239	$106,889
	Santa Clara County	113,347,038	118,652
	California	1,452,426,153	77,058
	United States	11,208,582,541	64,448
2023	City of San José	$50,313,757	$109,928
	Santa Clara County	112,532,636	121,559
	California	1,461,799,662	77,175
	United States	11,454,846,397	65,326
2024	City of San José	$51,483,463	$112,471
	Santa Clara County	114,948,530	125,048
	California	1,510,708,521	80,973
	United States	11,987,185,826	67,876

Source: Claritas, LLC.

Commercial Activity

A summary of historic taxable sales within the City and County during the past five years for which data is available are shown in the following tables.

Total taxable sales during the first three quarters of calendar year 2023 in the City were reported to be $16,798,117,040, a 0.47% increase over the total taxable sales of $16,719,784,030 reported during the first three quarters of calendar year 2022.

CITY OF SAN JOSÉ
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		**Total All Outlets**	
	Number of Permits	**Taxable Transactions**	**Number of Permits**	**Taxable Transactions**
2018	14,554	$11,556,068	24,323	$16,428,568
2019	14,592	12,347,459	24,654	17,151,535
2020	15,126	14,455,513	25,671	17,436,701
2021	13,901	15,716,996	23,747	20,503,288
2022	13,836	16,655,939	23,849	22,830,512

Source: State Department of Tax and Fee Administration.

Total taxable sales during the first three quarters of calendar year 2023 in the County were reported to be $41,723,238,753, representing a 0.94% decrease over the total taxable transactions of $42,117,335,952 that were reported in the County during the first three quarters of calendar year 2022.

COUNTY OF SANTA CLARA
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		**Total All Outlets**	
	Number of Permits	**Taxable Transactions**	**Number of Permits**	**Taxable Transactions**
2018	30,266	$26,885,138	52,994	$45,353,074
2019	30,024	27,882,060	53,312	47,001,964
2020	30,969	27,467,410	55,395	46,444,650
2021	28,365	31,393,299	51,015	52,994,694
2022	28,214	33,619,773	51,222	57,738,947

Source: State Department of Tax and Fee Administration.

Construction Activity

Provided below are the building permits and valuations for the City and County for calendar years 2018 through 2022, the last data available.

CITY OF SAN JOSÉ
Total Building Permit Valuations
(Valuations in Thousands)
Calendar Years 2018 through 2022

	2018	2019	2020	2021	2022
Permit Valuation					
New Single-family	$48,189.7	$86,009.4	$75,061.7	$83,624.1	$49,203.0
New Multi-family	302,314.0	250,006.5	107,845.9	86,918.3	154,369.3
Res. Alterations/Additions	116,587.4	146,065.7	111,917.7	20,137.5	30,044.8
Total Residential	$467,091.1	$482,081.6	$294,825.3	$190,679.9	$233,617.1
New Commercial	$217,680.7	$781,279.6	$1,055,959.7	$49,613.0	$208,841.4
New Industrial	0.0	0.0	3,126.3	1,753.0	0.0
New Other	26,398.1	42,133.9	14,961.4	5,079.1	34,502.0
Com. Alterations/Additions	550,465.6	694,290.4	815,245.1	59,514.5	362,733.4
Total Nonresidential	$794,544.4	$1,517,703.9	1,889,292.5	$115,959.6	$606,076.8
New Dwelling Units					
Single Family	302	566	500	475	435
Multiple Family	2,607	1,827	936	700	1,509
TOTAL	2,909	2,393	1,436	1,175	1,944

Source: Construction Industry Research Board, Building Permit Summary

SANTA CLARA COUNTY
Total Building Permit Valuations
(Valuations in Thousands)
Calendar Years 2018 through 2022

	2018	2019	2020	2021	2022
Permit Valuation					
New Single-family	$728,590.6	$693,032.6	$465,531.8	$604,388.6	$558,633.4
New Multi-family	1,098,643.3	567,726.7	384,856.1	488,538.1	1,239,445.8
Res. Alterations/Additions	588,024.6	555,483.1	314,179.3	351,100.6	392,595.4
Total Residential	$2,415,258.5	$1,816,242.4	$1,164,567.2	$1,444,027.3	$2,190,674.6
New Commercial	$1,962,366.5	$2,664,298.3	$1,216,184.5	$309,537.0	$774,988.7
New Industrial	32,080.0	41,875.8	72,481.3	8,982.3	0.0
New Other	120,557.4	273,529.1	145,437.8	451,952.6	623,244.7
Com. Alterations/Additions	2,017,142.2	2,467,939.0	1,382,406.5	812,157.1	1,249,080.3
Total Nonresidential	$4,132,146.1	$5,447,642.2	$2,816,510.1	$1,582,629.0	$2,647,313.7
New Dwelling Units					
Single Family	2,011	1,814	1,329	1,789	1,538
Multiple Family	6,342	3,216	2,245	3,210	6,765
TOTAL	8,353	5,030	3,574	4,999	8,303

Source: Construction Industry Research Board, Building Permit Summary.

Transportation

The San José area is served by a network of freeways providing regional, national and international access. U.S. 101, a major north-south highway between San Francisco and Los Angeles, provides access to the deep water seaports at San Francisco and Redwood City, and to air passenger and cargo facilities at Norman Y. Mineta San José International Airport (the "**Airport**") and San Francisco International Airport. Interstate 880 connects San José with the Oakland International Airport and the Port of Oakland. Interstates 280 and 680 provide access to the peninsula and eastern regions of the San Francisco Bay Area, respectively, and State Route 17 serves to connect San José with the Pacific Coast at Santa Cruz. Additional freeways serving the local area are State Routes 85, 87 and 237. During the past two decades, approximately $1.8 billion has been invested by the State and the County to expand and improve the area freeway system.

The light rail transit system operated by the Santa Clara Valley Transportation Authority that connects the northern and southern areas of the City opened in 1989. During 1999 the light rail line was expanded towards the North to serve the cities of Santa Clara, Sunnyvale, and Mountain View. Adding to the existing 30.5-mile light rail system, several expansions to the system are under construction and planned for completion within the next few years. In particular, service along the 6.4-mile Tasman East/Capitol Light Rail Extension from the I-880/Milpitas station in Milpitas to east San José commenced in 2004. Also, the 5.3-mile Vasona Light Rail Extension began service between Downtown San José and Downtown Eastside in January 2006.

The main coast line of the Union Pacific Railroad traverses the City, providing connections to San Francisco, Oakland, Sacramento and Los Angeles. Commuter rail service operates on this line between Gilroy and San Francisco. The Union Pacific Railroad also operates a branch line in the City serving heavy industry.

The Airport is located on approximately 1,000 acres of land approximately two miles north of downtown San José, between the Bayshore Freeway (Highway 101) and Interstate 880. The Airport is a commercial service and general aviation airport and is classified by the FAA as a "medium hub" (an airport that enplanes at least 0.25% but less than 1.0% of the total number of passenger boardings at all commercial service airports in the United States).

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF JONES HALL, A PROFESSIONAL LAW CORPORATION]

________, 2024

Board of Trustees
East Side Union High School District
830 North Capitol Avenue
San José, California

OPINION: $_________ East Side Union High School District
(Santa Clara County, California)
2024 Refunding General Obligation Bonds, Series A

$_________ East Side Union High School District
(Santa Clara County, California)
2024 Refunding General Obligation Bonds, Series B
(Tender Bonds)

We have acted as bond counsel to the East Side Union High School District (the "District") in connection with the issuance by the District of its East Side Union High School District (Santa Clara County, California) 2024 Refunding General Obligation Bonds, Series A, in the aggregate principal amount of $___________, and its East Side Union High School District (Santa Clara County, California) 2024 Refunding General Obligation Bonds, Series B (Tender Bonds), in the aggregate principal amount of $___________ (collectively, the "Bonds"). The Bonds have been 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, commencing with Sections 53550 and 53580 of said Code (the "Refunding Bond Law") and under Resolution No. 2023/2024-18 adopted by the Board of Trustees of the District (the "Board") on April 18, 2024 (the "Bond Resolution").

We have examined the law and such certified proceedings and other papers as we have 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 the foregoing, we are of the opinion, under existing law, as follows:

1. The District is duly established and validly existing as a high school district with the power to issue the Bonds pursuant to the Refunding Bond Law 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 against the District in accordance with its terms.

3. The Bonds have been duly issued and sold by the District and are valid and binding general obligations of the District.

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

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

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

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

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

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

Respectfully submitted,

A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$________	**$________**
EAST SIDE UNION HIGH SCHOOL DISTRICT	**EAST SIDE UNION HIGH SCHOOL DISTRICT**
(Santa Clara County, California)	**(Santa Clara County, California)**
2024 Refunding General Obligation Bonds, Series A	**2024 Refunding General Obligation Bonds, Series B (Tender Bonds)**

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "**Disclosure Certificate**") is executed and delivered by the East Side Union High School District (the "**District**") in connection with the issuance and delivery of the above-captioned bonds (together, the "**Bonds**"). The captioned Bonds are being issued pursuant to a resolution adopted by the Board of Trustees of the District on April 18, 2024 (the "**Resolution**"). U.S. Bank Trust Company, National Association is initially acting as paying agent for the Bonds (the "**Paying Agent**"). The District hereby covenants and agrees as follows:

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

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

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

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

"*Dissemination Agent*" means, initially, Dale Scott & Company, Inc., or any successor Dissemination Agent designated in writing by the District and which has filed with the District and the Paying Agent a written acceptance of such designation.

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

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

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

"*Paying Agent*" means U.S. Bank Trust Company, N.A., agent for the Santa Clara County Treasurer-Tax Collector, San Francisco, California or any successor thereto.

"*Participating Underwriter*" means the original Underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. <u>Provision of Annual Reports</u>.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing not later than March 31, 2025 with the report for the 2023-24 fiscal year, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(d). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District in a timely manner shall provide (or cause the Dissemination Agent to provide) notice to the MSRB, in an electronic format in a form as prescribed by the MSRB, , with a copy to the Paying Agent and Participating Underwriter.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. <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 for the most recently completed fiscal year, or, if available at the time of filing the Annual Report, the then-current fiscal year:

(i) Assessed value of taxable property in the jurisdiction of the District as shown on the most recent equalized assessment roll;

(ii) Assessed value of the top twenty property taxpayers in the District as shown on the most recent equalized assessment roll;

(iii) Property tax collection delinquencies in the District for the most recently completed Fiscal Year, but only if the District's general obligation bond tax levies are not included in Santa Clara County's Teeter Plan and such information is available from the County; and

(iv) The District's most recently adopted budget or interim report showing budgeted figures available at the time of filing the Annual Report.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the District shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices

of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the District.

(13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional paying agent or the change of name of a paying agent, if material.

(15) Incurrence of a financial obligation (defined in subparagraph (e) below) of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material.

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14) and (a)(15) of this Section contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(e) For purposes of Section 5(a)(15) and (a)(16), the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(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. 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: _____, 2024

EAST SIDE UNION HIGH 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

SANTA CLARA COUNTY INVESTMENT POOL

INVESTMENT POLICY AND INVESTMENT REPORT

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4.8 TREASURY INVESTMENT POLICY

4.8.1 Statement of Intent

The purpose of this document is to set forth the County of Santa Clara's policy applicable to the investment of short-term surplus funds. In general, it is the policy of the County to invest public funds in a manner that will provide a competitive rate of return with maximum security while meeting the cash flow requirements of the County, school districts and special districts whose funds are held in the County Treasury, in accordance with all state laws and County ordinances governing the investment of public funds.

4.8.2 Scope

This investment policy applies to all financial assets held by the County. Those assets specifically included in this investment policy are accounted for in the County's Comprehensive Annual Financial Report and are included here as part of the County's Commingled Investment Pool.

4.8.3 Objectives

The following investment objectives shall be applied in the management of the County's funds.

(A) The foremost objective of the County's investment program shall be to safeguard principal. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

(B) The secondary objective shall be to meet the liquidity needs of its participants. The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

(C) The third objective shall be to attain a market rate of return (yield) throughout budgetary and economic cycles, taking into account the County's investment constraints and cash flow characteristics. The core of investments will be limited to low risk securities in anticipation of earning a fair return relative to the risk being assumed.

Risk Mitigation

Those factors that can lead to an unexpected financial loss can be broadly grouped into the following categories: credit risk, liquidity risk, interest rate risk and operational risk. Credit risk is the possibility that a bond issuer will default or that the change in the credit quality of counter-party will affect the value of a security. Liquidity risk for a portfolio that does not market value its holdings on a daily basis is the risk that sufficient cash or cash equivalents are not available and a security may have to be sold at a loss (based on its original cost) in order to meet a payment liability. Interest rate risk is the risk that the value of a fixed income security or portfolio will fall as a result of an increase in interest rates. Operational risk refers to potential losses resulting from inadequate systems, management failure, faulty controls, fraud and human error.

It is part of this policy to pursue the listed actions below to reduce the risk of exposure to the County's investments.

Credit Risk

- Diversifying the investment portfolio so that potential losses on individual securities will be minimized.
- Only purchasing securities that meet ratings standards specified in this policy.
- Conducting ongoing reviews as needed of all credit exposures within investment portfolios.
- Rating restrictions for all investments are denoted as requirements at time of purchase. If a security should incur a downgrade by either rating agency, placing the security on special surveillance to identify and monitor any continuing deterioration trends and, if warranted, selling the security.
- Reviewing the possible sale of a security whose credit quality is declining to minimize loss of principal.

Liquidity Risk

- To the extent possible, matching investment maturities with anticipated cash demands, also known as creating static liquidity. Alternatively, apply application software to analyze and validate that cash from investment activity is sufficient to cover all liabilities.
- Since all possible cash demands cannot be anticipated, maintaining portfolios largely of securities with active secondary or resale markets (dynamic liquidity).
- Making investments that could be appropriately held to maturity without compromising liquidity requirements.
- Prior to approving or disapproving a withdrawal request (a reduction of liquidity), the County Treasurer shall determine that the proposed withdrawal will not adversely affect the interests of the other depositors in the County pool.

Interest Rate Risk

- Not investing in securities maturing more than five years from the settlement date unless the issuer is a Federal Agency of the United States or the credit is backed by the full faith and credit of the United States Government and the underlying remaining weighted average life of the debt security is less than five years at time of purchase.
- Limiting the weighted average maturity of the County's Commingled portfolio to three years or less.
- Limiting segregated investments to maturities of five years or less unless a longer term is specifically approved by the appropriate legislative body.
- Not investing in any funds in financial futures, option contracts, inverse floaters, range note or interest-only strips that are derived from a pool of mortgages, or any security

that could result in zero interest accrual if held to maturity.

- Ensuring that adequate resources are devoted to interest rate risk measurement.

Operational Risk

- Establishing a system of internal controls, which is designed to prevent losses of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the County.
- Having an audit review to examine the system of internal controls to assure that established policies including risk management procedures are being complied with.

4.8.4 Standards of Care

(A) **Prudence.** The County Treasurer is a trustee and therefore a fiduciary subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds, the County Treasurer shall act with care, skill, prudence, and diligence under the circumstances then prevailing, that prudent person acting in a like capacity and familiar with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the County and the other depositors. Within the limitations of this section and considering individual investments as part of an overall investment strategy, the County Treasurer is authorized to acquire investments as authorized by law.

The overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The County recognizes that no investment program is totally riskless and that the investment activities of the County are a matter of public record. Accordingly, the County recognizes that occasional measured losses are inevitable in a diversified portfolio and shall be considered within the context of the overall portfolio's return, provided that the portfolio is adequately diversified and that the sale of a security is in the best long-term interest of the County. Significant adverse credit changes or market price changes on County-owned securities shall be reported to the Board of Supervisors and the County Executive in a timely fashion.

(B) **Competitive Transactions.** Where practicable, each investment transaction shall be competitively transacted with brokers/dealers/banks approved by the County Treasurer.

(C) **Indemnification.** Investment officers acting in accordance with state laws, County ordinances, this policy and written procedures, and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse development.

Ethics and Conflicts of Interest. County employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and investment personnel shall subordinate their personal investment transactions to those of the County, particularly with regard to the timing of purchases and sales.

County officers and employees involved with the investment process shall refrain from accepting gifts that would be reportable under the Fair Political Practices Commission (FPPC) regulations.

Members of the Treasury Oversight Committee shall not accept any honoraria, gifts or gratuities from advisors, brokers, dealers, bankers or other persons with whom the County Treasury conducts business that would be reportable under the FPPC regulations or prohibited under any applicable law or policy.

4.8.5 Authorized Financial Dealers and Institutions

The County Treasurer shall establish an approved list of brokers, dealers, banks and direct issuers of commercial paper to provide investment services to the County. It shall be the policy of the County to conduct security transactions only with approved institutions and firms. To be eligible for authorization, firms that are commercial banks must be members of the FDIC, and broker/dealers:

- Preferably should be recognized as a Primary Dealer by the Market Reports Division of the Federal Reserve Bank of New York, and
- Must maintain a secondary position in the type of investment instruments purchased by the County.

In addition, the firm must also qualify under SEC Rule 15C3-1 (Uniform Net Capital Rule). Approved broker/dealer representatives and the firms they represent shall be licensed to do business in the State of California.

The criteria for selecting security brokers and dealers from, to, or through whom the County Treasury may purchase or sell securities or other instruments, prohibits 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 any member of the governing board of any local agency that is a participant in the County Treasury or any candidate for those offices.

No public deposit shall be made except in a qualified public depository as established by state law. An annual analysis of the financial condition and professional institution/bank rating will be conducted by the County Treasurer and reported to the County Treasury Oversight Committee. Information indicating a material reduction in ratings standards, or a material loss or prospective loss of capital must be shared with the Board of Supervisors, the County Executive, and the Oversight Committee in writing immediately.

To be eligible to receive local agency money, a bank, savings association, federal association or federally insured industrial loan company shall have received an overall rating of not less than "satisfactory" in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California communities, including low- and moderate-income neighborhoods, pursuant to Section 2906 of Title 12 of the United States Code.

4.8.6 County Treasury Oversight Committee

A County Treasury Oversight Committee shall be established by the Board of Supervisors pursuant to Government Code Section 27130 et seq to advise the County Treasurer in the management and investment of the Santa Clara County Treasury. The Oversight Committee shall be comprised of six members representing the County, school districts and other local government agencies whose funds are deposited in the County's commingled pool and other segregated investments. Members of the Oversight Committee will be nominated by the Treasurer and confirmed by the Board of Supervisors. The Committee is comprised of the following members:

(1) County Director of Finance.

(2) County Executive appointed by the Board of Supervisors.

(3) Representative appointed by a majority of the presiding officers of the legislative bodies of the special districts in the County that are required or authorized to deposit funds in the County Treasury.

(4) County Superintendent of Schools or his or her designee.

(5) Representative selected by a majority of the presiding officers of the governing bodies of the school districts and community college districts in the County.

(6) One member of the public that has expertise in and or an academic background in public finance.

Each member may designate an alternate to serve in the absence of the member. The alternate shall take the oath of office and file a conflict of interest report with the Clerk of the Board. The alternate shall exercise the vote of the member at meetings where the member is not present.

It is the responsibility of the County Treasury Oversight Committee to approve the investment policy prepared annually by the County Treasurer, to review and monitor the quarterly investment reports prepared by the County Treasurer, to review depositories for County funds and broker/dealers and banks as approved by the County Treasurer, and to cause an annual audit to be conducted to determine the County Treasury's compliance with all relevant investment statutes and ordinances, and this investment policy. Any receipt of honoraria, gifts, and gratuities from advisors, brokers, and dealers, bankers or other persons with whom the County Treasury conducts business by any member of the County Treasury Oversight Committee is limited to amounts that would not be reportable to the Fair Political Practices Commission. These limits may be in addition to the limits set by a committee member's own agency or by state or local law or policy.

Nothing in this article shall be construed to allow the County Treasury Oversight Committee to direct individual investment decisions, select individual brokers, or dealers, or impinge on the day-to-day operations of the County Treasury.

4.8.7 Eligible, Authorized and Suitable Investments

All investments shall conform with state law including but not limited to Government Code 53600 et seq and any further restrictions imposed by this policy (Authorized Investments). Where this section specifies a percentage limitation for a particular category of investment or specific issuer, that percentage is applicable only at the date of purchase. If subsequent to purchase, portfolio percentage constraints are above the maximum thresholds due to changes in value of the portfolio or changes due to revisions of the policy, then affected securities may be held to maturity in order to avoid principal losses. However, the County Treasurer may choose to rebalance the portfolio if percentage imbalances are deemed to impair portfolio diversification.

If after purchase securities are downgraded below the minimum required rating level the securities shall be reviewed for possible sale within a reasonable amount of time after the downgrade. Significant downgrades and the action to be taken will be disclosed in the Quarterly Investment Report.

U.S. Treasury and Government Agencies. There shall be no limit in the amount that may be invested in debt obligations that are backed by the full faith and credit of the United States government. This includes but is not limited to U.S. Treasury bills, notes or bonds. However, this does not include Medium-Term Corporate Notes or Deposit Notes, as described below.

There shall be no limit in the amount that may be invested in Federal Agencies of the United States or United States government sponsored-enterprise obligations, participations, and bond issuances including those issued by or fully guaranteed as to principal and interest by federal agencies or the United States government.

Repurchase Agreements. A repurchase agreement consists of two simultaneous transactions under the same agreement. One is the purchase of securities by an investor (County Treasury) from a financial institution. The other is the commitment by the financial institution to repurchase the securities at a specified price and on a date mutually agreed upon.

Repurchase agreements shall be entered into only with financial institutions which have executed a Master Repurchase Agreement with the County. Counterparty dealers must be recognized as primary dealers with the Market Reports Division of the Federal Reserve Bank of New York.

- The term of the repurchase agreement is limited to 92 days or less. The securities underlying the agreement may be obligations of the United States Government, its agencies, or agency mortgage backed securities. For repurchase agreements that exceed 15 days, the maturities on purchased securities may not exceed 5 years.
- The purchased securities shall have a minimum market value, including accrued interest, of 102 percent of the dollar value of the agreement. Purchased securities shall be held in the County's custodian bank as safekeeping agent either as a purchase versus delivery or a tri-party arrangement, and the market value of the securities shall be marked-to-market on a daily basis.

Reverse Repurchase Agreements. A reverse repurchase agreement consists of two simultaneous transactions under the same agreement. One is the sale of securities by the County Treasury to a bank or dealer. The other is the commitment by the County Treasury to repurchase the securities at a specified price and on a date mutually agreed upon.

Reverse repurchase agreements may only be transacted with dealers and financial institutions which have executed a Master Repurchase Agreement with the County as approved by the Board of Supervisors, and which are Primary Dealers of the Federal Reserve Bank of New York. Reverse repurchase transactions must meet the following requirements:

- Sold securities must be owned and fully paid a minimum of 30 days prior to transaction.
- The total of all reverse repurchase and securities lending agreements cannot exceed 20% of the portfolio's base value.[1]
- The term of the reverse repurchase agreement is not to exceed 92 days unless the agreement includes a written codicil that guarantees a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement and the final maturity date of the same security.
- Funds obtained through a reverse repurchase agreement shall not be used to purchase another security with a maturity longer than 92 days from the initial settlement date of the reverse repurchase agreement unless the reverse repurchase agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement and the final maturity date of the same security.
- Reverse repurchase agreements may only be used to effect a "matched" transaction whereby the proceeds of the reverse are reinvested for approximately the same time period as the term of the reverse repurchase agreement.
- Reverse repurchase agreements may not exceed $90 million.
- Investments in reverse repurchase agreements in which Treasury sells securities prior to purchase with a simultaneous agreement to repurchase the security may only be made upon prior approval of the Board of Supervisors.

Reverse Repurchase Agreements will be used solely for the intent of accessing liquid funds on a temporary basis and will not be used as a means to amplify portfolio returns.

All other cost effective means of obtaining liquidity will be considered prior to exercising this option.

In exception to the above, a trial transaction will be permitted on a periodic basis as emergency preparation to ensure that internal systems and staff members remain up-to-date on processing

[1] Base value of the County's Pool refers to the dollar amount obtained by totaling all cash balances placed in the pool by all pool participants, excluding any amounts obtained through selling securities by way of reverse repurchase agreements or securities lending agreements.

procedures. The amount of the trial transaction will not exceed pre-established limits set by the Treasurer.

Securities Lending. The mechanics behind a securities lending transaction consist of the County lending a security. The borrower, a financial institution, pledges collateral consisting of cash to secure the loan. Borrowers sometimes offer letters of credit as collateral. The lending agreement requires that the collateral must always exceed the market value of the security by 2%. Changes in the security's price during the term of the loan may require adjustments in the amount of collateral. The cash collateral obtained from the borrower is then invested in short-term assets for additional income. Also, the County is entitled to all coupon interest earned by the loaned security. At the end of the loan term, the transaction is unwound, the securities and collateral, which are held by a custodian bank, are returned to the original owners. The borrower is obliged to return the securities to the lender, either on demand from the County or at the end of any agreed term. Lending transactions must meet the following requirements:

- Loaned securities must be owned and fully paid a minimum of 30 days prior to transaction.
- The total of all reverse repurchase and securities lending agreements cannot exceed 20% of the portfolio's base value.
- The term of the securities lending agreement is not to exceed 92 days.
- Funds obtained through a securities lending agreement shall not be used to purchase another security with a maturity longer than 92 days from the initial settlement date of the securities lending agreement.
- The objective of the transaction is to produce positive earnings.

To qualify as a counter-party to the County in a securities lending transaction, the broker/dealer must be recognized as a Primary Dealer by the Federal Reserve Bank and the County's custodial bank must indemnify the County against losses related to the broker-dealer.

Non-negotiable Time Deposits (CDs) that are FDIC Insured and Collateralized Time Deposits. Time deposits with banks or savings and loan associations shall be subject to the limitations imposed by the Government Code, as amended, and additional constraints prepared by the County Treasurer that would limit amounts to be placed with institutions based on creditworthiness, size, market conditions and other investment considerations.

Negotiable Certificates of Deposit. The bank issuing a negotiable certificate of deposit with a maturity of one year or less, must reflect the following or higher ratings from at least two ofthese *nationally recognized statistical rating organizations* (NRSRO's): Moody's (P1), Standard and Poor's (A1), and Fitch (F1). Certificates that exceed one year, must reflect the following ratings or higher by at least two of these NRSRO's: Moody's (Aa3), Standard and Poor's (AA-), and Fitch (AA-). Negotiable certificates of deposit shall not exceed 30% of the surplus funds of the portfolio. No more than 5% of the portfolio shall be in a single bank.

Bankers' Acceptances. Investments in eligible bankers' acceptances of United States or foreign banks shall not exceed 180 days maturity from the date of purchase. This debt must reflect the following or higher ratings by at least two of these NRSRO's: Moody's (P1), Standard and Poor's

(A1), and Fitch (F1). Bankers' Acceptances shall not exceed 40% of surplus funds. No more than 5% of the portfolio shall be invested in a single commercial bank.

Commercial Paper. Investments in commercial paper shall not have a maturity that exceeds 270 days. Commercial paper must reflect the following or higher ratings by at least two of these NRSRO's: Moody's (P1), Standard and Poor's (A1), and Fitch (F1). The issuer must meet the qualifications as indicated below pursuant to California Government Code:

If the commercial paper is short-term unsecured promissory notes issued by financial institutions or corporations, the issuer must:

- Be organized and operating in the United States as a general corporation;
- Have total assets in excess of five hundred million dollars ($500,000,000); and
- If the issuer has senior debt outstanding, the senior debt must reflect the following ratings or higher by at least two of these NRSRO's: Moody's (A3) Standard and Poor's (A-) and Fitch (A-).

If the commercial paper is asset backed, the issuer must:

- Be organized within the United States as a special purpose corporation, trust, or limited liability company; and
- Have program-wide credit enhancements including, but not limited to, over collateralization, letters of credit or surety bonds and include a liquidity vehicle.

Commercial paper shall not exceed 40% of the local agency's funds. No more than 5% of the portfolio shall be invested in any single issuer of commercial paper.

Medium Term Corporate Notes or Deposit Notes. The purchase of corporate notes shall be limited to securities that reflect the following ratings or higher by at least two of these NRSRO's: Moody's (A3), Standard and Poor's (A-), and Fitch (A-), but no single NRSRO rating can be lower than A- or equivalent. Medium term corporate notes or deposit notes (five years or less) shall be limited to 30% of surplus funds. No more than 5% of the portfolio shall be invested in any single corporation including those issuers whose debt is fully guaranteed as to principal and/or interest by federal agencies or the United States government.

Local Agency California Investment Fund (LAIF). Funds may be invested in LAIF, a State of California managed investment pool up to the maximum dollar amounts in conformance with the account balance limits authorized by the State Treasurer.

Municipal Obligations. The purchase of municipal obligations shall include the following:

(A) **Treasury notes or bonds of the state of California,** including other obligations such as registered state warrants, certificates of participation, lease revenue bonds and bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.

(B) **Bonds, notes, warrants, certificates of participation, lease revenue bonds or other evidence of indebtedness of any local agency within this state,** including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

(C) **Registered treasury notes or bonds of any of the other 49 United States in addition to California,** including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United States, in addition to California.

For those instruments that are rated, long-term obligations must reflect the following ratings or higher by at least two of these NRSRO's: Moody's (A3), Standard and Poor's (A-), and Fitch (A-). Short term obligations must carry the following ratings or higher by at least one of these NRSRO's: Moody's (MIG-1), Standard and Poor's (SP-1), and Fitch (F-1). No more than 10% of surplus funds shall be in such obligations.

Money Market Funds. Companies issuing such money market funds must have assets under management in excess of $500,000,000. The advisors must be registered with the Securities and Exchange Commission (SEC) and have at least five years' experience investing in such types of investments. The fund must reflect the highest rating by at least two of these NRSRO's: Moody's (Aaa), Standard and Poor's (AAA), and Fitch (AAA). No more than 20% of the Treasury's funds may be invested in money market funds and no more than 10% of the Treasury's funds may be invested in one money market fund. If the money market fund is tax-exempt then only one "AAA" rating by an NRSRO is required. The money market fund must also be "no-load", which is a fund that does not compensate sales intermediaries with a sales charge or commission that is deducted from the return of the fund.

Asset Backed Securities. Asset backed securities (ABS) are notes or bonds secured or collateralized by pools of loans such as installment loans or receivables.

- The asset backed security itself must reflect the following ratings or higher from at least two of these NRSRO's: Moody's (Aa3), Standard and Poor's (AA-) and Fitch (AA-).
- Asset backed securities may not exceed 20% of the Treasury's surplus money.

Agency Mortgage-Backed Securities. Mortgage-backed securities (MBS) are-collateralized by pools of conforming mortgage loans or multi-family mortgage loans insured by FHLMC or FNMA and or guaranteed by FHA (GNMA)

Supranational Debt Obligations. United States dollar-denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development of the World Bank (IBRD) or the Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments must be rated "AAA" by at least two of the following, NRSRO's, Moody's, Standard and Poor's or Fitch and shall not exceed ten percent, in aggregate, of the Treasury's surplus funds.

General Parameters

Socially and Environmentally Responsible Investments

Whenever possible, in addition to and subordinate to the objectives set forth in section 4.8.3 herein, it is the County's policy to create a positive impact by investing in socially and environmentally responsible corporations and agencies as defined by priorities set by the Board of Supervisors.

Ineligible Investments

Ineligible investments include common stock, inverse floaters, range notes, mortgage-derived interest only strips and any security that could result in zero interest accrual if held to maturity or any security that does not pay (cash or earn accrued) interest in one year or at least semi-annually in subsequent years and any investment not authorized by this policy unless otherwise allowed by law and approved by the Board of Supervisors.

Combined Issuer/Institutional Limits.

No more than 5% of the portfolio shall be invested in aggregate of any single institution of the following types: Bankers Acceptances, Commercial paper, Negotiable Certificates of Deposit, and Corporate Notes.

Swaps

Investments will be reviewed for the possibility of a swap to enhance yield when both securities have a similar duration so as not to affect the cash flow needs of the program. Swaps should have a minimum of five basis points before being transacted.

4.8.8 Maximum Maturity

The County Investment portfolio shall be structured to provide that sufficient funds from investments are available to meet the anticipated cash needs of the depositors in the County's commingled investment pool. The choice of investment instruments and maturities shall be based on an analysis of depositors cash needs, existing and anticipated revenues, interest rate trends and specific market opportunities. The average weighted maturity of the portfolio will not exceed three years and investments will have a maturity of no more than five years from the settlement date unless specifically approved by the Board of Supervisors or the provisions set forth elsewhere in this policy.

4.8.9 Segregated Investments (excludes Commingled Funds)

Segregated investments of instruments permitted in Government Code Section 53601 can be made upon proper authorization where cash flow or other factors warrant segregation from the commingled pool. Examples that may justify such segregation are bond or note proceeds, Retiree Health funds or Workers Compensation funds where longer term or matching term investments are warranted.

For segregated investment funds, no investment shall be made that could not appropriately be held to maturity without compromising liquidity requirements.

Segregated investments shall be limited to five years maturity unless a longer term is specifically approved by the appropriate legislative body.

Government Code Sections 53620 and 53622 grant the County authority to invest the assets of the Santa Clara County Retiree Health Trust in any form or type of investment deemed prudent by the governing body. Accordingly, the County Board of Supervisors has determined that up to 67 percent of the Trust's assets, excluding near-term liability pay-outs, may be invested in equities through mutual funds or through the direct purchase of common stocks by a money management firm(s) approved by the Board of Supervisors.

In accordance with the prudent person standard in Government Code Sections 53620 through 53622, the assets of the Santa Clara County Retiree Health Trust may be invested in bonds that have a final maturity of 30 years or less from purchase date, and in bonds that reflect the following ratings or higher from at least two of these NRSRO's: Moody's (A3), Standard and Poor's (A-), and Fitch (A-).

4.8.10 Safekeeping and Custody

All security transactions, including collateral for repurchase agreements, shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held in the name of the County by a custodian designated by the County Treasurer and evidenced by trade confirmations and safekeeping holdings reports.

The County Treasurer will approve certain financial institutions on an annual basis to provide safekeeping and custodial services for the County. Custodian banks shall be selected on the basis of their ability to provide service to the County's account and the competitive pricing of their safekeeping related services. All securities purchased by the County under this section shall be properly designated as an asset of the County and held in safekeeping by a custodial bank chartered by the United States Government or the State of California. The County will execute custodial agreement(s) with its bank(s). Such agreements will outline the responsibilities of each party for the notification of security purchases and sales, address wire transfers as well as safekeeping and transaction costs, and provide details on procedures in case of wire failures or other unforeseen mishaps along with the liability of each party.

To be eligible for designation as the County's safekeeping and custodian agent, a financial institution shall meet the following criteria:

- Have a Moody's rating of P-1 or Standard and Poor's rating of A-1 for the most recent reporting quarter before the time of selection.
- Qualify as a depository of public funds in the State of California as defined in Government Code Section 53638.

The County Treasurer shall require each approved custodial bank to submit a copy of its Consolidated Report of Condition and Income (Call Report) to the County within forty-five days after the end of each calendar quarter.

It is the intent of the County to mitigate custodial credit risk by insuring that all securities are appropriately held.

Securities typically clear and settle as electronic book entries through the following clearinghouses: (1) the Depository Trust Corp. (DTC), a member of the Federal Reserve Bank; or (2) the Fed Book-Entry System, owned by the Federal Reserve. Governments generally do not have their own account in the Fed Book-Entry System or at DTC, but have access to those systems through large financial institutions who are members and participants. The County's securities within the clearing system are held under the Custodial Bank's name. The Custodial Bank's internal records identify the County as the underlying beneficial owner of securities.

Infrequently, physical certificates are used to reflect ownership of a security. When physical securities are received by the Custodial Bank, they are sent to a transfer agent to be registered into the Custodial Bank's nominee name. It is kept in the bank's vault until redeemed or sold. The Custodial Bank records identify the County as the underlying beneficial owner and include the securities on the County's Safekeeping report.

4.8.11 Internal Controls and Accounting

The County shall establish a system of internal controls, which is designed to prevent losses of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the County.

The County maintains its records on the basis of funds and account groups, each of which is considered a separate accounting entity. All investment transactions shall be recorded in the various funds of the County in accordance with Generally Accepted Accounting Principles as promulgated by the Government Accounting Standards Board.

The County shall establish a process for an annual review by either the County's internal or external auditor. This review will examine the system of internal controls to assure that the established policies and procedures are being complied with and many result in recommendations to change operating procedures to improve internal control.

4.8.12 Reporting

(A) Methods.

(i) The County Treasurer shall prepare an investment report quarterly, including a management summary that provides a clear status of the current investment portfolio, quarterly transactions, investment philosophy and market actions and trends. The management summary will be prepared in a manner which will allow the County to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report should be provided to the Board of Supervisors, the County Executive, the County Treasury Oversight Committee, Internal Auditor, and local agencies with funds on deposit in the County pool. The report will include the following:

- A listing of individual securities by type of investment and maturity held at the end of the reporting period.
- A composite of transactions purchased during the reporting period by type of security.
- Unrealized gains or losses resulting from appreciation or depreciation of securities held in the portfolio, by listing the cost of market value of securities.
- Average weighted yield to maturity of the portfolio and benchmark comparisons.
- Weighted average maturity of the portfolio.
- A summary of purchases during the reporting period by broker/dealers or banks showing the purchase date, issuing agency, amount purchased, cost and purchase date.
- A statement denoting the ability of the County to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may not, be available.

(ii) The County Treasurer shall prepare a monthly report with a brief summary of the investment report and a listing of the transactions conducted during the month. The report will be provided to the Board of Supervisors, Treasury Oversight Committee and the local agencies with funds on deposit in the County Pool.

Material deviations from projected budgetary investment results shall be reported no less frequently than quarterly to the Board of Supervisors and the County Executive.

(B) **Performance Standards**.

The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates, taking into account the County's investment risk constraints and cash flow needs.

The basis for measurement used to determine whether market yields/rate of return are being achieved shall be the State Treasurer's Local Agency Investment Fund (LAIF). It should be recognized, however, that since the investment parameters of LAIF are broader than the County's investment policies, the returns realized by the County cannot necessarily be expected to exceed the returns realized by LAIF on a regular basis.

(C) The County utilizes the following methods to pay for banking services and County administration of the investment function:

General Banking Services. General banking services such as safekeeping, items deposited, statements, account maintenance, etc., may be paid to the bank through direct payment or a combination of direct payment and compensating balance.

Investment and Banking Administration Costs. The County recovers staffing and other costs relating to the County's administration services for banking and investment functions provided to the County Treasury. The administrative costs are allocated against the earnings of the County pool prior to apportionment of earnings.

Earnings Apportionment. Earnings of the County pool are apportioned quarterly to all participants of the pool based on the average daily balance of each fund during the quarter.

Realized capital gains (the gain from securities sold at a higher price compared to cost) are added to quarterly earnings. Realized capital losses (the loss from securities sold at a lower price compared to cost) reduce quarterly earnings. To the extent that a realized capital loss exceeds the quarterly aggregate earnings of the Pool, the loss will be shared across all funds. The size of the write-down for any individual fund balance will be based on the average daily balance of each fund during the quarter in which the loss occurred.

Any apportioned earnings may not be available for withdrawal until all monies that have been earned (i.e., accrued) have actually been received by the County Treasurer.

4.8.13 Investment Policy Adoption

Pursuant to Government Code Section 27133 the County Treasurer annually prepares an investment policy that is reviewed, monitored and approved by the County Treasury Oversight Committee. Any changes must be approved by the Board of Supervisors. Copies of the approved investment policy shall be circulated annually to local agencies with funds on deposit in the County pool.

4.8.14 Voluntary Participants

The County provides the opportunity for local agencies to deposit excess funds within the County's Commingled Pool pursuant to Government Code Section 53684. In order to participate, voluntary participants must sign the County's Disclosure and Agreement for Voluntary Deposits which outlines the terms and conditions of participation, including constraints on deposits and withdrawals from the pool. Voluntary participants must also submit a resolution duly adopted by its governing board authorizing the deposit of funds into the Investment Pool.

It is the County's policy to not allow access to the pool unless the voluntary participant agrees to a long-term relationship utilizing the pool and County Treasury for its primary banking needs. The County does not wish to enter into relationships where an entity is placing funds because yields for a time may be higher than what is available at other organizations, because such activity can have an adverse and unfair impact on the other participants. Upon approval of the Treasurer, accommodations may be made to utilize the County resources to make specific investments or manage segregated funds for a voluntary participant at an agreed cost.

4.8.14.1 Temporary Loans to Pool Participants

Various public entities maintain funds on deposit with the County Treasury. From time to time, these public entities experience cash flow problems. Allowing these entities to temporarily borrow from the commingled investment pool is an alternative way to address their short-term cash flow problems. In order to ensure that these temporary loans comply with all legal requirements and investment pool objectives, no such transfers shall be made unless all of the following requirements are met:

- Because the commingled investment pool consists of deposits from both restricted and unrestricted sources, all transfers shall comply with all requirements of Government Code Sections 53601, 53840, 53841 and 53842, including the requirements that they be legally characterized as loans and formalized with "evidences of indebtedness," and meet maturity and security criteria.
- All transfers shall comply with Article XVI, Section 6 of the California Constitution, including the limitations on borrowing amounts and loan periods.
- No transfers shall be made during any fiscal year unless the Board of Supervisors has adopted a resolution authorizing transfers for that fiscal year. (Cal. Constitution Article XVI, Section 6; Government Code Section 25252.)
- Any inter-fund transfers between school district and community college accounts shall be formally approved by the district's governing board and shall comply with all other requirements of Education Code Sections 42603, 42620 and 85220, including requirements regarding repayment, sufficient income, and maximum transfer amounts.
- No transfer may occur until the fund needing the transfer meets the revenue sufficiency test, consistent with state law and County investment pool investment-risk constraints, established by the Director of Finance to ensure repayment.
- Direct borrowing from the pool should be a last resort funding alternative. Pool participants will be encouraged to use all available internal sources for cash flow needs through inter-fund borrowing between the participant's various funds.

The Director of Finance shall do all of the following:

- Proactively monitor fund balances.
- Establish early warning triggers to identify those funds most likely to incur an overdraft and require a transfer.
- Establish a revenue sufficiency test for the purpose of assessing repayment ability.
- Place tax apportionments assigned to an overdrawn fund in a lock box sequestered for credit to the investment pool.
- Establish and monitor investment pool exposure limits.

- Monitor funds to ensure that loans meet dry period (last Monday in April through June 30 of the fiscal year) financing restrictions.
- Restrict certain individual funds (e.g., bond reserve funds) from use as a borrowing source in inter-fund borrowing across funds held by pool participant.
- Establish a hierarchy of associated funds owned by each pool participant to be used as alternative funding sources in the event any of the participant's funds needs a loan.
- Implement accounting procedures that either manually or automatically transfer funds from one fund to another based on preset rules.
- Report within the Quarterly Investment listing all loans extended by the investment pool to participants.

The County's external financial auditor shall regularly review all of the practices and procedures in this Section to ensure compliance with all legal requirements.

4.8.15 Withdrawal of Funds by Voluntary Participants

Public entities that are voluntary participants in the County pool who wish to make withdrawals for the purpose of investing outside of the County pool may request such withdrawals in accordance with the County Investment Management Agreement.

The County Treasurer will assess the proposed withdrawal on the stability and predictability of the investments in the County pool. Prior to approving or disapproving a withdrawal request, the County Treasurer shall determine that the proposed withdrawal will not adversely affect the interests of the other depositors in the County pool. Funds are withdrawn based on the market value.

4.8.16 Warranties

All depositors acknowledge that funds deposited in the Investment Pool are subject to market/investment risk, and that the County Treasurer makes no warranties regarding Investment Pool performance, including but not limited to preservation of capital or rate of return earned on funds deposited in the Investment Pool. Depositors knowingly accept these risks and waive any claims or causes of action against the County Treasurer, the County, and any employee, official or agent of the County for loss, damage or any other injury related to the Depositors' funds in the Investment Pool, with the exception of loss, damage or injury caused solely by the County Treasurer's material failure to comply with the County Investment Policy and all applicable laws and regulations.

Quarterly Investment Report

December 31, 2023

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Quarterly Investment Report

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Santa Clara County Commingled Pool and Segregated Investments

December 31, 2023

Fund	Cost Value**	Market Value	Variance	% Variance
Commingled Investment Pool	$12,736,734,016	$12,525,115,567	-$211,618,449	-1.66%
Worker's Compensation	$31,127,113	$30,234,512	-$892,600	-2.87%
Park Charter Fund	$4,570,144	$4,465,128	-$105,016	-2.30%
San Jose-Evergreen	$22,177,988	$22,169,187	-$8,801	-0.04%
Medical Malpractice Insurance Fund (1)	$10,051,628	$9,781,441	-$270,187	-2.69%
Total	**$12,804,660,888**	**$12,591,765,836**	**-$212,895,053**	**-1.66%**

(1) Managed by Chandler Asset Management, Inc.

Summary of Yields* for Select Santa Clara County Investment Funds

Fund	2023			2022
	Oct 31	Nov 30	Dec 31	Dec 31
Commingled Investment Pool	3.01%	3.39%	3.67%	2.70%
Worker's Compensation	2.41%	2.82%	2.94%	1.98%
Weighted Yield	**3.01%**	**3.39%**	**3.67%**	**2.70%**

*Yield to maturity (YTM) is the rate of return paid on a bond, note, or other fixed income security if the investor buys and holds it to its maturity date and if the coupon interest paid over the life of the bond is reinvested at the same rate as the coupon rate. The calculation for YTM is based on the coupon rate, length of time to maturity, and market price at time of purchase.

Yield is a snapshot measure of the yield of the portfolio on the day it was measured based on the current portfolio holdings on that day. This is not a measure of total return, and is not intended to be, since it does not factor in unrealized capital gains and losses and reinvestment rates are dependent upon interest rate changes

**Cost Value is the amortized book value of the securities as of the date of this report.

Santa Clara County Commingled Pool and Segregated Investments

Economic Update and Portfolio Strategy

December 31, 2023

The U.S. economy's fourth-quarter growth exceeded forecasts. Gross domestic product increased at a 3.3 percent annualized rate with consumer spending accounting for most of the expansion. Growth was boosted by better-than-expected holiday spending and purchasing power benefited from the effects of receding inflation. For all of 2023, the economy expanded 2.5 percent. Despite the burden of Federal Reserve Bank (Fed) interest rates at a two-decade high upon households and businesses, consumer spending has been sustained by durable job growth and most recently from rising equity markets and diminishing inflation. The consumer price index has fallen from its recent peak of 9 percent in mid-2022 to around 3 percent in December 2023. The Fed has been able to achieve significant progress on inflation without causing the labor market to experience the kind of increase in unemployment that has been very typical of similar rate-hiking cycles. The December unemployment rate, at 3.7 percent, a historically low rate, is about where it was when the Fed began raising rates in March 2022.

Federal Reserve policy makers decided to hold interest rates steady at their January 2024 meeting. The Fed's benchmark rate has been left unchanged at about 5.4 percent, where it has stood since July 2023, at its highest point since 2001. The bank began raising rates from near zero in March 2022. With recent strong progress in lowering inflation, policy makers have begun to consider when to cut interest rates and by how much. The Fed's preferred inflation measure, the personal-consumption expenditures price index rose 2.6 percent in December from a year earlier, well below the 5.4 percent increase at the end of 2022. Economists expect the first-rate reduction to occur in May or June.

Normally, the Fed cuts borrowing costs because economic activity is slowing sharply. This is not the current circumstance. Growth remained robust throughout 2023. Policy makers are concerned that declining inflation combined with current elevated rates, increases real interest rates (also known as inflation adjusted rates) which could unnecessarily restrain economic activity over time. At the same time, the Fed has an equivalent risk in the other direction: that is the bank cuts rates only to have to make a reversal and raise them again if inflation reaccelerates. It's possible that inflation could stay undesirably high, especially if the economy remains strong, and due to other factors such as geo-politics re-igniting supply chain disruptions.

Fed policy makers have emphasized that incoming data will guide their decision on when to cut interest rates. Given the economy's health, no urgency exists and so far, they have not seen sufficient evidence to begin easing. Also, the Fed's decision is taking place against the backdrop of a presidential campaign as President Joe Biden seeks re-election and defends his administration's inflation performance.

Santa Clara County Commingled Pool and Segregated Investments

Economic Update and Portfolio Strategy

December 31, 2023

The U.S. economy posted another month of mild inflation in December. Inflation closed 2023 trending in the preferred direction of the Fed. The Commerce Department reported that its measure of consumer prices, the Fed's favored inflation gauge, rose 0.2 percent in December from November. In the six months ending in December, prices rose at a 2 percent annual rate, the Fed's target rate of inflation.

Using the same gauge but with core prices, which exclude food and energy items to better track inflation's underlying trend, showed a similar pattern. The core index rose 0.2 percent in December from November, increased 2.9 percent versus a year earlier, and rose at a 1.9 percent annual rate over the final six months of 2023.

Recent employment data indicates the U.S. labor market is still quite sturdy and not on the rapid deceleration trend predicted by some forecasters. U.S. employment posted solid gains in December, exceeding expectations. Nonfarm payrolls increased by 216,000. Modest downward revisions were made to the prior two months. The unemployment rate held at 3.7 percent, while average hourly earnings rose 0.4 percent from a month earlier. Job openings rose in December, exceeding 9 million for the first time in three months. Employers laid off 1 percent of U.S. employees in December. In the 20 years of available data preceding the pandemic, the layoff rate was never so low. The layoff figure is consistent with the very low levels of initial claims for unemployment in December and more recently. Labor Department data suggests that the job market remains healthy, with employment continuing to grow.

The portfolio strategy continues to focus on the:

1. acquisition of high-quality issuers;
2. identifying and selecting bonds with attractive valuations;
3. appropriately sizing the liquidity portion of the portfolio to ensure adequate cash for near term obligations; and
4. ensuring that monies targeted for longer term investments are deployed in vehicles with favorable risk-adjusted yields.

Santa Clara County Commingled Pool and Segregated Investments

Portfolio Liquidity Adequacy, Review, and Monitoring

December 31, 2023

Yield and Weighted Average Maturity

The yield of the Commingled Pool is 3.67 and the weighted average life is 541 days.

Liquidity Adequacy

The County Treasurer believes the Commingled Pool contains sufficient cash flow from liquid and maturing securities, bank deposits and incoming cash to meet the next six months of expected expenditures.

Review and Monitoring

FHN Financial Main Street Advisors, the County's investment advisor, currently monitors the Treasury Department's investment activities.

Additional Information

Securities are purchased with the expectation that they will be held to maturity, so unrealized gains or losses are not reflected in the yield calculations.

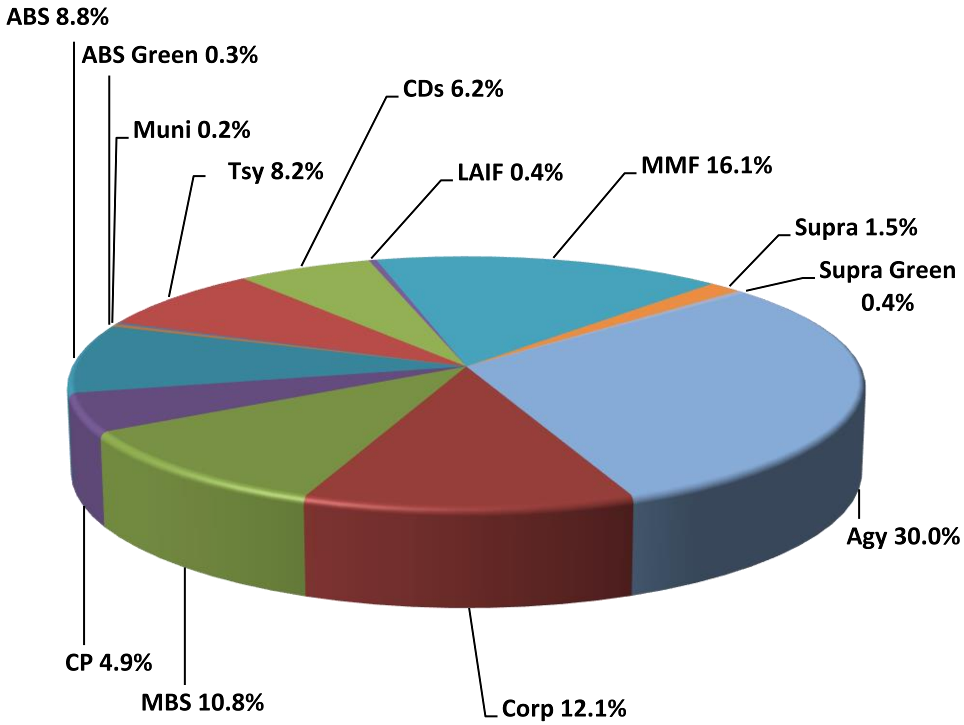
The market values of securities were taken from pricing services provided by the Bank of New York Mellon, Bloomberg Analytics, dealer quotes, and an independent pricing service.

Santa Clara County Commingled Pool

Allocation by Security Types

December 31, 2023

Sector	12/31/2023	9/30/2023	% Chng
Federal Agencies	29.99%	34.93%	-4.93%
Corporate Bonds	12.06%	13.91%	-1.85%
Mortgage Backed Securities	10.78%	12.90%	-2.11%
Commercial Paper	4.93%	3.84%	1.09%
ABS	8.84%	11.42%	-2.58%
ABS Green Bonds	0.32%	0.51%	-0.19%
Municipal Securities	0.24%	0.56%	-0.33%
U.S. Treasuries	8.21%	9.39%	-1.18%
Negotiable CDs	6.24%	4.36%	1.88%
LAIF	0.35%	0.44%	-0.09%
Money Market Funds	16.11%	5.95%	10.16%
Supranationals	1.53%	1.31%	0.22%
Supranationals Green Bonds	0.39%	0.49%	-0.10%
Total	100.00%	100.00%	



Sector	12/31/2023	9/30/2023
Federal Agencies	3,820,301,662	3,524,268,174
Corporate Bonds	1,535,985,231	1,403,390,889
Mortgage Backed Securities	1,373,503,029	1,301,467,610
Commercial Paper	627,985,030	387,103,034
ABS	1,125,959,324	1,152,336,321
ABS Green Bonds	40,735,036	51,423,538
Municipal Securities	29,995,000	56,749,521
U.S. Treasuries	1,046,045,208	947,368,267
Negotiable CDs	795,000,000	440,000,000
LAIF	44,741,793	44,341,935
Money Market Funds	2,052,260,546	600,169,446
Supranational	194,455,435	131,707,406
Supranationals Green Bonds	49,766,721	49,737,583
Total	12,736,734,016	10,090,063,724

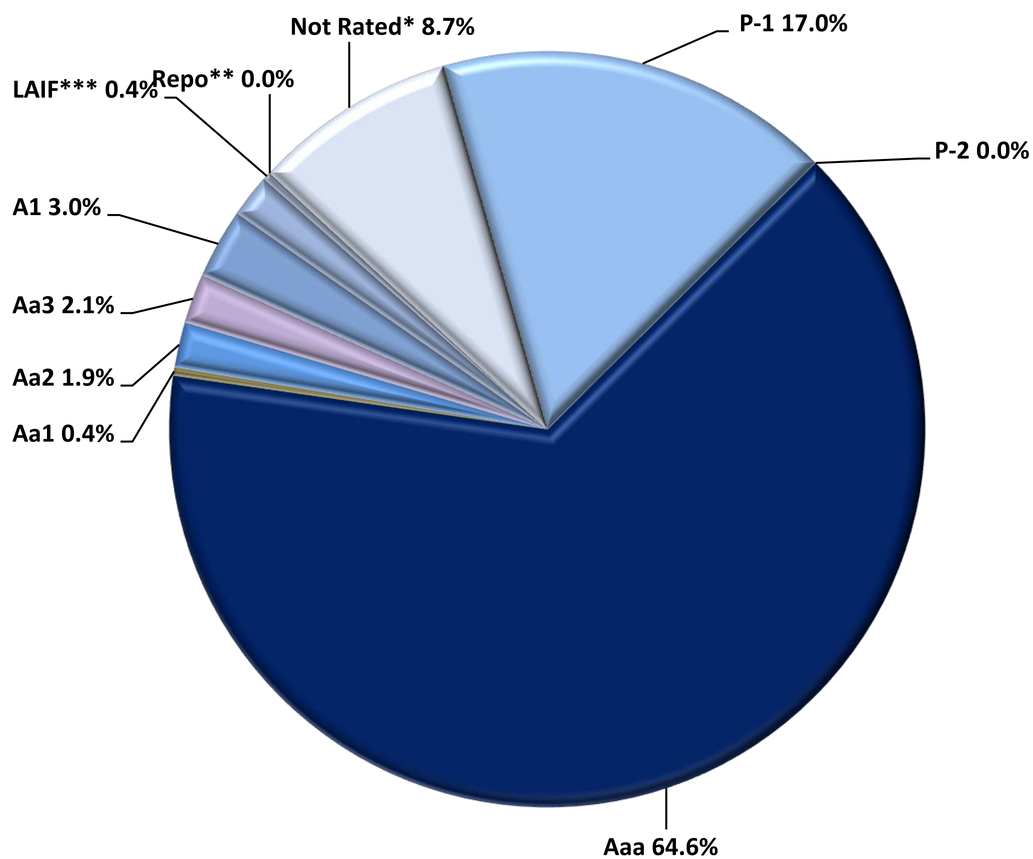
Amounts are based on book value

Santa Clara County Commingled Pool

Allocation by Ratings

December 31, 2023

Moody's Rating	Portfolio $	Portfolio %
P-1	2,161,772,388	17.0%
P-2	-	0.0%
Aaa	8,233,563,903	64.6%
Aa1	44,968,208	0.4%
Aa2	245,502,587	1.9%
Aa3	268,905,754	2.1%
A1	379,546,549	3.0%
A2	235,410,327	1.8%
A3	16,084,705	0.1%
LAIF***	44,741,793	0.4%
Repo**	-	0.0%
Not Rated*	1,106,237,802	8.7%
Total	12,736,734,016	100.0%



*Not Rated by Moody's but at least A-1 & F1 by S&P & Fitch.

**Repurchase Agreements are not rated, but are collateralized by U.S. Treasury securities or securities issued by the Federal Agencies of the U.S.

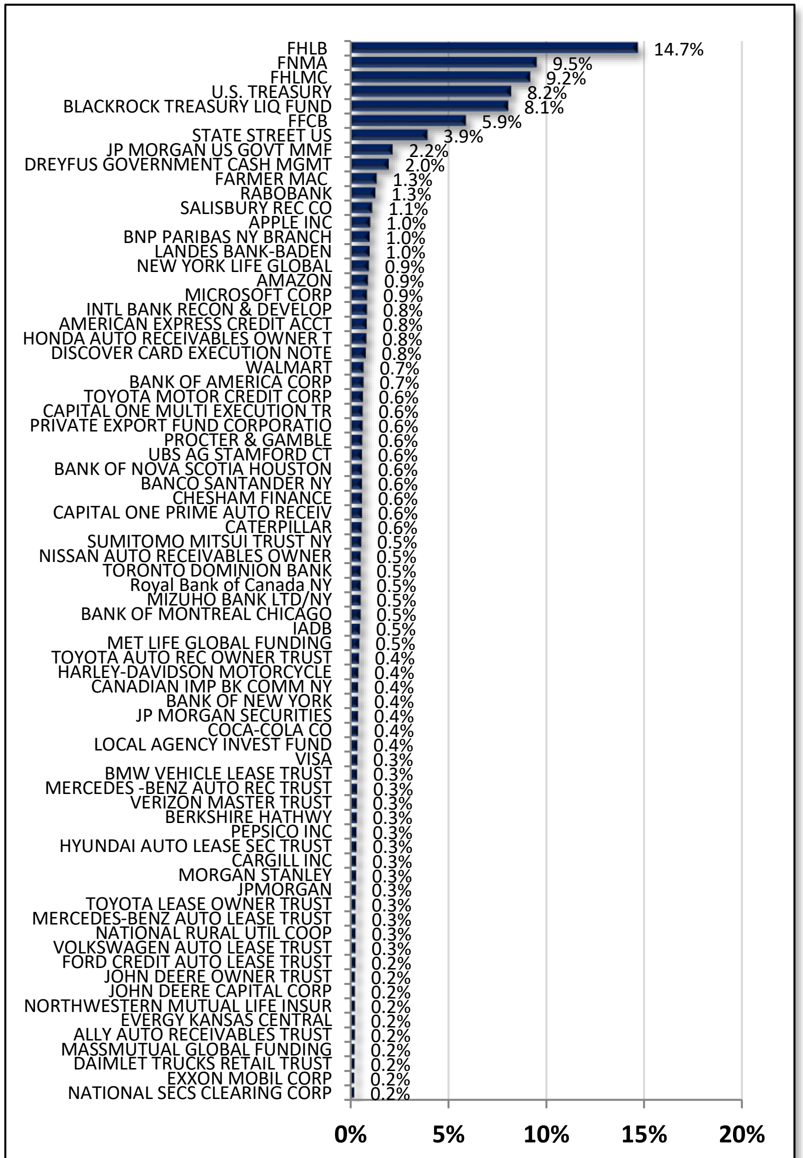
***LAIF is not rated, but is comprised of State Code allowable securities

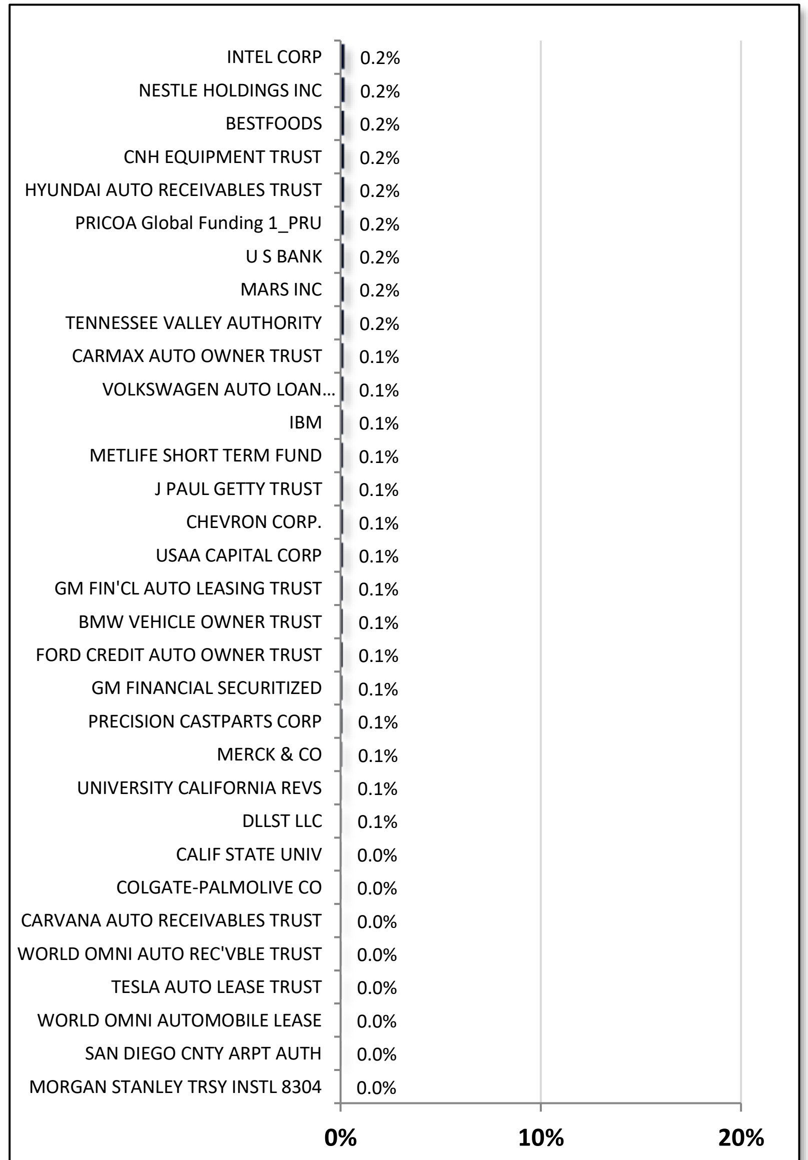
Amounts are based on book values

Santa Clara County Commingled Pool

Holdings by Issuer - Percent of Commingled Pool

December 31, 2023



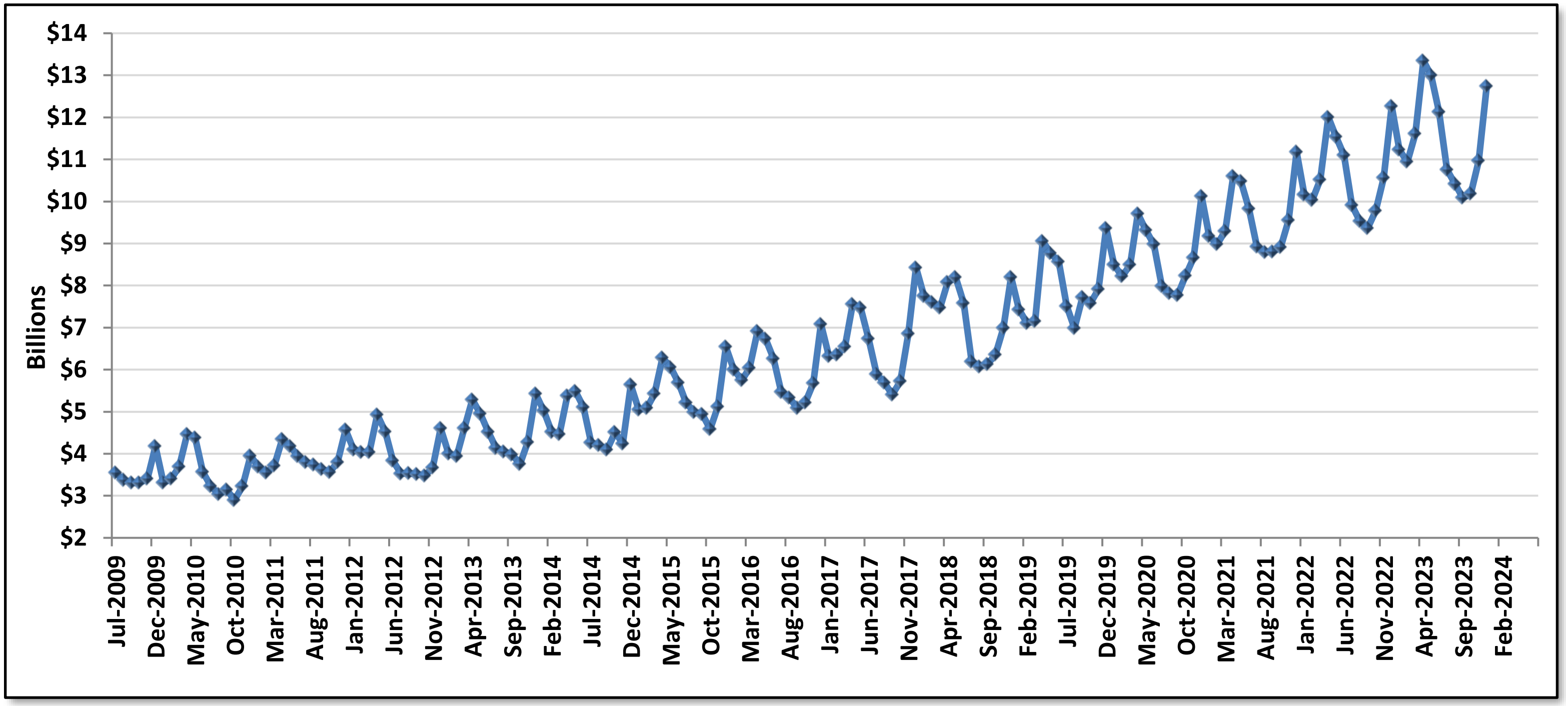


Amounts are based on book values

Santa Clara County Commingled Pool

Historical Month End Book Values

December 31, 2023



Fiscal Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY 2014	$4.133	$4.052	$3.975	$3.758	$4.271	$5.419	$5.019	$4.520	$4.461	$5.386	$5.487	$5.108
FY 2015	$4.267	$4.194	$4.096	$4.051	$4.247	$5.639	$5.045	$5.085	$5.420	$6.284	$6.065	$5.690
FY 2016	$5.212	$4.990	$4.941	$4.587	$5.120	$6.543	$5.997	$5.752	$6.040	$6.911	$6.728	$6.263
FY 2017	$5.469	$5.328	$5.088	$5.220	$5.671	$7.082	$6.319	$6.348	$6.550	$7.556	$7.469	$6.730
FY 2018	$5.898	$5.689	$5.408	$5.720	$6.850	$8.427	$7.754	$7.608	$7.472	$8.079	$8.192	$7.584
FY 2019	$6.180	$6.068	$6.127	$6.350	$6.987	$8.199	$7.425	$7.105	$7.151	$9.054	$8.767	$8.565
FY 2020	$7.510	$6.984	$7.179	$7.583	$7.909	$9.363	$8.487	$8.219	$8.494	$9.705	$9.321	$8.977
FY 2021	$7.976	$7.814	$7.767	$8.234	$8.653	$10.129	$9.174	$8.981	$9.296	$10.594	$10.473	$9.829
FY 2022	$8.922	$8.794	$8.809	$8.909	$9.553	$11.180	$10.167	$10.031	$10.519	$12.009	$11.545	$11.103
FY 2023	$9.904	$9.523	$9.365	$9.772	$10.556	$12.267	$11.229	$10.943	$11.612	$13.347	$13.005	$12.126
FY 2024	$10.751	$10.416	$10.090	$10.181	$10.974	$12.736						

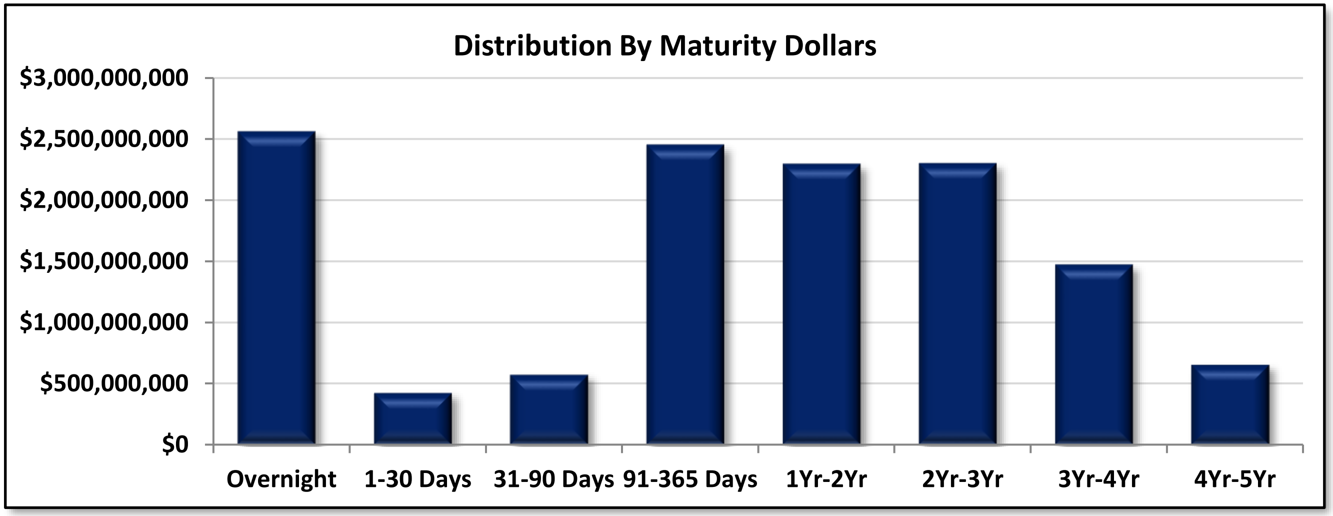
Amounts in billions

Santa Clara County Commingled Pool

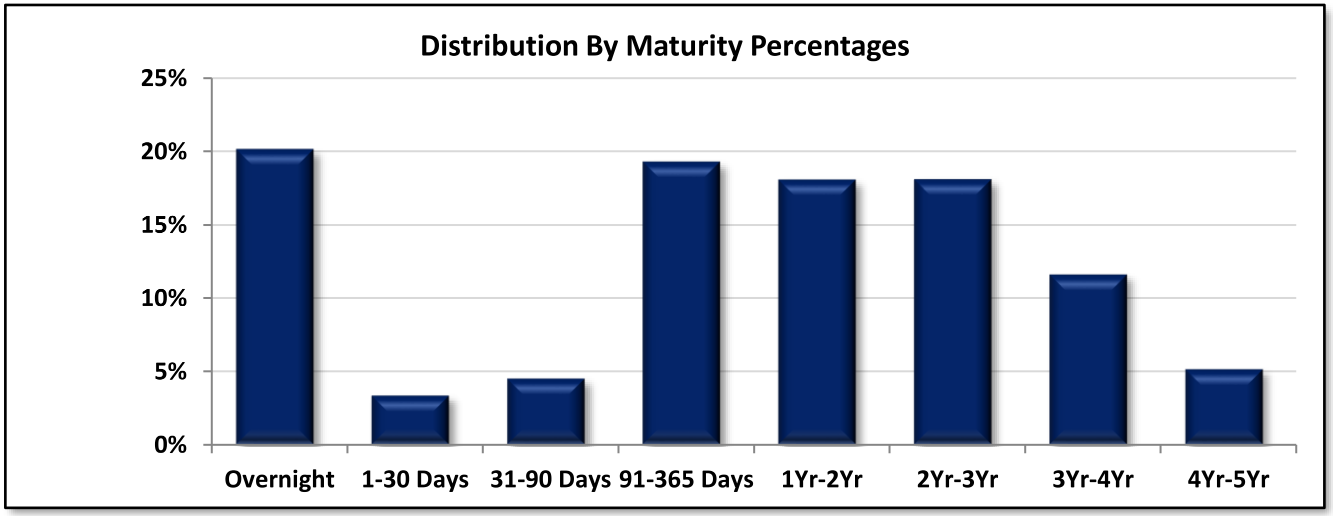
Distribution by Maturity

December 31, 2023

Maturity	Amount*
Overnight	2,561,938,433
1-30 Days	423,768,499
31-90 Days	572,098,031
91-365 Days	2,452,996,130
1Yr-2Yr	2,297,828,114
2Yr-3Yr	2,300,913,039
3Yr-4Yr	1,473,960,728
4Yr-5Yr	653,231,041
	12,736,734,016



Maturity	Amount*
Overnight	20.11%
1-30 Days	3.33%
31-90 Days	4.49%
91-365 Days	19.26%
1Yr-2Yr	18.04%
2Yr-3Yr	18.07%
3Yr-4Yr	11.57%
4Yr-5Yr	5.13%
	100.00%

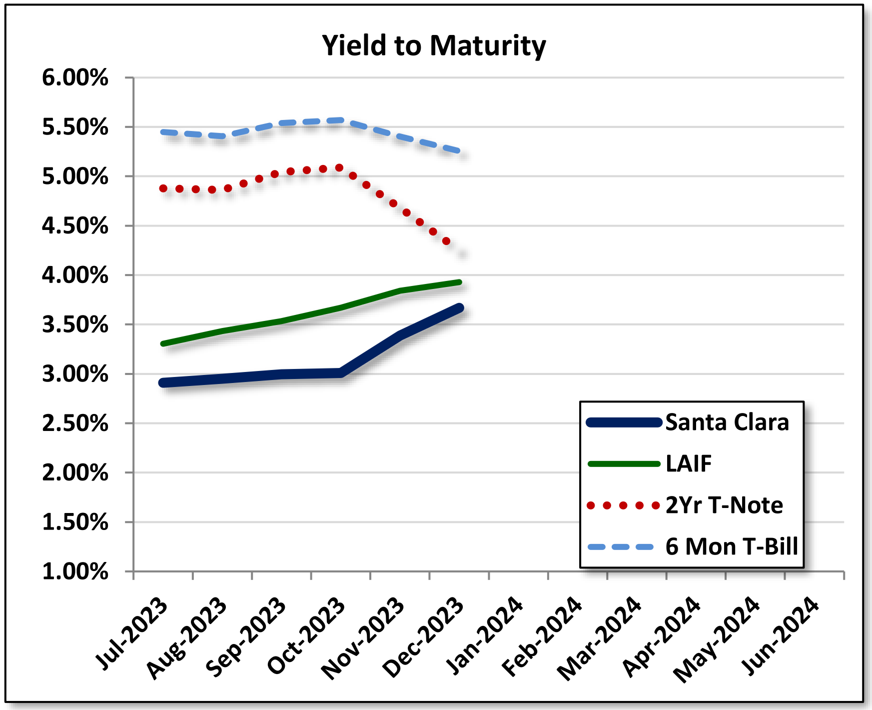


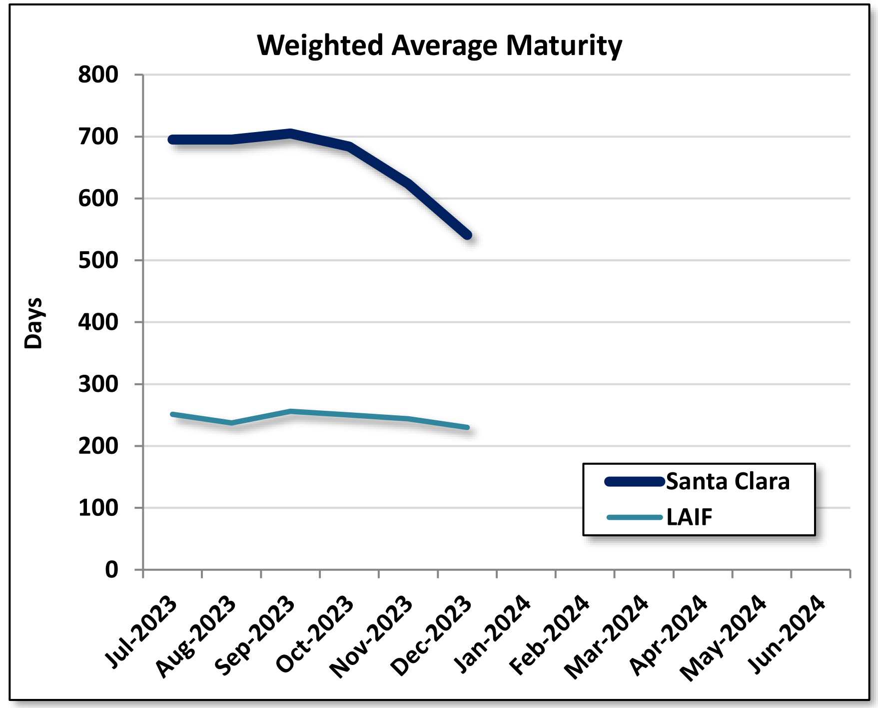
*Amounts are based on book value

Santa Clara County Commingled Pool

Yield to Maturity and Weighted Average Maturity

December 31, 2023





Item	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
SCC YTM	2.91%	2.95%	3.00%	3.01%	3.39%	3.67%						
LAIF YTM	3.31%	3.43%	3.53%	3.67%	3.84%	3.93%						
6 Mon T-Bill	5.45%	5.41%	5.54%	5.57%	5.40%	5.26%						
2Yr T-Note	4.88%	4.86%	5.04%	5.09%	4.68%	4.25%						
SCC WAM	695	695	705	684	624	541						
LAIF WAM	251	237	256	250	244	230						
SCC Duration*	1.90	1.90	1.93	1.40	1.27	1.06						
LAIF Duration	0.69	0.65	0.70	0.68	0.67	0.63						

*Duration is expressed in years. The Duration for LAIF is an estimate

Note: Yield to Maturity for 2Yr T-Note and 6 Mon T-bill are yields at market levels. LAIF and Santa Clara yields are calculated at purchase cost.

Santa Clara County

Approved Issuers and Broker/Dealers

December 31, 2023

Direct Commercial Paper Issuers

Toyota Motor Credit

Broker/Dealers

Academy Securities, Inc
Bank of America Merrill Lynch
Barclays Capital, Inc
BMO Capital Markets
BNP Paribas Securities Corp
BNY Mellon Capital Markets, LLC
BOK Financial Securities (Bank of Oklahoma)
Brean Capital LLC
Cantor Fitzgerald & Co
Citigroup Global Markets Inc
Daiwa Capital Markets America Inc
Deutsche Bank Securities Inc
INSPEREX
Jefferies LLC
JP Morgan Securities, Inc
Keybanc Capital Markets, Inc
Loop Capital Markets LLC
Mizuho Securities USA, Inc
MUFG Securities USA LLC
Raymond James, Inc.
RBC Capital Markets, Inc
UBS Securities LLC
Vining Sparks LP
Williams Capital

Santa Clara County Commingled Pool

Compliance with Investment Policy

December 31, 2023

Item/Sector	Parameters	In Compliance
Maturity	Weighted Average Maturity (WAM) must be less than 36 months	Yes
Interest Periods	Securities must pay interest within one year of the initial investment and at least semiannually in subsequent years	Yes
Investment Swaps	Similar maturity swaps, so as not to affect cash flow needs, should have minimum 5 basis point gain	Yes
Issuer Limits	No more than 5% of the portfolio shall be invested in aggregate of any single institution of the following types: Bankers Acceptances, CP, Negotiable CDs, and Corporate Notes	Yes
U.S. Treasuries	No sector limit, no issuer limit, max maturity 5 years	Yes
U.S. Federal Agencies	No sector limit, no issuer limit, max maturity 5 years	Yes
LAIF	No sector limit, no issuer limit, CA State's deposit limit $65 million	Yes
Repurchase Agreements	No sector limit, no Issuer limit, max maturity 92 days, treasury and agency collateral at 102% of investment, if maturity exceeds 15 days, must be collateralized by securities with 5 years or less maturities	Yes
Commercial Paper	Sector limit 40%, issuer limit 5%, max maturity 270 days, rated by at least two: A-1 (S&P), P-1 (Moody's), F-1 (Fitch), issued by domestic corporation w/ at least $500 mil of assets, and long term debt rated by at least two: AA- (S&P/Fitch)/Aa3 (Moody's)	Yes
Corporate Bonds	Sector limit 30%, issuer limit 5%, max maturity 5 years, rated by at least two: A (S&P/Fitch)/A2 (Moody's), issued by domestic corps/depositories	Yes
Money Market Funds	Sector limit 20%, issuer limit 10%, rated by at least two: AAA-m (S&P/Fitch)/Aaa-mf (Moody's), MMF has at least $500 mil managed	Yes
Negotiable Certificates of Deposit	Sector limit 30%, issuer limit 5%, max maturity 5 years, if under 1 year rated by at least two: A-1 (S&P), P-1 (Moody's), F-1 (Fitch), if greater than 1 year rated by at least two: AA- (S&P/Fitch)/Aa3 (Moody's)	Yes
Municipal Securities	Sector limit 10%, no issuer limit, State of CA, local CA agencies, and other municipal securities of the other 49 states, if long-term rated, then by at least two: A- (S&P/Fitch)/A3 (Moody's), if short-term rated, then by at least two: SP-1 (S&P), MIG-1 (Moody's), F-1 (Fitch), revenue based bonds payable solely out of the States' or local agencies' revenues	Yes
Mortgage-Backed Securities	Sector limit 20% in aggregate with ABS, no issuer limit, max maturity 5 years, collateralized by pools of conforming residential mortgage loans insured by FHLMC/FNMA and residential mortgages guaranteed by FHA (GNMA)	Yes
Asset-Backed Securities	Sector limit 20% in aggregate with ABS, no issuer limit, max maturity 5 years, collateralized by pools of loans such as installment/receivables, security must be rated by at least two: AA- (S&P/Fitch), Aa3 (Moody's), issuer rated by at least two: A- (S&P/Fitch), A3 (Moody's)	Yes
Supranational Debt Obligations	Sector limit 10%, max maturity 5 years, issued or unconditionally gauranteed by the IBRD, rated by at least two: AAA (S&P/Fitch), Aaa (Moody's)	Yes
Bankers' Acceptances	Sector limit 40%, issuer limit 5%, max maturity 180 days, rated by at least two: A-1 (S&P), P-1 (Moody's), F-1 (Fitch), issued by commercial banks , collateral must exceed market value of security by 2%	Yes, None in Portfolio
Securities Lending	Sector limit 20%, max maturity 92 days for loans and reinvestment, loan counterparty must be a primary dealer, loaned securities must be owned for at least 30 days	Yes, None in Portfolio

Santa Clara County Commingled Pool

Allocation by Security Types

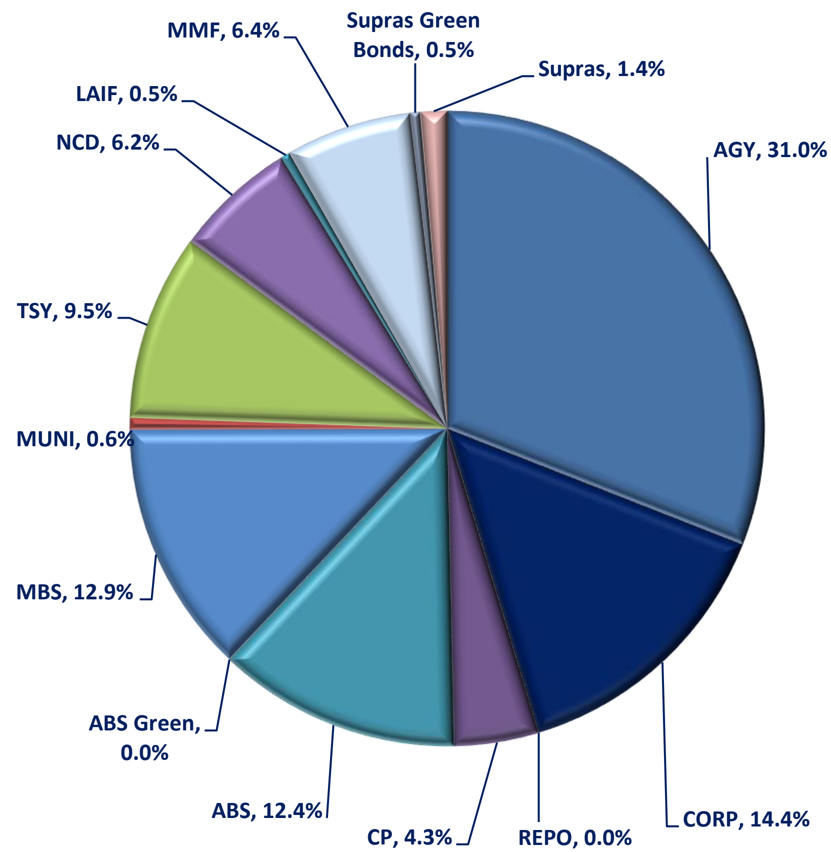
For the Month Ended October 31, 2023

Average Daily Balance	**$ 9,969,478,989.21**
Book Yield	**3.008%**
Weighted Average Maturity	**684 Days**

Investment Type	Par Value (Millions)	Book Value* (Millions)	Value (Millions)
Federal Agencies	$ 3,079.81	$ 3,066.13	$ 2,928.12
Corporate Bonds	1,430.77	1,420.88	1,362.42
Repurchase Agreements	-	-	-
Commercial Paper	410.00	406.12	406.02
Asset-Backed Securities	1,197.68	1,196.47	1,172.93
Asset-Backed Sec Green Bds	-	-	-
Mortgage Backed Securities	1,305.79	1,305.08	1,222.48
Municipal Securities	56.65	56.02	55.51
U.S. Treasuries	950.00	947.61	896.90
Negotiable CDs	590.00	590.00	590.06
LAIF	44.74	44.74	44.74
Money Market Funds	604.32	604.32	604.32
Supranationals Green Bonds	50.00	49.75	48.02
Supranationals	131.75	131.71	128.77
Total	**$ 9,851.51**	**$ 9,818.82**	**$ 9,460.30**

*Represents Amortized Book Value

Asset Allocation By Market Value



Santa Clara County Commingled Pool

Allocation by Security Types

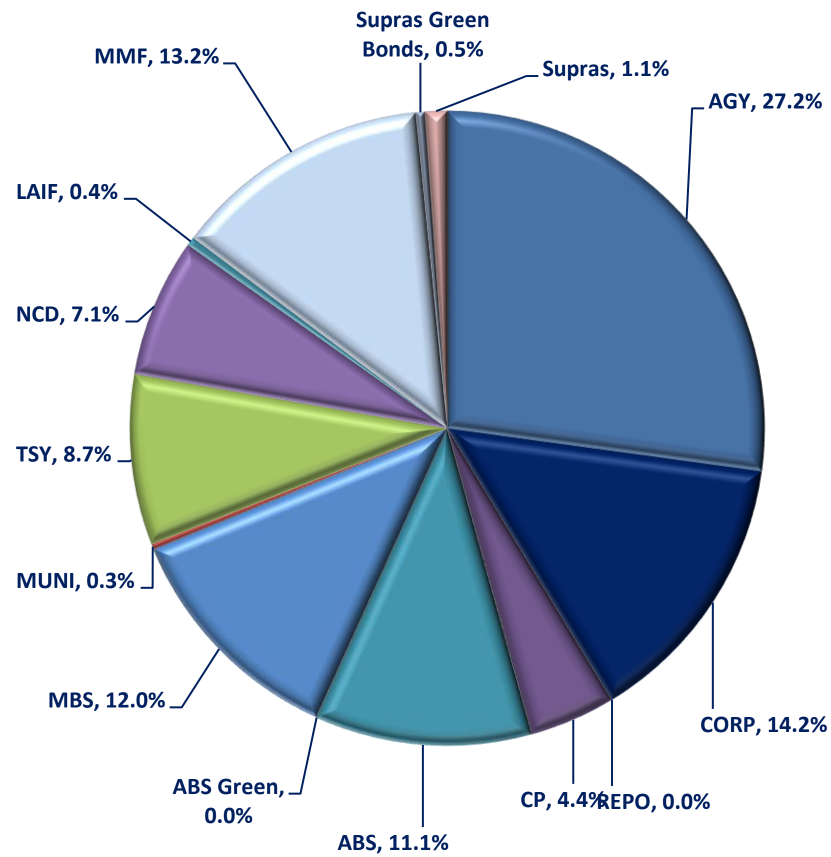
For the Month Ended November 30, 2023

Average Daily Balance	**$ 10,456,071,520.96**
Book Yield	**3.388%**
Weighted Average Maturity	**624 Days**

Investment Type	Par Value (Millions)	Book Value* (Millions)	Value (Millions)
Federal Agencies	$ 2,955.94	$ 2,943.03	$ 2,829.49
Corporate Bonds	1,528.54	1,516.41	1,475.60
Repurchase Agreements	-	-	-
Commercial Paper	460.00	456.00	455.98
Asset-Backed Securities	1,170.16	1,168.94	1,152.25
Asset-Backed Sec Green Bds	-	-	-
Mortgage Backed Securities	1,320.66	1,318.61	1,253.04
Municipal Securities	30.00	30.00	29.03
U.S. Treasuries	950.00	947.85	904.19
Negotiable CDs	735.00	735.00	735.93
LAIF	44.74	44.74	44.74
Money Market Funds	1,372.94	1,372.94	1,372.94
Supranationals Green Bonds	50.00	49.76	48.24
Supranationals	119.50	119.46	116.97
Total	**$ 10,737.47**	**$ 10,702.74**	**$ 10,418.41**

*Represents Amortized Book Value

Asset Allocation By Market Value



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APPENDIX H

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS: $ in aggregate principal amount of

Policy No: -N

Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

APPENDIX D

SOLICITATION FEE PAYMENT REQUEST

Regarding the
INVITATION TO TENDER BONDS
dated April 19, 2024
by
East Side Union High School District

General Obligation Bonds, 2012 Election, Series B
2015 General Obligation Refunding Bonds
2016 General Obligation Refunding Bonds, Series A
2016 General Obligation Refunding Bonds, Series B
General Obligation Bonds, 2008 Election, Series E
General Obligation Bonds, 2016 Election, Series B
2020 Refunding General Obligation Bonds, Series B (Federally Taxable)
General Obligation Bonds, 2016 Election, Series C

The East Side Union High School District (the "***District***") has agreed to pay, or cause to be paid, to (i) any commercial bank or trust company having an office, branch or agency in the United States, and (ii) any firm which is a member of a registered national securities exchange or of the Financial Industry Regulatory Authority (each, an "***Eligible Institution***"), a solicitation fee of $1.25 per $1,000 on the principal amount of the above-captioned general obligation bonds of the District ("***Bonds***") purchased by the District from each Retail Customer, pursuant to the Invitation to Tender Bonds, dated April 19, 2024 (the "***Offer***"). A "***Retail Customer***" is (i) an individual who owns no more than $250,000 in principal amount of Bonds and manages his or her own investments or (ii) an individual who owns no more than $250,000 in principal amount of Bonds whose investments are managed by an investment manager or bank trust department that holds the investments of that individual in a separate account in the name of that individual.

Eligible Institutions must submit to the Information Agent requests for payment of solicitation fees on a Solicitation Fee Payment Request Form no later than 5:00 p.m. on the next business day following the Expiration Date (the Expiration Date is presently set for May 3, 2024), unless earlier terminated or extended. No solicitation fee will be paid on requests received after this time.

No solicitation fee will be paid on requests submitted on an improperly completed Solicitation Fee Payment Request Form. Electronic copies of the completed Solicitation Fee Payment Request Forms may be submitted via email to the Information Agent and Tender Agent at rstevens@globic.com. FAILURE TO COMPLETE ALL SECTIONS WILL RESULT IN NONPAYMENT. EACH SOLICITATION FEE PAYMENT REQUEST FORM MUST BE ELECTRONICALLY SIGNED BY A REGISTERED REPRESENTATIVE.

Each completed Solicitation Fee Payment Request Form constitutes a representation by the representative completing such form that such representative is a registered employee of such firm, which is an Eligible Institution, that such representative personally solicited the offer from such firm's Retail Customer and, with respect to any tender offer, such representative has reviewed this transaction with their Retail Customer, and on behalf of such firm, such representative requests payment of the resulting solicitation fee.

Each completed Solicitation Fee Payment Request Form constitutes a representation that (i) in making solicitations to Retail Customers, such representative and Eligible Institution did not use any materials other than the Offer, (ii) such Eligible Institution is entitled to the requested solicitation fee under the terms and conditions described herein, and (iii) if such Eligible Institution is a foreign broker or dealer not eligible for membership in FINRA, such Eligible Institution has agreed to conform to FINRA's Rules of Fair Practice in making a solicitation outside the United States to the same extent as though it was a FINRA member.

All questions as to the validity, form and eligibility (including the time of receipt) of the Solicitation Fee Payment Request Form will be determined by the District, in its sole discretion, which determination will be final, conclusive and binding. None of the District, the Dealer Manager, the Information Agent or any other person is under any duty to give notification of any defects or irregularities in any Solicitation Fee Payment Request Form and none of such parties shall incur any liability for failure to give any such notification.

SOLICITATION FEE PAYMENT REQUEST FORM

As described in the Offer, the District will pay a soliciting dealer fee of $1.25 per $1,000 of up to the first $250,000 in principal amount of Bonds that is validly tendered and accepted for payment to soliciting dealers that are "**Eligible Institutions**" and appropriately designated by their Retail Customer clients to receive such fee. *The soliciting dealer fee will only be paid to a designated Eligible Institution for each Retail Customer that submits Bonds with an aggregate principal amount of no more than $250,000*. In order to be eligible to receive the soliciting dealer fee, this form, properly completed, must be received by the Information Agent and Tender Agent no later than 5:00 p.m., New York City time, on the next business day following the Expiration Date of the Tender Offer. The District reserves the right to audit any soliciting dealer to confirm *bona fide* submission of this form. The District shall, in its sole discretion, determine whether a soliciting dealer has satisfied the criteria for receiving a soliciting dealer fee (including, without limitation, the submission of the appropriate documentation without defects or irregularities and in respect of *bona fide* tenders). Such soliciting dealer fee will be paid within a reasonable amount of time after the Settlement Date. The District will not reimburse a soliciting dealer for any expenses it incurs in connection with the Offer. No brokerage commissions are due or payable by bondowners to the Dealer Manager, the Information Agent and Tender Agent, or the District. *Capitalized terms used but not defined herein shall have the respective meanings ascribed to them in the Offer.*

Name of Firm: ______________________________

DTC Participant Number: ______________________________

Authorized Contact: ______________________________

Telephone Number of Broker: ______________________________

Address of Broker:______________________________

E-Mail: ______________________________

Signature:______________________ Date:______________________

MEDALLION STAMP BELOW

Deliver this executed Solicitation Fee Payment Request Form to the Information Agent and Tender Agent prior to the next business day following the Expiration Date.

SCHEDULE OF BONDS SUBJECT TO THE SOLICITATION TERMS

Please complete the following.

*****If available, please submit your schedule as formatted below in MS Excel*****

Please follow the same line headers as listed below. Schedules may be e-mailed to rstevens@globic.com with the completed Solicitation Fee Payment Request Form attached or to follow.

CUSIP	**Par Amount**	**VOI Number**	**Client Name/Accounts #** ***(Optional)***
	TOTAL		

SOLICITATION FEE PAYMENT INSTRUCTIONS

Please choose payment delivery method.

Delivery Via Check ☐

Issue Check to:____

Name of Firm: ____

Attention: ____

Address: ____

Phone Number:____

Taxpayer Identification: ___________ ____

Delivery Via Wire ☐

Bank Name: ________________________

City, State: ________________________

ABA or Bank Number: ________________________

Swift Code: ________________________

Accounts Name: ________________________

Accounts Number: ________________________

Re: ________________________

Taxpayer ID Number: ________________________

The acceptance of compensation by such soliciting dealer constitutes a representation by it that (1) it has complied with applicable requirements of the Securities Exchange Act of 1934, as amended, and the applicable rules and regulations thereunder, in connection with such solicitation for tender of Bonds by Retail Customers; (2) it is entitled to such compensation for such solicitation under the terms and conditions of the Offer; (3) in soliciting a tender of Bonds, it has used no solicitation materials other than the Offer furnished by the District; (4) it has complied with all instructions from the Dealer Manager in connection with the Offer; and (5) if it is a foreign broker or dealer not eligible for membership in the Financial Industry Regulatory Authority (the "***FINRA***"), it has agreed to conform to the FINRA's Rules of Fair Practice in making solicitations outside the United States.