2016-17 Debt Report

Business Services

January 23, 2018

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Publication Information

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Preface

The Assistant Superintendent of Business Services must submit a Debt Report to the Board of Education and Superintendent annually in accordance with the District's Debt Management Policy. The following list identifies the information to be included in the report:

Topic	Location in Report
• A listing of outstanding General Obligation Bond debt supported by voter-approved tax levies and a schedule of debt service requirements for this debt.	Section I.B. and Appendix 1
• A listing of authorized but unissued general obligation bond debt	Section I.B.
• A discussion of tax rates being paid by District taxpayers to service the District's General Obligation Bond Debt	Section I.D.
• A listing of authorized but unissued debt that the Assistant Superintendent of Business intends to sell during the current and subsequent budget year and the projected increase in debt service as a result of those sales	Section I.C. and II.B.
• A listing of outstanding Certificates of Participation, QZAB, and Lease Revenue debt supported by the General Fund and/or developer fees and a schedule of debt service requirements for this debt	Section II.A., III and Appendix 3
• A listing of authorized but unissued Certificates of Participation debt	Section II.B.
• A description of the market for the District's General Obligation Bonds and Certificates of Deposit	Section IV
• A discussion of the District's long-term credit ratings	Section V
• Identification of pertinent debt ratios, such as debt service to General Fund expenditures, debt to assessed valuation of property and debt per capita	Section VI
• A comparison of the District's debt ratios to those of other issuers	Section VI.B.

This report frequently uses the words "bonds" and "debt" interchangeably, even when the underlying obligation does not technically constitute "debt" under California's constitution. This conforms with market convention for the general use of the term "debt" and "debt service" as applied to a broad variety of instruments in the municipal market, regardless of their precise legal status. "Debt" excludes short-term obligations such as tax revenue anticipation notes (TRANs). The rating agencies and the investor community evaluate the District's debt position based on all of its outstanding debt whether or not such debt is repaid from taxpayer-approved levies, the General Fund or developer fee sources.

SECTION I : GENERAL OBLIGATION BOND DEBT

A. District's Bonded Debt Limitation and Assessed Valuation Growth

Education Code 15106 limits school district bonded debt at 2.5% of the value of taxable property (i.e., assessed valuation) in the district. For 2016-17, the total assessed valuation of properties lying within the Hemet Unified School District's boundaries was $9.85 billion. This resulted in a bonded debt limitation of $234.0 million. For 2017-18, AV grows to $10.40 billion and the debt limitation is expected to increase to $259.9 million. Table 1 below presents the district's maximum debt capacity versus current outstanding debt principal balances. The difference is the "Legal Debt Margin". Chart 1, to the right shows that the Legal Debt Margin, the distance between the two lines, narrowed significantly between 2010 and 2015, but has since shown improvement.

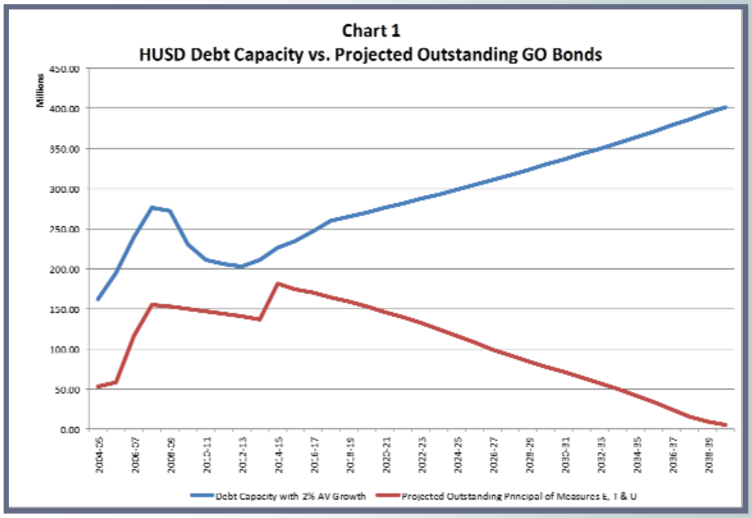


Chart 1
HUSD Debt Capacity vs. Projected Outstanding GO Bonds

In addition to the district debt issuance pattern, the Legal Debt Margin is greatly affected by assessed valuation (AV) growth within the District. The change is AV over a 10 year period is depicted in Chart 2. Valuations increased 5.21% in 2016-17 over the prior year. Assessed valuations have been calculated to grow by 5.57% in 2017-18. AV is then projected to grow by 2.0% each year. Proposition 13 limits AV growth rates to 2.0% for existing property, but allows additional growth for new construction and the sale and exchange of property. Historically, the annual growth in assessed valuation has averaged 0.61% over the last 10 years. This 10 year period includes recession years when assessed valuations of properties within the Hemet USD jurisdiction saw significant declines. The five year period from 2011-12 through 2016-17, after the recession, saw an average annual increase of 3.37% in assessed valuations.

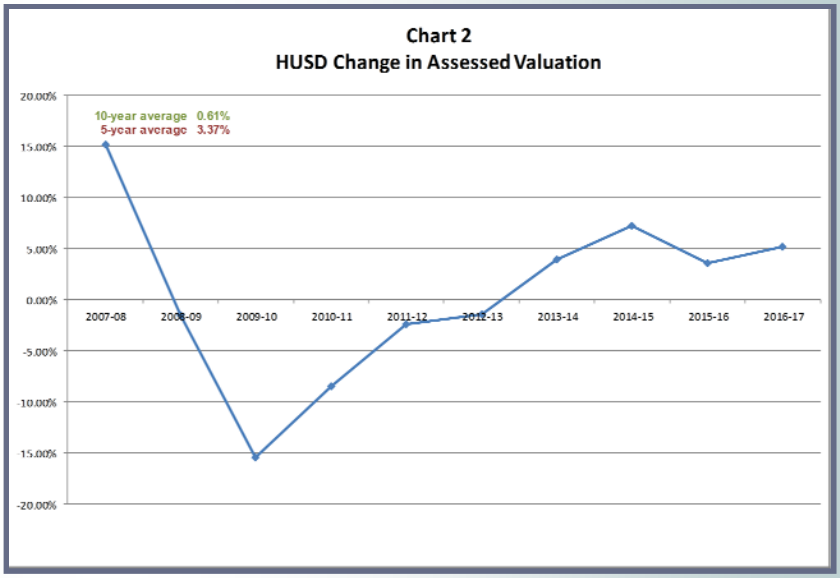


Chart 2
HUSD Change in Assessed Valuation

Table 1
Bonded Debt Limitation and Legal Debt Margin, Fiscal Year 2016-17

Total Assessed Valuation	$9,850,014,950
Bonded Debt Limitation (2.5% of Assessed Valuation)	246,250,374
Less: Outstanding General Obligation Bonds	(169,720,000)
Equals: Legal Debt Margin	**$76,530,374**
Balance in Debt Service Fund	$14,567,554
Legal Debt Margin and Debt Service Reserves	***$ 91,097,928***

B. Bonds Outstanding and Bonds Authorized But Unissued

As of June 30, 2017, the District had a total of $169.727 million in voter authorized General Obligation Bonds outstanding. No new bonds were issued or voter authorized and there was no new bond refunding during 2016-17. A detailed list of the District's outstanding General Obligation Bonds is shown in Table 2. Debt service requirements and additional details related to the district's General Obligation Bonds can be found in Appendices 1 and 2.

Table 2
General Obligation Bond Issuance and True Interest Cost
(as of June 30, 2017)

Table 3 below presents overall highlights of the District's authorized but unissued bonds. As of June 30, 2016 all voter authorized general obligation bonds had been issued. Chart 3 in the next subsection depicts actual and projected issuance of bonds.

Bond Issue	Date of Issue	Maturity (Fiscal Year)	Principal Amount Issued	Outstanding Principal	Interest (%)
2006 GO Bonds - Series B	03/04/2008	2017	40,000,000	$-0-	4.50%-5.25%
2010 GO Refunding (2002-Series A)	07/28/2010	2027	18,740,000	13,555,000	4.00%-4.50%
2012 GO Refunding (2002– Series B &C)	07/18/2012	2029	21,260,000	17,525,000	2.00% -4.00%
2014 GO Refunding (2002 Series D&E and 2006 Series A&B)	12/16/2014	2039	93,170,000	89,640,000	3.00% -5.00%
2012 GO Re-Authorization (2015) Series A	5/19/2015	2041	49,000,000	49,000,000	3.00% -5.00%
	Total		$222,170,000	$169,720,000	

Table 3
Authorized but Unissued General Obligation Bond
(as of June 30, 2017)

As of June 30, 2017, there were no authorized but unissued general obligation bonds.

Voter Authorized Amount Issued			
Authorized but Unissued	$0	$0	$0

C. Intended Issuances of Bonds

Intended issuances are based on actual spending patterns and expenditure projections prepared by the Facilities Department and are subject to change. The district issued all voter authorized bonds as of June 30, 2015. Staff proposes placing a new bond measure on the ballot either in the summer or fall of 2018 for voter approval.

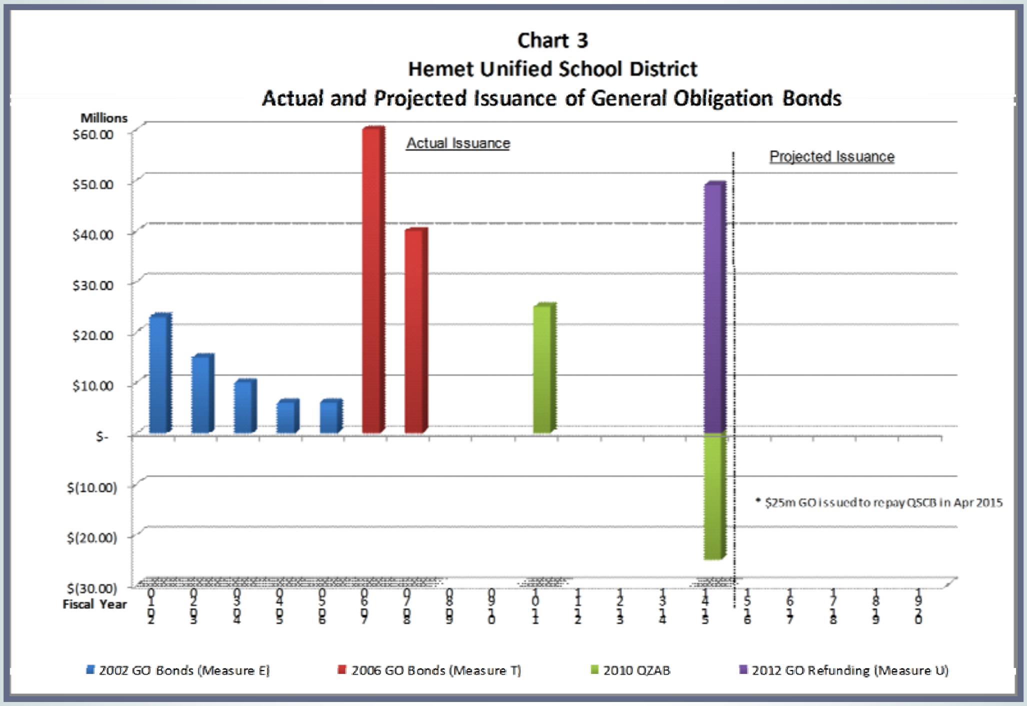


Table 4
Intended Issuances of Bonds
Fiscal Years 2017-18 and 2018-19

Intended Issuances		
	FY 2017-18	FY 2018-19

No new bond issues or refunding are anticipated at this time in either 2017-18 or 2018-19. However, the district is conducting research to determine the viability of placing a bond measure on the ballot for voter approval in either June or November 2018. Should the district decide to pursue a bond measure and the measure is approved by voters, then then bond issuances may be scheduled at some point over the next two fiscal years.

A detailed schedule of the projected annual payments for current and anticipated bond issuances can be found in Appendix 2.

The Assistant Superintendent of Business regularly monitors market conditions for refunding opportunities pursuant to the district's Debt Management Policy.

D. Tax Rates on Outstanding Bonds

Tax rates on outstanding bonds are calculated annually by the Riverside County Office of Education during the year-end closing process. The amount of outstanding bonds issued, bond debt scheduled payments, and assessed valuations are used to compute the tax rate. The tax rate is adjusted annually based on changes in amounts of outstanding bonds issued and assessed valuations. The tax rate for 2016-17 was 0.12409 and dropped from the prior year due to increased assessed valuations within the district boundaries. Table 5 below shows the 2016-17 levied tax rate as well as the rates for the prior five years.

Table 5
Annual Tax Rates on General Obligation Bond Debt Service

Fiscal Year	Outstanding Bond Indebtedness as of June 30	AV used for Tax Rate Computation	Tax Rate
2011-12	$ 146,980,000	$ 8,219,367,602	.12536
2012-13	$ 140,475,000	$ 8,103,894,743	.12525
2013-14	$136,300,000	$ 8,424,719,963	.12502
2014-15	$181,095,000	$ 9,038,619,036	.11991
2015-16	$174,670,000	$ 9,362,444,485	.13729
2016-17	$169,720,000	$ 9,850,014,950	.12409

SECTION II : CERTIFICATES OF PARTICIPATION AND QZAB DEBT

A. COPs and QZAB Outstanding

Over the years, the District has issued Certificates of Participation (COPs) and Qualified Zone Academy Bonds (QZAB) to fund the acquisition and construction of school facilities, as well as the District's Professional Development Academy and Professional Development Service Center. Debt service on COPs are paid from the Restricted General Fund with redevelopment pass-thru revenues from the City of Hemet.

In seeking to achieve the benefits of a diversified debt portfolio, the District issued the 2006 COPs as a variable/swap (weekly) rate as authorized by the District's debt policy that was in place at that time. This variable/swap COPs was refunded in September 2016 as a fixed rate COP. Tables 6 and 7 provide listings of outstanding COPs in fixed rate mode and variable rate mode, respectively. As of June 30, 2017, a total of $50,832,297 in fixed rate COPs were outstanding. There were no outstanding variable rate COPS as of June 30, 2017. The debt service requirements on outstanding COPs can be found in Appendix 3.

Table 6
Fixed-Rate Certificates of Participation and QZAB Issuance and True Interest Cost
(as of June 30, 2017)

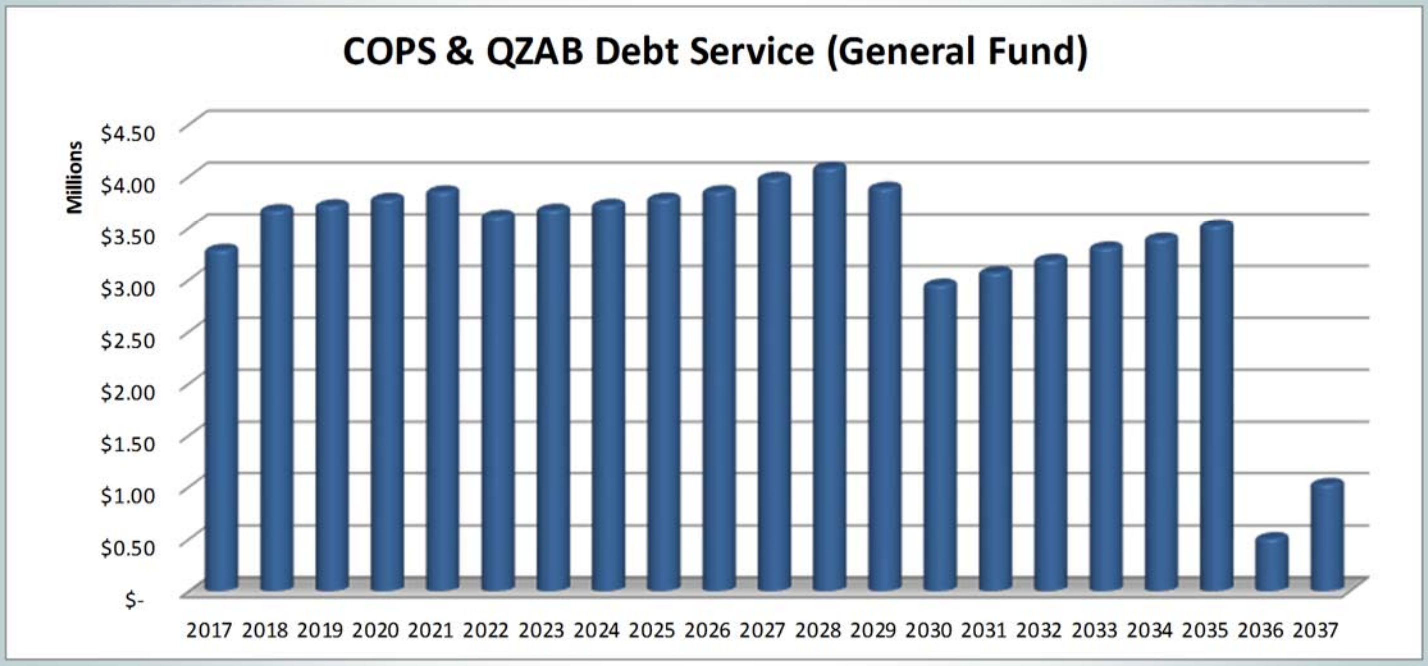
Issue Description	Date of Issue	Maturity (Fiscal Year)	Principal Amount Issued	Outstanding Principal	Interest %
2005 QZAB COPs (PDA)	12/13/2005	2021	$ 5,000,000	$ 1,477,297	N/A
2007 COPs (multiple projects)	11/21/2007	2037	$ 4,610,000	$ 3,535,000	4.00%-5.00%
2015 COPS (refund 2004 COPS & 2005 Lease Rev Bonds—multiple projects)	09/30/2015	2029	$ 16,690,000	$ 15,630,000	2.00%-5.00%
2016 COPS (refund 2006 A COPS)	9/27/16	2035	$ 23,965,000	$23,965,000	3.00%-5.00%
2016 COPS (refund 2006 B COPS)	9/27/2016	2024	$ 6,225,000	$ 6,225,000	1.59%-2.72%
Total			$56,490,000	$50,832,297	

Table 7
Variable/Swap-Rate Certificates of Participation Issuance
(as of June 30, 2015)

Issue Description	Date of Issue	Maturity	Principal Amount Issued	Outstanding Principal

Repayment of Certificate of Participation (COPs) bonds are made from Redevelopment funds. Revenue from redevelopment agencies has increased over the past few years with improved property values and assessed valuations within the district boundaries. The district generated sufficient redevelopment funds to support the COPs annual debt payments in 2016-17 and had reserves in the account at year end. It is anticipated the district will have adequate redevelopment receipts again in 2017-18 to pay COPs obligations and to add to the account surplus.

Redevelopment related receipts are expected to continue to exceed debt service payments for the next several years. The surplus in the account will be reserved to cover payments should an economic downturn occur and redevelopment receipts are not sufficient to cover COPS debt payments as occurred during the last recession. By 2033-34 only payments for the 2016 and 2007 COPs issuances will remain. The 2007 COPS are scheduled to be fully repaid by October 2034 and the 2007 COPs in October 2036 based on their current payment schedules.



B. Intended Issuance of COPS and QZAB
In ongoing efforts to maintain the most beneficial interest rates and to maintain sufficient Letters of Credit to bondholders, the district will refund its debt issuances when appropriate.

SECTION III : REFUNDING LEASE REVENUE BONDS

Refunding Lease Revenue Bonds Outstanding

No Lease Revenue Bonds were outstanding as of June 30, 2017. The District issued Refunding Lease Revenue Bonds in 2005 to refund the $5,205,000 in original 1997 COPs that were issued for construction of the district's Nutrition Center. Refunding Lease Revenue Bonds are similar to COPs except that they are repaid with a revenue stream produced by the project. These bonds were refunded with the 2004 COPS under the 2015 COPs issuance. The general fund is reimbursed for the debt service portion of the 2015 COPS attributed to refunding the 2005 Refunding LRBs from the District's Cafeteria Fund.

Lease Revenue Bonds Issuance
(as of June 30, 2017)

Issue Description	Date of Issue	Maturity (Fiscal Year)	Principal Amount Issued	Outstanding Principal	Interest %
	Total				

SECTION IV: THE MARKET FOR THE DISTRICT'S DEBT

A. Municipal Bond Market

The District's bonds, COPs and tax revenue anticipation notes ("TRANs") are issued and traded in the United States' municipal bond market, a deep and highly liquid market. The major groups of investors in this market include insurance companies, mutual funds, hedge and arbitrage funds, investment banks, trust departments, investment advisors, individual investors, and money market funds. Each of these market participants may exhibit differing preferences for the structure and maturities of the bonds, COPs or TRANs that they may purchase.

The borrowing cost that the District must pay its investors is a function of market interest rates levels, anticipated Federal Reserve policy actions and, most importantly, the investment community's perception of and demand for the District's credit. Investors demand rates of return on their investments commensurate with their perception of the District's ability and willingness to repay its obligations as well as the District's overall financial, debt, and economic performance compared to other issuers. The investment community has historically viewed the District's bonds and COPs as high quality investment grade securities, owing to the District's strong financial position, a good local economy, good access to voter-approved tax levies, and an excellent debt service payment record.

Traditionally, the large numbers of investors residing in California and the State's progressive tax system have provided investors with incentives to purchase the District's bonds and COPs. During recent years, however, investor perception of California debt has weakened significantly due to the State's credit deterioration, investor concerns over the growing magnitude of the State's budget shortfalls and massive issuance of economic recovery bonds. The State's credit rating has continued to be downgraded by all credit rating agencies and ranks at or near the bottom compared to all other states. The State's borrowing costs have risen accordingly as did interest costs for issuers viewed as "agencies" of the State such as Hemet USD, even though district credit ratings remain very strong and well above those of the State.

In April of 2010, the Governing Board of Hemet Unified adopted Resolution 2059 which established a fund balance policy and set the district's minimum fund balance at a level equal to 5% or 2% above the statutory minimum 3% fund balance level for a district of its size. The fund balance policy was re-approved for the 2016-17 year by the board with Resolution 2507 at their December 5, 2017 meeting. This action, along with continued fiscal responsibility have benefitted the district through improved credit ratings and lower interest rates for borrowing.

B. Cost of The District's Fixed Rate and Variable Rate Debt

B.1. Fixed Rate Debt. All of the District's General Obligation Bond issues and all of its COPs issues carry fixed interest rates. Since reaching a cyclical high in 1999, fixed interest rates have fallen to historically low levels. The low rates helped the District achieve very low interest cost on its General Obligation Bonds when compared to industry benchmarks. The District's bonds have a term to maturity of 30 years.

B. 2. Variable/Swap Rate Debt. Current statutory provisions make it impractical for the District to issue variable rate General Obligation Bonds, as ancillary costs such as remarketing fees, auction agent fees, and dealer fees cannot be paid from voter approved tax levies. Thus, with the vast majority of the District's debt necessarily being issued as fixed rate bonds, the District has looked to its COPs issuance program to achieve debt portfolio diversification in the form of variable rate COPs. The District issued one series of variable/swap rate COPs in 2006 which is refunded in 2016-17 as a fixed rate obligation.

SECTION V: THE DISTRICT'S CREDIT RATINGS

A. Long-Term Credit Ratings on General Obligation Bonds and Certificates of Participation

Long-term credit ratings provided by a rating agency are in independent assessment of the relative credit risk associated with purchasing and holding a particular bond through its scheduled term of repayment. Long-term credit ratings serve as unbiased opinions of a borrower's financial strength and ability to repay its debt on a timely basis. Long-term credit ratings are one of the most important indicators of creditworthiness readily available to the investment community and have a direct impact on the borrowing rates paid by the District.

In September 2016, the District received a credit rating of "AA" (insured) and an underlying rating of "A-" from Standard and Poor's with the issuance of the 2016 COPs. Normally, General Obligation Bond ratings are typically a level or two higher than ratings assigned for COPs because of the credit strength of *ad valorem* taxes that are pledged to repay General Obligation Bonds compared to repayment of the COPs from the district's general fund.

One critical component of a district's credit rating is its General Fund reserve balance. The district established a policy in April 2010, which is re-approved annually, setting its minimum unrestricted General Fund reserve at 5%. This policy has enhanced the district's ability to maintain a strong credit rating during unfavorable economic times.

The reserve balance is comprised of both restricted and unrestricted components. For 2016-17, the district's unrestricted balance, including reserves held in the Other Post Employment Benefits Fund was equivalent to 15.12% of combined general fund expenditures.

Credit Quality Tranches	
	S&P
Best Quality	AAA
	AA+
High Quality	AA
	AA-
	A+
Upper Medium Grade	A
	A-
	BBB+
Medium Grade	BBB
	BBB-
Below Investment Grade	BB+ and

B. Short-Term Credit Ratings on Tax and Revenue Anticipation Notes

The District has issued tax and revenue anticipation notes ("TRANs") annually since 1999-00 to fund short term cash flow deficits due to the timing of receipts of local property taxes and other revenues. The TRANs are issued to the District through the California School Cash Reserve Program sponsored by the California School Boards Association Finance Company in conjunction with US Bank and Dale Scott & Company. In 2016-17, the district was authorized for a total of $30 million in TRANs with a total of $10,690,000 issued as a regular TRANs in July 2016. The regular TRAN was repaid in in two equal payments in January and April 2017.

SECTION VI: DEBT RATIOS

A. Use of Debt Ratios

Pursuant to the District's Debt Management Policy, the district will monitor certain debt factors and debt burden ratios, as well as periodically measure the District's debt performance against those debt factors and debt burden ratios. Measuring the District's debt performance through the use of debt ratios provides a convenient way to compare the district to other borrowers. The most common debt ratios applied to school districts are:

◊ **Ratio of Outstanding Debt to Assessed Value.** The formula for this computation is contained in Section 15106 of the Education Code. The ratio is calculated for both "Direct Debt" (i.e., general obligation bonds) and "Combined Direct Debt" (both general obligation bonds and COPs), the latter commonly referred to a "Debt Burden" in the California Municipal

Statistics Overlapping Debt Statement. In addition, the ratio of "Overall Debt Burden" includes the District Direct Debt plus the Direct Debt of issuers whose boundaries overlap those of the District. It is important to monitor the levels and growth of Direct Debt and Overall Direct Debt as they portray the debt burden borne by our taxpayers and serve as proxies for taxpayer capacity to take on additional debt in the future. The District must be careful not to overburden its taxpayers by issuing debt too quickly or too frequently, for example.

- **Ratio of Outstanding Debt per Capita.** The formula for this computation is Outstanding Debt divided by the population residing within the District's boundaries. Ratios are computed for both "Direct Debt Per Capita" and "Overall Debt Per Capita." It is important to monitor these ratios as they attempt to measure the degree to which debt is concentrated, i.e. whether it is spread across a large or small population.
- **Ratio of Annual Lease Debt Service to General Fund Expenditures.** The formula for this computation is annual lease debt service expenditures divided by General Funds (Unrestricted and Restricted) expenditures including inter-fund transfers as reported in the most recent annual financial report.
- **Proportion of Fixed-Rate and Variable Rate COPs Issues.** The Debt Management Policy requires the District to keep its variable rate exposure, to the extent not hedged or swapped to fixed rate, at or below 20% of principal outstanding COPs or $100 million, whichever is less. If variable rate debt is issued, the Assistant Superintendent of Business Services will periodically, but at least annually determine whether it is appropriate to convert the debt to fixed interest rates.

B. Hemet Unified School District's Compliance With Debt Management Policy, Debt Levels Compared to Other Districts

Table 9 provides a summary of the District's performance against policy benchmarks, targets and ceilings for debt paid from the General Fund. Target debt factor limits for COPs debt service, including QZAB and Lease Revenue Bonds, paid from the combined general fund are recommended not to exceed an amount equivalent to 3.00% of combined general fund expenditures with a cap of 4.00%. Table 9 identifies the target and ceiling debt limits as of June 30, 2017. For the fiscal year 2016-17, the percentage of COPs payments compared to total expenditures and uses of the combined general fund was 1.35% and actual payments were $3.5 million, below both the ceiling and target debt factors.

Table 9

2016-17 COP Recommended Debt Limits

Debt Factor	Target	Ceiling	Actual as of June 30, 2017 [1]	Over/(Under) Policy Ceiling
COP Gross Debt Service Limit (Percentage)	3.00%	4.00%	1.350	(2.65%)
COP Gross Debt Service Cap (dollars)	$ 7,807,535	$ 10,410,047	$ 3,531,331	($ 6,896,716)

[1] Includes the annual base rental payments deposited in the sinking fund for the 2005 QZAB.

Appendices

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APPENDIX 1
Hemet Unified School District
General Obligation Bonds, Semi-Annual Debt Service
(As of June 30, 2017)

Fiscal Year Ending June 30	2010 GO Bond Refunding 2002- Series A	2012 GO Bond Refunding 2002-Series B-D	2012 Measure U Series A	2014 GO Bond Refunding 2002 E & 2006 A/B	Aggregate Semi-annual Debt Service	Aggregate Fiscal Year Total Debt Service
8/1/2017	1,408,865.63	1,658,612.50	1,251,584.38	4,517,415.63	8,836,478.14	
2/1/2018	254,003.13	242,687.50	979,959.38	1,821,665.63	3,298,315.64	12,134,793.78
8/1/2018	1,424,003.13	1,692,687.50	1,334,959.38	4,591,665.63	9,043,315.64	
2/1/2019	230,603.13	213,687.50	971,084.38	1,752,415.63	3,167,790.64	12,211,106.28
8/1/2019	1,455,603.13	1,723,687.50	1,426,084.38	4,667,415.63	9,272,790.64	
2/1/2020	206,103.13	189,700.00	959,709.38	1,679,540.63	3,035,053.14	12,307,843.78
8/1/2020	1,476,103.13	1,739,700.00	1,519,709.38	4,749,540.63	9,485,053.14	
2/1/2021	183,878.13	174,200.00	945,709.38	1,602,790.63	2,906,578.14	12,391,631.28
8/1/2021	1,503,878.13	1,774,200.00	1,615,709.38	4,802,790.63	9,696,578.14	
2/1/2022	157,478.13	156,200.00	928,959.38	1,522,790.63	2,765,428.14	12,462,006.28
8/1/2022	1,527,478.13	1,791,200.00	1,723,959.38	4,877,790.63	9,920,428.14	
2/1/2023	130,078.13	135,762.50	909,084.38	1,438,915.63	2,613,840.64	12,534,268.78
8/1/2023	1,555,078.13	1,820,762.50	1,834,084.38	4,968,915.63	10,178,840.64	
2/1/2024	101,578.13	112,593.75	885,959.38	1,350,665.63	2,450,796.89	12,629,637.53
8/1/2024	1,586,578.13	1,542,593.75	1,950,959.38	5,365,665.63	10,445,796.89	
2/1/2025	70,021.88	90,250.00	859,334.38	1,270,365.63	2,289,971.89	12,735,768.78
8/1/2025	1,615,021.88	1,570,250.00	2,074,334.38	5,450,365.63	10,709,971.89	
2/1/2026	36,225.00	66,200.00	828,959.38	1,186,765.63	2,118,150.01	12,828,121.90
8/1/2026	1,646,225.00	1,596,200.00	2,208,959.38	5,541,765.63	10,993,150.01	
2/1/2027		40,381.25	801,359.38	1,121,440.63	1,963,181.26	12,956,331.27
8/1/2027		1,635,381.25	2,356,359.38	5,616,440.63	9,608,181.26	
2/1/2028		12,468.75	770,259.38	1,054,015.63	1,836,743.76	11,444,925.02
8/1/2028		677,468.75	2,510,259.38	5,684,015.63	8,871,743.76	
2/1/2029			743,071.88	984,565.63	1,727,637.51	10,599,381.27
8/1/2029			2,683,071.88	5,759,565.63	8,442,637.51	
2/1/2030			712,759.38	865,190.63	1,577,950.01	10,020,587.52
8/1/2030			2,827,759.38	5,485,190.63	8,312,950.01	
2/1/2031			678,390.63	790,115.63	1,468,506.26	9,781,456.27
8/1/2031			2,988,390.63	5,150,115.63	8,138,506.26	
2/1/2032			632,190.63	681,115.63	1,313,306.26	9,451,812.52
8/1/2032			3,142,190.63	5,261,115.63	8,403,306.26	
2/1/2033			588,265.63	566,615.63	1,154,881.26	9,558,187.52
8/1/2033			3,318,265.63	5,351,615.63	8,669,881.26	
2/1/2034			538,784.38	485,868.75	1,024,653.13	9,694,534.39
8/1/2034			3,493,784.38	5,455,868.75	8,949,653.13	
2/1/2035			485,225.00	361,618.75	846,843.75	9,796,496.88
8/1/2035			3,690,225.00	5,546,618.75	9,236,843.75	
2/1/2036			405,100.00	264,400.00	669,500.00	9,906,343.75
8/1/2036			3,865,100.00	5,659,400.00	9,524,500.00	
2/1/2037			335,900.00	156,500.00	492,400.00	10,016,900.00
8/1/2037			4,075,900.00	5,781,500.00	9,857,400.00	
2/1/2038			261,100.00	44,000.00	305,100.00	10,162,500.00
8/1/2038			4,296,100.00	2,244,000.00	6,540,100.00	
2/1/2039			180,400.00		180,400.00	6,720,500.00
8/1/2039			4,525,400.00		4,525,400.00	
2/1/2040			93,500.00		93,500.00	4,618,900.00
8/1/2040			4,768,500.00		4,768,500.00	
2/1/2041						4,768,500.00
	$16,568,803.21	**$20,656,875.00**	**$80,976,715.80**	**$133,530,140.79**	**$ 251,732,534.80**	**$ 251,732,534.80**

APPENDIX 2
Hemet Unified School District
Debt Service Requirements on Intended Sales
of Authorized but Unissued Bonds During
Fiscal Years 2017-18 and 2018-19

Fiscal Year Ending 30-Jun	FY 2017-18 GO Bond Issuance Debt Service	FY 2018-19 GO Bond Issuance Debt Service	Total All New Bonds Debt Service
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030	-	-	-
2031	-	-	-
2032	-	-	-
2033	-	-	-
2034	-	-	-
2035	-	-	-
2036	-	-	-
2037	-	-	-
2038	-	-	-
2039	-	-	-
2040	-	-	-
2041	-	-	-
2042	-	-	-
2043	-	-	-
			-
	$ -	**$ -**	**$ -**

APPENDIX 3
Hemet Unified School District
Certificates of Participation Lease Obligations
Gross Debt Service [1]
As of June 30, 2017

Fiscal Year Ending June 30	2005 QZAB	2007 COPS	2015 Refunding COPS (2004 COPS)	2016 COPS (2006 Refunding)	Restricted General Fund (Redevelopment) [2, 3]	2015 Refunding COPS (2005 LRB Cafeteria Fund Reimbursement)	Total All COPs Debt Service
2018	275,665.00	159,075.00	1,371,736.25	1,868,492.10	3,674,968.35	319,126.25	3,994,094.60
2019	275,665.00	159,075.00	1,356,829.25	1,930,460.50	3,722,029.75	315,658.25	4,037,688.00
2020	275,665.00	159,075.00	1,364,698.55	1,984,623.20	3,784,061.75	317,488.95	4,101,550.70
2021	650,304.30	159,075.00	1,380,639.90	2,040,253.32	4,230,272.52	321,197.60	4,551,470.12
2022		159,075.00	1,359,019.70	2,102,429.45	3,620,524.15	316,167.80	3,936,691.95
2023		159,075.00	1,359,019.70	2,160,624.18	3,678,718.88	316,167.80	3,994,886.68
2024		159,075.00	1,348,067.65	2,219,819.20	3,726,961.85	313,619.85	4,040,581.70
2025		159,075.00	1,345,938.05	2,281,550.00	3,786,563.05	313,124.45	4,099,687.50
2026		159,075.00	1,349,081.75	2,350,050.00	3,858,206.75	313,855.75	4,172,062.50
2027		217,725.00	1,351,434.35	2,418,450.00	3,987,609.35	314,403.15	4,302,012.50
2028		254,125.00	1,353,462.55	2,477,850.00	4,085,437.55	314,874.95	4,400,312.50
2029		288,725.00	1,051,170.25	2,551,725.00	3,891,620.25	244,548.50	4,136,168.75
2030		326,412.50		2,627,100.00	2,953,512.50		2,953,512.50
2031		362,075.00		2,709,900.00	3,071,975.00		3,071,975.00
2032		400,600.00		2,791,000.00	3,191,600.00		3,191,600.00
2033		441,762.50		2,870,000.00	3,311,762.50		3,311,762.50
2034		441,350.00		2,956,500.00	3,397,850.00		3,397,850.00
2035		469,587.50		3,055,150.00	3,524,737.50		3,524,737.50
2036		510,462.50		-	510,462.50		510,462.50
2037		1,027,612.50			1,027,612.50		1,027,612.50
2038					-	-	-
	$ 1,477,299.30	**$ 6,172,112.50**	**$ 15,991,097.95**	**$ 43,395,976.95**	**$ 67,036,486.70**	**$ 3,720,233.30**	**$ 70,756,720.00**

[1] The district has assumed certain interest rates for the swap rate lease obligations included in the above table.

[2] Includes the annual base rental payments deposited into the sinking fund for the 2005 QZAB

[3] In the event that insufficient redevelopment revenue is available to pay the above lease obligations, the Unrestricted General Fund would need to cover the obligations