This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 5, 2026

NEW ISSUE—FULL BOOK-ENTRY

RATING: S&P: "A"
See "MISCELLANEOUS – Rating" herein

In the opinion of Stradling Yocca Carlson & Rauth LLP, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds, including with respect to the alternative minimum tax imposed on certain large corporations.

$7,000,000*
DENAIR UNIFIED SCHOOL DISTRICT
(Stanislaus County, California)
Election of 2024 General Obligation Bonds, Series 2026
(Bank Qualified)

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

This cover page contains certain information for general reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page not otherwise defined shall have the meanings set forth herein.

The Denair Unified School District (Stanislaus County, California) Election of 2024 General Obligation Bonds, Series 2026 (the "Bonds") were authorized at an election of the registered voters of the Denair Unified School District (the "District") held on November 5, 2024, at which the requisite 55% or more of the persons voting on the proposition voted to authorize the issuance and sale of $34,300,000 aggregate principal amount of general obligation bonds of the District. The Bonds are being issued by the District to (i) finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities and (ii) pay the costs of issuing the Bonds.

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of Stanislaus County is empowered and obligated to annually levy *ad valorem* property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due.

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, Brooklyn, New York ("DTC"). Purchasers of the Bonds (the "Beneficial Owners") will not receive certificates representing their interest in the Bonds. See "THE BONDS – Book-Entry Only System" herein.

The Bonds will be issued as current interest bonds. Interest on the Bonds accrues from the date of delivery of the Bonds (the "Date of Delivery"), and is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2027.

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, bond registrar and transfer agent (the "Paying Agent") to DTC for subsequent disbursement to DTC Participants (as defined herein) who will remit such payments to the Beneficial Owners of the Bonds. See "THE BONDS – Book-Entry Only System" herein.

The District has applied for municipal bond insurance for the scheduled payment of principal of and interest on the Bonds when due, which, if purchased, would be issued concurrently with the delivery of the Bonds.

The Bonds are subject to optional and mandatory sinking fund redemption prior to their stated maturity dates, as further described herein.* See "THE BONDS – Redemption" herein.

Maturity Schedules*
(See inside front cover)

*The Bonds are offered when, as and if issued, subject to the approval as to their legality by Stradling Yocca Carlson & Rauth LLP, San Francisco, California, Bond Counsel and Disclosure Counsel to the District. Certain matters will be passed on for the Underwriter by Kutak Rock. LLP, Irvine, California. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of Cede & Co., as nominee of The Depository Trust Company, in Brooklyn, New York, on or about December 8, 2026.**

STIFEL

Dated: November __, 2026

*Preliminary, subject to change.

MATURITY SCHEDULES

$7,000,000*
DENAIR UNIFIED SCHOOL DISTRICT
(Stanislaus County, California)
Election of 2024 General Obligation Bonds, Series 2026
(Bank Qualified)

Base CUSIP[(1)]: 248217

$_____ Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP[(1)]

$_____- ___% Term Bonds, due August 1, 20__, Yield ___%; CUSIP[(1)]: ____

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* Preliminary, subject to change.

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

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)2 and 3(a)12, respectively, for the issuance and sale of such municipal securities. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Certain information set forth herein has been obtained from sources outside of the District which are believed to be reliable, but such information 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.

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

The Underwriter has provided the following information for inclusion in this Official Statement:

THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN SECURITIES DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

The District maintains a website and certain social media accounts. However, the information presented on there is not incorporated into this Official Statement by any reference, and should not be relied upon in making investment decisions with respect to the Bonds. References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for purposes of, and as that term is defined in, SEC Rule 15c2-12.

DENAIR UNIFIED SCHOOL DISTRICT

Board of Trustees

Billy Myers, *President*
Andrea Bennett, *Clerk*
Jason De Muro, *Member*
Kathi Dunham-Filson, *Member*
Ray Prock, Jr., *Member*

District Administration

Dr. Terry Metzger, *Superintendent*
Daisy Swearingen, *Chief Business Official*

PROFESSIONAL SERVICES

Bond and Disclosure Counsel

Stradling Yocca Carlson & Rauth LLP
San Francisco, California

Municipal Advisor

CFW Advisory Services, LLC
Alameda, California

Paying Agent, Registrar and Transfer Agent

U.S. Bank Trust Company, National Association
Emeryville, California

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$7,000,000[*]*
DENAIR UNIFIED SCHOOL DISTRICT
(Stanislaus County, California)
Election of 2024 General Obligation Bonds, Series 2026
(Bank Qualified)

INTRODUCTION

This Official Statement, which includes the cover page, inside cover and appendices hereto, provides information in connection with the sale of the Denair Unified School District (Stanislaus County, California) Election of 2024 General Obligation Bonds, Series 2026 (the Bonds").

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

The District

The Denair Unified School District (the "District") was established as a school district in 1942. The District is located in the central portion of Stanislaus County (the "County") and serves the community of Denair, a portion of the City of Turlock and unincorporated areas of the County. The District encompasses approximately 56 square miles and currently operates one elementary school, one dependent charter elementary school, one middle school, one high school, and one dependent charter school for grades K-12. For fiscal year 2026-27, the District has an enrollment of 1,319 students and a projected average daily attendance ("ADA") of approximately 1,252 students. Taxable property within the District has an assessed valuation of $1,831,231,108 for fiscal year 2026-27. See "TAX BASE FOR PAYMENT OF BONDS" herein for more information regarding the District's assessed valuation.

The District is governed by a five-member Board of Trustees (the "Board"), each member of which is elected to a four-year term. Elections for positions on the Board are held every two years, alternating between two and three available positions. The management and policies of the District are administered by a Superintendent appointed by the Board who is responsible for day-to-day District operations as well as the supervision of the District's other key personnel. Dr. Terry Metzger is currently the District's Superintendent.

For more information regarding the District generally, see "DISTRICT FINANCIAL INFORMATION" and "DENAIR UNIFIED SCHOOL DISTRICT" herein, and for more information regarding the District's assessed valuation, see "TAX BASE FOR PAYMENT OF BONDS" herein.

Purpose of the Bonds

The Bonds are being issued by the District to (i) finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities and (ii) pay the costs of issuing the Bonds. See "THE BONDS – Application and Investment of Bond Proceeds" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

[*] Preliminary, subject to change.

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the Government Code and pursuant to a resolution adopted by the Board. See "THE BONDS – Authority for Issuance" herein.

Sources of Payment for the Bonds

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to annually levy *ad valorem* property taxes upon all property within the District subject to taxation thereby, without limitation as to rate or amount (except certain personal property which is taxable at limited rates), for the payment of the principal of and interest on the Bonds when due. See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR PAYMENT OF BONDS" herein.

Description of the Bonds

Form and Registration. The Bonds will be issued in fully registered book-entry form only, without coupons. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, Brooklyn, New York ("DTC"). DTC will act as securities depository of the Bonds. See "THE BONDS – General Provisions" and "THE BONDS – Book-Entry Only System" herein. In the event that the book-entry only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution (as defined herein). See "THE BONDS – Discontinuation of Book-Entry Only System; Payment to Beneficial Owners" herein. Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds.

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the "Owners," "Bondowners" or "Holders" of the Bonds (other than under the caption "TAX MATTERS" herein and in APPENDIX A attached hereto) will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.

Denominations. Individual purchases of interests in the Bonds will be available to purchasers of the Bonds in the denominations of $5,000 principal amount and any integral multiple thereof.

Redemption.[*] The Bonds maturing on or after August 1, 20__ are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of funds, on August 1, 2036, or on any date thereafter, as a whole or in part. The Term Bonds are subject to mandatory sinking fund redemption as further described herein. See "THE BONDS – Redemption" herein.

Payments. The Bonds will be dated as of the date of their initial issuance (the "Date of Delivery"). Interest on the Bonds accrues from the Date of Delivery, and is payable semiannually on each February 1 and August 1 (each a "Bond Payment Date"), commencing February 1, 2027. Principal of the Bonds is payable on August 1 in the amounts and years as set forth on the inside cover hereof.

Payments of the principal of and interest on the Bonds will be made by the designated paying agent, bond registrar and transfer agent (the "Paying Agent") to DTC for subsequent disbursement through DTC Participants (as defined herein) to the Beneficial Owners of the Bonds. U.S. Bank Trust Company, National Association, Los Angeles, California, has been appointed as Paying Agent for the Bonds.

[*] Preliminary, subject to change.

Bond Insurance. The District has applied for municipal bond insurance for the scheduled payment of principal of and interest on the Bonds when due, which, if purchased, would be issued concurrently with the delivery of the Bonds. See "THE BONDS – Bond Insurance" herein.

Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth LLP, San Francisco, California ("Bond Counsel") under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" with respect to tax consequences relating to the Bonds, including with respect to the alternative minimum tax imposed on certain large corporations.

Bank Qualified

The District has designated the Bonds as "qualified tax-exempt obligations," thereby allowing certain financial institutions that are holders of such qualified tax-exempt obligations to deduct a portion of such institution's interest expense allocable to such qualified tax-exempt obligations, all as determined in accordance with Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "LEGAL MATTERS – Bank Qualified" herein.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC on or about December 8, 2026.*

Bond Owner's Risks

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes which may be levied without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates) on all property in the District subject to taxation thereby. For more complete information regarding the District's financial condition and taxation of property within the District, see "TAX BASE FOR PAYMENT OF BONDS," "DISTRICT FINANCIAL INFORMATION," "DENAIR UNIFIED SCHOOL DISTRICT" and "LIMITATION ON REMEDIES; BANKRUPTCY" herein.

Continuing Disclosure

The District will covenant for the benefit of the Owners and Beneficial Owners of the Bonds to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain listed events, in order to assist the Underwriter (as defined herein) in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). See "LEGAL MATTERS – Continuing Disclosure" herein. The specific nature of the information to be made available

* Preliminary, subject to change.

and the notices of listed events required to be provided are described in "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto.

Forward Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget," "intend," or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District herein.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth LLP, San Francisco, California, is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. CFW Advisory Services, Inc., Alameda, California is acting as Municipal Advisor to the District with respect to the Bonds. Stradling Yocca Carlson & Rauth LLP and CFW Advisory Services, Inc. will receive compensation from the District contingent upon the sale and delivery of the Bonds. Certain matters will be passed on for the Underwriter by Kutak Rock LLP, Irvine, California. From time to time, Bond Counsel represents the Underwriter on matters unrelated to the District or the Bonds.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Copies of documents referred to herein and information concerning the Bonds are available from the Denair Unified School District, 3460 Lester Road, Denair, California 95316, telephone: (209) 632-7514. The District may impose a charge for copying, mailing and handling.

No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall 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.

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 such documents, statutes and constitutional provisions.

Certain of the information set forth herein, other than that provided by the District, has been obtained from official sources which are believed to be reliable, but such information 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.

Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Resolution (defined below).

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Act"), commencing with Section 53506 *et seq*., as amended, Article XIIIA of the State Constitution and pursuant to a resolution adopted by the Board on October 8, 2026 (the "Resolution"). The District received authorization at an election held on November 5, 2024 by the requisite 55% of the votes cast by eligible voters within the District to issue $34,300,000 aggregate principal amount of general obligation bonds (the "2024 Authorization"). The Bonds are the second series of bonds issued under the 2024 Authorization, and following the issuance thereof, $14,500,000[*] of the 2024 Authorization will remain unissued.

Security and Sources of Payment

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to annually levy *ad valorem* property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due. The levy may include allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. The County, however, is not obligated to establish or maintain such a reserve, and the District can make no representation that such reserve will be established by the County or that such a reserve, if previously established by the County, will be maintained in the future.

Such *ad valorem* property taxes will be levied annually in addition to all other taxes during the period that the Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Bonds when due. Such taxes, when collected, will be placed by the County in the Debt Service Fund (as defined herein) established by the Resolution, which is required to be segregated and maintained by the County and which is designated for the payment of the Bonds, and interest thereon when due, and for no other purpose. Pursuant to the Resolution, the District has pledged funds on deposit in the Debt Service Fund to the payment of the Bonds. Although the County is obligated to levy *ad valorem* property taxes

[*] Preliminary, subject to change.

for the payment of the Bonds as described above, and will maintain the Debt Service Fund, none of the Bonds are a debt of the County.

The moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Bonds as the same becomes due and payable, will be transferred by the County to the Paying Agent. The Paying Agent will in turn remit the funds to DTC for remittance of such principal and interest to its Participants for subsequent disbursement to the Beneficial Owners of the Bonds.

The amount of the annual *ad valorem* property taxes levied by the County to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds in any year. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rate to fluctuate. Economic and other factors beyond the District's control, such as general market decline in land values, disruption in financial markets that may reduce the availability of financing for purchasers of property, outbreak of disease, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood, fire, wildfire, drought or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" and "TAX BASE FOR REPAYMENT OF BONDS – Assessed Valuations" herein.

Statutory Lien

Pursuant to California Government Code Section 53515, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof. The lien automatically attaches, without further action or authorization by the Board, and is valid and binding from the time the Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the *ad valorem* property tax will be immediately subject to the lien, and such lien will be enforceable against the District, its successor, transferees and creditors, and all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

This statutory lien, by its terms, secures not only the Bonds, but also any other bonds of the District issued after January 1, 2016 and payable, both as to principal and interest, from the proceeds of *ad valorem* property taxes that may be levied pursuant to paragraphs (2) and (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution. The statutory lien provision does not specify the relative priority of obligations so secured or a method of allocation in the event that the revenues received pursuant to the levy and collection of such *ad valorem* property taxes are insufficient to pay all amounts then due and owing that are secured by the statutory lien.

Bond Insurance

The District has applied for municipal bond insurance for the scheduled payment of principal of and interest on the Bonds when due, which, if purchased, would be issued concurrently with the delivery of the Bonds.

General Provisions

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. Beneficial Owners will not receive physical certificates representing their interests in the Bonds. The Bonds will be dated as of the Date of Delivery.

The Bonds will be issued as current interest bonds, such that interest thereon will accrue from the Date of Delivery, and be payable semiannually on February 1 and August 1 of each year, commencing February 1, 2027. Interest on Bonds will be computed on the basis of a 360-day year of twelve, 30-day months. Each Bond will bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it will bear interest from such Bond Payment Date, or unless it is authenticated on or before January 15, 2027, in which event it will bear interest from the Date of Delivery. The Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof. The Bonds mature on August 1, in the years and amounts set forth on the inside cover hereof.

Payment. The principal of the Bonds will be payable in lawful money of the United States of America to the registered Owner thereof, upon the surrender thereof at the principal office of the Paying Agent. The interest on the Bonds will be payable in lawful money to the person whose name appears on the bond registration books of the Paying Agent as the registered Owner thereof as of the 15th day of the month preceding any Bond Payment Date (a "Record Date"), whether or not such day is a business day, such interest to be paid by wire transfer on such Bond Payment Date to such bank and account number as the registered Owner may have filed with the Paying Agent for that purpose. See "THE BONDS – Book-Entry Only System" herein.

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Annual Debt Service

The following table displays the annual debt service requirements of the District for the Bonds (assuming no optional redemptions):

Year Ending August 1	Annual Principal Payment	Annual Interest Payment[1]	Total Annual Debt Service Payment
Total			

(1) Interest payments on the Bonds will be made semiannually on February 1 and August 1 of each year, commencing February 1, 2027.

See "DENAIR UNIFIED SCHOOL DISTRICT – District Debt Structure" herein for a complete debt service schedule of all of the District's outstanding general obligation bonded debt.

Application and Investment of Bond Proceeds

The Bonds are being issued to (i) finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities and (ii) pay the costs of issuing the Bonds.

Building Fund. The proceeds of the Bonds, net of costs of issuance, will be deposited in the fund held by the County and known as the "Denair Unified School District Election of 2024 General Obligation Bonds, Series 2026 Building Fund" (the "Building Fund") and will be applied only for the purposes approved by the voters of the District pursuant to the 2024 Authorization. Any interest earnings on moneys held in the Building Fund will be retained therein. The County will have no responsibility for assuring the proper use of the proceeds of the Bonds.

Debt Service Fund. Any accrued interest or premium received by the District from the sale of the Bonds will be deposited in the fund held by the County and known as the "Denair Unified School District Election of 2024 General Obligation Bonds, Series 2026 Debt Service Fund" (the "Debt Service Fund"). The *ad valorem* property taxes levied by the County for the payment of the Bonds, when collected, will also be deposited into the Debt Service Fund. Any interest earnings on moneys held in the Debt Service Fund will be retained therein. If, after all of the Bonds have been redeemed or paid and otherwise cancelled, there are moneys remaining in the Bonds Debt Service Fund, said moneys will be transferred to the general fund of the District as provided and permitted by law.

Expected Investment of Bond Proceeds. In accordance with the Resolution and subject to federal tax restrictions, moneys in the Debt Service Fund and the Building Fund may be invested in the following: (i) lawful investments permitted by Sections 16429.1 and 53601 of the Government Code; (ii) shares in a State common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code which invests exclusively in investments permitted by Section 53635 of the Government Code; (iii) a guaranteed investment contract with a provider rated in at least the second highest category by each rating agency then rating the Bonds, (iv) the Local Agency Investments Fund of the State Treasurer, (v) the County's Treasury Pool (as defined herein), and (vi) State and Local Government Series Securities.

Moneys in the Debt Service Fund and the Building Fund are expected to be invested through the County's pooled investment fund (the "Treasury Pool"). See "APPENDIX E - STANISLAUS COUNTY TREASURY POOL INVESTMENT POLICY AND INVESTMENT POOL SUMMARY" attached hereto.

Redemption

Optional Redemption.[*] The Bonds maturing on or before August 1, 20__ are not subject to redemption. The Bonds maturing on or after August 1, 20__ are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after August 1, 20__, at a redemption price equal to the principal amount of the Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Term Bonds maturing on August 1, 20__ (the "20__ Term Bonds"), are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20__, at a redemption price equal to the principal amount thereof, plus interest accrued to the date fixed for redemption, without premium. The principal amounts represented by such Term Bonds to be so redeemed, the dates therefor and the final principal payment date are as indicated in the following table:

Redemption Date (August 1)	Principal Amount

(1) Maturity.

[*] Preliminary, subject to change.

The Term Bonds maturing on August 1, 20__ (the "20__ Term Bonds," and together with the 20__ Term Bonds, the "Term Bonds"), are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20__, at a redemption price equal to the principal amount thereof, plus interest accrued to the date fixed for redemption, without premium. The principal amounts represented by such Term Bonds to be so redeemed, the dates therefor and the final principal payment date are as indicated in the following table:

Redemption Date (August 1)	**Principal Amount**

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(1) Maturity

In the event that a portion of the Term Bonds maturing on August 1, 20__ is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments with respect thereto shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of $5,000 of principal amount, in respect of the portion of such Term Bonds optionally redeemed.

Selection of Bonds for Redemption. Whenever provision is made for the optional redemption of Bonds and less than all outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, will select Bonds for redemption as so directed, and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent will select Bonds for redemption as directed by the District, and if not so directed, by lot. Redemption by lot will be in such manner as the Paying Agent will determine; provided, however, that with respect to redemption by lot, the portion of any Bond to be redeemed in part will be in a principal amount of $5,000, or any integral multiple thereof.

Notice of Redemption. When optional redemption is authorized or required pursuant to the Resolution, the Paying Agent, upon written instruction from the District, will give notice (a "Redemption Notice") of the redemption of the Bonds (or portions thereof). Each Redemption Notice will specify (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the portion of the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part.

The Paying Agent will take the following actions with respect to each such Redemption Notice: (a) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given to the respective Owners of Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the bond register; (b) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by (i) registered or certified mail, postage prepaid, (ii) telephonically confirmed facsimile transmission, or (iii) overnight delivery service, to the Securities Depository; (c) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by (i) registered or certified mail, postage prepaid, or (ii) overnight delivery service, to one of the Information Services; and (d) provide the Redemption Notice to such other persons as may be required pursuant to the Continuing Disclosure Certificate.

"Information Services" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System; or, such other services providing information with respect to called municipal obligations as the District may specify in writing to the Paying Agent or as the Paying Agent may select.

"Securities Depository" shall mean The Depository Trust Company, 140 58th Street Brooklyn, New York 11220.

A certificate of the Paying Agent or the District that a Redemption Notice has been given as provided in the Resolution will be conclusive as against all parties. Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given will affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds will bear or include the CUSIP number, if any, identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Conditional Notice of Redemption. With respect to any notice of optional redemption of Bonds (or portions thereof) as described above, unless upon the giving of such notice such Bonds or portions thereof will be deemed to have been defeased as described in "—Defeasance" herein, such notice will state that such redemption will be conditioned upon the receipt by an independent escrow agent selected by the District, on or prior to the date fixed for such redemption, of the moneys necessary and sufficient to pay the principal of, and premium, if any, and interest on, such Bonds (or portions thereof) to be redeemed, and that, if such moneys shall not have been so received, said notice shall be of no force and effect, no portion of the Bonds shall be subject to redemption on such date and such Bonds shall not be required to be redeemed on such date. In the event that such Redemption Notice contains such a condition and such moneys are not so received, the redemption will not be made and the Paying Agent will, within a reasonable time thereafter (but in no event later than the date originally set for redemption), give notice to the persons to whom and in the manner in which the Redemption Notice was given, that such moneys were not so received. In addition, the District will have the right to rescind any Redemption Notice, by written notice to the Paying Agent, on or prior to the date fixed for such redemption. The Paying Agent will distribute a notice of the rescission of such Redemption Notice in the same manner as such notice was originally provided.

Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the Paying Agent will execute and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in Transfer Amount (which, with respect to any outstanding Bonds, means the principal amount thereof) to the unredeemed portion of the Bond surrendered. Such partial redemption is valid upon payment of the amount required to be paid to such Owner, and the District will be released and discharged thereupon from all liability to the extent of such payment.

Effect of Notice of Redemption. If notice of redemption is given as described above, and the moneys for the redemption (including the interest accrued to the applicable date of redemption) has been set aside as described in "—Defeasance" herein, the Bonds to be redeemed will become due and payable on such date of redemption.

If on such redemption date, moneys for the optional redemption of all the Bonds to be redeemed, together with interest accrued to such redemption date, shall be held in trust so as to be available therefor on such redemption date, and if a Redemption Notice thereof shall have been given as described above, then from and after such redemption date, interest on the Bonds to be redeemed will cease to accrue and

become payable. All money held for the redemption of Bonds will be held in trust for the account of the Owners of the Bonds to be so redeemed.

Bonds No Longer Outstanding. When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity pursuant to the provisions of the Resolution, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be held irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof and accrued interest thereon to the date fixed for redemption, all as provided in the Resolution, then such Bonds will no longer be deemed outstanding and will be surrendered to the Paying Agent for cancellation.

Book-Entry Only System

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants (as defined herein) will distribute to the Beneficial Owners (a) payments of principal of, interest on, or premium, if any, on the Bonds, (b) certificates 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 do so on a timely basis or that DTC, Direct Participants or Indirect Participants will act in the manner described in this Official Statement. 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 Participants are on file with DTC.

DTC will act as securities depository for 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 certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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. However, the information presented on such website is not incorporated herein by reference.

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 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 certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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 DTC 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.

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 the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the Resolution. 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 notices be provided directly to them.

Redemption notices shall 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions 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 the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying

Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds or distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

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.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Discontinuation of Book-Entry Only System; Payment to Beneficial Owners

So long as any of the Bonds remain outstanding, the District will cause the Paying Agent to maintain at its principal office all books and records necessary for the registration, exchange and transfer of such Bonds, which shall at all times be open to inspection by the District, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register, exchange or transfer or cause to be registered, exchanged or transferred, on said books, Bonds as provided in the Resolution.

In the event that the book-entry system described above is no longer used with respect to the Bonds, the following provisions will govern the payment, registration, transfer, exchange and replacement of the Bonds.

The principal of the Bonds and any premium and interest upon the redemption thereof prior to the maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the designated office of the Paying Agent, initially located in San Francisco, California. Interest on the Bonds will be paid by the Paying Agent by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for Bonds of like series, tenor, maturity and principal amount upon presentation and surrender at the designated office of the Paying Agent, together with a request for exchange signed by the registered Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of the Bond at the designated office of the Paying Agent together with an assignment executed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent will complete, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the Transfer Amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required to (a) issue or transfer any Bonds during a period beginning with the opening of business on the 16th day next preceding either any Bond

Payment Date or any date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date or any day on which the applicable Redemption Notice is given or (b) transfer any Bonds which have been selected or called for redemption in whole or in part.

Defeasance

All or any portion of the outstanding maturities of each series of Bonds may be defeased prior to maturity in the following ways:

(a) Cash: by irrevocably depositing with an independent escrow agent selected by the District an amount of cash which, together with any amounts transferred from the Debt Service Fund, if any, is sufficient to pay all Bonds outstanding and designated for defeasance (including all principal thereof, interest thereon and redemption premiums, if any), at or before their maturity date; or

(b) Government Obligations: by irrevocably depositing with an independent escrow agent selected by the District noncallable Government Obligations, together with any amounts transferred from the Debt Service Fund, if any, and any other cash, if required, in such amount as will, together with interest to accrue thereon, in the opinion of an independent certified public accountant, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal thereof, interest thereon and redemption premiums, if any) at or before their maturity date;

then, notwithstanding that any such Bonds shall not have been surrendered for payment, all obligations of the District with respect to all such outstanding Bonds shall cease and terminate, except only the obligation of the independent escrow agent selected by the District to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) above, to the Owners of such Bonds not so surrendered and paid all sums due with respect thereto.

"Government Obligations" means direct and general obligations of the United States of America, obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), or obligations the payment of the principal of and interest on which is secured, guaranteed or otherwise backed by, directly or indirectly, a pledge of the full faith and credit of the United States of America. In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed at least as high as direct and general obligations of the United States of America by either Moody's Investors Service ("Moody's") or S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P").

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds

Principal Amount of Bonds	
[Net] Original Issue [Premium/Discount]	
Total Sources	

Uses of Funds

Building Fund	
Debt Service Fund	
Costs of Issuance[(1)]	
Underwriter's Discount	
Total Uses	

(1) A portion of the proceeds of the Bonds will be used to pay costs of issuance thereof, including, but not limited to, legal fees, municipal advisory fees, printing costs, rating agency fees, bond insurance premium, if any, the costs and fees of the Paying Agent, and other costs of issuance of the Bonds.

TAX BASE FOR PAYMENT OF BONDS

The information in this section describes ad valorem *property taxation, assessed valuation, and other measures of the tax base of the District. The Bonds are payable solely from* ad valorem *property taxes levied and collected by the County on taxable property in the District. The District's general fund is not a source for the repayment of the Bonds.*

Ad Valorem Property Taxation

District property taxes are assessed and collected by the County at the same time and on the same tax rolls as County, city and special district property taxes. Assessed valuations are the same for both the District and the County's taxing purposes.

Taxes are levied for each fiscal year on taxable real and personal property which is located in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll." Unsecured property comprises certain property not attached to land such as personal property or business property. Boats and airplanes are examples of such property. Unsecured property is assessed on the "unsecured roll." A supplemental roll is developed when property changes hands or new construction is completed. The County levies and collects all property taxes for property falling within the County's taxing boundaries.

The valuation of secured property is established as of January 1 and is subsequently equalized in August. Property taxes on the secured roll are due in two installments, November 1 and February 1 of the fiscal year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent installment plus a minimum $10 cost on the second installment, plus any additional amount determined by the County Treasurer. Property on the secured roll with delinquent taxes 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 the delinquency penalty, plus a minimum

$15 redemption fee and a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is then subject to sale by the tax-collecting authority of the County.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent if they are not paid by August 31. In the case of unsecured property taxes, a 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue beginning November 1 of the fiscal year, and a lien may be recorded against the assessee. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the assessee; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on specific property of the assessee; (3) filing a certificate of delinquency for record in the County Recorder's office in order to obtain a lien on specified property of the assessee; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. See also " – Secured Tax Charges and Delinquencies" herein.

State law exempts from taxation $7,000 of the full cash value of an owner-occupied dwelling, but this exemption does not result in any loss of revenue to local agencies, since the State reimburses local agencies for the value of the exemptions.

All property is assessed using full cash value as defined by Article XIIIA of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions.

Future assessed valuation growth allowed under Article XIIIA (new construction, certain changes of ownership, 2% inflation) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and K-14 schools will share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year.

Assessed Valuations

The following represents the 10-year history of assessed valuations in the District.

ASSESSED VALUATIONS
Denair Unified School District
Fiscal Years 2017-18 through 2026-27

Fiscal Year	Local Secured	Utility	Unsecured	Total	Percent Change
2017-18	$1,119,216,315	$483,834	$26,705,557	$1,146,405,706	--
2018-19	1,166,216,864	479,411	32,098,024	1,198,794,299	4.57%
2019-20	1,245,914,241	479,579	30,282,258	1,276,676,078	6.50
2020-21	1,306,897,553	524,384	31,342,649	1,338,764,586	4.86
2021-22	1,405,036,576	522,938	30,306,013	1,435,865,527	7.25
2022-23	1,523,240,120	518,977	39,871,122	1,563,630,219	8.90
2023-24	1,620,539,874	516,460	41,836,889	1,662,893,223	6.35
2024-25	1,704,885,832	562,040	35,271,466	1,740,719,338	4.68
2025-26	1,735,978,127	571,137	36,724,700	1,773,273,964	1.87
2026-27	1,795,038,421	581,799	35,610,888	1,831,231,108	3.27

Source: California Municipal Statistics, Inc.; Percent change figures provided by the Municipal Advisor.

Economic and other factors beyond the District's control, such as general market decline in real property values, outbreak of disease, disruption in financial markets that may reduce availability of

financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood, fire, drought or toxic contamination, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rate levied by the County to pay the debt service with respect to the Bonds. See "THE BONDS – Security and Sources of Payment" herein.

Adverse Impacts of Tariffs. The current Presidential administration has sought to alter the international trading landscape through the use of widespread tariffs. The international escalation of tariffs may cause significant disruptions in local, State and national economies, including immediate material impacts to industries heavily integrated into international trade. No assurances can be made that the escalation of tariffs will not materially adversely impact the local, State or national economies or the assessed valuation of property within the District, including the assessed valuation of the top taxpayers in the District, or the ability of taxpayers within the District to pay property taxes.

Droughts; Floods. California has experienced cyclical severe drought conditions over the past several years. According to the U.S. Drought Monitor, as of October 27, 2026, 29.4% of the County is classified as being in abnormally dry conditions. The District cannot predict if there will be future drought conditions and related water usage restrictions imposed in the future. The District can also make no representations regarding to the extent to which significant snowfall and precipitation, or any future winter storm activity or related rainfall, mudslides or flooding conditions, may impact District facilities or the assessed value of taxable property within the District.

Wildfires. Major wildfires have occurred in recent years in different regions of the State, including in the fall of 2020, summer of 2021 and in January of 2025. The District did not sustain any damage as a result of the recent fires. However, serious and significant property damage has resulted in other areas of the State, including within the County, due to fire damage. The Governor has previously signed a number of measures into law intended to address a variety of issues related to mitigating the risk of wildfires, including forest management, mutual aid for fire departments, emergency alerts and other safety mandates.

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

Assessed Valuation by Land Use

The following table shows a per-parcel analysis of the distribution of taxable property within the District by principal land use, and the fiscal year 2026-27 assessed valuation of such parcels.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2026-27
Denair Unified School District

	2026-27 Assessed Valuation[(1)]	% of Total	No. of Parcels	% of Total
Non-Residential:				
Agricultural	$522,296,425	29.10%	512	14.39%
Commercial	16,483,500	0.92	40	1.12
Vacant Commercial	671,113	0.04	6	0.17
Industrial	25,019,212	1.39	13	0.37
Vacant Industrial	133,614	0.01	2	0.06
Government/Social/Institutional	477,887	0.03	65	1.83
Subtotal Non-Residential	$565,081,751	31.48%	638	17.93%
Residential:				
Single Family Residence	$1,155,378,589	64.37%	2,582	72.55%
2+ Residential Units/Apartments	11,760,427	0.66	37	1.04
Mobile Home	4,572,569	0.25	110	3.09
Mobile Home Park	2,828,338	0.16	2	0.06
Vacant Residential	55,416,747	3.09	190	5.34
Subtotal Residential	$1,229,956,670	68.52%	2,921	82.07%
Total	$1,795,038,421	100.00%	3,559	100.00%

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

Assessed Valuation by Jurisdiction

The following table shows the distribution of taxable property within the boundaries of the District by jurisdiction, as measured by assessed valuation for fiscal year 2026-27.

ASSESSED VALUATION BY JURISDICTION
Fiscal Year 2026-27
Denair Unified School District

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Turlock	$622,024,618	33.97%	$10,367,382,015	6.00%
Unincorporated Stanislaus County	1,209,206,490	66.03	22,534,073,656	5.37
Total District	$1,831,231,108	100.00%		
Stanislaus County	$1,831,231,108	100.00%	$76,387,290,076	2.40%

Source: California Municipal Statistics, Inc.

Assessed Valuation by Single Family Homes

The following table shows the distribution of single family homes within the District among various fiscal year 2026-27 assessed valuation ranges, as well as the average and median assessed valuation of single family homes within the District.

ASSESSED VALUATION OF SINGLE FAMILY HOMES
Fiscal Year 2026-27
Denair Unified School District

	No. of Parcels	2026-27 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	2,582	$1,155,378,589	$447,474	$421,860

2026-27 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	16	0.620%	0.620%	$559,253	0.048%	0.048%
50,000 - 99,999	109	4.222	4.841	8,089,069	0.700	0.749
100,000 - 149,999	166	6.429	11.270	20,928,559	1.811	2.560
150,000 - 199,999	184	7.126	18.397	31,578,092	2.733	5.293
200,000 - 249,999	127	4.919	23.315	28,529,714	2.469	7.762
250,000 - 299,999	172	6.662	29.977	47,674,602	4.126	11.889
300,000 - 349,999	203	7.862	37.839	65,856,223	5.700	17.589
350,000 - 399,999	215	8.327	46.166	80,497,396	6.967	24.556
400,000 - 449,999	239	9.256	55.422	101,805,145	8.811	33.367
450,000 - 499,999	183	7.088	62.510	86,739,703	7.507	40.875
500,000 - 549,999	171	6.623	69.132	89,643,838	7.759	48.634
550,000 - 599,999	137	5.306	74.438	78,244,980	6.772	55.406
600,000 - 649,999	125	4.841	79.280	78,309,335	6.778	62.184
650,000 - 699,999	115	4.454	83.734	77,695,722	6.725	68.908
700,000 - 749,999	118	4.570	88.304	85,484,492	7.399	76.307
750,000 - 799,999	99	3.834	92.138	76,413,929	6.614	82.921
800,000 - 849,999	64	2.479	94.617	52,706,076	4.562	87.483
850,000 - 899,999	44	1.704	96.321	38,441,458	3.327	90.810
900,000 - 949,999	27	1.046	97.366	24,969,489	2.161	92.971
950,000 - 999,999	14	0.542	97.909	13,771,032	1.192	94.163
1,000,000 and greater	54	2.091	100.000	67,440,482	5.837	100.000
	2,582	100.000%		$1,155,378,589	100.000%	

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

Appeals and Adjustments of Assessed Valuations

Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization (the "SBE"), with the appropriate county board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. Such reductions are subject to yearly reappraisals and may be 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. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" herein.

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.

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as earthquakes, floods, fire, drought or toxic contamination pursuant to relevant provisions of the State Constitution. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" herein. Such reductions are subject to yearly reappraisals by the county assessor and may be adjusted back to their original values when real estate market conditions improve. Once property has regained its prior assessed value, adjusted for inflation, it once again is subject to the annual inflationary growth rate factor allowed under Article XIIIA.

No assurance can be given that property tax appeals in the future will not significantly reduce the assessed valuation of property within the District.

Assembly Bill 102. On June 27, 2017, the Governor signed into law Assembly Bill 102 ("AB 102"). AB 102 restructures the functions of the SBE and creates two new separate agencies: (i) the California Department of Tax and Fee Administration, and (ii) the Office of Tax Appeals. Under AB 102, the California Department of Tax and Fee Administration will take over programs previously in the BOE Property Tax Department, such as the Tax Area Services Section, which is responsible for maintaining all property tax-rate area maps and for maintaining special revenue district boundaries. Under AB 102, the SBE will continue to perform the duties assigned by the State Constitution related to property taxes, however, beginning January 1, 2018, the SBE will only hear appeals related to the programs that it constitutionally administers and the Office of Tax Appeals will hear appeals on all other taxes and fee matters, such as sales and use tax and other special taxes and fees. AB 102 obligates the Office of Tax Appeals to adopt regulations as necessary to carry out its duties, powers, and responsibilities. No assurances can be given as to the effect of such regulations on the appeals process or on the assessed valuation of property within the District.

Secured Tax Levies and Delinquencies

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of the calendar year, and if unpaid, become delinquent after December 10 and April 10, respectively. A 10% penalty attaches to any delinquent installment plus a minimum $10 cost on the second installment, plus any additional amount determined by the treasurer-tax collector of the County. See "— *Ad Valorem* Property Taxation" herein.

Pursuant to Revenue and Taxation Code Section 4985.2, a county treasurer-tax collector may cancel any penalty, costs or other charges resulting from tax delinquency upon a finding that the late payment is due to reasonable cause and circumstances beyond the taxpayer's control, and occurred notwithstanding the exercise of ordinary care in the absence of willful neglect, provided the property taxes are paid within four fiscal years of such taxes coming due.

The following table shows secured property tax levies within the District, and amounts delinquent as of June 30, for fiscal years 2019-20 through 2025-26.

SECURED TAX CHARGES AND DELINQUENCIES
Fiscal Years 2019-20 through 2025-26
Denair Unified School District

	Secured Tax Charge[1]	Amount Delinquent June 30	Percent Delinquent June 30
2019-20	$1,168,000.45	$6,898.91	0.59%
2020-21	1,743,129.68	9,523.26	0.55
2021-22	1,829,336.87	15,530.53	0.85
2022-23	1,710,581.99	18,892.38	1.10
2023-24	1,872,976.52	20,779.12	1.11
2024-25	2,085,762.24	41,053.65	1.97
2025-26	2,234,329.47	25,326.93	1.13

(1) General obligation bond debt service levy only.
Source: California Municipal Statistics, Inc.

Alternative Method of Tax Apportionment - "Teeter Plan"

The Board of Supervisors of the County has approved the implementation of 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. The Teeter Plan guarantees distribution of 100% of the general taxes levied to the taxing entities within the County, with the County administering any penalties and interest ultimately collected as prescribed in the California Revenue and Taxation Code. Under the Teeter Plan, the County apportions secured property taxes on a cash basis to local political subdivisions, including the District, for which the County acts as the tax-levying or tax-collecting agency. At the conclusion of each fiscal year, the County distributes 100% of any taxes delinquent as of June 30th to the respective taxing entities.

The Teeter Plan is applicable to all secured tax levies for which the County acts as the tax-levying or tax-collecting agency, or for which the County treasury is the legal depository of the tax collections. As adopted by the County, the Teeter Plan includes Mello-Roos Community Facilities Districts and special assessment districts which provide for accelerated judicial foreclosure of property for which assessments are delinquent.

The *ad valorem* property tax to be levied to pay the interest on and principal of the Bonds will be subject to the Teeter Plan. The District will receive 100% of the *ad valorem* property tax levied to pay the Bonds irrespective of actual delinquencies in the collection of the tax by the County.

The Teeter Plan is to remain in effect unless the Board of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance joined in by resolutions adopted by at least two-thirds of the participating revenue districts in the County, in which event the Board of Supervisors is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. If the Teeter Plan is discontinued subsequent to its implementation, only those secured property taxes actually collected would be allocated to political subdivisions (including the

District) for which the County acts as the tax-levying or tax-collecting agency, but penalties and interest would be credited to the political subdivisions.

There can be no assurance that the County will always maintain the Teeter Plan 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. However, notwithstanding any possible future change to or discontinuation of the Teeter Plan, State law requires the County to levy *ad valorem* property taxes sufficient to pay the Bonds when due.

Tax Rates

The following table summarizes the total *ad valorem* property tax rates, as a percentage of assessed valuation, levied by all taxing entities in a typical tax rate area (a "TRA") within the District during the five-year fiscal year period from 2022-23 to 2026-27.

SUMMARY OF *AD VALOREM* PROPERTY TAX RATES (TRA 56-001)
Denair Unified School District
Fiscal Years 2022-23 through 2026-27

	2022-23	2023-24	2024-25	2025-26	2026-27
General Tax Rate	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Denair Unified School District	0.113265	0.115421	0.122495	0.129001	0.144423
Yosemite Community College District	0.023417	0.023108	0.026244	0.023828	0.021698
Total Tax Rate	1.136682%	1.138529%	1.148739%	1.152829%	1.166121%

(1) 2026-27 assessed valuation of TRA 56-001 is $209,607,537 which is 11.45% of the District's assessed valuation.
Source: California Municipal Statistics, Inc.

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Principal Taxpayers

The more property (by assessed value) which is owned by a single taxpayer within the District, the greater amount of tax collections that are exposed to weaknesses in such a taxpayer's financial situation and ability or willingness to pay property taxes. The following table lists the 20 largest local secured taxpayers in the District in terms of their fiscal year 2026-27 secured assessed valuations. Each taxpayer listed below is a name listed on the tax rolls. Neither the District nor the Underwriter can make any representation as to 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.

LARGEST LOCAL SECURED TAXPAYERS
Fiscal Year 2026-27
Denair Unified School District

	Property Owner	Primary Land Use	2026-27 Assessed Valuation	% of Total[(1)]
1.	Valley Fresh Foods Inc.	Agricultural	$35,411,245	1.97%
2.	Foster Dairy Farms	Agricultural	21,084,166	1.17
3.	Monte Vista Farming Company LLC	Agricultural	18,787,076	1.05
4.	Caloy Company LP	Agricultural	17,680,434	0.98
5.	LGI Homes California LLC	Residential Development	17,625,736	0.98
6.	TSK Properties Inc.	Agricultural	15,591,332	0.87
7.	Righteous Ranches LLC	Agricultural	12,685,985	0.71
8.	Ahlem Farms Partnership	Agricultural	12,414,783	0.69
9.	Wendell J. Naraghi	Agricultural	11,788,150	0.66
10.	High Ranches LP	Agricultural	11,679,693	0.65
11.	Fresno Farming LLC	Agricultural	10,630,059	0.59
12.	Earl Haringa	Agricultural	10,459,259	0.58
13.	Arnold (CA) LLC	Agricultural	9,964,855	0.56
14.	Four Corners Farmland Fund Stanislaus	Agricultural	9,533,172	0.53
15.	Roy A. & Doris J. Johnson	Agricultural	8,894,738	0.50
16.	Lorraine M. Mast	Agricultural	8,638,017	0.48
17.	Royal Crown Nut Company	Agricultural	8,482,820	0.47
18.	Highline Farms LLC	Agricultural	8,482,658	0.47
19.	TAG Ventures 10 LLC	Agricultural	8,147,897	0.45
20.	John C. and Maria T. Machado	Agricultural	7,577,206	0.42
			$265,559,281	14.79%

(1) The fiscal year 2026-27 local secured assessed valuation of the District is $1,795,038,421.
Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt

Set forth on the following page is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. and effective as of November 1, 2026, for debt issued as of October 20, 2026. The Debt Report is included for general information purposes only. Neither the District nor the Underwriter has 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.

The first column in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

DIRECT AND OVERLAPPING DEBT STATEMENT
Denair Unified School District

2026-27 Assessed Valuation: $1,831,231,108

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	**% Applicable**	**Debt 11/1/26**
Yosemite Community College District	1.811%	$3,564,754
Denair Unified School District	**100.000**	**22,173,130** (1)
California Municipal Finance Authority		
Community Facilities District No. 2025-12	100.000	3,925,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$29,662,884
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Stanislaus County Certificates of Participation	2.397%	$69,633
Denair Unified School District Certificates of Participation	**100.000**	**1,469,540**
City of Turlock General Fund Obligations	6.000	1,730,700
Stanislaus Consolidated Fire Pension Obligation Bonds	2.524	249,245
Turlock Mosquito and Vector Control District Pension Obligation Bonds	5.828	50,310
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$3,569,428
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):		$286,106
COMBINED TOTAL DEBT		$33,518,418 (2)

Ratios to 2026-27 Assessed Valuation:

Direct Debt ($22,173,130)	**1.21%**
Total Direct and Overlapping Tax and Assessment Debt	1.62%
Combined Direct Debt ($23,642,670)	**1.29%**
Combined Total Debt	1.83%

Ratio to Redevelopment Incremental Valuation ($87,265,930):

Total Overlapping Tax Increment Debt	0.33%

(1) Excludes the Bonds as described herein.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Article XIIIA of the California Constitution

Article XIIIA ("Article XIIIA") of the State Constitution limits the amount of *ad valorem* property taxes on real property to 1% of "full cash value" as determined by the county assessor. Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975-76 bill under "full cash value," or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment," subject to exemptions in certain circumstances of property transfer or reconstruction. Determined in this manner, the full cash value is also referred to as the "base year value." The "full cash value" is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIIIA has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the adjusted base year value described above. Proposition 8—approved by the voters in November of 1978—provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the base year value, adjusted for inflation. Reductions in assessed value could result in a corresponding increase in the annual tax rates levied by the County to pay debt service on the Bonds. See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

Article XIIIA requires a vote of two-thirds or more of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem* property, sales or transaction tax on real property. Article XIIIA exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, or (b), as the result of an amendment approved by State voters on June 3, 1986, on any bonded indebtedness approved by two-thirds or more of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) on 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 fifty-five percent or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. In addition, Article XIIIA requires the approval of two-thirds or more of all members of the State Legislature (the "State Legislature") to change any State taxes for the purpose of increasing tax revenues.

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 relevant 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.

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

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

Proposition 19

On November 3, 2020, voters in the State approved Proposition 19, a legislatively referred constitutional amendment ("Proposition 19"), which amends Article XIIIA to: (i) expand special rules that give property tax savings to homeowners that are over the age of 55, severely disabled, or whose property has been impacted by wildfire or natural disaster, when they buy a different home; (ii) narrow existing special rules for inherited properties; and (iii) dedicate most of the potential new State revenue generated from Proposition 19 toward fire protection. The District cannot make any assurance as to what effect the implementation of Proposition 19 will have on District revenues or the assessed valuation of real property in the District.

Proposition 50 and Proposition 171

On June 3, 1986, the voters of the State approved Proposition 50. Proposition 50 amends Section 2 of Article XIIIA of the State Constitution to allow owners of property that was "substantially damaged or destroyed" by a disaster, as declared by the Governor, (the "Damaged Property"), to transfer their existing base year value (the "Original Base Year Value") to a comparable replacement property within the same county, which is acquired or constructed within five years after the disaster. At the time of such transfer, the Damaged Property will be reassessed at its full cash value immediately prior to damage or destruction (the "Original Cash Value"); however, such property will retain its base year value notwithstanding such a transfer. Property is substantially damaged or destroyed if either the land or the improvements sustain physical damage amounting to more than 50% of either the land or improvements full cash value immediately prior to the disaster. There is no filing deadline, but the assessor can only correct four years of assessments when the owner fails to file a claim within four years of acquiring a replacement property.

Under Proposition 50, the base year value of the replacement property (the "Replacement Base Year Value") depends on the relation of the full cash value of the replacement property (the "Replacement Cash Value") to the Original Cash Value: if the Replacement Cash Value exceeds 120% of the Original Cash Value, then the Replacement Base Year Value is calculated by combining the Original Base Year Value with such excessive Replacement Cash Value; if the Replacement Cash Value does not exceed 120% of the Original Cash Value, then the Replacement Base Year Value equals the Original Base Year Value; if the Replacement Cash Value is less than the Original Cash Value, then the Replacement Base Year Value equals the Replacement Cash Value. The replacement property must be comparable in size, utility, and function to the Damaged Property.

On November 2, 1993, the voters of the State approved Proposition 171. Proposition 171 amends subdivision (e) of Section 2 of Article XIIIA of the State Constitution to allow owners of Damaged Property to transfer their Original Base Year Value to a "comparable replacement property" located within another county in the State, which is acquired or newly constructed within three years after the disaster.

Inter-county transfers under Proposition 171 are more restrictive than intra-county transfers under Proposition 50. For example, Proposition 171 (1) only applies to (a) structures that are owned and occupied by property owners as their principal place of residence and (b) land of a "reasonable size that is used as a site for a residence;" (2) explicitly does not apply to property owned by firms, partnerships, associations, corporations, companies, or legal entities of any kind; (3) only applies to replacement property located in a county that adopted an ordinance allowing Proposition 171 transfers; (4) claims must be timely filed within three years of the date of purchase or completion of new construction; and (5) only applies to comparable replacement property, which has a full cash value that is of "equal or lesser value" than the Original Cash Value.

Within the context of Proposition 171, "equal or lesser value" means that the amount of the Replacement Cash Value does not exceed either (1) 105% of the Original Cash Value when the replacement property is acquired or constructed within one year of the destruction, (2) 110% of the Original Cash Value when the replacement property is acquired or constructed within two years of the destruction, or (3) 115% of the Original Cash Value when the replacement property is acquired or constructed within three years of the destruction.

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions ("unitary property"). Under the State Constitution, such property is assessed by the SBE as part of a "going concern" rather than as individual pieces of real or personal property. Such State-assessed unitary and certain other property is allocated to the counties by the SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions according to statutory formulae generally based on the distribution of taxes in the prior year. So long as the District is not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State's school financing formula.

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. As amended, Article XIIIB defines:

(a) "change in the cost of living" with respect to school districts to mean the percentage change in State per capita income from the preceding year, and

(b) "change in population" with respect to a school district to mean the percentage change in the ADA of the school district from the preceding fiscal year.

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 pursuant to 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 bonded debt service such as the Bonds, (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 State 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.

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 pursuant to Section 8.5 of Article XVI of the State Constitution. See "– Propositions 98 and 111" herein.

Article XIIIC and Article XIIID of the California Constitution

On November 5, 1996, the voters of the State approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the State 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 State Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4. Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIIIA of the State Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

Proposition 26

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

Propositions 98 and 111

On November 8, 1988, voters of the State approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). 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 changed State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 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 the State general fund revenues as the percentage appropriated to such districts in the 1986-87 fiscal year, and (b) the amount actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the State Legislature to suspend this formula for a one-year period.

The Accountability Act also changed how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount, instead of being returned to taxpayers, is 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 is automatically increased by the amount of such transfer. These additional moneys 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 can be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Since the Accountability Act is unclear in some details, there can be no assurances that the State Legislature or a court might not interpret the Accountability Act to require a different percentage of State

general fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's budget.

On June 5, 1990, the voters of the State approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limitation 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:

a. 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 State 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.

b. 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.

c. 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 State 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 State Legislature and the Governor, which was expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

d. 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.

e. School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues ("Test 1") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by

reference to per capita personal income) and enrollment ("Test 2"). Under Proposition 111, schools will receive the greater of (1) Test 1, (2) Test 2, or (3) a third test ("Test 3"), which will replace Test 2 in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in State per capita personal income. Under Test 3, 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 Test 3 is used in any year, the difference between Test 3 and Test 2 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, State voters approved an amendment (commonly known as Proposition 39) to the State Constitution. This amendment (1) allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1% limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. 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 State 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, including the District, community college districts, and county offices of education. As noted above, the State Constitution previously limited property taxes to 1 percent of the value of property, and property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

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

Jarvis vs. Connell

On May 29, 2002, the California Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as State Controller). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to State statutes (such as continuing appropriations) or the State Constitution or a federal mandate is necessary for the State Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if

such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the State Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Proposition 1A and Proposition 22

On November 2, 2004, State voters approved Proposition 1A, which amends the State Constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-third approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. 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 amends 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, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the expected reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was projected to be approximately $1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1% of the State's total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, was expected to be an increase in the State's general fund costs by approximately $1 billion annually for several decades.

Proposition 55

The California Children's Education and Health Care Protection Act of 2016 (also known as "Proposition 55") is a constitutional amendment approved by the voters of the State on November 8, 2016. Proposition 55 extends, through 2030, the increases to personal income tax rates for high-income taxpayers that were approved as part of Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"). Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,001 for single filers (over $500,000 but less than $600,001 for joint filers and over $340,000 but less than $408,001 for head-of-household filers), (ii) 2% for taxable income over $300,000 but less than $500,001 for single filers (over $600,000 but less than $1,000,001 for joint filers and over $408,000 but

less than $680,001 for head-of-household filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers and over $680,000 for head-of-household filers).

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

Proposition 2

On November 4, 2014, State voters approved the Rainy Day Budget Stabilization Fund Act (also known as "Proposition 2"). Proposition 2 is a legislatively-referred constitutional amendment which makes certain changes to State budgeting practices, including substantially revising the conditions under which transfers are made to and from the State's Budget Stabilization Account (the "BSA") established by the California Balanced Budget Act of 2004 (also known as Proposition 58).

Under Proposition 2, and beginning in fiscal year 2015-16 and each fiscal year thereafter, the State will generally be required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the "Annual BSA Transfer"). Supplemental transfers to the BSA (a "Supplemental BSA Transfer") are also required in any fiscal year in which the estimated State general fund revenues that are allocable to capital gains taxes exceed 8% of the total estimated general fund tax revenues. Such excess capital gains taxes—net of any portion thereof owed to K-14 school districts pursuant to Proposition 98—will be transferred to the BSA. Proposition 2 also increases the maximum size of the BSA to an amount equal to 10% of estimated State general fund revenues for any given fiscal year. In any fiscal year in which a required transfer to the BSA would result in an amount in excess of the 10% threshold, Proposition 2 requires such excess to be expended on State infrastructure, including deferred maintenance.

For the first 15-year period ending with the 2029-30 fiscal year, Proposition 2 provides that half of any required transfer to the BSA, either annual or supplemental, must be appropriated to reduce certain State liabilities, including making certain payments owed to K-14 school districts, repaying State interfund borrowing, reimbursing local governments for State mandated services, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. Following the initial 15-year period, the Governor and the State Legislature are given discretion to apply up to half of any required transfer to the BSA to the reduction of such State liabilities. Any amount not applied towards such reduction must be transferred to the BSA or applied to infrastructure, as described above.

Proposition 2 changes the conditions under which the Governor and the State Legislature may draw upon or reduce transfers to the BSA. The Governor does not retain unilateral discretion to suspend transfers to the BSA, nor does the State Legislature retain discretion to transfer funds from the BSA for any reason, as previously provided by law. Rather, the Governor must declare a "budget emergency,"

defined as an emergency within the meaning of Article XIIIB or a determination that estimated resources are inadequate to fund State general fund expenditures, for the current or ensuing fiscal year, at a level equal to the highest level of State spending within the three immediately preceding fiscal years. Any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the BSA are limited to the amount necessary to address the budget emergency, and no draw in any fiscal year may exceed 50% of the funds on deposit in the BSA unless a budget emergency was declared in the preceding fiscal year.

Proposition 2 also requires the creation of the Public School System Stabilization Account (the "PSSSA") into which transfers will be made in any fiscal year in which a Supplemental BSA Transfer is required (as described above). Such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would otherwise be paid to K-14 school districts as part of the minimum funding guarantee. A transfer to the PSSSA will only be made if certain additional conditions are met, as follows: (i) the minimum funding guarantee was not suspended in the immediately preceding fiscal year, (ii) the operative Proposition 98 formula for the fiscal year in which a PSSSA transfer might be made is "Test 1," (iii) no maintenance factor obligation is being created in the budgetary legislation for the fiscal year in which a PSSSA transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the minimum funding guarantee for the fiscal year in which a PSSSA transfer might be made is higher than the immediately preceding fiscal year, as adjusted for ADA growth and cost of living. Proposition 2 caps the size of the PSSSA at 10% of the estimated minimum funding guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Reductions to any required transfer to the PSSSA, or draws on the PSSSA, are subject to the same budget emergency requirements described above. However, Proposition 2 also mandates draws on the PSSSA in any fiscal year in which the estimated minimum funding guarantee is less than the prior year's funding level, as adjusted for ADA growth and cost of living.

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

The District, which has an ADA of less than 400,000, is required to maintain a reserve for economic uncertainty in an amount equal to 3% of its general fund expenditures and other financing uses.

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

The Bonds are payable solely from *ad valorem* property taxes to be levied within the District pursuant to the State Constitution and other State law. Accordingly, the District does not expect SB 858 or SB 751 to adversely affect its ability to pay the principal of and interest on the Bonds as and when due.

2024 State School Facilities Bond

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

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

Community College Facilities. The 2024 State School Facilities Bond includes $1.5 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment. The table below shows the expected use of bond funds under the 2024 State School Facilities Bond:

2024 STATE SCHOOL FACILITIES BOND
Use of Bond Funds
(In Millions)

K-12 Public School Facilities	
New construction	$3,300
Modernization	4,000
Career technical education facilities	600
Charter school facilities	600
Subtotal	$8,500
Community College Facilities	$1,500
Total	$10,000

Future Initiatives

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

DISTRICT FINANCIAL INFORMATION

The information in this section concerning the State funding of public education is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from State revenues. The Bonds are payable solely from the proceeds of an ad valorem *property tax which is required to be levied by the County in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.*

State Funding of Education

School district revenues consist primarily of guaranteed State moneys, local property taxes and funds received from the State in the form of categorical aid under ongoing programs of local assistance. All State aid is subject to the appropriation of funds in the State's annual budget.

Revenue Limit Funding. Previously, school districts operated under general purpose revenue limits established by the State Department of Education. In general, revenue limits were calculated for each school district by multiplying the average daily attendance ("ADA") for such district by a base revenue limit per unit of ADA. Revenue limit calculations were subject to adjustment in accordance with a number of factors designed to provide cost of living adjustments ("COLAs") and to equalize revenues among school districts of the same type. Funding of a school district's revenue limit was provided by a mix of local property taxes and State apportionments of basic and equalization aid. Beginning in fiscal year 2013-14, school districts have been funded based on uniform funding grants assigned to certain grade spans. See " – Local Control Funding Formula" herein.

Local Control Funding Formula. State Assembly Bill 97 (Stats. 2013, Chapter 47) ("AB 97"), enacted as part of the fiscal year 2013-14 State budget, establishes a new system for funding school districts, charter schools and county offices of education. Certain provisions of AB 97 were amended and clarified by Senate Bill 91 (Stats. 2013, Chapter 49) ("SB 91").

The primary component of AB 97, as amended by SB 91, was the implementation of the Local Control Funding Formula ("LCFF"), which replaced the revenue limit funding system for determining State apportionments, as well as the majority of categorical program funding. State allocations are now provided on the basis of target base funding grants per unit of ADA (a "Base Grant") assigned to each of four grade spans. Each Base Grant is subject to certain adjustments and add-ons, as discussed below. Full implementation of the LCFF is expected to occur over a period of several years. Beginning in fiscal year 2013-14, an annual transition adjustment has been calculated for each school district, equal to such district's proportionate share of appropriations included in the State budget to close the gap between the prior-year funding level and the target allocation following full implementation of the LCFF. In each year, school districts have 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 Base Grants per unit of ADA for each grade span, as of the first year of the LCFF's implementation, were as follows: (i) $6,845 for grades K-3; (ii) $6,947 for grades 4-6; (iii) $7,154 for grades 7-8; and (iv) $8,289 for grades 9-12. During the implementation period of the LCFF, the Base Grants were required to be adjusted for COLAs by applying the implicit price deflator for government goods and services. The provision of COLAs are currently subject to appropriation for such adjustment in the annual State budget. The differences among Base Grants are linked to differentials in statewide average revenue limit rates by district type, and are intended to recognize the generally higher costs of education at higher grade levels. See "– State Budget" herein for information on the adjusted Base Grants provided by current State budgetary legislation.

The Base Grants for 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 early grades and the provision of career technical education in high schools. Unless otherwise collectively bargained for, school districts serving students in grades K-3 must maintain an average class enrollment of 24 or fewer students in grades K-3 at each school site in order to continue receiving the adjustment to the K-3 Base Grant. Such school districts must also make progress towards this class size reduction goal in proportion to the growth in their funding over the implementation period. The LCFF also provides additional add-ons to school districts that received categorical block grant funding pursuant to the Targeted Instructional Improvement and Home-to-School Transportation programs under the prior funding formula. The State budget for fiscal year 2021-22 also implemented a plan to expand the LCFF to include Transitional Kindergarten (TK) to all four-year olds. This plan is expected to phase in cohorts of TK students over a four-year period, concluding in fiscal year 2025-26. As a result, school districts that serve TK students will be eligible to receive an add-on equal to $2,813, multiplied by such district's second principal reporting period ADA for TK students for the current fiscal year. Beginning in fiscal year 2023-24, this add-on is subject to COLA adjustments to the same degree as LCFF Base Grants.

School districts that serve students of limited English proficiency ("EL" students), students from low income families that are eligible for free or reduced priced meals ("LI" students) and foster youth are eligible to receive additional funding grants. Enrollment counts are unduplicated, such that students may not be counted as both EL and LI (foster youth automatically meet the eligibility requirements for free or reduced priced meals, and are therefore not discussed herein separately). School districts that serve EL/LI students are eligible for a supplemental grant add-on (each, a "Supplemental Grant"), equal to 20% of the applicable Base Grant multiplied by such districts' percentage of unduplicated EL/LI student enrollment. School districts whose EL/LI populations exceed 55% of their total enrollment are also eligible for a concentration grant add-on (each, a "Concentration Grant") equal to 65% of the applicable Base Grant multiplied the percentage of such district's unduplicated EL/LI student enrollment in excess of the 55% threshold.

The table on the following page shows a breakdown of the District's ADA by grade span, total enrollment, and the percentage of EL/LI student enrollment for fiscal years 2017-18 through 2025-26, and budgeted amounts for fiscal year 2026-27.

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ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE
Fiscal Years 2017-18 through 2026-27
Denair Unified School District

	Average Daily Attendance[1]					Enrollment	
Fiscal Year	TK-3	4-6	7-8	9-12	Total ADA	Total Enrollment[2]	% of EL/LI Enrollment[3]
2017-18	374.14	234.38	174.01	424.00	1,206.53	1,273	61.02%
2018-19	397.66	227.48	151.27	440.15	1,216.56	1,273	62.95
2019-20	403.23	243.26	148.23	458.38	1,253.10	1,315	63.37
2020-21	378.00	243.00	176.00	448.00	1,245.00	1,316	62.66
2021-22	342.00	254.00	148.00	384.00	1,128.00	1,245	61.71
2022-23	386.00	270.00	162.00	393.00	1,211.00	1,300	61.77
2023-24	370.65	264.69	198.39	378.10	1,211.83	1,273	63.88
2024-25	347.09	269.33	200.10	384.16	1,200.68	1,301	69.01
2025-26[4]	388.19	255.35	192.07	380.23	1,215.84	1,290	72.34
2026-27[5]	377.94	266.71	198.80	408.84	1,252.29	1,319	72.63

(1) Except for fiscal year 2026-27, reflects P-2 ADA. Due to the outbreak of COVID-19, for the 2019-20 school year, P-2 ADA only reflects full school months from July 1, 2019 through February 29, 2020, and the funded ADA for fiscal year 2020-21 is based on the 2019-20 ADA.

(2) Reflects certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System ("CALPADS") in each school year and used to calculate each school district's unduplicated EL/LI student enrollment. Adjustments may be made by the California Department of Education.

(3) A school district's percentage of unduplicated EL/LI students is based on a rolling average of such district's EL/LI enrollment for the then-current fiscal year and the two immediately preceding fiscal years.

(4) Unaudited.

(5) ADA figures are estimates based on current student enrollment and attendance trends and do not represent certified annual ADA. Total enrollment reflects actual enrollment as of October 7, 2026, the official CALPADS Census Day. The EL/LI percentage reflects actual Census Day unduplicated pupil data, subject to final CALPADS certification.

Source: The District.

For certain school districts that would have received greater funding levels under the prior revenue limit system, the LCFF provides for a permanent economic recovery target ("ERT") add-on, equal to the difference between the revenue limit allocations such districts would have received under the prior system in fiscal year 2020-21, and the target LCFF allocations owed to such districts in the same year. To derive the projected funding levels, the LCFF assumes the discontinuance of deficit revenue limit funding, implementation of a COLA in fiscal years 2014-15 through 2020-21, and restoration of categorical funding to pre-recession levels. The ERT add-on will be paid incrementally over the implementing period of the LCFF. The District does not qualify for the ERT add-on.

Prior to fiscal year 2022-23, the sum of a school district's adjusted Base, Supplemental and Concentration Grants will be multiplied by such district's P-2 ADA for the current or prior year, whichever is greater. The 2022-23 State budget amended the LCFF calculation to allow the sum of a school district's adjusted Base, Supplemental and Concentration Grants to be multiplied by such district's P-2 ADA for the current year, prior year or average of three prior years, whichever is greater. This funding amount, together with any applicable ERT, categorical block or TK grant add-ons, will yield a district's total LCFF allocation (with certain adjustments applicable to necessary small schools). Generally, the amount of annual State apportionments received by a school district will amount to the difference between such total LCFF allocation and such district's share of applicable local property taxes. Most school districts receive a significant portion of their funding from such State apportionments. As a result, decreases in State revenues may significantly affect appropriations made by the State Legislature to school districts.

Community Funded Districts. Certain school districts, known as "community funded" districts (or alternatively as "basic aid" districts), have allocable local property tax collections that equal or exceed such districts' total LCFF allocation, and result in the receipt of no State apportionment aid. Community funded school districts receive certain other non-LCFF State funding which is deemed to satisfy the "basic aid" requirement guaranteed by Article IX, Section 6 of the State Constitution. The implication for community funded districts is that the legislatively determined allocations to school districts, and other politically determined factors, are less significant in determining their primary funding sources. Rather, property tax growth and the local economy are the primary determinants. The District does not currently qualify as a community funded district, and does not expect to in future fiscal years.

Accountability. The State Board of Education has adopted regulations regarding the expenditure of supplemental and concentration funding. These regulations include a requirement that school districts increase or improve services for EL/LI students in proportion to the increase in funds apportioned to such districts on the basis of the number and concentration of such EL/LI students, as well as the conditions under which school districts can use supplemental or concentration funding on a school-wide or district-wide basis.

School districts are also required to adopt local control and accountability plans ("LCAPs") disclosing annual goals for all students, as well as certain numerically significant student subgroups, to be achieved in eight areas of State priority identified by the LCFF. LCAPs may also specify additional local priorities. LCAPs must specify the actions to be taken to achieve each goal, including actions to correct identified deficiencies with regard to areas of State priority. LCAPs are required to be adopted every three years, beginning in fiscal year 2014-15, and updated annually thereafter. The State Board of Education has adopted a template LCAP for use by school districts.

Support and Intervention. AB 97, as amended by SB 91, establishes a new system of support and intervention to assist school districts meet the performance expectations outlined in their respective LCAPs. School districts must adopt their LCAPs (or annual updates thereto) in tandem with their annual operating budgets, and not later than five days thereafter submit such LCAPs or updates to their respective county superintendents of schools. On or before August 15 of each year, a county superintendent may seek clarification regarding the contents of a district's LCAP (or annual update thereto), and the district is required to respond to such a request within 15 days. Within 15 days of receiving such a response, the county superintendent can submit non-binding recommendations for amending the LCAP or annual update, and such recommendations must be considered by the respective school district at a public hearing within 15 days. A district's LCAP or annual update must be approved by the county superintendent by October 8 of each year if the superintendent determines that (i) the LCAP or annual update adheres to the State template, and (ii) the district's budgeted expenditures are sufficient to implement the actions and strategies outlined in the LCAP.

A school district is required to receive additional support if its respective LCAP or annual update thereto is not approved, if the district requests technical assistance from its respective county superintendent, or if the district does not improve student achievement across more than one State priority for one or more student subgroups. Such support can include a review of a district's strengths and weaknesses in the eight State priority areas, or the assignment of an academic expert to assist the district identify and implement programs designed to improve outcomes. Assistance may be provided by the California Collaborative for Educational Excellence, a state agency created by the LCFF and charged with assisting school districts achieve the goals set forth in their LCAPs. The State Board of Education has developed rubrics to assess school district performance and the need for support and intervention.

The State Superintendent of Public Instruction (the "State Superintendent") is further authorized, with the approval of the State Board of Education, to intervene in the management of persistently

underperforming school districts. The State Superintendent may intervene directly or assign an academic trustee to act on his or her behalf. In so doing, the State Superintendent is authorized to (i) modify a district's LCAP, (ii) impose budget revisions designed to improve student outcomes, and (iii) stay or rescind actions of the local governing board that would prevent such district from improving student outcomes; provided, however, that the State Superintendent is not authorized to rescind an action required by a local collective bargaining agreement.

Other Revenue Sources

Other State Sources. In addition to State allocations determined pursuant to the LCFF, the District receives other State revenues consisting primarily of restricted revenues designed to implement State mandated programs. Beginning in fiscal year 2013-14, categorical spending restrictions associated with a majority of State mandated programs were eliminated, and funding for these programs was folded into the LCFF. Categorical funding for certain programs was excluded from the LCFF, and school districts will continue to receive restricted State revenues to fund these programs.

Federal and Local Sources. The federal government provides funding for several school district programs, including special education programs, programs under the Every Student Succeeds Act, and specialized programs such as Drug Free Schools, Innovative Strategies, and Vocational & Applied Technology. In addition, school districts may receive additional local revenues beyond local property tax collections, such as leases and rentals, interest earnings, interagency services, developer fees, redevelopment revenues, and other local sources.

Budget Process

State Budgeting Requirements. The District is required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 ("AB 1200"), which became State law on October 14, 1991. Portions of AB 1200 are summarized below. Subsequent legislation has made certain amendments to the budgeting process, including Senate Bill 97, effective as of September 26, 2013 (requiring budgets to include sufficient funds to implement LCAPs), Senate Bill 858, effective as of June 20, 2014 (requiring ending fund balances to exceed the minimum recommended reserve for economic uncertainties), and Assembly Bill 2585, effective as of September 9, 2014 (eliminating the dual budget cycle option for school districts).

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. The county superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, and will determine if the budget allows the district to meet its current obligations, if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments, whether the budget includes the expenditures necessary to implement a local control and accountability plan, and whether the budget's ending fund balance exceeds the minimum recommended reserve for economic uncertainties.

On or before September 15, the county superintendent will approve, conditionally approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district board must be notified by September 15 of the county superintendent's recommendations for revision and reasons for the recommendations. The county superintendent may

assign a fiscal advisor or appoint a committee to examine and comment on the superintendent's recommendations. The committee must report its findings no later than September 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. No later than October 22, the county superintendent must notify the State Superintendent of Public Instruction of all school districts whose budget may be disapproved.

For districts whose budgets have been disapproved, the district must revise and readopt its budget by October 8, reflecting changes in projected income and expense since July 1, including responding to the county superintendent's recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final district budgets and not later than November 8, will approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to State of California Education Code Section 42127.1. No later than November 8, the county superintendent must notify the State Superintendent of Public Instruction of all school districts whose budget has been disapproved. Until a district's budget is approved, the district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

Interim Financial Reports. Under the provisions of AB 1200, each school district is required to file interim certifications with its county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent two fiscal years. The county office of education 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 will be unable to meet its financial obligations for the remainder of the current fiscal year or 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.

Within the past five years, the District has submitted, and the County superintendent of schools has accepted, "positive" certifications on each of its interim financial reports.

General Fund Budgets

The District's general fund budgets for the fiscal years 2023-24 through 2026-27, audited ending results for fiscal years 2023-24 and 2024-25 and unaudited actuals for fiscal year 2025-26 are set forth in the table on the following page.

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GENERAL FUND BUDGETING
Fiscal Years 2023-24 through 2026-27
Denair Unified School District

	Fiscal Year 2023-24[1]		Fiscal Year 2024-25[1]		Fiscal Year 2025-26		Fiscal Year 2026-27
	Adopted Budget	Audited Actuals	Adopted Budget	Audited Actuals	Adopted Budget	Unaudited Actuals[2]	Adopted Budget[2]
REVENUES:							
LCFF/Revenue Limit Sources	$14,237,780	$14,108,448	$14,941,799	$14,874,850	$15,418,971	$16,502,597	$17,017,041
Federal Revenue	598,573	1,850,405	610,183	761,534	598,135	619,073	516,528
Other State Revenue	1,985,270	3,076,174	1,906,814	2,699,706	2,561,318	3,524,690	2,977,104
Other Local Revenue	1,326,839	1,834,715	1,017,139	2,285,505	1,141,538	1,948,511	1,358,616
Total Revenues	18,148,462	20,869,742	18,475,935	20,621,595	19,719,962	22,594,871	21,869,289
EXPENDITURES:							
Certificated Salaries	6,730,599	6,801,484	7,183,506	7,263,409	7,041,832	7,514,861	7,908,909
Classified Salaries	3,249,867	3,727,618	3,644,344	3,622,965	3,689,840	4,124,399	4,375,734
Employee Benefits	4,221,133	4,082,163	4,332,525	4,190,501	4,409,411	4,517,184	5,066,791
Books and Supplies	817,504	675,293	213,535	759,366	1,028,678	988,064	1,566,166
Services and Operating Expenditures	2,739,347	3,694,134	2,987,736	3,149,292	3,700,902	3,365,886	3,535,619
Other Outgo	119,552	(46,291)	115,265	86,775	--	--	--
(excluding Transfers of Indirect Costs)	--	--	--	--	386,014	248,373	372,668
Transfers of Indirect Costs	--	--	--	--	(154,608)	(141,226)	(170,838)
Capital Outlay	--	728,860	--	763,278	114,074	915,784	114,074
Debt Service							
Principal	--	270,844	--	131,597	--		
Interest	--	53,161	--	49,855	--	--	--
Total Expenditures	17,878,002	19,987,264	18,476,911	20,017,038	20,216,143	21,533,325	22,769,123
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	270,460	882,478	(976)	604,557	(496,181)	1,061,545	(899,834)
OTHER FINANCING SOURCES (USES):							
Transfers In	214,300	--	--	--	--	--	--
Sources from Leases	--	--	--	--	--	--	--
Sources from subscription based IT arrangement	--	159,107	--	--	--	--	--
Transfer Out	--	--	--	--	258,595	--	--
Total Other Financing Sources (Uses)	214,300	159,107	--	--	(258,595)	--	--
NET CHANGE IN FUND BALANCES	484,760	1,041,585	(976)	604,557	(754,776)	1,061,545	(899,834)
FUND BALANCE, JULY 1	3,042,291	3,042,291	4,083,876	4,083,876	3,014,759	4,688,432	5,749,977
FUND BALANCE, JUNE 30	$3,527,051	$4,083,876	$4,082,900	$4,688,433	$2,259,983	$5,749,977	$4,850,143

Note: Sums may differ from totals due to rounding.
(1) From the District's Audited Financial Statements for fiscal years 2021-22 through 2023-24.
(2) From the District's Unaudited Actuals for fiscal year 2025-26, approved by the Board on September 10, 2026.
Source: The District.

Accounting Practices

The accounting policies 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 State Education Code, is to be followed by all State school districts. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

Comparative Financial Statements

The District's audited financial statements for the year ended June 30, 2025, are attached for reference as APPENDIX B hereto. Audited financial statements for the District for the fiscal year ended June 30, 2024, and prior fiscal years are on file with the District and available for public inspection at the Denair Unified School District, 3460 Lester Road, Denair, California 95316, telephone: (209) 632-7514.

The table on the following page reflects the District's audited general fund revenues, expenditures and fund balances for fiscal years 2020-21 through 2024-25.

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GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCES
Fiscal Years 2020-21 through 2024-25[(1)]
Denair Unified School District

	Audited Actuals 2020-21	Audited Actuals 2021-22	Audited Actuals 2022-23	Audited Actuals 2023-24	Audited Actuals 2024-25
REVENUES:					
LCFF	$12,891,748	$10,958,150	$12,817,046	$14,108,448	$14,874,850
Federal Revenue	1,670,395	1,863,695	2,509,081	1,850,405	761,534
Other State Revenue	1,956,431	2,021,197	3,869,227	3,076,174	2,699,706
Other Local Revenue	1,137,916	965,412	1,266,457	1,834,715	2,285,505
TOTAL REVENUES	17,656,490	15,808,454	20,461,811	20,869,742	20,621,595
EXPENDITURES:					
Instruction	10,954,326	10,184,105	11,332,086	11,754,190	11,703,028
Instruction Related Activities:					
Supervision of instruction	277,397	333,966	339,132	369,583	377,983
Instructional library, media and technology	379,491	254,497	373,702	615,183	371,771
School site administration	1,371,839	1,325,466	1,592,247	1,329,622	1,338,415
Pupil Services:					
Home-to-school transportation	91,792	220,468	301,810	228,771	236,180
Food Services	66,074	8,738	6,829	9,866	--
All other Pupil Services	778,431	851,298	983,277	1,217,842	1,262,096
Administration					
Data Processing	54,667	41,131	41,833	42,892	18,158
All other Administration	1,002,957	1,203,712	1,200,776	1,308,300	1,501,098
Plant Services	1,751,304	2,020,607	2,218,721	2,034,983	2,002,857
Ancillary Services	107,884	167,971	194,261	268,246	276,735
Facility acquisition and construction	253,850	--	--	379,274	644,786
Other Outgo	74,805	15,911	126,716	104,507	102,479
Debt Service					
Principal	39,169	75,734	83,275	270,844	131,597
Interest	87,345	57,071	54,829	53,161	49,855
TOTAL EXPENDITURES	17,291,331	16,760,675	18,849,494	19,987,264	20,017,038
Excess (Deficiency) of Revenues Over (Under) Expenditures	365,159	(952,221)	1,612,317	882,478	604,557
OTHER FINANCING SOURCES (USES)					
Transfers In	--	417,762	61,419	--	--
Sources from Leases	--	42,466	62,414	--	--
Sources from subscription based IT arrangement	--	--	128,852	159,107	--
Transfers Out	--	--	(8,710)	--	--
TOTAL OTHER FINANCING SOURCES (USES)	--	460,228	243,975	159,107	--
Net Change in Fund Balances	365,159	(491,993)	1,856,292	1,041,585	604,557
FUND BALANCE, JULY 1	1,312,833	1,677,992	1,185,999	3,042,291	4,083,876
FUND BALANCE, JUNE 30	$1,677,992	$1,185,999	$3,042,291	$4,083,876	$4,688,433

(1) From the District's comprehensive audited financial statements for fiscal years 2020-21 through 2024-25, respectively. Reflects combined unrestricted and restricted general fund. All amounts rounded to nearest whole number.

Source: The District.

State Budget

The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, the District does not guarantee the accuracy or completeness of this information and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information herein 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 an ad valorem *property tax required to be levied by the County on taxable property within the District in an amount sufficient for the payment thereof.*

2026-27 State Budget. On June 29, 2026, the Governor signed the State budget for fiscal year 2026-27 (the "2026-27 State Budget"). The following is drawn from the DOF summary of the 2026-27 State Budget.

The 2026-27 State Budget largely maintains the framework of the Governor's May revision to the proposed 2026-27 State Budget (the "May Revision"), and is projected to provide for balanced State budgets in both fiscal years 2026-27 and 2027-28, while reducing projected structural deficits in fiscal years 2028-29 and 2029-30. To assist in providing for a positive ending balance in the State reserve in fiscal year 2027-28 and manage State resources, the 2026-27 State Budget includes a transfer in fiscal year 2026-27 of $6.4 billion into the Projected Surplus Temporary Holding Account (the "Surplus Holding Account"). Created in 2004 by Assembly Bill 179, the Surplus Holding Account allows the State to set aside a portion of anticipated surplus funds and allocate them in a subsequent fiscal year. State leaders have broad authority to determine whether or how to use the Surplus Holding Account. The only requirement is that revenues that go into the account cannot remain there for longer than one year. If State revenues materialize as projected, the revenues in the account may be spent for any purpose or transferred back to the State general fund for future use.

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

- *Managed Care Organization (MCO) Tax* – A renewal of the MCO Tax, effective January 1, 2027, which is projected to increase revenues by $575 million in fiscal year 2026-27, $2.3 billion in fiscal year 2027-28 and 2028-29, and $1.7 billion in fiscal year 2029-30, primarily to support the State Medi-Cal program and maintain targeted rate increases for primary, maternal and mental health care.
- *Business Tax Credit Limitation* – An extension of the temporary business tax credit limitation for an additional three years, which limits the amount by which carry-over business credits can reduce net tax liability. Beginning in 2030, the 2026-27 State Budget permanently limits the use of business tax credits to the greater of $5 million or 70% of the tax liability. This is projected to increase State general fund revenues by $1 billion in fiscal year 2026-27, $3.3 billion in fiscal year 2027-28, $4.7 billion in fiscal year 2028-29 and $4.2 billion in fiscal year 2029-30.
- *Prewritten Software Tax* – An extension of an existing sales tax on prewritten software. This is projected to increase State general fund revenues by $450 million in fiscal year 2026-27 and $900 million annually thereafter.

For fiscal year 2025-26, the 2026-27 State Budget projects total general fund revenues and transfers of $245.8 billion and authorizes expenditures of $245.3 billion. The State is projected to end fiscal year 2025-26 with total reserves of approximately $49.9 billion, including $11.5 billion in the BSA,

$9.2 billion in the PSSSA and $29.2 billion in traditional general fund reserves. For fiscal year 2026-27, the 2026-27 State Budget projects total general fund revenues and transfers of $226.8 billion and authorizes expenditures of $251.5 billion. The State is projected to end fiscal year 2026-27 with total reserves of approximately $28.8 billion, including $15.1 billion in the BSA, $9.2 billion in the PSSSA and $4.5 billion in the traditional general fund reserve. The Safety Net Reserve projected to have zero balances in both fiscal years.

The 2025-26 State Budget sets total funding in fiscal year 2026-27 for all TK-12 education programs at $151.4 billion, including $91.1 billion from the State general fund and $60.3 billion from other sources. The minimum funding guarantee in fiscal year 2026-27 is set at $128.1 billion. The 2026-27 State Budget also makes retroactive changes to the minimum funding guarantee in fiscal years 2024-25 and 2025-26, setting them at $124.9 billion and $125.3 billion, respectively. These revised levels represent an increase of approximately $29.2 billion over the three-year period relative to the State budget for fiscal year 2025-26, and an increase of approximately $1.2 billion from the May Revision.

Test 1 of the minimum funding guarantee is projected to be in effect over the three-year period, meaning that the guarantee is these years is roughly equal to 40% of projected State general fund revenues and local property taxes. This percentage is not reduced to reflect enrollment adjustments, which increases per-pupil spending. In addition, the revised minimum funding guarantee level for fiscal year 2024-25 fully retires a $8.3 billion maintenance factor payment due in that year. To mitigate against potential future reductions in revenues and manage resources, the 2026-27 State Budget maintains a $3.9 billion settle-up amount in fiscal year 2025-26. If, in spring of 2027, revenues remain at the same or higher levels for fiscal year 2025-26, the State legislature will be required to pay this amount back to TK-14 school districts and will need to schedule this payment in State budgetary legislation, either from available funds or scheduled over multiple fiscal years.

Other significant features relating to TK-12 education funding include the following:

- *LCFF* – The 2026-27 State Budget includes a statutory COLA of 2.87% which, when combined with population growth adjustments, results in an increase of approximately $1.1 billion in discretionary funds for local educational agencies as compared to the State budget for fiscal year 2025-26. The 2026-27 State Budget includes an additional $1.1 billion in discretionary funding for the LCFF, resulting in a total COLA (statutory and discretionary) of 4.31%. These additional funds are intended to help local educational agencies manage rising costs, offset funding restrictions related to declining enrollment and fund a new requirement for paid pregnancy disability leave (see below). As a result the funding levels provided by the 2026-27 State Budget, the adjusted Base Grants for fiscal year 2026-27 are as follows: (i) $11,811 for grades TK-3, (ii) $10,860 for grades 4-6, (iii) $11,181 for grades 7 and 8, and (iv) $13,296 for grades 9-12. The adjusted add-on per ADA for TK funding is set at $5,704. Finally, the 2026-27 State Budget includes an ongoing increase of $31.3 million in Proposition 98 funding to provide a 20% increase in LCFF funding for Necessary Small Schools.
- *Paid Pregnancy Leave* – The 2026-27 State Budget requires all TK-14 local educational agencies to provide all employees with up to 14 weeks of paid pregnancy disability leave, beginning on January 1, 2027. Costs of the benefit are expected to be absorbable within the additional discretionary LCFF funding described above.
- *Special Education* – An increase of $2.4 billion in special education funding, representing a 43% increase over the funding level set in the prior year State budget. The 2026-27 State Budget also includes an ongoing allocation of $80 million for the special education cost pool, which provides reimbursement to special education local plan areas for

students with specified high-cost service needs, as well as the low-incidence disability add-on, which provides funding to support students with rare, highly specialized needs. Additional measures also include (i) $30 million for the Supporting Inclusive Practices Project, which provides resources to schools and educators to expand students access to the general educational environment, (ii) a one-time increase of $25 million to the Inclusive College Technical Assistance Center, which facilitates collaboration between local educational agencies and institutions of higher education to expand inclusive college opportunities for disabled students, and (iii) $10 million in one-time funds to support implementation of alternative pathways for disabled students to obtain a high-school diploma.

- *Student Support and Professional Development* – $5 billion in one-time Proposition 98 funding for the Student Support and Professional Development Block Grant, which provides local educational agencies with additional fiscal support to address rising costs and fund Statewide priorities.

- *Community Schools* – $1 billion in ongoing Proposition 98 funding to expand community schools, which partner with educational, county and nonprofit entities to provide integrated health, trauma-informed mental health, social services and academic supports.

- *Literacy and Math Instruction* – $350 million in one-time Proposition 98 funding to extend funding for the support of the English Language Arts/English Language Development framework, which includes investments such as literacy coaches, reading specialists, trainings for educators, administering screenings and providing materials. The 2026-27 State Budget also provides $50 million in one-time Proposition 98 funding to expand the reach of the Mathematics Professional Learning Partnership to include more local educational agencies and extend its impact beyond its current expiration date of June 30, 2029.

- *Teacher Preparation and Professional Development* – Nearly three quarters of a billion dollars to accelerate the State's progress in addressing teacher shortages, including (i) $408 million in additional one-time Proposition 98 funding for the Student Teacher Stipend Program, (ii) $250 million in one-time Proposition 98 funding to continue educational residency programs through 2029-30, (iii) $30 million in one-time Proposition 98 funding for the Statewide teacher residency technical assistance center, (iv) $16.2 million in ongoing federal special education funds to continue the Golden State Teacher Grant Program, (v) $15 million in one-time Proposition 98 funding to expand and enhance no-cost, high quality professional learning to support educational leaders and administrators, (vi) $10 million in one-time Proposition 98 funding to provide competitive grants to local educational agencies to create pathways that will increase the number of bilingual teachers, and (vii) $10 million in one-time Proposition 98 funding to support classified employees pursuing teaching credentials.

- *Immigrant Students* – $100 million in one-time Proposition 98 funding to provide supportive services for newcomer pupils, English learners and immigrant families. The 2026-27 State Budget also provides $75 million in one-time Proposition 98 funding to establish Dream Resource Centers at high schools to support pupils with social services, State-funded immigration legal services, academic opportunities and parent and family workshops.

- *Early Education* - $250 million in one-time Proposition 98 funding for the Universal Prekindergarten Planning & Implementation Grant, which will support the expansion of State preschool and Transitional Kindergarten programs to two-, three- and four-year old students. The 2026-27 State Budget also provides $51.4 million in ongoing Proposition

98 funding to provide increased monthly cost of care payments to State preschool program contractors and $33.6 million in ongoing Proposition 98 funding to increase the number of preschool development days.

- *Learning Recovery Emergency Block Grant* – $757.3 million in one-time Proposition 98 funding to support the Learning Recovery Emergency Block Grant, which supports local educational agencies in establishing learning recovery initiatives through the 2027-28 school year.
- *Kitchen Infrastructure* – $500 million in one-time Proposition 98 funding for specialized kitchen equipment, infrastructure and training to support schools in providing more freshy prepared meals made with local ingredients.
- *Student Homelessness* – $116 million in one-time Proposition 98 funding to provide three-year grants to local educational agencies to increase identification of and improve educational outcomes for students experiencing homelessness.
- *Dual Enrollment* - $100 million in one-time Proposition 98 funding to increase access to college and career pathways for high school students.
- *Holocaust and Genocide Education* - $10 million in one-time Proposition 98 funding for the Holocaust and Genocide Education Grant program to support professional development and provide resources on Holocaust and genocide education.
- *Reading Difficulties Screening* – $40 million in one-time Proposition 98 funding to support continued implementation of student reading difficulties screenings.

For additional information regarding the 2026-27 State Budget, see the DOF website www.dof.ca.gov. However, the information presented on such website is not incorporated herein by any reference.

Future Actions and Events. The District cannot predict what additional actions will be taken in the future by the State legislature and the Governor to address changing State revenues and expenditures. The District also cannot predict the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State's ability to fund schools. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the District. However, the obligation to levy *ad valorem* property taxes upon all taxable property within the District for the payment of principal of and interest on the Bonds would not be impaired.

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DENAIR UNIFIED SCHOOL DISTRICT

The information in this section concerning the operations of the District and the District's operating budget are 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 an ad valorem *property tax required to be levied by the County in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources for Payment" herein.*

Introduction

The Denair Unified School District was established as a school district in 1942. The District is located in the central portion of Stanislaus County and serves the community of Denair, a portion of the City of Turlock and unincorporated areas of Stanislaus County. The District encompasses approximately 56 square miles and currently operates one elementary school, one dependent charter elementary school, one middle school, one high school, one dependent charter school for grades 1-12. For fiscal year 2026-27, the District has an enrollment of 1,319 students and a budgeted ADA of approximately 1,252 students. Taxable property within the District has an assessed valuation of $1,831,231,108 for fiscal year 2026-27.

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of subsequent audited financial reports of the District may be obtained by contacting: Denair Unified School District, 3460 Lester Road, Denair, California 95316, telephone: (209) 632-7514, attention: Superintendent.

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Administration

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

BOARD OF TRUSTEES
Denair Unified School District

Name	Office	Term Expires
Billy Myers[(1)]	President	December 2026
Andrea Bennett	Clerk	December 2028
Jason DeMuro	Member	December 2028
Kathi Dunham-Filson[(1)]	Member	December 2026
Ray Prock, Jr.	Member	December 2028

(1) Such members of the Board ran for re-election on November 3, 2026. The certified results of such elections are not yet available.

Source: The District.

The Superintendent of the District is responsible for administering the affairs of the District in accordance with the policies of the Board. Dr. Terry Metzger is currently the Superintendent of the District.

Dr. Terry Metzger, Superintendent. Dr. Metzger was appointed as Superintendent of the District in July 2018. Additionally, Dr. Metzger has been a part-time faculty member at California State University, Stanislaus since January 2014, instructing in the Department of Advance Studies in Education for both the Educational Administration (MA) and Educational Leadership (Ed.D.) programs. Before her appointment as Superintendent of the District she served as the Assistant Superintendent, Curriculum and Instruction at the Rincon Valley Unified School District and as Principal of Marengo Ranch Elementary located within the Galt Joint Union Elementary School District. Dr. Metzger received her Doctor of Education (Ed.D.) and Master of Arts (MA) in Educational Administration from California State University, Stanislaus. Dr. Metzger also attended the Association for California School Administrators Superintendent's Academy.

Daisy Swearingen, Chief Business Official. Ms. Swearingen was appointed as the Chief Business Official of the District in July 2023. She has been with the District since 2016, serving previously as the Director of Fiscal Services and the Executive Assistant to the Superintendent. Ms. Swearingen holds a bachelor's degree in Human Resources Management and has completed the CASBO Chief Business Official Academy, earning her Chief Business Official certification. Prior to her time with the District, she gained extensive experience working in management roles for a large supermarket company across various locations and later transitioned to a finance role with a local municipality.

Enrollment Trends

On average throughout the District, the regular education pupil-teacher ratio is approximately 18:1 for grades TK-3, 27:1 in grades 4-5, 21:1 in grades 6-8 and 27:1 in grades 9-12. The table on the following page shows a nine-year enrollment history for the District and a projection for fiscal year 2026-27.

HISTORICAL ENROLLMENT
Denair Unified School District
Fiscal Years 2017-18 through 2026-27

Fiscal Year	Average Daily Attendance[1]	Enrollment[2]	% Change
2017-18	1,206.53	1,273	--
2018-19	1,216.56	1,273	0.00
2019-20	1,253.10	1,315	3.30%
2020-21	1,245.00	1,316	0.08
2021-22	1,128.00	1,245	(5.40)
2022-23	1,213.05	1,300	4.42
2023-24	1,211.87	1,273	(2.08)
2024-25	1,200.76	1,301	2.20
2025-26	1,215.85	1,290	(0.85)
2026-27[3]	1,252.29	1,319	2.25

(1) Except for fiscal year 2026-27, reflects P-2 ADA. Due to the outbreak of COVID-19, for the 2019-20 school year, P-2 ADA only reflects full school months from July 1, 2019 through February 29, 2020, and the funded ADA for fiscal year 2020-21 is based on the 2019-20 ADA. Excludes charter school students.
(2) Enrollment is as of the fall census day (the first Wednesday in October) reported to CALPADS. See also "DISTRICT FINANCIAL INFORMATION – State Funding of Education – Local Control Funding Formula" herein.
(3) Projected.
Source: The District.

Labor Relations

The District currently employs 92 full-time certificated employees and 59 full-time classified employees. In addition, the District employs 78 part-time faculty and staff (classified and management combined). District employees, except management and some part-time employees, are represented by the two bargaining units as noted below:

BARGAINING UNITS
Denair Unified School District

Name of Bargaining Unit	Number of Employees Represented	Current Contract Expiration Date
California Teacher's Association	86[1]	June 30, 2028
California Schools Employee Association (CSEA)	109[1]	June 30, 2028

(1) Not including vacancies.
Source: The District.

Retirement Programs

The information set forth below regarding the District's retirement 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 none of the District, Municipal Advisor or the Underwriter.

STRS. All full-time certificated employees, as well as certain classified employees, are members of the California State Teachers' Retirement System ("STRS"). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program (the "STRS Defined

Benefit Program"). The STRS Defined Benefit Program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers, and the State. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended from time to time.

Prior to fiscal year 2014-15, and unlike typical defined benefit programs, none of the employee, employer nor State contribution rates to the STRS Defined Benefit Program varied annually to make up funding shortfalls or assess credits for actuarial surpluses. Previously, the combined employer, employee and State contributions to the STRS Defined Benefit Program have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial liability of the STRS Defined Benefit Program increased significantly prior to the implementation of AB 1469 (defined below). In September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, the State passed the legislation described below to increase contribution rates.

Prior to July 1, 2014, K-14 school districts were required by such statutes to contribute 8.25% of eligible salary expenditures, while participants contributed 8% of their respective salaries. On June 24, 2014, the Governor signed AB 1469 ("AB 1469") into law as a part of the State's fiscal year 2014-15 budget. AB 1469 seeks to fully fund the unfunded actuarial obligation with respect to service credited to members of the STRS Defined Benefit Program before July 1, 2014 (the "2014 Liability"), within 32 years, by increasing member, K-14 school district and State contributions to STRS. Commencing July 1, 2014, the employee contribution rate increased over a three-year phase-in period in accordance with the following schedule:

MEMBER CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	STRS Members Hired Prior to January 1, 2013	STRS Members Hired After January 1, 2013
July 1, 2014	8.150%	8.150%
July 1, 2015	9.200	8.560
July 1, 2016	10.250	9.205

Source: AB 1469.

Pursuant to the Reform Act (defined below), the contribution rates for members ("PEPRA Members") hired after the Implementation Date (defined below) will be adjusted if the normal cost increases by more than 1% since the last time the member contribution was set. The contribution rate for employees ("Classic Members") hired before the Implementation Date (defined below) increased from 9.205% of creditable compensation for fiscal year commencing July 1, 2017 to 10.205% of creditable compensation effective July 1, 2018. For fiscal year commencing July 1, 2021, the contribution rate was 10.250% for Classic Members and 10.205% for PEPRA Members. For fiscal year commencing July 1, 2022, the contribution rate is 10.250% for Classic Members and 10.205% for PEPRA Members. For fiscal year commencing July 1, 2023, the contribution rate is 10.250% for Classic Members and 10.205% for PEPRA Members. For fiscal year commencing July 1, 2024, the contribution rate is 10.250% for Classic Members and 10.205% for PEPRA Members. For fiscal year commencing July 1, 2025, the contribution rate is 10.250% for Classic Members and 10.205% for PEPRA Members. For fiscal year commencing July 1, 2026, the contribution rate will be 10.250% for Classic Members and 10.205% for PEPRA Members.

Pursuant to AB 1469, K-14 school districts' contribution rate increased over a seven-year phase-in period in accordance with the following schedule:

K-14 SCHOOL DISTRICT CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	K-14 school districts
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	18.13
July 1, 2020	19.10

Source: AB 1469.

Based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter the STRS Teachers' Retirement Board (the "STRS Board"), is required to increase or decrease the K-14 school districts' contribution rate to reflect the contribution required to eliminate the remaining 2014 Liability by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1% of creditable compensation upon which members' contributions to the STRS Defined Benefit Program are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. In addition to the increased contribution rates discussed above, AB 1469 also requires the STRS Board to report to the State Legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the STRS Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify adjustments required in contribution rates for K-14 school districts and the State in order to eliminate the 2014 Liability.

On June 27, 2019, the Governor signed SB 90 ("SB 90") into law as a part of the 2019-20 Budget. Pursuant to SB 90, the State Legislature appropriated $2.246 billion to be transferred to the Teacher's Retirement Fund for the STRS Defined Benefit Program to pay in advance, on behalf of employers, part of the contributions required for fiscal years 2019-20 and 2020-21, resulting in K-14 school districts having to contribute 1.03% less in fiscal year 2019-20 and 0.70% less in fiscal year 2020-21, resulting in employer contribution rates of 17.1% in fiscal year 2019-20 and 18.4% in fiscal year 2020-21. In addition, the State made a contribution of $1.117 billion to be allocated to reduce the employer's share of the unfunded actuarial obligation determined by the STRS Board upon recommendation from its actuary. This additional payment was reflected in the June 30, 2020 actuarial valuation. Subsequently, the State's 2020-21 Budget redirected $2.3 billion previously appropriated to STRS and PERS pursuant to SB 90 for long-term unfunded liabilities to further reduce the employer contribution rates in fiscal year 2020-21 and 2021-22. As a result, the effective employer contribution rate was 16.15% in fiscal year 2020-21 and 16.92% in fiscal year 2021-22. The employer contribution rate has been 19.1% for each fiscal year since fiscal year 2022-23 and will be 19.1% in fiscal year 2026-27.

The District's contributions to STRS were $1,165,320 in fiscal year 2021-22, $1,305,813 in fiscal year 2022-23, $1,417,077 in fiscal year 2023-24, $1,456,094 in fiscal year 2024-25, and $1,497,573 in fiscal year 2025-26. The District has budgeted $1,754,341 for its contribution to STRS for fiscal year 2026-27.

The State also contributes to STRS, currently in an amount equal to 8.328% for fiscal year 2025-26 and 8.328% for fiscal year 2026-27. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990. However, the maximum increase or decrease in a given year is limited to 0.5% of payroll under the STRS valuation policy. Once the State has eliminated its share of the STRS' unfunded actuarial obligation, the State contribution will be immediately reduced to the base contribution rate of 2.017% of payroll.

In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

PERS. Classified employees working four or more hours per day are members of the California Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2024 included 1,600 public agencies and 1,336 K-14 school districts and charter schools. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the "Schools Pool").

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. Pursuant to SB 90, the State Legislature appropriated $904 million to the Schools Pool, including transfers in fiscal years 2019-20 and 2020-21 to the Public Employees Retirement Fund to pay, in advance on behalf of K-14 school district employers, part of the contributions required for K-14 school district employers for such fiscal years, as well as additional amounts to be applied toward certain unfunded liabilities for K-14 school district employers. In June 2020, SB 90 was amended by Assembly Bill 84/Senate Bill 111 ("AB 84"). Under AB 84, $144 million of the State contribution under SB 90 was deemed to satisfy a portion of the State's required contribution in fiscal year 2019-20, and the amounts previously allocated toward future liabilities were redirected such that, $430 million will satisfy a portion of the employer contribution rate in fiscal year 2020-21, and $330 million will satisfy a portion of the employer contribution rate in fiscal year 2021-22. As a result of the payments made by the State pursuant to SB 90, as amended by AB 84, the employer contribution rate was 19.721% for fiscal year 2019-20, 20.7% in fiscal year 2020-21, and 22.91% for fiscal year 2021-22. The employer contribution rate was 25.37% in fiscal year 2022-23, 26.68% in fiscal year 2023-24, 27.05% in fiscal year 2024-25, 26.81% in fiscal year 2025-26, and will be 26.40% in fiscal year 2026-27. Classic Members contribute at a rate established by statute, which was 7% in fiscal years 2023-24 through 2025-26, while PEPRA Members contribute at an actuarially determined rate, which was 8% in fiscal years 2023-24 through 2025-26. For the Schools Pool Actuarial Valuation as of June 30, 2025 (the "2025 PERS Actuarial Valuation"), the total normal cost did not change by more than 1% relative to the basis currently in effect, therefore the PEPRA Member contribution rate will remain 8% in fiscal year 2026-27. See "—California Public Employees' Pension Reform Act of 2013" herein.

The District's contributions to PERS were $765,930 in fiscal year 2021-22, $935,031 in fiscal year 2022-23, $1,109,989 in fiscal year 2023-24, $1,153,051 in fiscal year 2024-25, and $1,231,899 in fiscal year 2025-26. The District has budgeted $1,327,647 for its contribution to PERS for fiscal year 2026-27.

State Pension Trusts. Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703. Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: www.calstrs.com; (ii) PERS: www.calpers.ca.gov. However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS. Actuarial assessments are "forward-looking" information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

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FUNDED STATUS
STRS (Defined Benefit Program) and PERS (Schools Pool)
(Dollar Amounts in Millions)[1]
Fiscal Years 2013-14 through 2024-25

STRS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)[2]	Unfunded Liability (MVA)[2]	Value of Trust Assets (AVA)[3]	Unfunded Liability (AVA)[3]
2013-14	$231,213	$179,749	$61,807	$158,495	$72,718
2014-15	241,753	180,633	72,626	165,553	76,200
2015-16	266,704	177,914	101,586	169,976	96,728
2016-17	286,950	197,718	103,468	179,689	107,261
2017-18	297,603	211,367	101,992	190,451	107,152
2018-19	310,719	225,466	102,636	205,016	105,703
2019-20	322,127	233,253	107,999	216,252	105,875
2020-21	332,082	292,980	60,136	242,363	89,719
2021-22	346,089	283,340	85,803	257,537	88,552
2022-23	359,741	299,148	85,571	273,155	86,586
2023-24	380,507	321,910	85,532	291,838	88,669
2024-25	395,525	349,525	75,038	313,533	81,992

PERS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)	Unfunded Liability (MVA)	Value of Trust Assets (AVA)[3][4]	Unfunded Liability (AVA)[3][4]
2013-14	$65,600	$56,838	$8,761	--	--
2014-15	73,325	56,814	16,511	--	--
2015-16	77,544	55,785	21,759	--	--
2016-17	84,416	60,865	23,551	--	--
2017-18	92,071	64,846	27,225	--	--
2018-19[5]	99,528	68,177	31,351	--	--
2019-20[6]	104,062	71,400	32,662	--	--
2020-21	110,507	86,519	23,988	--	--
2021-22	116,982	79,386	37,596	--	--
2022-23	124,924	84,292	40,632	--	--
2023-24	133,978	93,187	40,791	--	--
2024-25[7]	141,195	105,452	35,743	--	--

(1) Amounts may not add due to rounding.

(2) Reflects market value of assets, including the assets allocated to the SBPA reserve. Since the benefits provided through the SBPA are not a part of the projected benefits included in the actuarial valuations summarized above, the SBPA reserve is subtracted from the STRS Defined Benefit Program assets to arrive at the value of assets available to support benefits included in the respective actuarial valuations.

(3) Reflects actuarial value of assets.

(4) Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.

(5) For the fiscal year 2020-21 actuarially determined contribution, the additional $430 million State contribution made pursuant to AB 84 did not directly impact the actuarially determined contribution as it was not yet in the Schools Pool by the June 30, 2019 actuarial valuation date. The additional State contribution was treated as an advance payment toward the unfunded accrued liability contribution with required employer contribution rate correspondingly reduced.

(6) For the fiscal year 2021-22 actuarially required contribution, the impact of the additional $330 million State contribution made pursuant to AB 84 is directly reflected in the actuarially determined contribution, because the additional payment was in the Schools Pool as of the June 30, 2020 actuarial valuation date, which served to reduce the required employer contribution rate by 2.16% of payroll.

(7) On April 13, 2026, the PERS Board (defined below) approved the K-14 school district contribution rate for fiscal year 2026-27 and released certain actuarial information to be incorporated into the 2025 PERS Actuarial Valuation to be released later in 2026.

Source: PERS Schools Pool Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

The STRS Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the STRS Defined Benefit Program. Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2010, through June 30, 2015) (the "2017 Experience Analysis"), on February 1, 2017, the STRS Board adopted a new set of actuarial assumptions that reflect member's increasing life expectancies and current economic trends. These new assumptions were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2016 (the "2016 STRS Actuarial Valuation"). The new actuarial assumptions include, but are not limited to: (i) adopting a generational mortality methodology to reflect past improvements in life expectancies and provide a more dynamic assessment of future life spans, (ii) decreasing the investment rate of return (net of investment and administrative expenses) to 7.25% for the 2016 STRS Actuarial Valuation and 7.00% for the June 30, 2017 actuarial evaluation, and (iii) decreasing the projected wage growth to 3.50% and the projected inflation rate to 2.75%.

Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2007, through June 30, 2022) (the "2024 Experience Analysis"), on January 10, 2024, the STRS Board adopted a new set of actuarial assumptions that will be first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2023. The payroll growth assumption was decreased to 3.25% from 3.50% due to the projected need for fewer teachers due to projected declining enrollment in the State over the next 20 years, while the following actuarial assumptions remained unchanged since the CalSTRS Experience Analysis (spanning July 1, 2015 through July 1, 2018) (the "2020 Experience Analysis"): long-term investment return (7.0%), (ii) price inflation (2.75%), and (iii) wage growth (3.50%). Certain demographic assumptions were also updated, including changing the assumed life expectancy of STRS retirees to more closely reflect recent trends. The 2025 STRS Actuarial Valuation (defined below) continues using the Entry Age Normal Actuarial Cost Method.

The STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2025 (the "2025 STRS Actuarial Valuation") reports that, based on an actuarial value of assets, the unfunded actuarial obligation decreased by approximately $6.7 billion since the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2024 (the "2024 STRS Actuarial Valuation") and the funded ratio increased by 2.6% to 79.3% over such time period. This decrease in unfunded actuarial obligation was primarily due to the investment experience of the last two years, while approximately $665 million of the decrease in the unfunded actuarial obligation was the result of the previous decision of the STRS Board to not reduce the contribution rates for both employers and the State. The funded ratio improved by 2.6% since the 2024 Valuation primarily due to investment returns above the 7.00% long-term investment return assumption for the last two years, as well as contributions made by employers and the State in fiscal year 2024-25 to eliminate their share of the unfunded actuarial obligation by 2046. The STRS Board has no authority to adjust rates to pay down the portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990 (the "Unallocated UAO"). There was an increase in the surplus (a negative unfunded actuarial obligation) for the Unallocated UAO from $140 million as of June 30, 2024 to $367 million as of June 30, 2025. The State is currently projected to eliminate its $4.0 billion share of the unfunded actuarial obligation by next year. As noted above, once the State has eliminated its share of the STRS unfunded actuarial obligation, the State supplemental contribution rate will immediately be reduced to zero.

According to the 2025 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be approximately sufficient to finance its obligations with a projected ending funded ratio in fiscal year ending June 30, 2043 of 100.4%. This finding assumes adjustments to contribution rates in line with the funding plan and STRS Board policies, the future recognition of the currently deferred asset gains, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption.

On November 13, 2025, STRS released its 2025 Review of Funding Levels and Risks (the "STRS 2025 Review of Funding Levels and Risks"), which is based on the 2024 STRS Actuarial Valuation. The STRS 2025 Review of Funding Levels and Risks notes that funding projections have improved slightly since the completion of the June 30, 2023 actuarial valuation that was presented to the STRS Board in May 2025 in part due to the investment return earned by STRS in fiscal year 2024-25. Full funding is now projected to occur in 2043, three years ahead of schedule.

The key results and findings noted in the STRS 2025 Review of Funding Levels and Risks were that (i) current contribution rates for the State and employers are still projected to be sufficient to allow both the State and employers to eliminate their share of the STRS unfunded actuarial obligation by 2046 and contribution rate increases are not expected to be needed for fiscal year 2026–27, (ii) the state remains well ahead of schedule to eliminate its share of the STRS unfunded actuarial obligation (currently projected to be eliminated in 2027) and the State's share of the unfunded actuarial obligation could quickly increase if STRS were to experience a year in which the investment return is significantly below the assumed rate of return, (iii) the largest risk facing STRS' ability to reach full funding remains investment-related risk, especially considering the STRS Defined Benefit Program continues to mature, which will increase the system's sensitivity to investment experience, (iv) the risk that a negative investment return might impact STRS' ability to reach full funding is expected to increase once the state fully eliminates its share of STRS' unfunded actuarial obligation because of a trigger that will require the state contribution rate to immediately drop to 2.017%, potentially limiting STRS' ability to react to changing conditions because, once this occurs, the STRS Board would only be able to raise the State contribution rate by 0.5% each year, taking 12 years to simply return to the State contribution rate in place in the prior fiscal year, potentially resulting in a situation where the State can no longer eliminate its share of the unfunded liability by 2046, and (v) STRS' ability to reach full funding is dependent on meeting its current actuarial assumptions over the long term and uncertain investment markets and a potential decline in the number of teachers could put pressure on STRS' ability to meet some of its long-term actuarial assumptions and impact its ability to reach full funding.

The STRS 2025 Review of Funding Levels and Risks notes highlighted risks associated with longevity, the size of active membership and investments. STRS performs an in-depth study of mortality every four years as part of the experience analysis. The most recent analysis was completed in January 2024, at which time the STRS Board adopted new mortality assumptions. The STRS 2025 review of Funding Levels and Risks notes that, overall, STRS experienced greater mortality than projected under the previous assumptions. The analysis included data that was impacted by the COVID-19 pandemic, and it remains uncertain whether the COVID-19 virus will continue to impact mortality levels over the long term. The STRS Board adopted mortality rates that were slightly lower than what the data indicated, essentially not fully reflecting the impact of the pandemic. Regardless, the assumptions adopted did result in a slight decrease in life expectancy compared with the previous assumptions. To mitigate longevity risk, STRS uses a technique known as generational mortality. This technique anticipates future improvements in life expectancy in the funding of the system, recognizing potential improvements in mortality ahead of time.

In January 2024, the STRS Board adopted a change to the rate at which the payroll is assumed to increase, from 3.5% per year down to 3.25% per year. With this change, STRS now assumes that the population of active teachers will decline slowly over time. This assumption is key in determining contribution rates and whether the funding plan will successfully eliminate the current unfunded actuarial obligation by 2046 since STRS collects contributions as a percentage of payroll. If the active membership declines faster than anticipated and the payroll fails to grow as assumed, STRS' ability to make progress toward full funding could be at risk. Retirements from active teachers are expected to increase significantly over the next 10 years. Although an increase in retirements does not necessarily impact long-term funding, if schools do not replace the teachers who retire in the future, that could result

in a reduction in the overall number of teachers and impact STRS' ability to reach full funding by 2046. With the anticipated decline in the number of children enrolled in K–12 public schools, the risk that the number of teachers may go down in the future is real and was one of the considerations when the STRS Board lowered the payroll growth assumption in January 2024.

After being fairly steady between 2010 and 2020, California experienced a significant decline in enrollment in both K–12 public schools and community colleges starting in 2020–21. Total enrollment in K–12 public schools in California dropped by approximately 310,000, or a 5% reduction, between 2019–20 and 2022–23. At the same time, the number of students enrolled at community colleges dropped by 310,000, or a 20% reduction, between the fall of 2019 and the fall of 2021. Since then, enrollment rebounded by almost 200,000 from the fall of 2021 to the fall of 2024. Still, enrollment in community colleges was down more than 7%, or about 115,000, since 2019. In November 2025, the State updated its projection of K–12 enrollments. The updated projection assumes the number of children enrolled in K–12 public schools will continue to decline for the next 20 years. The most recent projection anticipates a decline of approximately 10% over the next 10 years and approximately 16% over the next 20 years. If the anticipated reduction in enrollment results in a need for fewer teachers in California, it would impact the number of active teachers who participate in the STRS Defined Benefit Program and ultimately the growth in payroll. The situation could intensify if school districts were to face budget issues and rely either on layoffs or hiring freezes, leaving positions vacant as teachers leave or retire to reduce budget pressure. One countervailing force that could potentially offset some of the factors listed above would be reductions in class sizes.

The STRS 2025 Review of Funding Levels and Risks notes that investment volatility and the risk that STRS may not be able to meet its assumed investment return over the long-term remains the greatest risk facing STRS today. The combination of a maturing system and the decreasing timeframe of the funding plan only serves to increase this risk. STRS 2025 Review of Funding Levels and Risks notes that (i) when investment returns are below expectations, the unfunded actuarial obligation increases, requiring additional contributions to bridge the gap; however, the funding plan provides the STRS Board limited authority to increase contribution rates for both the state and employers through 2046 for this purpose; (ii) the State bears the greatest risk when it comes to investment volatility due to rules set in the funding plan that allocate the largest share of the assets to the State which results in its share of the unfunded actuarial obligation being the most sensitive to investment volatility; (iii) the specific restrictions the funding plan places on contribution rate increases for both the State and employers limit STRS' ability to respond to investment volatility, and (iv) since the funding plan expires in 2046, after which the STRS Board's authority to adjust contribution rates terminates, the time period over which to fund an existing and new unfunded actuarial obligation is declining each year.

On July 30, 2025, STRS reported a net return on investments of 8.5% for fiscal year 2024-25, ending with the total fund value of $367.7 billion as of June 30, 2025. The 2024-25 return keeps STRS on track long term, as the 5-,10-, 20-, and 30-year returns, including the 9.4% 5-year return, all surpass the actuarial assumption of 7.0%, despite inflation, rising interest rates and geopolitical uncertainty. In its news release reporting the fiscal year 2024-25 investment return, STRS noted that it is ahead of schedule in reaching full funding by 2046.

In recent years, the PERS Board of Administration (the "PERS Board") has taken several steps, as described below, intended to reduce the amount of the unfunded accrued actuarial liability of its plans, including the Schools Pool.

On March 14, 2012, the PERS Board voted to lower the PERS' rate of expected price inflation and its investment rate of return (net of administrative expenses) (the "PERS Discount Rate") from 7.75% to 7.5%. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at

7.5%. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS Discount Rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS Discount Rate by at least four percentage points (revised to two percentage points in 2017). On December 21, 2016, the PERS Board voted to lower the PERS Discount Rate to 7.0% over a three year phase-in period in accordance with the following schedule: 7.375% for the June 30, 2017 actuarial valuation, 7.25% for the June 30, 2018 actuarial valuation and 7.00% for the June 30, 2019 actuarial valuation. The new discount rate went into effect July 1, 2017 for the State and July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS Discount Rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act (defined below) will also see their contribution rates rise. The PERS Funding Risk Mitigation Policy triggered an automatic decrease of 0.2% in the PERS Discount Rate due to the investment return in fiscal year 2020-21, lowering such rate to 6.8%. On April 15, 2024, the PERS Board removed the automatic mechanism to reduce the discount rate and added a provision to the Funding Risk Mitigation Policy to bring an agenda item to the PERS Board for discussion if a funding risk mitigation event occurs.

On April 17, 2013, the PERS Board approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies included a rate smoothing method with a 30-year fixed amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate at the onset of such amortization period, and a five year reduction of public agency contribution rates at the end of such amortization period. The new actuarial policies were first included in the June 30, 2014 actuarial valuation and were implemented with respect the State, K-14 school districts and all other public agencies in fiscal year 2015-16.

Also, on February 20, 2014, the PERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the PERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The new actuarial assumptions were first reflected in the Schools Pool in the June 30, 2015 actuarial valuation. The increase in liability due to the new assumptions will be amortized over 20 years with increases phased in over five years, beginning with the contribution requirement for fiscal year 2016-17. The new demographic assumptions affect the State, K-14 school districts and all other public agencies.

On February 14, 2018, the PERS Board approved a new actuarial amortization policy with an effective date for actuarial valuations beginning on or after June 30, 2019, which includes (i) shortening the period over which actuarial gains and losses are amortized from 30 years to 20 years, (ii) requiring that amortization payments for all unfunded accrued liability bases established after the effective date be computed to remain a level dollar amount throughout the amortization period, (iii) removing the 5-year ramp-up and ramp-down on unfunded accrued liability bases attributable to assumptions changes and non-investment gains/losses established on or after the effective date and (iv) removing the 5-year ramp-down on investment gains/losses established after the effective date. While PERS expects that reducing the amortization period for certain sources of unfunded liability will increase future average funding ratios, provide faster recovery of funded status following market downturns, decrease expected cumulative contributions, and mitigate concerns over intergenerational equity, such changes may result in increases in future employer contribution rates.

The PERS Board is required to undertake an experience study every four years under its Actuarial Assumptions Policy and State law. As a result of the most recent experience study, on November 18, 2025 (the "2025 Experience Study"), the PERS Board approved new actuarial assumptions, including (i) maintaining the current 6.8% discount rate, (ii) increasing the inflation rate from 2.3% to 2.5% per year,

(iii) maintaining the assumed real wage inflation assumption to 0.5%, which results in an increase of total wage inflation of 2.80% to 3.0%, (iv) maintaining the payroll growth rate at 2.8%, and (v) certain changes to demographic assumptions relating to modifications to the mortality rates, retirement rates, and disability rates (both work and non-work related), and rates of salary increases due to seniority and promotion. These actuarial assumptions will be incorporated into the actuarial valuation for fiscal year ending June 30, 2025 and first impacted contribution rates for school districts in fiscal year 2026-27. Based on the timing of this study, the member data used for the analysis, which runs through June 30, 2023, does include impacts of COVID-19. Due to the anomalies created by COVID-19, some of the COVID-19 data was excluded.

On November 15, 2021, the PERS Board selected a new asset allocation mix through its periodic Asset Liability Management Study which guided the fund's investment portfolio for the subsequent four years, retained the current 6.8% discount rate and approved adding 5% leverage to increase diversification. The new asset allocation took effect July 1, 2022 and impacted contribution rates for employers and PEPRA employees beginning in fiscal year 2022-23.

In November 2024, PERS released its 2024 Annual Review of Funding Levels and Risk (the "2024 PERS Funding Levels and Risk Report"), which provided a summary of the current funding levels of the system, the near-term outlook for required contributions and risks faced by the system in the near and long-term. The 2024 PERS Funding Levels and Risk Report notes that over the next several years there is the potential for various factors to either further increase required contributions or add additional financial strain on employers and their ability to make required contributions, including inflation and near-term economic turmoil. The 2024 PERS Funding Levels and Risk Report notes that over the last few years, price inflation has been significantly higher than the PERS long-term assumption of 2.3%, which can affect liability measures and investment returns in several ways and which can be difficult to quantify. The most direct impact of high inflation is that retirees can receive higher than expected cost-of-living adjustments and active employees can receive higher than expected salary increases, which could increase actuarial losses in the future. The 2024 PERS Funding Levels and Risk report concludes that, as of June 30, 2023, the PERS Retirement System had experienced a couple of years of investment returns below the expected return of 6.8%, and actuarial losses primarily due to high inflation which resulted in unexpected cost of living adjustments for retires and higher than expected member pay increases, which resulted in increased employer contributions along with further increases forecasted for the near future. Despite the strong investment return for the fiscal year ending June 30, 2024, the 2024 PERS Funding Levels and Risk Report notes that employer contributions are currently at relatively high levels due to large amounts of unfunded accrued liability and uncertainty within the economy suggests possible economic turmoil in the near future. The 2024 PERS Funding Levels and Risk Report concludes that the ability of employers to continue making required contributions to the system is the area of greatest concern.

On April 13, 2026, the PERS Board established the employer contribution rates for fiscal year 2026-27 and released information from the 2025 PERS Actuarial Valuation, ahead of its release date later in 2026. From June 30, 2024 to June 30, 2025, the funded status of the Schools Pool increased by 5.1% (from 69.6% to 74.7%) and the unfunded accrued liability decreased by approximately $5.0 billion. The primary driver of improvement was investment return greater than expected. Based on final assets as of June 30, 2025, the investment return for 2024-25 was 12.0% after reduction for administrative expenses, generating an actuarial investment gain of $4.9 billion. This gain will be amortized over 20 years with a five-year ramp, decreasing the employer contribution rate in 2026-27 by 0.49% of pay. Due to the five-year ramp, this impact will escalate each year until it reaches an estimated reduction of 2.16% of pay in 2030-31. Non-investment experience during fiscal year 2024-25, which includes both demographic experience and economic experience other than from investments, increased unfunded accrued liability by $0.6 billion, which will be amortized over 20 years, increasing the employer contribution rate by 0.19% in

fiscal year 2026-27. Combined with a 0.17% decrease of the employer normal cost rate, the net effect of non-investment experience is an increase of 0.02% in the employer rate. Total payroll in 2024-25 increased by 6.6% over the prior year, compared with 2.8% expected. This served to reduce the employer contribution rate by 0.61% of pay in 2026-27 as the dollar amount of the unfunded liability contribution is divided by a larger payroll.

Assuming all actuarial assumptions are realized, including an assumed investment return of 6.80%, and no changes to assumptions, methods or benefits will occur during the projection period, along with the expected reductions in normal cost due to the continuing transition of active members from Classic Members to PEPRA Members, the projected contribution rate for fiscal year 2027-28 is 26.8%, 25.9% in fiscal year 2028-29, 25.1% in fiscal year 2029-30, 24.0% in fiscal year 2030-31, and 23.8% in fiscal year 2031-32. The actual investment return for fiscal year 2025-26 was not known at the time these projections were made. The projections above assume the investment return for that year will be 6.8%. If the actual investment return differs from 6.80%, the actual contribution requirements for the projected years will differ from those shown above.

The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make additional contributions to STRS in the future above those amounts required under AB 1469. The District can also provide no assurances that the District's required contributions to PERS will not increase in the future.

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 (the "Reform Act"), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For PEPRA Members, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (previously 12 months for STRS members who retire with 25 years of service), and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers) and benefit base for members participating in Social Security or 120% for members not participating in social security (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers), while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

GASB Statement Nos. 67 and 68. On June 25, 2012, GASB approved Statements Nos. 67 and 68 ("Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (previously, such unfunded liabilities are

typically included as notes to the government's financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014.

For fiscal year ending June 30, 2025, the District's proportionate share of the net STRS pension liability was $7,423,392. As of such date, the District's proportionate share of the net PERS pension liability was $7,284,632. For additional information, see "APPENDIX B – THE DISTRICT'S 2024-25 AUDITED FINANCIAL STATEMENTS – Note 12" herein.

Other Post-Employment Benefits

Benefits Plan. The District's Post-Employment Benefit Plan (the "Plan"), is a single employer defined benefit healthcare plan administered by the Self-Insured Schools of California ("SISC"). The Plan provides medical and dental insurance benefits to eligible retirees and their spouses in accordance with District employment contracts. As of June 30, 2023, membership in the Plan consisted of 153 eligible active employees and 8 eligible retirees.

Funding Policy. The District's funding policy for the Benefits is based on the projected pay as you-go financing requirements, together with an additional amount determined annually to prefund the District's outstanding accrued liability for the Benefits. For fiscal year 2021-22 through 2024-25, the District contributed $52,982, $108,316, $124,216, and $117,346 to the Plan, respectively.

The District pre-funds a portion of its accrued liability for the Benefits through an irrevocable trust (the "OPEB Trust"). As of June 30, 2026, the value of assets in the OPEB Trust was $858,973.

Accrued Liability. The District has implemented *Governmental Accounting Standards Board Statement #74, Financial Reporting for Postemployment Benefit Plans Other Than Pensions* ("GASB Statement No. 74") and *Governmental Accounting Standards Board Statement #75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB Statement No. 75"), pursuant to which the District has commissioned and received an actuarial study of its liability with respect to the Program benefits. GASB Statements No. 74 and No. 75 (discussed below) require biennial actuarial valuations for all plans. The District's most recent actuarial valuation of its liability for the Plan Benefits was prepared by Foster & Foster Actuaries and Consultants, dated March 18, 2026, with a valuation date and measurement date of June 30, 2025. Based on this actuarial valuation, as of June 30, 2025, the District's total OPEB liability (the "TOL") was $2,072,834, the plan fiduciary net position (the "FNP") was $715,907, and the resulting net OPEB liability ("NOL") was $1,356,927. The TOL is the amount of the actuarial present value of projected benefits payments attributable to employees' past service based on the actuarial cost method used. The FNP are the net assets (liability) of the qualifying irrevocable trust or equivalent arrangement. The NOL is TOL minus the FNP.

GASB Statement Nos. 74 and 75. On June 2, 2015, GASB approved Statements Nos. 74 and 75 with respect to pension accounting and financial reporting standards for public sector post-retirement benefit programs and the employers that sponsor them. GASB No. 74 replaces GASB Statements No. 43 and 57 and Statement No. 75 replaces GASB Statement No. 45.

Most of GASB Statement No. 74 applies to plans administered through trusts, contributions in which contributions are irrevocable, trust assets are dedicated to providing other post-employment benefits to plan members and trust assets are legally protected from creditors. GASB Statements No. 74 and No. 75 will require a liability for OPEB obligations, the NOL, to be recognized on the balance sheet of the plan and the participating employer's financial statements. In addition, an OPEB expense (service cost plus interest on total OPEB liability plus current-period benefit changes minus member contributions minus assumed earning on plan investments plus administrative expenses plus recognition of deferred outflows minus recognition of deferred inflows) will be recognized in the income statement of the participating employers. In the notes to its financial statements, employers providing other post-employment benefits will also have to include information regarding the year-to-year change in the NOL and a sensitivity analysis of the NOL to changes in the discount rate and healthcare trend rate. The required supplementary information will also be required to show a 10-year schedule of the plan's net OPEB liability reconciliation and related ratios, and any actuarially determined contributions and investment returns.

Under GASB Statement No. 74, the measurement date must be the same as the plan's fiscal year end, but the actuarial valuation date may be any date up to 24 months prior to the measurement date. For the total OPEB liability (the TOL), if the valuation date is before the measurement date, the results must be projected forward from the valuation date to the measurement date using standard actuarial roll-forward techniques. For plans that are unfunded or have assets insufficient to cover the projected benefit payments, a discount rate reflecting a 20-year tax-exempt municipal bond yield or index rate must be used. For plans with assets that meet the GASB Statement No. 74 requirements, a projection of the benefit payments and future FNP is performed based on the funding policy and assumptions of the plan, along with the methodology specified in GASB.

GASB Statement No. 74 has an effective date for plan fiscal years beginning after June 15, 2016, and was first recognized in the District's financial statements for fiscal year 2016-17. GASB Statement No. 75 has an effective date for employer fiscal years beginning after June 15, 2017, and the District first recognized GASB Statement No. 75 in their financial statements for fiscal year 2017-18. The District first recognized GASB Statement No. 74 and GASB Statement No. 75 in their financial statements for fiscal year 2017-18. The District's audited financial statements for fiscal year 2024-25, reported that, as of June 30, 2024, the District had a Total OPEB Liability of $1,896,049 a fiduciary net position of $657,555, and a Net OPEB Liability of $1,238,494. See also "APPENDIX B – THE DISTRICT'S 2024-25 AUDITED FINANCIAL STATEMENTS – Note 9" attached hereto.

Medicare Premium Payment Program

The District participates in the Medicare Premium Payment ("MPP") Program, a cost-sharing multiple-employer other postemployment benefit plan. STRS administers the MPP Program through the Teachers' Health Benefit Fund (the "THBF"). The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan Defined Benefit Program ("DB Program") who were retired or began receiving a disability allowance prior to July 1, 2012, and were not eligible for premium free Medicare Part A. The MPP Program is now closed to new entrants.

The MPP Program is funded on a pay-as-you-go basis from a portion of the monthly District benefit payments. Benefit payments that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs.

The District's net OPEB liability for the MPP Program was $42,978 as of June 30, 2025. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the MPP Program relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2024, the District's proportion was 0.0161%.

For fiscal year ended June 30, 2025, the District recognized OPEB expense of ($5,551). For additional information, see "APPENDIX B – THE DISTRICT'S 2024-25 AUDITED FINANCIAL STATEMENTS – Note 9" attached hereto

Joint Powers Authorities

The District participates in two joint ventures under joint powers agreements with the following organizations (the "JPAs"): California's Valued Trust ("CVT") and Central Region Schools Insurance Group ("CRSIG"). The District pays an annual premium to each of CVT, and CRSIG for insurance coverage relating to, respectively: (i) employee vision and dental benefits; and (ii) property and liability insurance. The District also purchases insurance coverage through CVT, for employee health and welfare benefits, and through CRSIG, for workers compensation.

The relationship between the District and the JPAs is such that neither of the JPAs is a component unit of the District for financial reporting purposes. See Note 14 and Note 11 in the District's audited financial statements attached hereto as Appendix B.

Cybersecurity

The District, like many 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 is potentially subject to multiple 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 access to the District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage. The District carries cybersecurity insurance.

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District Debt Structure

Short-Term Obligations. The District currently has no outstanding short-term debt obligations.

Long-Term Debt. A schedule of changes in long-term debt for the fiscal year ended June 30, 2025, is shown below:

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
General Obligation Bonds	$19,824,903	$13,543,851	($1,735,000)	$31,633,754
Unamortized premiums	439,757	1,318,788	(94,884)	1,663,661
Financed purchases	1,677,812	--	(99,681)	1,578,131
Leases	77,625	--	(27,708)	49,917
Subscription-based IT arrangements	8,593	--	(4,208)	4,385
Compensated absences	1,261,505	106,117	--	1,367,622
Total	$23,290,195	$14,968,756	($1,961,481)	$36,297,470

Source: The District.

General Obligation Bonds. The District has issued general obligation bonds pursuant to three voter-approved authorizations. The proceeds of such bonds have been used to acquire, construct and equip District sites and facilities. The District has also issued general obligation refunding bonds to refinance portions of its outstanding bonded indebtedness. The Bonds will be the second series of bonds issued pursuant to the 2024 Authorization as further described herein. See also "THE BONDS – Authority for Issuance" herein.

The following table summarizes the outstanding general obligation bond issuances by the District (not including the Bonds).

Issuance	Initial Principal Amount	Principal Outstanding[(1)]	Date of Delivery
General Obligation Bonds (Election of 2001, Series B)	3,037,067.05	$824,796.00	05/22/2003
General Obligation Bonds, Election of 2007, Series 2011	3,455,003.00	3,623,334.00	06/29/2011
General Obligation Bonds, Election of 2007, Series 2018	2,040,000.00	1,265,000.00	07/19/2018
2018 General Obligation Refunding Bonds	6,225,000.00	3,660,000.00	07/19/2018
Election of 2024 General Obligation Bonds, Series 2024	12,800,000.00	12,800,000.00	12/23/2024

[(1)] As of November 1, 2026.
Source: The District.

The table of the following page summarizes the total annual debt service requirements of the District for all general obligation bonded debt (assuming no optional redemptions are made).

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ANNUAL GENERAL OBLIGATION BOND DEBT SERVICE*
Denair Unified School District

Year Ending (August 1)	2001 Series B Bonds	2007 Series 2011 Bonds	2007 Series 2018 Bonds	2018 Refunding Bonds	2024 Series 2024 Bonds	The Bonds	Total Annual Debt Service
2027	$1,905,000	$184,300	$140,231	$648,650	$640,000		
2028	1,060,000	203,775	145,481	663,650	640,000		
2029	--	226,625	145,231	681,650	640,000		
2030	--	247,525	145,831	702,400	640,000		
2031	--	271,475	152,381	722,000	640,000		
2032	--	298,150	148,631	741,600	650,000		
2033	--	1,158,150	79,881	--	674,500		
2034	--	1,214,460	78,006	--	702,750		
2035	--	1,264,594	81,056	--	729,500		
2036	--	1,323,150	78,944	--	754,750		
2037	--	1,386,077	71,750	--	788,500		
2038	--	1,452,642	69,725	--	820,250		
2039	--	1,521,732	62,700	--	850,000		
2040	--	1,593,356	55,775	--	887,750		
2041	--	1,667,525	49,025	--	923,000		
2042	--	1,744,763	42,450	--	960,750		
2043	--	1,830,000	31,050	--	995,750		
2044	--	--	--	--	1,038,000		
2045	--	--	--	--	1,077,000		
2046	--	--	--	--	1,122,750		
2047	--	--	--	--	1,164,750		
2048	--	--	--	--	1,213,000		
2049	--	--	--	--	1,262,000		
2050	--	--	--	--	1,311,500		
2051	--	--	--	--	1,366,250		
2052	--	--	--	--	1,420,750		
2053	--	--	--	--	1,474,750		
2054	--	--	--	--	1,533,000		
Total	$2,965,000	$17,588,299	$1,578,148	$4,159,950	$26,921,250		

Source: The District.

* Preliminary, subject to change.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth LLP, San Francisco, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. However, it should be noted that with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), generally certain corporations with more than $1,000,000,000 of average annual adjusted financial statement income, interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed by Section 55 of the Code on such corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

The excess of the stated redemption price at maturity of a Bond over the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner's basis in the applicable Bond.

Bond Counsel's opinion as to the exclusion from gross income of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

The amount by which a Bond Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar Bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE BONDS, INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) on the Bonds for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth LLP.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest (and original issue discount) on the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

A copy of the proposed form of opinion of Bond Counsel for the Bonds is attached hereto as APPENDIX A.

LIMITATION ON REMEDIES; BANKRUPTCY

General. State law contains certain safeguards to protect the financial solvency of school districts. See "DISTRICT FINANCIAL INFORMATION – Budget Process" herein. If the safeguards are not successful in preventing a school district from becoming insolvent, the State Superintendent, operating through an administrator appointed by the State Superintendent, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") on behalf of the school district for the adjustment of its debts, assuming that the school district meets certain other requirements contained in the Bankruptcy Code necessary for filing a petition under Chapter 9. School districts are not themselves authorized to file a bankruptcy proceeding, and they are not subject to involuntary bankruptcy.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the automatic stay provisions of Bankruptcy Code Sections 362 and 922 generally would prohibit creditors from taking any action to collect amounts due from the District or to enforce any obligation of the District related to such amounts due, without consent of the District or authorization of the bankruptcy court (although such stays would not operate to block creditor application of pledged special revenues to payment of indebtedness secured by such revenues). In addition, as part of its plan of adjustment in a Chapter 9 bankruptcy case, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Moreover, regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

Statutory Lien. Pursuant to Government Code Section 53515, the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax, and such lien automatically arises, without the need for any action or authorization by the local agency or its governing board, and is valid and binding from the time the Bonds are executed and delivered. See "THE BONDS – Statutory Lien" herein. Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the District, the automatic stay provisions of the Bankruptcy Code would apply and payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed, unless the Bonds are determined to be secured by a pledge of "special revenues" within the meaning of the Bankruptcy Code and the pledged *ad valorem* property taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code.

Special Revenues. If the *ad valorem* property tax revenues that are pledged to the payment of the Bonds are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* property tax revenues should not be subject to the automatic stay. "Special revenues" are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. State law prohibits the use of the tax proceeds for any purpose other than payment of the Bonds and the Bond proceeds can only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* property tax revenues collected for the payments of bonds in the State, so no assurance can be given that a bankruptcy court would not hold otherwise.

Possession of Tax Revenues; Remedies. The County on behalf of the District is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the Treasury Pool, as described in "THE BONDS – Application and Investment of Bond Proceeds" herein and "APPENDIX E – STANISLAUS COUNTY TREASURY POOL INVESTMENT POLICY AND INVESTMENT POOL SUMMARY" attached hereto. If the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County does not voluntarily pay such tax revenues to the owners of the Bonds, it is not entirely clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. Further, should those investments suffer any losses, there may be delays or reductions in payments on the Bonds.

Opinion of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor's Rights. The proposed form of the approving opinion of Bond Counsel attached hereto as APPENDIX A is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. Bankruptcy proceedings, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

LEGAL MATTERS

Legality for Investment in California

Under provisions of the State Financial Code, the Bonds are legal investments for commercial banks in the State 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 State Government Code, are eligible for security for deposits of public moneys in the State.

Bank Qualified

The District has designated the Bonds as "qualified tax-exempt obligations," thereby allowing certain financial institutions that are holders of such qualified tax-exempt obligations to deduct a portion of such institution's interest expense allocable to such qualified tax-exempt obligations, all as determined in accordance with Section 265(b)(3) of the Code.

Continuing Disclosure

Current Undertaking. In connection with the issuance of the Bonds, the District has covenanted for the benefit of Owners and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Reports") by not later than nine months following the end of the District's fiscal year (which currently ends June 30), commencing with the report for the 2025-26 Fiscal Year, and to provide notices of the occurrence of certain listed events. The Annual Reports and notices of listed events will be filed by the District in accordance with the requirements of the Rule. The specific nature of the information to be contained in the Annual Reports or the notices of listed events is included in "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. These covenants have been made in order to assist the Underwriter in complying with the Rule.

Prior Undertakings. Within the past five years, the District failed to timely file a portion of the annual reports for its General Obligation Bonds, Election of 2007, Series 2011 and 2012 General Obligation Refunding Bonds, as required by its prior continuing disclosure undertakings.

The District has retained Capitol Public Finance Group, LLC, to serve as dissemination agent with respect to its various continuing disclosure undertakings.

Absence of Material Litigation

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District's ability to receive *ad valorem* property taxes or to collect other revenues or contesting the District's ability to issue and retire the Bonds.

The District is subject to lawsuits and claims in the ordinary course of its operations. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the finances of the District.

Information Reporting Requirements

On May 17, 2006, the President signed the Tax Increase Prevention and Reconciliation Act of 2005 ("TIPRA"). Under Section 6049 of the Internal Revenue Code of 1986, as amended by TIPRA, interest paid on tax-exempt obligations is subject to information reporting in a manner similar to interest paid on taxable obligations. The effective date of this provision is for interest paid after December 31, 2005, regardless of when the tax-exempt obligations were issued. The purpose of this change was to assist in relevant information gathering for the IRS relating to other applicable tax provisions. TIPRA provides that backup withholding may apply to such interest payments made after March 31, 2007 to any bondholder who fails to file an accurate Form W-9 or who meets certain other criteria. The information reporting and backup withholding requirements of TIPRA do not affect the excludability of such interest from gross income for federal income tax purposes.

Legal Opinion

The legal opinion of Bond Counsel, approving the validity of the Bonds, will be supplied to the original purchasers thereof without cost. A copy of the proposed form of such legal opinion for the Bonds are attached to this Official Statement as APPENDIX A.

MISCELLANEOUS

Rating

The Bonds have been assigned a rating of "A" (with a stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). The rating reflects only the views of the rating agency, and any explanation of the significance of such rating should be obtained from the rating agency at the following address: S&P, 55 Water Street, 45th Floor, New York, New York 10041. There is no assurance that the rating will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of the rating agencies, circumstances so warrant. The District undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the rating obtained may have an adverse effect on the market price of the Bonds.

Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.

The District has covenanted in a Continuing Disclosure Certificate to file on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website ("EMMA") notices of any

rating changes on the Bonds. See "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. Notwithstanding such covenant, information relating to rating changes on the Bonds may be publicly available from the rating agencies prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change on EMMA. Purchasers of the Bonds are directed to the rating agency and its website and official media outlets for the most current rating changes with respect to the Bonds after the initial issuance of the Bonds.

Financial Statements

The District's audited financial statements with supplemental information for the year ended June 30, 2025, the independent auditor's report of the District, and the related statements of activities and of cash flows for the year then ended, and the report of Eide Bailly LLP (the "Auditor") dated December 15, 2025, are attached to this Official Statement as Appendix B. In connection with the inclusion of the financial statements and the report of the Auditor thereon in Appendix B to this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

Underwriting

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"). The Underwriter has agreed, pursuant to a purchase contract by and between the District and the Underwriter (the "Purchase Contract"), to purchase all of the Bonds for a purchase price of $_____ (which is equal to the principal amount of the Bonds of $_____, plus [net] original issue premium of $_____ and less Underwriter's discount of $_____).

The Purchase Contract for the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in said agreement, the approval of certain legal matters by counsel and certain other conditions. The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover hereof. The offering prices may be changed from time to time by the Underwriter.

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

The Underwriter and its affiliates comprise a full service financial institution engaged in activities which may include sales and 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 Underwriter and its affiliates may have provided, and may in the future provide, a variety of these services to the District and to persons and entities with relationships with the District, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, the Underwriter and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the District.

The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

Additional Information

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the Resolution providing for issuance of the Bonds, and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

Some of the data contained herein has been taken or constructed from District records. Appropriate District officials, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading. This Official Statement has been approved by the District.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended only 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, beneficial or otherwise, of any of the Bonds.

DENAIR UNIFIED SCHOOL DISTRICT

By: _____

Daisy Swearingen
Chief Business Official

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APPENDIX A

FORM OF OPINION OF BOND COUNSEL FOR THE BONDS

Upon the issuance and delivery of the Bonds, Stradling Yocca Carlson & Rauth LLP, Bond Counsel, proposes to render its final approving opinion with respect to the Bonds substantially in the following form:

December __, 2026

Board of Trustees
Denair Unified School District

Members of the Board of Trustees:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $_____ Denair Unified School District (Stanislaus County, California) Election of 2024 General Obligation Bonds, Series 2026 (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, a greater than fifty-five percent vote of the qualified electors of the Denair Unified School District (the "District") voting at an election held on November 5, 2024 and a resolution of the Board of Trustees of the District adopted on October 8, 2026 (the "Resolution").

2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, it should be noted that with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed on such corporations.

4. Interest on the Bonds is exempt from State of California personal income tax.

5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated

redemption price at maturity with respect to such Bonds (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bond Owner will increase the Bond Owner's basis in the applicable Bond.

6. The amount by which a Bond Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Bond Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bond Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases, and by the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

APPENDIX B

THE DISTRICT'S 2024-25 AUDITED FINANCIAL STATEMENTS

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Financial Statements
June 30, 2025

Denair Unified School District

Denair Unified School District
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June 30, 2025

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Independent Auditor's Report

To the Governing Board
Denair Unified School District
Denair, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Denair Unified School District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Denair Unified School District, as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Adoption of New Accounting Standard

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

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Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

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



Fresno, California
December 15, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Denair Unified School District's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2025, with comparative information for the year end June 30, 2024. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the Denair Unified School District (the District) using the integrated approach as prescribed by GASB Statement Number 34.

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

The *Fund Financial Statements* include statements for each of the two categories of funds: governmental and fiduciary.

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

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

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

The Primary unit of the government is the Denair Unified School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

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

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary,* for funds held on behalf of others. The District's fiduciary activities are reported in the Fiduciary Fund Financial Statements. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $(1,119,514) for the fiscal year ended June 30, 2025, and was $(1,010,547) for the fiscal year ended June 30, 2024. Restricted net position is reported separately to show legal constraints from debt covenants, grantors, constitutional provisions and enabling legislation that limit the School Board's ability to use net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2025	2024*
Assets		
Current and other assets	$ 26,368,190	$ 12,483,129
Capital assets	24,794,152	24,379,333
Total assets	51,162,342	36,862,462
Deferred Outflows of Resources	5,574,579	5,866,205
Liabilities		
Current liabilities	3,227,267	2,480,947
Long-term liabilities	52,286,966	39,257,103
Total liabilities	55,514,233	41,738,050
Deferred Inflows of Resources	2,342,202	2,001,164
Net Position (Deficit)		
Net investment in capital assets	9,562,094	11,254,574
Restricted	7,788,862	6,137,471
Unrestricted (deficit)	(18,470,470)	(18,402,592)
Total net position (deficit)	$ (1,119,514)	$ (1,010,547)

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

The $1,119,514 in deficit net position represents the accumulated effect of all past years' operations.

Changes in Net Position

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

Table 2

	Governmental Activities	
	2025	2024*
Revenues		
Program revenues		
Charges for services and sales	$ 222,655	$ 135,254
Operating grants and contributions	6,578,730	8,058,377
General revenues		
Federal and State aid not restricted	9,159,455	8,967,306
Property and other taxes	10,686,160	10,149,743
Other general revenues	572,193	511,061
Total revenues	27,219,193	27,821,741
Expenses		
Instruction-related	16,159,031	16,659,017
Pupil services	3,385,708	3,253,529
Administration	1,740,113	1,575,398
Plant services	2,790,438	2,786,058
All other services	2,149,946	1,814,912
Total expenses	26,225,236	26,088,914
Change in net position	$ 993,957	$ 1,732,827

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

Governmental Activities

As reported in the *Statement of Activities*, the cost of all of our governmental activities this year was $26,225,236 while prior year costs were $26,088,914. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $10,686,160 because the cost was paid by those who benefited from the programs or by other governments and organizations who subsidized certain programs with grants and contributions of $6,801,385. We paid for the remaining "public benefit" portion of our governmental activities with $9,159,455 in unrestricted Federal and State aid and with $572,193 in other revenues, like interest and general entitlements.

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

Table 3

	Total Cost of Services		Net Cost of Services	
	2025	2024*	2025	2024*
Instruction-related	$ 16,159,031	$ 16,659,017	$ (12,508,254)	$ (11,705,900)
Pupil services	3,385,708	3,253,529	(1,664,693)	(1,523,688)
Administration	1,740,113	1,575,398	(1,525,574)	(1,364,199)
Plant services	2,790,438	2,786,058	(1,878,492)	(1,784,607)
All other services	2,149,946	1,814,912	(1,846,838)	(1,516,889)
Total	$ 26,225,236	$ 26,088,914	$ (19,423,851)	$ (17,895,283)

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

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $23,140,923 compared to $10,002,182 in the prior year, an increase of $13,138,741 (Table 4).

Table 4

	Balances and Activity			
Governmental Fund	July 1, 2024	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2025
General	$ 4,083,876	$ 20,621,595	$ 20,017,038	$ 4,688,433
Student Activities	91,983	240,686	246,549	86,120
Charter Schools	630,771	2,164,646	2,419,984	375,433
Child Development	153,644	306,032	303,873	155,803
Cafeteria	557,320	1,426,274	1,528,047	455,547
Building	936,566	12,345,468	1,658,706	11,623,328
Capital Facilities	1,492,108	326,308	135,614	1,682,802
Bond Interest and Redemption	2,055,914	4,189,747	2,172,204	4,073,457
Total	$ 10,002,182	$ 41,620,756	$ 28,482,015	$ 23,140,923

The General Fund and Charter Schools Fund slightly increased by $349,219 over the prior year. The Building Fund and Bond Interest and Redemption Fund increased by $10,686,762 and $2,017,543, respectively, due to the bond issuance on Measure Z. The District's remaining funds increased by $85,217.

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 2024-2025 budget was adopted on June 12, 2025. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report.

The District budgeted a decrease in General Fund balance of $1,069,117. Revenues and other sources were $631,776 less than budgeted, expenditures were $2,305,450 less than budgeted, leaving the fund with an increase of $604,557.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

At June 30, 2025, the District had $24,794,152 in a broad range of capital assets, right-to-use leased assets, and right-to-use subscription IT assets (net of depreciation and amortization), including land, buildings, equipment, right-to-use leased assets, and right-to-use subscription IT assets. This amount represents a net increase (including additions, deductions, depreciation, and amortization) of $414,819, or 1.7% from last year (Table 5).

Table 5

	Governmental Activities	
	2025	2024
Land and construction in progress	$ 872,662	$ 85,426
Buildings and improvements	22,802,673	23,119,501
Equipment	982,829	925,283
Right-to-use leased assets	47,860	75,369
Right-to-use subscription IT assets	88,128	173,754
Total	$ 24,794,152	$ 24,379,333

The District's addition to buildings and improvements during the year was the completion of Denair Middle School's lunch shelters. On going construction in progress primarily consists of Denair Elementary Charter Academy's new kitchen facility.

Long-Term Liabilities

At the end of this year, the District had $52,286,966 in long-term liabilities outstanding. The change in long-term liabilities during the year was as follows:

Table 6

	Governmental Activities	
	2025	2024*
Long-Term Liabilities		
General obligation bonds	$ 31,633,754	$ 19,824,903
Financed purchases	1,578,131	1,677,812
Leases	49,917	77,625
Subscription-based IT arrangements	4,385	8,593
Unamortized premiums	1,663,661	439,757
Compensated absences	1,367,622	158,581
Net OPEB liability	1,281,472	1,246,623
Aggregate net pension liability	14,708,024	15,823,209
Total	$ 52,286,966	$ 39,257,103

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

The District's general obligation bond S&P/Moody's rating at the time of their last issuance was "AAA". In addition, the District's certificates of participation S&P/Moody's rating at the time of their last issuance was "AAA".

At year-end, the District has a net pension liability of $14,708,024 versus $15,823,209 last year, a decrease of $1,115,185 or 33.2%. The District also reported deferred outflows of resources from pension activities of $5,120,721, and deferred inflows of resources from pension activities of $1,451,179.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2025-2026 year, the District Board and management used the following criteria that was obtained from District demographics and the Governor's May Budget Revision:

The key assumptions in our revenue forecast are:

Average Daily Attendance (ADA)
- Estimated 2025-2026 P-2 ADA is 1,183 District-wide:
  - DMS – 273
  - DHS – 285
  - DECA – 490

DCA – 135

- Estimate an decrease of approximately 2 ADA from 2024-2025 for non-charter schools and an decrease of 17 for charter schools.
- When estimating ADA, anticipated students from new surrounding developments are not factored into the calculation. In the event new students do enroll in Denair schools, those new students will be accounted for on Information Day (first Wednesday of October) and these projections will then be revised during the First Interim reporting period.
- Estimated DECA ADA includes additional TK students.
- Estimated DCA ADA accounts for an anticipated decrease in independent study students and hourly expenses
  have also increased to reflect the additional students.
- The District's unduplicated pupil percentage for supplemental & concentration funding is estimated to be 65.39%. The percentage will be revised based on final data.
- Lottery revenue is estimated to be $191 per ADA for unrestricted purposes and $82 per ADA for restricted purposes.
- Mandated Cost Block Grant is $39.09 for TK-8 ADA, and $75.31 for 9-12 ADA at non-charter schools and $20.52 for TK-8 ADA, and $57.04 for 9-12 ADA at charter schools.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Chief Business Official at Denair Unified School District, 3460 Lester Road, Denair, California, 93620, or e-mail at dswearingen@dusd.k12.ca.us.

	Governmental Activities
Assets	
Deposits and investments	$ 23,064,373
Receivables	3,298,876
Stores inventories	4,941
Capital assets not depreciated or amortized	872,662
Capital assets, net of accumulated depreciation and amortization	23,921,490
Total assets	51,162,342
Deferred Outflows of Resources	
Deferred outflows of resources related to OPEB	453,858
Deferred outflows of resources related to pensions	5,120,721
Total deferred outflows of resources	5,574,579
Liabilities	
Accounts payable	2,957,236
Unearned revenue	270,031
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	2,538,347
Long-term liabilities other than OPEB and pensions due in more than one year	33,759,123
Net other postemployment benefits (OPEB) liability due in more than one year	1,281,472
Aggregate net pension liabilities	14,708,024
Total liabilities	55,514,233
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	891,023
Deferred inflows of resources related to pensions	1,451,179
Total deferred inflows of resources	2,342,202
Net Position (Deficit)	
Net investment in capital assets	9,562,094
Restricted for	
Debt service	4,073,457
Capital projects	1,682,802
Educational programs	1,495,877
Child nutrition	450,606
Student activities	86,120
Unrestricted (deficit)	(18,470,470)
Total net position (deficit)	$ (1,119,514)

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities				
Instruction	$ 13,517,674	$ 43,140	$ 3,207,890	$ (10,266,644)
Instruction-related activities				
Supervision of instruction	368,269	622	225,825	(141,822)
Instructional library, media, and technology	450,805	50	14,685	(436,070)
School site administration	1,822,283	7,765	150,800	(1,663,718)
Pupil services				
Home-to-school transportation	493,607	1,068	3,829	(488,710)
Food services	1,436,351	-	1,296,124	(140,227)
All other pupil services	1,455,750	1,362	418,632	(1,035,756)
Administration				
Data processing	32,459	-	-	(32,459)
All other administration	1,707,654	5,807	208,732	(1,493,115)
Plant services	2,790,438	155,048	756,898	(1,878,492)
Ancillary services	522,272	7,434	257,912	(256,926)
Interest on long-term liabilities	1,525,195	-	-	(1,525,195)
Other outgo	102,479	359	37,403	(64,717)
Total governmental activities	$ 26,225,236	$ 222,655	$ 6,578,730	(19,423,851)
General Revenues and Subventions				
Property taxes, levied for general purposes				8,375,138
Property taxes, levied for debt service				2,244,663
Taxes levied for other specific purposes				66,359
Federal and State aid not restricted to specific purposes				9,159,455
Interest, investment earnings, and fair market value adjustments				429,474
Miscellaneous				142,719
Subtotal, general revenues and subventions				20,417,808
Change in Net Position				993,957
Net Position - Beginning Deficit), as previously reported				(1,010,547)
Adjustments (Note 15)				(1,102,924)
Net Position - Beginning (Deficit), as restated				(2,113,471)
Net Position - Ending (Deficit)				$ (1,119,514)

	General Fund	Charter Schools Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets						
Deposits and investments	$ 3,966,414	$ 669,317	$ 11,893,092	$ 4,073,457	$ 2,462,093	$ 23,064,373
Receivables	2,845,689	246,931	38,855	-	167,401	3,298,876
Due from other funds	1,444,969	922	-	-	7	1,445,898
Stores inventories	-	-	-	-	4,941	4,941
Total assets	$ 8,257,072	$ 917,170	$ 11,931,947	$ 4,073,457	$ 2,634,442	$ 27,814,088
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ 2,364,606	$ 192,620	$ 308,619	$ -	$ 91,391	$ 2,957,236
Due to other funds	1,073,764	349,117	-	-	23,017	1,445,898
Unearned revenue	130,269	-	-	-	139,762	270,031
Total liabilities	3,568,639	541,737	308,619	-	254,170	4,673,165
Fund Balances						
Nonspendable	3,900	-	-	-	4,941	8,841
Restricted	964,641	375,433	11,623,328	4,073,457	2,375,331	19,412,190
Unassigned	3,719,892	-	-	-	-	3,719,892
Total fund balances	4,688,433	375,433	11,623,328	4,073,457	2,380,272	23,140,923
Total liabilities and fund balances	$ 8,257,072	$ 917,170	$ 11,931,947	$ 4,073,457	$ 2,634,442	$ 27,814,088

Total Fund Balance - Governmental Funds		$ 23,140,923
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 59,868,809	
Accumulated depreciation and amortization is	(35,074,657)	
Net capital assets		24,794,152
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Other postemployment benefits (OPEB)	453,858	
Net pension liability	5,120,721	
Total deferred outflows of resources		5,574,579
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Other postemployment benefits (OPEB)	(891,023)	
Net pension liability	(1,451,179)	
Total deferred inflows of resources		(2,342,202)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(14,708,024)
The District's net OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(1,281,472)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term liabilities at year-end consist of		
General obligation bonds including unamortized premiums	(25,560,572)	
Financed purchase Agreements	(1,578,131)	
Leases	(49,917)	
Subscription-based IT arrangements	(4,385)	
Compensated absences	(1,367,622)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	(7,736,843)	
Total long-term liabilities		(36,297,470)
Total net position (deficit) - governmental activities		$ (1,119,514)

Denair Unified School District

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year Ended June 30, 2025

	General Fund	Charter Schools Fund	Building Fund	Capital Facilities Fund
Revenues				
Local Control Funding Formula (LCFF)	$ 14,874,850	$ 2,030,108	$ -	
Federal sources	761,534	-	-	
Other State sources	2,699,706	82,993	-	
Other local sources	2,285,505	51,545	107,569	
Total revenues	20,621,595	2,164,646	107,569	
Expenditures				
Current				
Instruction	11,703,028	1,351,694	-	
Instruction-related activities				
Supervision of instruction	377,983	-	-	
Instructional library, media, and technology	371,771	36,856	-	
School site administration	1,338,415	409,020	-	
Pupil services				
Home-to-school transportation	236,180	-	-	
Food services	-	-	-	
All other pupil services	1,262,096	245,661	-	
Administration				
Data processing	18,158	-	-	
All other administration	1,501,098	95,652	-	
Plant services	2,002,857	280,759	131,570	
Ancillary services	276,735	342	-	
Other outgo	102,479	-	-	
Facility acquisition and construction	644,786	-	1,232,851	
Debt service				
Principal	131,597	-	-	
Interest and other	49,855	-	294,285	
Total expenditures	20,017,038	2,419,984	1,658,706	
Excess (Deficiency) of Revenues Over Expenditures	604,557	(255,338)	(1,551,137)	
Other Financing Sources				
Sources from bond issuance, par	-	-	12,237,899	
Sources from bond issuance, premium	-	-	-	
Total Financing Sources	-	-	12,237,899	
Net Change in Fund Balances	604,557	(255,338)	10,686,762	
Fund Balance - Beginning, as previously reported	4,083,876	630,771	936,566	1,492,108
Adjustments (Note 15)	-	-	-	(1,492,108)
Fund Balance - Beginning, as restated	4,083,876	630,771	936,566	-
Fund Balance - Ending	$ 4,688,433	$ 375,433	$ 11,623,328	

See Notes to Financial Statements

	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Local Control Funding Formula (LCFF)	$ -	$ -	$ 16,904,958
Federal sources	-	926,976	1,688,510
Other State sources	13,823	767,398	3,563,920
Other local sources	2,295,035	604,926	5,344,580
Total revenues	2,308,858	2,299,300	27,501,968
Expenditures			
Current			
Instruction			
Instruction-related activities			
Supervision of instruction	-	220,660	13,275,382
Instructional library, media, and technology	-	-	377,983
School site administration	-	924	409,551
Pupil services	-	31,172	1,778,607
Home-to-school transportation			
Food services	-	-	236,180
All other pupil services	-	1,348,280	1,348,280
Administration	-	840	1,508,597
Data processing			
All other administration	-	-	18,158
Plant services	-	37,944	1,634,694
Ancillary services	-	119,409	2,534,595
Other outgo	-	246,549	523,626
Facility acquisition and construction	-	-	102,479
Debt service	-	208,305	2,085,942
Principal	1,735,000	-	1,866,597
Interest and other	437,204	-	781,344
Total expenditures	2,172,204	2,214,083	28,482,015
Excess (Deficiency) of Revenues Over Expenditures	136,654	85,217	(980,047)
Other Financing Sources			
Sources from bond issuance, par	-	-	12,237,899
Sources from bond issuance, premium	1,880,889	-	1,880,889
Total Financing Sources	1,880,889	-	14,118,788
Net Change in Fund Balances	2,017,543	85,217	13,138,741
Fund Balance - Beginning, as previously reported	2,055,914	802,947	10,002,182
Adjustments (Note 15)	-	1,492,108	-
Fund Balance - Beginning, as restated	2,055,914	2,295,055	10,002,182
Fund Balance - Ending	$ 4,073,457	$ 2,380,272	$ 23,140,923

Total Net Change in Fund Balances - Governmental Funds		$ 13,138,741
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expense in the Statement of Activities.		
This is the amount by which capital outlay exceed depreciation and amortization expense in the period.		
Depreciation and amortization expense	$ (1,673,752)	
Capital outlay	2,088,571	
Net expense adjustment		414,819
The District issued capital appreciation general obligation bonds. The accretion of interest on the general obligation bonds during the current fiscal year was		(743,851)
In the Statement of Activities, certain operating expenses, such as compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between compensated absences earned and used.		(106,117)
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows/inflows of resources and net pension liability during the year.		518,469
In the governmental funds, OPEB costs are based on benefit payments made for OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows/inflows of resources and net OPEB liability during the year.		(70,797)
Proceeds received from general obligation bonds or certificates of participation are a revenue in the governmental funds, but increase long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities.		(12,800,000)

Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
Premium on issuance recognized	(1,318,788)
Premium amortization	94,884
Payments of principal on long-term liabilities is an expenditure in the governmental funds, but reduce long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	
General obligation bonds	1,735,000
Financed purchases	99,681
Leases	27,708
Subscription-based IT arrangements	4,208
Change in net position of governmental activities	$ 993,957

	Custodial Fund
Assets	
Deposits and investments	$ 24,389
Liabilities	
Net Position	
Restricted for scholarship	$ 24,389

Denair Unified School District
Statement of Changes in Net Position – Fiduciary Funds
Year Ended June 30, 2025

	Custodial Fund
Additions	
Contributions	
Private donations	$ 9,833
Deductions	
Scholarships awarded	7,400
Net Decrease in Fiduciary Net Position	2,433
Net Position - Beginning	21,956
Net Position - Ending	$ 24,389

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Denair Unified School District was established in 1942 under the laws of the State of California. The District operates under a locally-elected five-member Board form of government and provides educational services to grades K - 12 as mandated by the State and/or Federal agencies. The District operates one State preschool, one charter elementary school (grades K-5), one middle school (grades 6-8), one high school (grades 9-12), and one independent study and homeschool charter school (grades K-12).

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

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

Charter Schools Fund The Charter Schools Fund may be used by authorizing districts to account separately for the operating activities of district-operated charter schools that would otherwise be reported in the authorizing district's General Fund.

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

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

Non-Major Governmental Funds

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

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

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

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

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

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

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.

Custodial funds are used to account for resources, not in a trust, that are held by the District for other parties outside the District's reporting entity. The District's custodial funds are used to hold scholarships available to Denair Unified School District students that are awarded to the students by persons and/or committees outside of the District's employees and administration.

Basis of Accounting - Measurement Focus

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

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

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

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

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

- **Fiduciary Funds** 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 requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

Investments

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

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

Stores Inventories

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

Capital Assets, Depreciation, and Amortization

Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

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

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

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2025.

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

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

Interfund Balances

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

Compensated Absences

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

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, only the portion of accumulated sick leave that is more likely than not to be used by the employee for paid leave is recognized as a liability in the District's financial statements. Credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive 0.004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time. The portion of sick leave that is more likely than not to be settled through conversion to service credit for employee retirement plans is not included in the District's liability for compensated absences.

Debt Issuance Costs and Debt Premiums

Debt premiums and debt issuance costs related to prepaid insurance are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. In governmental fund financial statements, bond premiums and debt issuance costs are recognized in the period the bonds are issued. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures in the period the bonds are issued.

Accrued Liabilities and Long-Term Liabilities

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

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

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Lease Liabilities

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

Subscription Liabilities

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

Fund Balances - Governmental Funds

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

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

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

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board. 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 Superintendent or Assistant Superintendent of Business Services may assign amounts for specific purposes. The District currently does not have any assigned funds.

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

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

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net of investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $7,788,862 of restricted net position.

Estimates

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

Property Tax

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

Adoption of New Accounting Standard

Implementation of GASB Statement No. 101

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

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental activities	$ 23,064,373
Fiduciary activities	24,389
Total deposits and investments	$ 23,088,762

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

Cash on hand and in banks	$ 110,709
Cash in revolving	3,900
Investments	22,974,153
Total deposits and investments	$ 23,088,762

Policies and Practices

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

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

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County Pool which purchases a combination of shorter term and longer term investments and which also times cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District maintains an investment of $22,974,153 in the Stanislaus County Treasury Investment Pool that has an average weighted maturity of 242 days.

Credit Risk - Investments

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 investment with the Stanislaus County Treasury Investment Pool is currently not rated, nor is it required to be rated.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2025, none of the District's bank balance was exposed to custodial credit risk because it was insured and collateralized with securities held by the pledging financial institution's trust department or agent.

Note 3 - Receivables

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

	General Fund	Charter Schools Fund	Building Fund	Non-Major Governmental Funds	Total
Federal Government					
Categorical aid	$ 658,465	$ -	$ -	$ 109,181	$ 767,646
State Government					
LCFF apportionment	6,243	-	-	-	6,243
Other State	1,786,749	244,361	-	58,176	2,089,286
Local Sources	394,232	2,570	38,855	44	435,701
Total	$ 2,845,689	$ 246,931	$ 38,855	$ 167,401	$ 3,298,876

Note 4 - Capital Assets

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

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
Governmental Activities				
Capital assets not being depreciated or amortized				
Land	$ 15,585	$ -	$ -	$ 15,585
Construction in progress	69,841	1,241,196	(453,960)	857,077
Total capital assets not being depreciated or amortized	85,426	1,241,196	(453,960)	872,662
Capital assets being depreciated and amortized				
Land improvements	4,812,850	-	-	4,812,850
Buildings and improvements	50,441,685	1,072,508	-	51,514,193
Furniture and equipment	2,099,231	228,827	-	2,328,058
Right-to-use leased furniture and equipment	137,539	-	-	137,539
Right-to-use subscription IT assets	287,959	-	(84,452)	203,507
Total capital assets being depreciated and amortized	57,779,264	1,301,335	(84,452)	58,996,147
Total capital assets	57,864,690	2,542,531	(538,412)	59,868,809
Accumulated depreciation and amortization				
Land improvements	(4,798,794)	(3,782)	-	(4,802,576)
Buildings and improvements	(27,336,240)	(1,385,554)	-	(28,721,794)
Furniture and equipment	(1,173,948)	(171,281)	-	(1,345,229)
Right-to-use leased furniture and equipment	(62,170)	(27,509)	-	(89,679)
Right-to-use subscription IT assets	(114,205)	(85,626)	84,452	(115,379)
Total accumulated depreciation and amortization	(33,485,357)	(1,673,752)	84,452	(35,074,657)
Net depreciable and amortizable capital assets	24,293,907	(372,417)	-	23,921,490
Governmental activities capital assets, net	$ 24,379,333	$ 868,779	$ (453,960)	$ 24,794,152

Depreciation and amortization expense was charged to functional expenditures as follows:

Governmental Activities	
Instruction	$ 793,877
Instructional library, media, and technology	46,820
School site administration	66,090
Home-to-school transportation	257,427
Food services	114,412
All other administration	99,581
Data processing	14,301
Plant services	281,244
Total depreciation and amortization expense - governmental activities	$ 1,673,752

Note 5 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

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

Funds	Due from Other Funds	Due to Other Funds
Major Governmental Funds		
General	$ 1,444,969	$ 1,073,764
Charter Schools	922	349,117
Non-Major Governmental Funds		
Child Development	7	6,586
Cafeteria	-	16,431
Total	$ 1,445,898	$ 1,445,898

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

Note 6 - Accounts Payable

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

	General Fund	Charter Schools Fund	Building Fund	Non-Major Governmental Funds	Total
Vendor payables	$ 475,253	$ 10,325	$ 308,619	$ 35,964	$ 830,161
LCFF apportionment	713,679	83,286	-	-	796,965
Salaries and benefits	711,768	97,678	-	55,427	864,873
State apportionment	463,906	1,331	-	-	465,237
Total	$ 2,364,606	$ 192,620	$ 308,619	$ 91,391	$ 2,957,236

Note 7 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	$ 4,154	$ -	$ 4,154
State categorical aid	126,115	139,762	265,877
Total	$ 130,269	$ 139,762	$ 270,031

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

Summary

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

	Balance July 1, 2024, as Restated	Additions	Deductions	Balance June 30, 2025	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 19,824,903	$ 13,543,851	$ (1,735,000)	$ 31,633,754	$ 1,920,000
Unamortized premiums	439,757	1,318,788	(94,884)	1,663,661	-
Financed purchases	1,677,812	-	(99,681)	1,578,131	108,591
Leases	77,625	-	(27,708)	49,917	24,150
Subscription-based IT arrangements	8,593	-	(4,208)	4,385	4,385
Compensated absences	1,261,505	106,117	-	1,367,622	481,221
Total	$ 23,290,195	$ 14,968,756	$ (1,961,481)	$ 36,297,470	$ 2,538,347

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

The general obligation bonds are paid by the Bond Interest and Redemption Fund through the collection of local property taxes. The premiums will be amortized over the life of the related debt. The financed purchase agreement is paid from the General Fund. Payments for the leases and subscription-based IT arrangements are paid by the fund using the right-to-use leased asset.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate %	Original Issue	Bonds Outstanding July 1, 2024	Issued	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2025
2002	2027	4.0 - 5.68	$5,161,002	$ 500,390	$ -	$ -	$ (163,806)	$ 336,584
	Accreted interest			2,309,926		151,795	(756,194)	1,705,527
2003	2028	2.5 - 5.6	3,037,067	1,163,814	-	-	(106,821)	1,056,993
	Accreted interest			2,377,060		173,352	(218,179)	2,332,233
2011	2042	4.0 - 5.25	1,025,000	935,000	-	-	(25,000)	910,000
2011	2044	7.0 - 7.12	1,933,334	1,933,334	-	-	-	1,933,334
	Accreted interest			3,280,379		418,704	-	3,699,083
2011	2037*	6.25 - 6.5	496,670	542,381	-	-	-	542,381
	Accreted interest			337,619		-	-	337,619
2018	2044	2.0 - 5.0	2,040,000	1,525,000	-	-	(85,000)	1,440,000
2018	2033	3.0 - 5.0	6,225,000	4,920,000	-	-	(380,000)	4,540,000
2024	2055	5.0	12,800,000	-	12,800,000	-	-	12,800,000
Total				$ 19,824,903	$ 12,800,000	$ 743,851	$ (1,735,000)	$ 31,633,754

* Total includes $710,000 of Convertible Capital Appreciation Bonds and $170,000 of Serial Converted Capital Appreciation Bonds.

Debt Service Requirements to Maturity

The capital appreciation bonds mature as follows:

Bonds Maturing Fiscal Year	Initial Bond Value	Accreted Interest	Accreted Obligation	Unaccreted Interest	Maturity Value
2026	$ 280,301	$ 1,094,699	$ 1,375,000	$ -	$ 1,375,000
2027	288,480	1,123,167	1,411,647	103,353	1,515,000
2028	824,796	1,819,894	2,644,690	320,310	2,965,000
2029	-	-	-	-	-
2030	-	-	-	-	-
2031-2035	246,378	791,184	1,037,562	1,473,748	2,511,310
2036-2040	1,026,594	1,758,308	2,784,902	3,759,418	6,544,320
2041-2044	660,362	1,149,591	1,809,953	4,130,641	5,940,594
Total	$ 3,326,911	$ 7,736,843	$ 11,063,754	$ 9,787,470	$ 20,851,224

The current interest bonds mature as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2026	$ 545,000	$ 977,807	$ 1,522,807
2027	610,000	949,632	1,559,632
2028	680,000	918,307	1,598,307
2029	755,000	881,782	1,636,782
2030	835,000	841,682	1,676,682
2031-2035	3,005,000	3,707,596	6,712,596
2036-2040	1,310,000	3,375,030	4,685,030
2041-2045	2,990,000	2,835,332	5,825,332
2046-2050	3,710,000	2,036,750	5,746,750
2051-2055	6,130,000	823,000	6,953,000
Total	$ 20,570,000	$ 17,346,918	$ 37,916,918

Financed Purchase Agreement - Energy Conservation Equipment

The District has entered into an agreement to purchase energy conservation equipment. The District's liability on the agreement is summarized below:

Year Ending June 30,	Principal	Interest	Total
2026	$ 108,591	$ 46,713	$ 155,304
2027	118,001	43,498	161,499
2028	127,938	40,006	167,944
2029	138,426	36,219	174,645
2030	149,492	32,121	181,613
2031-2035	935,683	87,035	1,022,718
Total	$ 1,578,131	$ 285,592	$ 1,863,723

Leases

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

Lease	Leases Outstanding July 1, 2024	Payments	Leases Outstanding June 30, 2025
Copier leases	$ 77,625	$ (27,708)	$ 49,917

Copier and Mail Leases

Copier Leases

The District entered various agreements to lease copiers. Under the terms of the leases, the District paid a total principal and interest costs of $29,627 for the year ended June 30, 2025. The annual interest rate charged on the leases is 2.96%. At June 30, 2025, the District has recognized a right-to-use leased asset of $137,539 and a lease liability of $49,917 related to this agreement. During the year ended June 30, 2025, the District recorded $27,509 in amortization expense and $1,919 in interest expense for the right-to-use the copiers. The District also pays for each additional copy in excess of the contracted amount, which is not included in the measurement of the lease liability as they are variable in nature.

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

Year Ending June 30,	Principal	Interest	Total
2026	$ 24,150	$ 1,127	$ 25,277
2027	21,283	468	21,751
2028	4,484	36	4,520
Total	$ 49,917	$ 1,631	$ 51,548

Subscriptions-Based Information Technology Arrangements (SBITAs)

The District entered into SBITAs for the general operations of the District. At June 30, 2025, the District recognized a right-to-use subscriptions IT asset of $203,507 and a SBITA liability of $4,385 related to these agreements. During the fiscal year, the District recorded $85,626 in amortization expense.

Note 9 - Net Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2025, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 1,238,494	$ 453,858	$ 891,023	$ 193,654
Medicare Premium Payment (MPP) Program	42,978	-	-	(5,511)
Total	$ 1,281,472	$ 453,858	$ 891,023	$ 188,143

The details of each plan are as follows:

District Plan

Plan Administration

The Self-Insured Schools of California (SISC) administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses.

The plan assets are maintained in the Self Insured Schools of California (SISC) postemployment benefits trust and financial information can be found on their website at https://www.sisc.kern.org.

Plan Membership

At June 30, 2023, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	8
Active employees	153
Total	161

Benefits Provided

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

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District, the Denair Unified Teacher Association (DUTA) the local California Service Employees Association (CSEA), and unrepresented groups. Voluntary contributions based on projected pay-as-you-go financing requirements, and any additional amounts to prefund benefits with the District, DUTA, CSEA, and the unrepresented groups are based on availability of funds. For the measurement period of June 30, 2023, the District contributed $117,346 to the Plan, which was used for current premiums.

Net OPEB Liability of the District

The District's net OPEB liability of $1,238,494 was measured as of June 30, 2024, by applying certain roll-forward procedures to the actuarial valuation prepared as of June 30, 2023. The components of the net OPEB liability of the District at June 30, 2024, were as follows:

Total OPEB liability	$ 1,896,049
Plan fiduciary net position	(657,555)
Net OPEB liability	$ 1,238,494
Plan fiduciary net position as a percentage of the total OPEB liability	34.68%

Actuarial Assumptions

The total OPEB liability in the June 30, 2024 actuarial measurement was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.75%, average, including inflation
Expected rate of return	6.10%
Discount rate	4.52%
Healthcare cost trend rates	4.00%

The assumed asset allocation and assumed rate of return for the Districts trust are as follows:

Asset Class	Long-Term Expected Real Rate of Return	Assumed Asset Allocation
US Large Cap	7.545%	40%
US Small Cap	7.545%	20%
Long-Term Corporate Bonds	5.045%	25%
Long-Term Government Bonds	4.250%	10%
Short-Term Government Fixed	3.000%	5%

The discount rate was based on the Building Block Method. Whereas, the actuarial assumed that contributions are from the employer and used historic 25 year real rates of return for each asset class along with the assumed long-term inflation assumption to set the discount rate. The expected investment return was offset by the investment expenses of 50 basis points. The interest assumption reflects a municipal bond rate and used the Bond Buyer 20 Index at June 30, 2023, and rounded the rate resulting in a rate of 3.65%. The actuary used the municipal bond rate beyond 19 years to results in an equivalent valuation rate of 4.52%.

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

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, June 30, 2023	$ 1,792,851	$ 594,717	$ 1,198,134
Service cost	193,039	-	193,039
Interest	76,697	63,756	12,941
Difference between expected and actual experience	8,296	-	8,296
Changes of assumptions and other inputs	(57,488)	-	(57,488)
Contributions - employer	-	117,346	(117,346)
Benefit payments	(117,346)	(117,346)	-
Administrative expense	-	(918)	918
Net change in total OPEB liability	103,198	62,838	40,360
Balance, June 30, 2024	$ 1,896,049	$ 657,555	$ 1,238,494

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

Changes of Assumptions - The discount rate was changed from 4.18% to 4.52% since the previous valuation.

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 (3.52%)	$ 1,404,489
Current discount rate (4.52%)	1,238,494
1% increase (5.52%)	1,093,061

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend 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 healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rate:

Healthcare Cost Trend Rate	Net OPEB Liability
1% decrease (3%)	$ 991,284
Current healthcare cost trend rate (4%)	1,238,494
1% increase (5%)	1,531,958

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

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date*	$ 58,868	$ -
Differences between expected and actual experience	26,794	390,053
Changes of assumptions	368,196	480,238
Net difference between projected and actual earnings on OPEB plan investments	-	20,732
Total	$ 453,858	$ 891,023

* Amount includes implicit subsidy rate of 0.969.

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

The deferred outflows of resources and deferred inflows of resources related to differences between expected and actual experience and changes of assumptions in the measurement of the total OPEB 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 as follows:

Year Ended June 30,	Deferred Outflows of Resources
2025	$ 21,908
2026	21,912
2027	40,474
2028	40,474
2029	40,474
Thereafter	192,620
Total	$ 357,862

Year Ended June 30,	Deferred Inflows of Resources
2025	$ (59,988)
2026	(59,992)
2027	(78,554)
2028	(78,554)
2029	(78,554)
Thereafter	(477,521)
Total	$ (833,163)

The deferred outflows/(inflows) of resources related to the net difference between projected and actual earnings on OPEB plan investments will be amortized over a closed five-year period.

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	$ (12,671)
2026	7,998
2027	(10,561)
2028	(5,498)
Total	$ (20,732)

Medicare Premium Payment (MPP) Program

Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023, annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: https://www.calstrs.com/forms-publications.

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2025, the District reported a liability of $42,978 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively, was 0.0161% and 0.0160%, resulting in a net increase in the proportionate share of 0.0001%.

For the year ended June 30, 2025, the District recognized OPEB expense of $(5,551).

Actuarial Methods and Assumptions

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

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

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

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 154 or an average of 0.12% of the potentially eligible population (132,333).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2024, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

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

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.93%)	$ 46,372
Current discount rate (3.93%)	42,978
1% increase (4.93%)	39,993

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (4.00% Part A and 5.50% Part B)	$ 39,814
Current Medicare costs trend rates (5.00% Part A and 6.50% Part B)	42,978
1% increase (6.00% Part A and 7.50% Part B)	46,510

Note 10 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Charter Schools Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable						
Revolving cash	$ 3,900	$ -	$ -	$ -	$ -	$ 3,900
Stores inventories	-	-	-	-	4,941	4,941
Total nonspendable	3,900		-	-	4,941	8,841
Restricted						
Legally restricted programs	964,641	375,433	-	-	692,529	2,032,603
Capital projects	-	-	11,623,328	-	1,682,802	13,306,130
Debt services	-	-	-	4,073,457	-	4,073,457
Total restricted	964,641	375,433	11,623,328	4,073,457	2,375,331	19,412,190
Unassigned						
Reserve for economic uncertainties	800,718	-	-	-	-	800,718
Remaining unassigned	2,919,174	-	-	-	-	2,919,174
Total unassigned	3,719,892	-	-	-	-	3,719,892
Total	$ 4,688,433	$ 375,433	$ 11,623,328	$ 4,073,457	$ 2,380,272	$ 23,140,923

Note 11 - Risk Management

Employee Medical Benefits

The District has contracted with Kaiser to provide employees with medical benefits.

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

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, 2025, the District contracted with Central Region School Insurance Group (CRSIG) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2025, the District participated in the Central Region School Insurance Group (CRSIG), an insurance purchasing pool. The intent of the CRSIG is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the CRSIG. 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 CRSIG. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the CRSIG. Participation in the CRSIG is limited to districts that can meet the CRSIG selection criteria.

Note 12 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2025, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 7,423,392	$ 2,757,750	$ 1,293,748	$ 723,218
CalPERS	7,284,632	2,362,971	157,431	1,369,381
Total	$ 14,708,024	$ 5,120,721	$ 1,451,179	$ 2,092,599

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: https://www.calstrs.com/forms-publications.

Benefits Provided

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

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

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

The STRP provisions and benefits in effect at June 30, 2025, are summarized as follows:

	STRP Defined Benefit Program	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	19.10%	19.10%
Required state contribution rate	10.828%	10.828%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the District's total contributions were $1,458,015.

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

At June 30, 2025, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share	
Proportionate share of net pension liability	$ 7,423,392
State's proportionate share of the net pension liability	3,405,878
Total	$ 10,829,270

The net pension liability was measured as of June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating member districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively, was 0.0111% and 0.0108%, resulting in a net increase in the proportionate share of 0.0003%.

For the year ended June 30, 2025, the District recognized pension expense of $723,218. In addition, the District recognized pension expense and revenue of $310,065 for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 1,458,015	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	427,559	432,182
Differences between projected and actual earnings on pension plan investments	-	29,953
Differences between expected and actual experience in the measurement of the total pension liability	839,681	324,621
Changes of assumptions	32,495	506,992
Total	$ 2,757,750	$ 1,293,748

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	$ (497,643)
2027	599,346
2028	(48,899)
2029	(82,757)
Total	$ (29,953)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	$ 39,236
2027	34,024
2028	(65,343)
2029	5,504
2030	28,445
Thereafter	(5,926)
Total	$ 35,940

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024. The financial reporting actuarial valuation as of June 30, 2023, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Experience study	July 1, 2007 through June 30, 2022
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were

developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2024 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. The assumed asset allocation and best estimates of the expected rates of return for each major asset class for the year ended June 30, 2024, are summarized in the following table:

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 13,203,785
Current discount rate (7.10%)	7,423,392
1% increase (8.10%)	2,596,524

California Public Employees Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.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, 2025, are summarized as follows:

	School Employer Pool (CalPERS)	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	27.050%	27.050%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the total District contributions were $1,153,052.

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

As of June 30, 2025, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $7,284,632. The net pension liability was measured as of June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively, was 0.0204% and 0.0210%, resulting in a net decrease in the proportionate share of 0.0006%.

For the year ended June 30, 2025, the District recognized pension expense of $1,369,381. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 1,153,052	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	155,228	105,295
Differences between projected and actual earnings on pension plan investments	282,966	-
Differences between expected and actual experience in the measurement of the total pension liability	610,710	52,136
Changes of assumptions	161,015	-
Total	$ 2,362,971	$ 157,431

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	$ (2,439)
2027	439,947
2028	(65,008)
2029	(89,534)
Total	$ 282,966

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	$ 438,767
2027	227,171
2028	103,584
Total	$ 769,522

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024. The financial reporting actuarial valuation as of June 30, 2023, used the following methods and assumptions, applied to all prior periods included in the measurement:

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

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

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity - cap-weighted	30%	4.54%
Global equity non-cap-weighted	12%	3.84%
Private equity	13%	7.28%
Treasury	5%	0.27%
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%)

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, SEP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on SEP 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%)	$ 10,821,382
Current discount rate (6.90%)	7,284,632
1% increase (7.90%)	4,362,996

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 $687,718 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 13 - Commitments and Contingencies

Grants

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

Litigation

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

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

The District is a member of the California's Valued Trust (CVT) and Central Region Schools Insurance Group (CRSIG) joint powers authorities (JPAs). The District pays an annual premium to the JPAs for its workers' compensation and property liability coverage. The relationship between the JPAs and the District is such that the JPAs 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 them and the District are included in these statements. Audited financial statements are available from the respective entities.

The District has no members on the boards of the JPAs.

During the year ended June 30, 2025, the District made payments of $1,285,396 to CVT for medical, dental, and vision coverage. The District made payments to CRSIG in the amount of $300,297 for property liability coverage and $128,589 for workers' compensation coverage.

Note 15 - Restatement

Change in Accounting Principle

As of June 30, 2025, the District adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. Therefore, compensated absences increased by $1,102,924, as of July 1, 2024. The effect of this change in accounting principle is described in the table below.

	Governmental Activities
Beginning as previously reported on July 1, 2024	$ (1,010,547)
Change in accounting principle	(1,102,924)
Beginning, as Restated on July 1, 2024	$ (2,113,471)

Change within the Reporting Entity

During year ended June 30, 2025, there was a change within the financial reporting entity which resulted in the Capital Facilities Fund being reported as a non-major fund instead of major fund which resulted in adjustments to and restatements of beginning fund balance in the table below:

	Governmental Funds	
	Capital Facilities Fund	Non-Major Governmental Funds
Beginning, as previously reported on July 1, 2024	$ 1,492,108	$ 802,947
Change to or within the financial reporting entity	(1,492,108)	1,492,108
Beginning, as Restated on July 1, 2024	$ -	$ 2,295,055

Required Supplementary Information
June 30, 2025

Denair Unified School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ 14,941,799	$ 15,696,417	$ 14,874,850	$ (821,567)
Federal sources	610,183	752,115	761,534	9,419
Other State sources	1,906,814	2,707,453	2,699,706	(7,747)
Other local sources	1,017,139	2,097,386	2,285,505	188,119
Total revenues	18,475,935	21,253,371	20,621,595	(631,776)
Expenditures				
Current				
Certificated salaries	7,183,506	7,614,476	7,263,409	351,067
Classified salaries	3,644,344	3,831,590	3,622,965	208,625
Employee benefits	4,332,525	4,572,152	4,190,501	381,651
Books and supplies	213,535	1,214,061	759,366	454,695
Services and operating expenditures	2,987,736	3,960,655	3,149,292	811,363
Other outgo	115,265	43,906	86,775	(42,869)
Capital outlay	-	936,302	763,278	173,024
Debt service				
Debt service - principal	-	99,682	131,597	(31,915)
Debt service - interest and other	-	49,664	49,855	(191)
Total expenditures	18,476,911	22,322,488	20,017,038	2,305,450
Net Change in Fund Balances	(976)	(1,069,117)	604,557	1,673,674
Fund Balance - Beginning	4,083,876	4,083,876	4,083,876	-
Fund Balance - Ending	$ 4,082,900	$ 3,014,759	$ 4,688,433	$ 1,673,674

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ 2,412,203	$ 2,007,072	$ 2,030,108	$ 23,036
Other State sources	87,659	84,764	82,993	(1,771)
Other local sources	-	32,409	51,545	19,136
Total revenues	2,499,862	2,124,245	2,164,646	40,401
Expenditures				
Current				
Certificated salaries	1,205,634	1,279,411	1,269,343	10,068
Classified salaries	208,730	192,613	205,874	(13,261)
Employee benefits	424,763	456,985	420,958	36,027
Books and supplies	24,606	116,365	30,597	85,768
Services and operating expenditures	354,205	474,244	397,561	76,683
Other outgo	87,938	109,420	95,651	13,769
Total expenditures	2,305,876	2,629,038	2,419,984	209,054
Net Change in Fund Balances	193,986	(504,793)	(255,338)	249,455
Fund Balance - Beginning	630,771	630,771	630,771	-
Fund Balance - Ending	$ 824,757	$ 125,978	$ 375,433	$ 249,455

Denair Unified School District

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

Year Ended June 30, 2025

	2025	2024	2023	2022
Total OPEB Liability				
Service cost	$ 193,039	$ 192,145	$ 223,022	$ 239,122
Interest	76,697	81,878	59,845	56,909
Difference between expected and actual experience	8,296	(275,855)	2,936	(213,148)
Changes of assumptions	(57,488)	(54,917)	(194,343)	(317,353)
Benefit payments	(117,346)	(124,216)	(108,316)	(52,982)
Net change in total OPEB liability	103,198	(180,965)	(16,856)	(287,452)
Total OPEB Liability - Beginning	1,792,851	1,973,816	1,990,672	2,278,124
Total OPEB Liability - Ending (a)	$ 1,896,049	$ 1,792,851	$ 1,973,816	$ 1,990,672
Plan Fiduciary Net Position				
Contributions - employer	$ 117,346	$ 124,216	$ 108,316	$ 52,982
Net investment income	63,756	58,068	(56,562)	134,257
Benefit payments	(117,346)	(124,216)	(108,316)	(52,982)
Administrative expense	(918)	(829)	(905)	(771)
Net change in plan fiduciary net position	62,838	57,239	(57,467)	133,486
Plan Fiduciary Net Position - Beginning	594,717	537,478	594,945	461,459
Plan Fiduciary Net Position - Ending (b)	$ 657,555	$ 594,717	$ 537,478	$ 594,945
Net OPEB Liability - Ending (a) - (b)	$ 1,238,494	$ 1,198,134	$ 1,436,338	$ 1,395,727
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	34.68%	33.17%	27.23%	29.89%
Covered Payroll	N/A [1]	N/A [1]	N/A [1]	N/A [1]
Net OPEB Liability as a Percentage of Covered Payroll	N/A [1]	N/A [1]	N/A [1]	N/A [1]
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021

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

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

See Notes to Required Supplementary Information

Denair Unified School District

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

Year Ended June 30, 2025

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	$ 177,189	$ 198,227	$ 139,241	$ 135,514
Interest	72,607	66,625	54,401	73,764
Difference between expected and actual experience	-	28,069	-	-
Changes of assumptions	412,103	-	165,426	-
Benefit payments	(47,829)	(158,771)	(109,599)	(105,384)
Net change in total OPEB liability	614,070	134,150	249,469	103,894
Total OPEB Liability - Beginning	1,664,054	1,529,904	1,280,435	1,176,541
Total OPEB Liability - Ending (a)	$ 2,278,124	$ 1,664,054	$ 1,529,904	$ 1,280,435
Plan Fiduciary Net Position				
Contributions - employer	$ 47,829	$ 158,771	$ 109,599	$ 105,384
Net investment income	(249)	27,493	33,701	42,942
Benefit payments	(47,829)	(158,771)	(109,599)	(105,384)
Administrative expense	(680)	(648)	(526)	(375)
Net change in plan fiduciary net position	(929)	26,845	33,175	42,567
Plan Fiduciary Net Position - Beginning	462,388	435,543	402,368	359,801
Plan Fiduciary Net Position - Ending (b)	$ 461,459	$ 462,388	$ 435,543	$ 402,368
Net OPEB Liability - Ending (a) - (b)	$ 1,816,665	$ 1,201,666	$ 1,094,361	$ 878,067
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	20.26%	27.79%	28.47%	31.42%
Covered Payroll	N/A [1]	N/A [1]	N/A [1]	N/A [1]
Net OPEB Liability as a Percentage of Covered Payroll	N/A [1]	N/A [1]	N/A [1]	N/A [1]
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

Year ended June 30,	2025	2024	2023	2022 [2]
Proportion of the net OPEB liability	0.0161%	0.0160%	0.0174%	0.0172%
Proportionate share of the net OPEB liability	$ 42,978	$ 48,489	$ 57,363	$ 68,482
Covered payroll	N/A [1]	N/A [1]	N/A [1]	N/A [1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A [1]	N/A [1]	N/A [1]	N/A [1]
Plan fiduciary net position as a percentage of the total OPEB liability	(1.02%)	(0.96%)	(0.94%)	(0.80%)
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021

[1] As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.
[2] There was no proportionate share allocation for the District prior to June 30, 2022.

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

CalSTRS	2025	2024	2023	2022	2021
Proportion of the net pension liability	0.0111%	0.0108%	0.0116%	0.0114%	0.0114%
Proportionate share of the net pension liability	$ 7,423,392	$ 8,228,112	$ 8,062,425	$ 5,197,988	$ 11,036,559
State's proportionate share of the net pension liability	3,405,878	3,942,320	4,037,631	2,615,426	5,689,347
Total	$ 10,829,270	$ 12,170,432	$ 12,100,056	$ 7,813,414	$ 16,725,906
Covered payroll	$ 7,419,246	$ 6,836,717	$ 6,887,234	$ 6,309,870	$ 6,169,807
Proportionate share of the net pension liability as a percentage of its covered payroll	100.06%	120.35%	117.06%	82.38%	178.88%
Plan fiduciary net position as a percentage of the total pension liability	84%	81%	81%	87%	72%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020

	2020	2019	2018	2017	2016
Proportion of the net pension liability	0.0105%	0.0102%	0.0105%	0.0096%	0.0103%
Proportionate share of the net pension liability	$ 9,488,788	$ 9,399,618	$ 9,681,279	$ 7,735,236	$ 6,927,655
State's proportionate share of the net pension liability	5,176,767	5,381,721	5,727,363	4,403,532	3,663,966
Total	$ 14,665,555	$ 14,781,339	$ 15,408,642	$ 12,138,768	$ 10,591,621
Covered payroll	$ 5,712,697	$ 5,614,733	$ 5,620,127	$ 4,876,803	$ 5,131,059
Proportionate share of the net pension liability as a percentage of its covered payroll	166.10%	167.41%	172.26%	158.61%	135.01%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

Denair Unified School District

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

Year Ended June 30, 2025

CalPERS	2025	2024	2023	2022	2021
Proportion of the net pension liability	0.0204%	0.0210%	0.0204%	0.0195%	0.0193%
Proportionate share of the net pension liability	$ 7,284,632	$ 7,595,097	$ 7,030,674	$ 3,961,004	$ 5,913,383
Covered payroll	$ 4,160,379	$ 3,685,577	$ 3,343,213	$ 2,833,671	$ 2,793,702
Proportionate share of the net pension liability as a percentage of its covered payroll	175.10%	206.08%	210.30%	139.78%	211.67%
Plan fiduciary net position as a percentage of the total pension liability	72%	70%	70%	81%	70%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020

	2020	2019	2018	2017	2016
Proportion of the net pension liability	0.0181%	0.0161%	0.0140%	0.0123%	0.0121%
Proportionate share of the net pension liability	$ 5,276,899	$ 4,289,922	$ 3,341,062	$ 2,434,865	$ 1,778,953
Covered payroll	$ 2,518,132	$ 2,125,794	$ 1,777,974	$ 1,482,536	$ 1,337,805
Proportionate share of the net pension liability as a percentage of its covered payroll	209.56%	201.80%	187.91%	164.24%	132.98%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

CalSTRS	2025	2024	2023	2022	2021
Contractually required contribution	$ 1,458,015	$ 1,417,076	$ 1,305,813	$ 1,165,320	$ 1,019,044
Less contributions in relation to the contractually required contribution	1,458,015	1,417,076	1,305,813	1,165,320	1,019,044
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 7,633,586	$ 7,419,246	$ 6,836,717	$ 6,887,234	$ 6,309,870
Contributions as a percentage of covered payroll	19.10%	19.10%	19.10%	16.92%	16.15%

	2020	2019	2018	2017	2016
Contractually required contribution	$ 1,055,037	$ 930,027	$ 810,206	$ 707,012	$ 523,281
Less contributions in relation to the contractually required contribution	1,055,037	930,027	810,206	707,012	523,281
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 6,169,807	$ 5,712,697	$ 5,614,733	$ 5,620,127	$ 4,876,803
Contributions as a percentage of covered payroll	17.10%	16.28%	14.43%	12.58%	10.73%

CalPERS	2025	2024	2023	2022	2021
Contractually required contribution	$ 1,153,052	$ 1,109,989	$ 935,031	$ 765,930	$ 586,570
Less contributions in relation to the contractually required contribution	1,153,052	1,109,989	935,031	765,930	586,570
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 4,262,669	$ 4,160,379	$ 3,685,577	$ 3,343,213	$ 2,833,671
Contributions as a percentage of covered payroll	27.050%	26.680%	25.370%	22.910%	20.700%

	2020	2019	2018	2017	2016
Contractually required contribution	$ 550,946	$ 454,825	$ 330,157	$ 246,925	$ 175,636
Less contributions in relation to the contractually required contribution	550,946	454,825	330,157	246,925	175,636
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 2,793,702	$ 2,518,132	$ 2,125,794	$ 1,777,974	$ 1,482,536
Contributions as a percentage of covered payroll	19.721%	18.062%	15.531%	13.888%	11.847%

Note 1 - Purpose of Schedules

Budgetary Comparison Schedules

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United 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.

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

Schedule of Changes in the District's 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* – There were no changes in the benefit terms since the previous measurement.
- *Changes of Assumptions* – The discount rate was changed from 4.18% to 4.52% since the previous valuation.

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

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

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 3.65% to 3.93% since the previous valuation. The Medicare Part A premium cost trend rate assumption was changed from 4.50% to 5.00%, while the Medicare Part B premium cost trend rate assumption was changed from 5.40% to 6.50% since the previous valuation.

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

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District.

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

Schedule of the District's Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution.

Supplementary Information
June 30, 2025

Denair Unified School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed through California Department of Education			
Title I, Part A, Basic Grants Low Income and Neglected	84.010	14329	$ 295,129
Strengthening Career and Technical Education for the 21st Century (Perkins V): Secondary, Section 131	84.048	14894	6,100
Title III, English Learner Student Program	84.365	14346	36,846
Title II, Part A, Supporting Effective Instruction	84.367	14341	42,581
Title IV, Part A, Student Support and Academic Enrichment	84.424	15396	23,547
Passed through Stanislaus County SELPA			
Special Education Cluster (IDEA)			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	226,517
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	30,814
Subtotal (84.027)			257,331
Subtotal Special Education Cluster (IDEA)			257,331
Total U.S. Department of Education			661,534
U.S. Department of Agriculture			
Passed through California Department of Education			
Child Nutrition Cluster			
School Breakfast Needy	10.553	13526	189,142

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through California Department of Education			
Child Nutrition Cluster			
School Lunch - Section 4	10.555	13523	85,212
Commodities	10.555	13524	13,458
School Lunch - Section 11	10.555	13524	453,940
Meal Supplements	10.555	13755	79,035
Subtotal (10.555)			631,645
Subtotal Child Nutrition Cluster			820,787
Passed through California Department of Social Services			
Child and Adult Care Food Program (CACFP)			
CACFP Claims - Centers and Family Day Care Homes	10.558	13529	101,052
Cash in Lieu of Commodities	10.558	13534	5,137
Subtotal (10.558)			106,189
Total U.S. Department of Agriculture			926,976
U.S. Department of Health and Human Services			
Passed through California Department of Education			
Advancing Wellness & Resilience in Education	93.243	15289	100,000
Total U.S. Department of Health and Human Services			100,000
Total Federal Financial Assistance			$ 1,688,510

See Notes to Supplementary Information

	Second Period Report	Annual Report
Denair Unified School District		
Regular ADA		
Fourth through sixth	87.26	87.67
Seventh and eighth	190.03	189.95
Ninth through twelfth	281.59	279.78
Total ADA	558.88	557.40
Denair Charter Academy (all nonclassroom based ADA)		
Regular ADA		
Transitional kindergarten through third	13.70	13.85
Fourth through sixth	15.53	16.04
Seventh and eighth	10.05	11.09
Ninth through twelfth	102.57	105.31
Total ADA	141.85	146.29
Denair Elementary Charter Academy (all classroom based ADA)		
Regular ADA		
Transitional kindergarten through third	333.39	335.46
Fourth through sixth	166.64	166.90
Total ADA	500.03	502.36

Denair Unified School District

Grade Level	1986-1987 Minutes Requirement	2024-2025 Actual Minutes	Number of Actual Days	Status
Grades 6 - 8	54,000			
Grade 6		65,178	180	Complied
Grade 7		65,178	180	Complied
Grade 8		65,178	180	Complied
Grades 9 - 12	64,800			
Grade 9		65,556	180	Complied
Grade 10		65,556	180	Complied
Grade 11		65,556	180	Complied
Grade 12		65,556	180	Complied

Denair Elementary Charter Academy

Grade Level	1986-1987 Minutes Requirement	2024-2025 Actual Minutes	Number of Actual Days	Status
Kindergarten	36,000	54,840	180	Complied
Grades 1 - 3	50,400			
Grade 1		53,940	180	Complied
Grade 2		53,940	180	Complied
Grade 3		55,740	180	Complied
Grades 4 - 5	54,000			
Grade 4		55,740	180	Complied
Grade 5		55,740	180	Complied

Denair Charter Academy, all nonclassroom based

Grade Level	Number of Actual Days	Status
Kindergarten - Grade 12	180	Complied

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

	Non-Major Governmental Student Activities Fund
Fund Balance	
Balance, June 30, 2025, Unaudited Actuals	$ 124,488
Decrease in Cash in banks	(38,368)
Balance, June 30, 2025, Audited Financial Statements	$ 86,120

	(Budget) 2026 [1]	2025	2024 [1]	2023 [1]
General Fund				
Revenues and other sources	$ 19,719,962	$ 20,621,595	$ 20,869,741	$ 20,523,230
Expenditures and other uses	20,216,143	20,017,037	19,828,157	18,666,938
Other uses and transfers out	258,595	-	-	-
Total Expenditures and Other Uses	20,474,738	20,017,037	19,828,157	18,666,938
Increase/(Decrease) in Fund Balance	(754,776)	604,558	1,041,584	1,856,292
Ending Fund Balance	$ 3,933,657	$ 4,688,433	$ 4,083,875	$ 3,042,291
Available Reserves [2]	$ 2,969,015	$ 3,719,892	$ 2,879,228	$ 1,017,385
Available Reserves as a Percentage of Total Outgo	14.50%	18.58%	14.52%	5.45%
Long-Term Liabilities [4]	Not Available	$ 52,286,966	$ 39,257,103	$ 39,731,972
Average Daily Attendance at P-2 [3]	558	559	528	498

The General Fund balance has increased by $1,646,142 over the past two years. The fiscal year 2025-2026 budget projects a decrease of $754,776 (16.1%). For a district this size, the State recommends available reserves of at least 3.0% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years but anticipates incurring an operating deficit during the 2025-2026 fiscal year. Total long-term liabilities have increased by $12,554,994 over the past two years primarily due to the issuance of bonds and increases in the compensated absences balance.

Average daily attendance has increased by 61 over the past two years. A decrease of one ADA is anticipated during fiscal year 2025-2026.

[1] Financial information for 2026, 2024, and 2023 are included for analytical purposes only and has not been subjected to audit.
[2] Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.
[3] Excludes Charter School ADA.
[4] Amounts have not been restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 15 for further information.

Name of Charter School	Charter Number	Included in Audit Report
Denair Charter Academy	0357	Yes
Denair Elementary Charter Academy	1750	Yes

	Student Activities Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Total Non-Major Governmental Funds
Assets					
Deposits and investments	$ 86,120	$ 325,638	$ 367,533	$ 1,682,802	$ 2,462,093
Receivables	-	6,500	160,901	-	167,401
Due from other funds	-	7	-	-	7
Stores inventories	-	-	4,941	-	4,941
Total assets	$ 86,120	$ 332,145	$ 533,375	$ 1,682,802	$ 2,634,442
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ -	$ 29,994	$ 61,397	$ -	$ 91,391
Due to other funds	-	6,586	16,431	-	23,017
Unearned revenue	-	139,762	-	-	139,762
Total liabilities	-	176,342	77,828	-	254,170
Fund Balances					
Nonspendable	-	-	4,941	-	4,941
Restricted	86,120	155,803	450,606	1,682,802	2,375,331
Total fund balances	86,120	155,803	455,547	1,682,802	2,380,272
Total liabilities and fund balances	$ 86,120	$ 332,145	$ 533,375	$ 1,682,802	$ 2,634,442

	Student Activities Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Total Non-Major Governmental Funds
Revenues					
Federal sources	$ -	$ -	$ 926,976	$ -	$ 926,976
Other State sources	-	286,384	481,014	-	767,398
Other local sources	240,686	19,648	18,284	326,308	604,926
Total revenues	240,686	306,032	1,426,274	326,308	2,299,300
Expenditures					
Current					
Instruction	-	220,660	-	-	220,660
Instruction-related activities					
Instructional library, media, and technology	-	924	-	-	924
School site administration	-	31,172	-	-	31,172
Pupil services					
Food services	-	-	1,348,280	-	1,348,280
All other pupil services	-	840	-	-	840
Administration					
All other administration	-	6,579	31,365	-	37,944
Plant services	-	6,453	82,495	30,461	119,409
Ancillary services	246,549	-	-	-	246,549
Facility acquisition and construction	-	37,245	65,907	105,153	208,305
Total expenditures	246,549	303,873	1,528,047	135,614	2,214,083

	Student Activities Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Total Non-Major Governmental Funds
Net Change in Fund Balances	(5,863)	2,159	(101,773)	190,694	85,217
Fund Balance - Beginning, as previously reported	91,983	153,644	557,320	-	802,947
Adjustments (Note 15)	-	-	-	1,492,108	1,492,108
Fund Balance - Beginning, as restated	91,983	153,644	557,320	1,492,108	2,295,055
Fund Balance - Ending	$ 86,120	$ 155,803	$ 455,547	$ 1,682,802	$ 2,380,272

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

Summary of Significant Accounting Policies

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

Indirect Cost Rate

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

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2025, the District had food commodities totaling $13,458 in inventory.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

Schedule of Charter Schools

This schedule lists all charter schools chartered by the District, and displays information for each charter school on whether or not the charter school is included in the District audit.

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

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

Other Information
June 30, 2025

Denair Unified School District

Organization

The Denair Unified School District was established in 1942 and consists of an area comprising approximately 108 square miles. The District operates one State preschool, one charter elementary school (grades K-5), one middle school (grades 6-8), one high school (grades 9-12), and one independent study and homeschool charter school (grades K-12). There were no boundary changes during the year.

Governing Board

Member	Office	Term Expires
Ray Prock, Jr	President	2028
Billy Myers	Clerk	2026
Kath Dunham-Filson	Member	2026
Andrea Bennett	Member	2028
Jason De Muro	Member	2028

Administration

Teresia Chevalier-Metzger	Superintendent

Independent Auditor's Reports
June 30, 2025

Denair Unified School District

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

To the Governing Board
Denair Unified School District
Denair, California

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

Adoption of New Accounting Standard

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

Report on Internal Control over Financial Reporting

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

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

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2025-001 that we consider to be a significant deficiency.

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*.

Denair Unified School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Denair Unified School District's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The Denair Unified School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



Fresno, California
December 15, 2025

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

To the Governing Board
Denair Unified School District
Denair, California

Report on Compliance for the Major Federal Program

Opinion on The Major Federal Program

We have audited Denair Unified School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2025. The District's major federal program is 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 the major federal program for the year ended June 30, 2025.

Basis for Opinion on The Major Federal Program

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

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

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Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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.



Fresno, California
December 15, 2025

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

To the Governing Board
Denair Unified School District
Denair, California

Report on Compliance

Opinion on State Compliance

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2025.

Basis for Opinion

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

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

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

2024-2025 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Independent Study	No (see below)
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable

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

We did not perform testing for Independent Study because average daily attendance reported did not exceed thresholds required for testing.

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

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

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with

a compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Ede Sally LLP

Fresno, California
December 15, 2025

Schedule of Findings and Questioned Costs
June 30, 2025

Denair Unified School District

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

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

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing
Child Nutrition Cluster	10.553, 10.555
Dollar threshold used to distinguish between type A and type B programs	$ 750,000
Auditee qualified as low-risk auditee?	No

State Compliance

Internal control over state compliance programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Other matters to be reported	No
Type of auditor's report issued on compliance for programs	Unmodified

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

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

2025-001 30000 – Internal Control Over Financial Reporting

Criteria

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

Condition

During our audit of the District's year-end cash balances, we discovered an error leading to a material audit adjustment to the unaudited financial statements. The error impacted the Student Body Fund resulting in an overstatement of $38,368. This error resulted in the unaudited financial statements not being prepared in accordance with GAAP.

Context

The condition was identified through inquiry with District personnel and review of available records related to student body activity.

Cause

During the 2024-2025 fiscal year, there was staff turnover leading to student body activity not being recorded timely.

Effect

The unaudited financial statements for the Student Body Fund is overstating fund balance. The amount of the audit adjustment totaled $38,367, decreasing fund balance.

Repeat Finding

No.

Recommendation

We recommend management evaluate the internal control structure and consider changes as necessary that will ensure that the financial statements are free from potential misstatements and allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

Corrective Action Plan and Views of Responsible Officials

The District will ensure that all revenue and expense transactions recorded by the ASBs are accurately documented through journal entries, which will be reviewed by the Chief Business Official prior to posting.

None reported.

None reported.

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

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APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

The Denair Unified School District will execute a Continuing Disclosure Certificate in substantially the following form in connection with the issuance of the Bonds.

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Denair Unified School District (the "District") in connection with the issuance of $_____ of the District's Election of 2024 General Obligation Bonds, Series 2026 (the "Bonds"). The Bonds are being issued pursuant to a resolution adopted by the District on October 8, 2026 (the "Resolution"). The District covenants and agrees as follows:

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

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

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

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean initially Capitol Public Finance Group, LLC, or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

"Financial Obligation" shall mean: (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) a guarantee of (a) or (b). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the Repository consistent with the Rule.

"Holder" shall mean the registered owner of the Bonds.

"Listed Events" shall mean any of the events listed in Section 5(a) or Section 5(b) of this Disclosure Certificate.

"Official Statement" shall mean the Official Statement, dated as of _____ ___, 2026, relating to the offer and sale of the Bonds.

"Participating Underwriter" shall mean Stifel, Nicolaus & Company, Incorporated, or any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean, the Municipal Securities Rulemaking Board, which can be found at http://emma.msrb.org/, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (presently ending June 30), commencing with the report for the 2025-26 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) Not later than thirty (30) days (nor more than sixty (60) days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send a notice in a timely manner to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent. The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided to the Repository.

SECTION 4. Content and Form of Annual Reports. (a) The District's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the prior fiscal year, 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 time the Annual Report is required to be filed pursuant to Section 3(a), 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.

2. Financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District's audited financial statements):

(a) state funding received by the District for the last completed fiscal year;

(b) average daily attendance of the District for the last completed fiscal year;

(c) outstanding District indebtedness;

(d) summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the current fiscal year;

(e) assessed valuation of taxable property within the District for the current fiscal year;

(f) ten largest local secured taxpayers in the District in terms of their secured assessed valuations for the current fiscal year; and

(g) secured *ad valorem* property tax charges and delinquencies for the last completed fiscal year, except to the extent the Teeter Plan, if adopted by Stanislaus County, applies to both the 1% general purpose *ad valorem* property tax levy and to the tax levy for general obligation bonds of the District;

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 have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

(b) The Annual Report shall be filed in an electronic format, and accompanied by identifying information, prescribed by the Municipal Securities Rulemaking Board.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

1. principal and interest payment delinquencies.

2. tender offers.

3. defeasances.

4. rating changes.

5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).

6. unscheduled draws on the debt service reserves reflecting financial difficulties.

7. unscheduled draws on credit enhancement reflecting financial difficulties.

8. substitution of the credit or liquidity providers or their failure to perform.

9. 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.

10. bankruptcy, insolvency, receivership or similar event (within the meaning of the Rule) of the District. For the purposes of the event identified in this Section 5(a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(b) Pursuant to the provisions of this Section 5(b), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. non-payment related defaults.

2. modifications to rights of Bondholders.

3. Bond calls.

4. unless described under Section 5(a)(5) above, material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

5. release, substitution or sale of property securing repayment of the Bonds.

6. 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.

7. appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.

8. incurrence of a Financial Obligation of the District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect Bondholders.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

SECTION 6. 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(a) or Section 5(b), as applicable.

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon fifteen (15) days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. 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, 5(a) or 5(b), 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 the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and

(d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(b), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. 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 Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. 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 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriter, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

SECTION 12. 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.

Dated: December __, 2026.

DENAIR UNIFIED SCHOOL DISTRICT

By: _____
Chief Business Official

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: DENAIR UNIFIED SCHOOL DISTRICT

Name of Bond Issue: Election of 2024 General Obligation Bonds, Series 2026

Date of Issuance: December __, 2026

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The District anticipates that the Annual Report will be filed by _____.

Dated:_____

DENAIR UNIFIED SCHOOL DISTRICT

By ____[form only; no signature required]_____

APPENDIX D

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR STANISLAUS COUNTY

The following information regarding economic activity within Stanislaus County (the "County") in which the District is located is provided as background information only, to describe the general economic health of the region. The Bonds are not a debt or obligation of the County.

General

The County is located approximately 90 miles east of San Francisco and 75 miles south of Sacramento and is bordered by San Joaquin County on the north, Calaveras and Tuolumne counties on the east, Merced County on the south, and Santa Clara County on the west. Stanislaus County is located in the Central Valley of the State of California (the "State"), one of the fastest-growing areas in the State. Agriculture and agricultural-related industries, such as food processing, are the major industries in the County, in addition to retail trade and manufacturing employment sectors.

Population

The following table shows the historical population estimates in the County and the State from 2017 through 2026.

POPULATION ESTIMATES
2015 through 2024
Stanislaus County and the State of California

Year[1]	County of Stanislaus	State of California
2017	545,273	39,273,915
2018	548,363	39,429,439
2019	550,947	39,503,656
2020[2]	552,878	39,538,223
2021	552,260	39,380,058
2022	549,246	39,159,480
2023	547,646	39,167,274
2024	554,185	39,446,835
2025	558,243	39,646,907
2026	557,159	39,592,978

(1) As of January 1.
(2) U.S. Department of Commerce, Bureau of the Census, for April 1.
Source: California Department of Finance.

Personal Income

The following table shows of per capita personal income for the County, the State and the United States from 2015 through 2024.

PERSONAL INCOME
2015 through 2024
Stanislaus County, the State of California, and the United States

Year	Stanislaus County	State of California	United States
2015	$39,001	$53,816	$48,062
2016	39,774	55,862	48,974
2017	40,587	58,214	51,006
2018	41,448	60,984	53,311
2019	43,430	64,219	55,567
2020	48,678	70,100	59,151
2021	52,417	77,134	64,692
2022	51,572	77,196	66,298
2023	52,853	81,196	70,002
2024	56,741	86,232	73,204

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Commercial Activity

Taxable sales in the County from 2020 through 2024 are shown in the following table.

TAXABLE SALES
2020 through -2024
Stanislaus County
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2020	8,329	$6,931,238	13,500	$10,087,295
2021	7,848	8,695,930	12,854	12,336,565
2022	7,903	8,691,722	13,158	13,020,438
2023	7,715	8,652,761	13,068	12,560,940
2024	7,688	8,729,523	13,130	12,685,836

Source: "Taxable Sales in California (Sales & Use Tax)," California Board of Equalization.

Employment

The following table summarizes the labor force, employment and unemployment figures for the City, the County and the State from 2021 through 2025.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT RATE[(1)]
2021 through 2025
Stanislaus County and State of California

Year	Area	Labor Force	Employment	Unemployment	Unemployment Rate (%)
2021	Stanislaus County	243,700	223,600	20,100	8.2
	State of California	19,013,800	17,619,300	1,394,500	7.3
2022	Stanislaus County	245,700	232,300	13,300	5.4
	State of California	19,267,400	18,441,400	826,100	4.3
2023	Stanislaus County	249,700	234,000	15,700	6.3
	State of California	19,514,600	18,593,600	921,000	4.7
2024	Stanislaus County	253,000	235,400	17,600	6.9
	State of California	19,692,800	18,650,700	1,042,200	5.3
2025	Stanislaus County	257,000	238,300	18,600	7.2
	State of California	19,823,800	18,738,500	1,085,300	5.5

Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2025 Benchmark.

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Industry

The following table summarizes the annual average industry employment in the County from 2021 through 2025.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES
2021 through 2025
Stanislaus County

	2021	2022	2023	2024	2025
Total Farm	14,000	13,900	12,500	12,400	12,600
Mining, Logging and Construction	10,700	11,300	10,700	11,100	11,200
Manufacturing	22,000	23,000	23,700	23,100	22,800
Wholesale Trade	5,600	5,600	5,500	5,600	5,300
Retail Trade	23,000	23,100	22,800	22,800	22,900
Transportation, Warehousing and Utilities	9,100	10,100	10,700	10,200	10,300
Information	800	800	800	700	800
Financial Activities	4,900	5,000	4,800	4,800	4,900
Professional and Business Services	15,400	15,200	14,600	14,200	14,200
Private Education and Health Services	35,000	35,600	36,900	38,900	40,500
Leisure and Hospitality	18,200	20,500	20,900	20,300	19,900
Other Services	5,500	6,000	6,100	6,100	6,000
Government	28,400	29,800	31,000	32,000	32,500
Total All Industries	192,600	199,900	200,900	202,300	203,800

Note: May not add to total due to independent rounding.
Source: California Employment Development Department, Labor Market Information Division. March 2025. Benchmark.

Largest Employers

The following tables list the largest employers in the County as of June 30, 2022.

LARGEST EMPLOYERS
June 30, 2025
Stanislaus County

Rank	Employer	# of Employees
1.	Modesto City Schools	5,574
2.	County of Stanislaus	4,262
3.	Kaiser	3,800
4.	E&J Gallo Winery	3,639
5.	Emanuel Medical	3,419
6.	Memorial Medical Center	3,018
7.	Turlock Unified School District	2,835
8.	Ceres Unified School District	2,694
9.	Doctors Medical Center	2,600
10.	Foster Farms	2,000

Source: Stanislaus County "Comprehensive Annual Financial Report" for the year ending June 30, 2025.

Building Activity

In addition to annual building permit valuations, the numbers of permits for new dwelling units issued each year from 2020 through 2024 in the County are shown in the following table.

BUILDING PERMITS AND VALUATIONS
2020 through 2024
Stanislaus County
(Dollars in Thousands)

	2020	2021	2022	2023	2024
Residential	$188,221	$188,221	$270,908	$318,184	$392,476
Non-Residential	181,870	181,870	341,939	501,403	344,545
Total	$370,091	$370,091	$612,847	$819,587	$737,021
Units					
Single Family	646	646	842	870	1,147
Multiple Family	110	110	109	232	47
Total	756	756	951	1,102	1,194

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

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APPENDIX E

STANISLAUS COUNTY TREASURY POOL INVESTMENT POLICY AND INVESTMENT POOL SUMMARY

The following information concerning the Stanislaus County Treasury Pool Investment Policy and Investment Pool Summary (the "Treasury Pool") has been provided by the Treasurer-Tax Collector (the "Treasurer") of Stanislaus County (the "County"), and has not been confirmed or verified by the District, the Municipal Advisor or the Underwriter. The District, the Municipal Advisor and the Underwriter have not made an independent investigation of the investments in the Treasury Pool and have made no assessment of the current County investment policy. The value of the various investments in the Treasury Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the County Board of Supervisors may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Treasury Pool will not vary significantly from the values described herein. Finally, none of the District, the Municipal Advisor or the Underwriter make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date. Additional information regarding the Treasury Pool may be obtained from the Treasurer at www.stancounty.com/tr-tax/; however, the information presented on such website is not incorporated herein by any reference.

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2026

STANISLAUS COUNTY TREASURY POOL INVESTMENT POLICY



Donna Riley
Treasurer – Tax Collector
Effective Date: July 1, 2026

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1. Purpose

The purpose of the Stanislaus County Treasury Pool Investment Policy ("Policy") is to provide guidance for the investment of funds in excess of the current day anticipated expenditures. Investment responsibility has been entrusted and delegated to the Stanislaus County Treasurer (“Treasurer”) in accordance with California State Law (“Law”) and local ordinance. This policy is intended to provide guidelines to ensure compliance with State and local laws and the prudent money management and investment of funds in the Stanislaus County Treasury Pool (Pool).

2. Scope

This investment policy applies to all financial assets and investment activity of the County of Stanislaus (“County”) including monies entrusted to the Treasurer and deposited into the Pool by County departments, County & City Schools, and Special Districts. The funds covered by this Policy are accounted for and incorporated in the County of Stanislaus Annual Comprehensive Financial Report (ACFR) and include:

2.1. General Fund
2.2. Special Revenue Funds
2.3. Debt Service Funds
2.4. Capital Project Funds
2.5. Enterprise Funds
2.6. Internal Service Funds
2.7. Fiduciary Funds

3. Objective

The investment program shall provide for daily cash flow requirements while following the objectives of this Policy in priority order of Safety, Liquidity, and Return on Investment. In accordance with Government Code 53600.5, the primary objectives of the investment program for the Pool, in priority order, shall be:

3.1. Safety

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a prudent manner, so as to ensure the preservation and return of capital in the overall portfolio. To achieve this objective, investments will only be made in highly rated or strongly collateralized securities with a very high probability of maintaining the principal amount invested. The County will diversify its investments by type, issuer, and maturity among a variety of securities with independent returns.

3.2. Liquidity

The investment portfolio will remain sufficiently liquid to meet all anticipated cash flow requirements of all the Pool’s depositors. This may be accomplished through a variety of investment strategies, such as laddering investment maturities to meet historical cash flow needs, seasonal disbursements, and one-time disbursement requests by depositors. To further ensure liquidity, a portion of the Pool may be in highly liquid securities which can easily be sold on the secondary market or matched to know expenditures such as bond payments. In addition, reserves may be held in a local government investment pool offering same day withdrawal.

3.3. Return on Investments

The investment portfolio strategy shall be designed with the objective of achieving a competitive market rate of return or yield, while adhering to credit quality requirements and liquidity needs. A market rate of return should correspond with the County's investment risk constraints identified in the Policy and the cash flow requirements of the depositors. Due to the primary objectives of safety and liquidity, the portfolio's yield may be lower than that of a higher risk and/or longer maturity investment pool.

3.4. Strategy

The core investment strategy will call for securities to be held to maturity. The following exceptions may apply:

3.4.1 Liquidity needs of the portfolio require a security to be sold;
3.4.2 A security with declining credit may be sold early to minimize loss of principal; or
3.4.3 Sale of a security before maturity may be made at a gain or a loss in order to manage the quality, liquidity, duration or yield of the portfolio or in response to market conditions or the County's risk preferences.

4. Delegation of Authority

In accordance with Government Code Section 27000-27013 and Government Code 53607, the Stanislaus County Board of Supervisors ("Board") has delegated the daily investment of Pool funds to the Treasurer. This is an annual delegation given to the Treasurer by the Board and can be revoked at any time. The Treasurer is responsible for all transactions undertaken and for establishing a system of controls to regulate the activities of staff authorized to invest, specifically the Assistant Treasurer-Tax Collector and the Chief Deputy Treasurer, and their procedures in the absence of the Treasurer. California SB 827 requires all local agency officials to receive at least 2 hours of fiscal and financial training and requires the training to be received at least once every 2 years.

5. Prudent Investor Standard

In accordance with Government Code 53600.3, the County Treasurer is a fiduciary subject to the "Prudent Investor Standard" which shall be applied in the context of managing the overall portfolio. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the Treasurer shall act with care, skill, prudence, and diligence to meet the objectives set forth in the Policy to safeguard investment principal, maintain liquidity needs of the County and earn a reasonable competitive market rate of return.

6. Ethics and Conflicts of Interest

Investment officials shall refrain from personal business activity that could conflict with proper execution and management of the Policy and investment program, or which could impair their ability to make impartial decisions. Investment officials must provide a public disclosure document (Form 700) by February 1 of each year or when material interest in financial institutions or personal investment positions require it. Furthermore, investment officials must refrain from undertaking personal investment transactions with the same individual(s) employed by the financial institution with whom business is conducted on behalf of the County. All bond issue participants, including but not limited to, underwriters, bond counsel, financial advisors, brokers, and dealers will disclose any fee sharing arrangements or fee splitting to the Treasurer prior to the execution of any transactions.

7. Limits on Honoraria, Gifts, and Gratuities

A limit of $50 per calendar year is placed on the receipt of honoraria, gifts, and gratuities from advisors, brokers, dealers, bankers, or other persons with whom the County Treasury ("Treasury") conducts business by the Treasurer and any staff involved in the investment process. A Statement of Economic Interests (Form 700 from the California Fair Political Practices Commission) will be collected from the Treasurer-Tax Collector, Assistant Treasurer-Tax Collector, and Chief Deputy Treasurer on an annual basis. California SB 852 requires public officials who manage a local agency's investments to file their Form 700 Statement of Economic Interest through FPPC's e-filing system and not the local agency. The acceptance of transportation, meals, and/or refreshments received during regularly scheduled conferences (such as the California Association of County Treasurers and Tax Collectors – CACTTC) are not prohibited by this Policy.

8. Authorized Broker/Dealers and Institutions

In accordance with Government Code 53601.5, the Treasurer shall maintain an approved list of broker/dealers and institutions authorized to provide investment services to the County. The approved list may include "primary" or regional dealers qualified under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule) with a minimum capitalization of $250,000 and have at least one major office in the State of California.
In accordance with Section 53601.5, institutions eligible to transact investment business with the County include:

- Institutions licensed by the state as a broker-dealer, as defined in Section 25004 of the Corporations Code, with proof of FINRA certification.
- Institutions that are members of a federally regulated securities exchange.
- Primary government dealers as designated by the Federal Reserve Bank and non-primary government dealers.
- Nationally or state-chartered banks.
- Savings associations or federal associations (as defined in Section 5102 of the Financial Code).
- The Federal Reserve Bank.
- Direct issuers of securities eligible for purchase.

Selection of financial institutions and broker/dealers authorized to engage in transactions will be at the sole discretion of the County, except where the County utilizes an external investment adviser in which case the County may rely on the adviser for selection.
Broker/Dealers staff assigned to Stanislaus County accounts must have at least five years of experience in California public agency investing with knowledge of investment products acceptable under the Stanislaus County Investment Policy and reside within the State of California. The firms and individuals assigned to the County accounts shall be reputable and trustworthy. No public deposit shall be made except in a qualified public depository as established by Law. All financial institutions and broker/dealers proposing to conduct investment transactions with the County shall supply the following to the Treasurer for review:

8.1. Proof of registration with the Financial Industry Regulation Authority (FINRA)
8.2. Proof of registration with the State of California
8.3. Completed Broker/Dealer questionnaire
8.4. Certification of review and willingness to comply with all aspects of this Policy.

Broker/Dealers are prohibited from making political contributions to any candidate for the Board or

Treasurer, which exceeds the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board. The County is prohibited from selecting any broker/dealer or security firm within any consecutive 48-month period following a contribution exceeding the limit set forth in the above rule.
A review of the financial condition and registrations of previously approved Broker/Dealer firms will be conducted by the Treasurer, at least annually or more often, as needed. A current audited financial statement is required to be on file for each financial institution and broker/dealer on the County's approved list.

9. Authorized Investments

In accordance with Government Code 53601 and 53635, investments will only be made in authorized securities with a maturity date of five (5) years or less from the transaction settlement date unless otherwise approved by the Board. Such approval must be issued no less than three months prior to the purchase of any security exceeding the five-year maturity limit.
For the purpose of approved investments and compliance with the investment percentage limits compared to the overall portfolio balance, calculations shall be performed on the date the investment is purchased. If the percentage is legally compliant on the date of purchase, then compliance with the Law shall have been met. Calculations are to be based on the final maturity date, and neither duration nor average days may be used. Credit quality minimums are as of the date the security is purchased.
The investment instruments listed in Attachment 1 are authorized for investment and any instrument not listed are specifically prohibited. Authorized investments are allowed under California State Government Code 53601 and 53635 and concentration limitations are equivalent to, or more conservative than, the code allows.

10. Non-Authorized Investments and Practices

10.1 State law notwithstanding, any investments not specifically described herein are prohibited, including, but not limited to, futures and options.

10.2 In accordance with Government Code 53601.6, investments in derivative securities such as inverse floaters, range notes, or mortgage-derived, interest-only strips or any securities that could result in zero interest accrual if held to maturity are prohibited. Under a provision sunsetting on January 1, 2031, securities backed by the U.S. Government that could result in a zero- or negative interest accrual are permitted during periods of negative interest rates.

10.3 Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited.

10.4 Purchasing or selling securities on margin is prohibited.

10.5 The use of reverse repurchase agreements, securities lending, or any other form of borrowing or leverage is prohibited.

10.6 The purchase of foreign currency denominated securities is prohibited.

10.7 The purchase of a security with a forward settlement date exceeding 45 days from the time of the investment is prohibited.

10.8 Investment in cryptocurrency is prohibited.

11. Due Diligence - Investment Pools and Mutual Funds

Due diligence shall be performed by investigating any pool or fund prior to investing and on an annual basis thereafter. A completed questionnaire will be required which will answer the following questions:

11.1. A description of eligible investment securities, and a written statement of investment policy and objectives.

11.2. A description of interest calculations and how interest is distributed, and how gains and losses are treated.
11.3. A description of how the securities are safeguarded (including the settlement processes), how often the securities are priced, and how often the program is audited for compliance.
11.4. A description of who may invest in the program, how often, and what size deposit and withdrawal are allowed.
11.5. A schedule for receiving statements and portfolio listings.
11.6. Are reserves, retained earnings, etc. utilized by the pool/fund?
11.7. A fee schedule, and when and how is it assessed.
11.8. Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

All Due Diligence reviews will be maintained with the annual investment files for a period of five (5) years. Third-party safekeeping arrangements will be approved by the Treasurer and will be corroborated by a written custodial agreement.

12. Review of Investment Portfolio

The securities held by the Pool must be in compliance with Section 9.0 Authorized Investments at the time of purchase. The Treasurer shall review the portfolio, at least monthly, to identify any securities that may not comply with Section 9.0 Authorized Investments after the date of purchase and establish a procedure to report to the Board any major or critical incidences of non-compliance identified through review of the portfolio. To ensure diversification of the portfolio, purchases of the following types of investments will limit issuers to 10% across all asset types:

12.1 Certificates of Deposit
12.2 Negotiable Certificates of Deposit
12.3 Yankee Certificates of Deposit
12.4 Commercial Paper
12.5 Medium-Term and Corporate Notes

13. Collateralization

In accordance with Government Code 53601, collateralization will be required on certificates of deposit and repurchase agreements. To anticipate market changes and provide a level of security for all funds, the collateralization level will be 110% of market value for certificates of deposit and 102% or greater based on the collateral type for repurchase agreements. Collateralization of any investment will be in accordance with securities approved under this policy. Collateral will always be held by an independent third party with whom the entity has a current custodial agreement. Clearly marked evidence of ownership (safekeeping receipt) must be supplied to the entity and retained. The right of collateral substitution is granted.

14. Safekeeping & Custody

In accordance with Government Code 53608, all security transactions, including collateral for repurchase agreements, entered into by the Treasurer, shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third-party custodian designated by the Treasurer and evidenced by safekeeping statements. Third-party safekeeping arrangements will be approved by the Treasurer and will be corroborated by a written custodial agreement.
The only exception to the foregoing shall be depository accounts and securities purchases made with: (i) local government investment pools; (ii) time certificates of deposit, and (iii) mutual funds and money

market mutual funds, since these securities are not deliverable.

15. Diversification

The Treasurer will diversify the Pool investments by security type and institution to achieve a diversified mix of independent maturities. No more than 5% of the total portfolio may be invested in the securities of any single issuer, across all investment types, other than the US Government, its agencies and instrumentalities, local government investment pools, mutual funds, money market mutual funds, supranationals, or unless otherwise specified in this investment policy.

16. Maximum Maturities

Investment purchases shall not include securities maturing more than five years from the transaction settlement date unless previously approved by the County Board of Supervisors. If approved by the Board, reserve funds may be invested in securities exceeding five years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds. Board approval must be issued no less than three months prior to the purchase of any security exceeding the five-year maturity limit.

17. Internal Controls

The Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Pool are protected from loss, theft, fraud or misuse. Accordingly, the Treasurer shall budget for independent review by an external auditor, with the scope of the audit to be determined by the Auditor-Controller. This review will provide internal control by assuring investment transactions are in compliance with policies, procedures and laws.
The annual audit shall be supervised by a Certified Public Accountant (CPA) who shall render an opinion. The opinion shall be forwarded to the Board for review and acceptance. The selection of the CPA shall be by the Stanislaus County Auditor-Controller.

18. Performance Standards

The investment portfolio shall be designed with the objective of earning a rate of return throughout budgetary cycles, corresponding with the investment risk constraints and the cash flow needs of the Pool.

19. Reporting

In accordance with Government Code 53646 (b), a monthly report shall be prepared by the Treasurer no later than 45 days following the end of the monthly reporting period. The report will be forwarded to the Board for final review and acceptance. The report will be provided through both the Board and Treasurer's websites. The monthly report shall include:

19.1. A concise management summary of Pool activity and position rendered with statements of review and reconciliation with custodial records, source of market valuation, ability to meet next six (6) month's expenditures and compliance with this Policy by the Treasurer.

19.2. A detailed listing of securities held at the end of the month grouped by investment type (e.g.CD, CP, MTN) and delineated as follows:

19.2.1 Issuing agency (e.g. U.S. Government, FHLB, Toyota Motor Credit)
19.2.2 Date purchased
19.2.3 Date of maturity
19.2.4 Par Value
19.2.5 Book Value

19.2.6 Market value
19.2.7 Stated rate (coupon rate)
19.2.8 Yield-to-Maturity
19.2.9 Days-to-Maturity

19.3. A detailed listing of security transactions during the report period (purchases, sales and maturities) grouped by investment type and to include the following:

19.3.1 Date of transaction
19.3.2 Issuing agency (e.g. U.S. Government, FHLB, Toyota Motor Credit)
19.3.3 Purchase, Deposit, Sale, Maturity or Withdrawal Amount
19.3.4 Stated rate (coupon rate)
19.3.5 A summary of Pool position by investment type dollar amount, percentage of total portfolio and average weighted maturity showing compliance with Policy limitations.
19.3.6 A summary by investment type of purchases and sales/maturities and ending position.

20. Investment Policy Adoption

In accordance with Government Code 53646, the Policy shall be adopted by resolution of the Board. The Policy shall be reviewed annually by the Board and any modifications made thereto must be approved by the Board.
The Treasurer shall establish written procedures for the operation of the investment program consistent with this Policy. The procedures will include reference to: safekeeping, master repurchase agreements, wire transfer agreements, banking service contracts and collateral/depository agreements. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the Treasurer.

21. Investment Pool Expenses

The expenses for administration of the Pool shall be borne by all depositors by the utilization of investment earnings to offset the costs. Costs include normal Treasury costs for staff and support services in the areas of:

21.1. Handling, safekeeping, and depositing monies received;
21.2. Investment transactions and custodial safekeeping of securities;
21.3. Bank services; accounting, reporting, and auditing of deposit and investment transactions;
21.4. Training, informational, and educational materials and services related to financial markets, investments, and individual business and governmental entities' financial condition; and
21.5. Other duties and costs related to the management of Pool funds.

Appropriate costs normally charged as "Treasury/org 30400" on the Stanislaus County Auditor-Controller's records will incorporate and clearly define the Pool expenses.

22. Agencies' Voluntary Depositing and Withdrawal

"Voluntary" agency depositing is discouraged due to the potential volatility of depositing and withdrawal, which may occur. The Pool is designed as an operating fund for the County and entities,

which are required to deposit by Law or have historically utilized the efficiencies of the Treasury. Only those agencies which use the Treasury for operational purposes due to their ties to County departmental functions, area schools or special public districts and are either required or allowed to deposit funds in the Treasury are allowed to be participants in the Pool.
Withdrawals from the Pool, for investment purposes outside of the Pool, by non-County member agencies may be made if the following conditions are met:

22.1. The agency has provided the Treasurer with legal authority that it can invest funds outside of the Pool and specifying that responsibility for investment of funds now resides with the agency;
22.2. The agency shows evidence of maintaining a minimum cash balance of one month's normal payroll expenditures for 30 days prior to the date of request as verified by the County Auditor-Controller;
22.3. The agency withdraws a minimum of $1,000,000 and will continue to maintain a minimum Pool cash balance of one month's normal payroll costs;
22.4. The agency makes its request in writing signed by an authorized representative of the agency's board; and
22.5. The agency must allow two business days for each five million dollars or increment thereof which is being withdrawn (e.g. a $15,000,000 withdrawal would require that the Treasurer receive a completed request form with appropriate signatures and verifications 6 business days before the funds are released)

If the withdrawing agency's Pool cash balance falls below one month's payroll expense, the Treasurer may demand that funds be retrieved to restore the Pool cash balance to such level.
Reinvestment of funds from external investments (e.g. California State Local Agency Investment Fund) may be done without the above procedures. The Treasurer's Office may verify with the Auditor's Office, by email, that the agency has one month's payroll expenditures as cash in the Pool exclusive of the redemption of the external investment funds.

23. Investment Earnings Apportionment and Rate

The Pool's investment earnings shall be apportioned by the following method. The investment earnings, which have been received in cash and accumulated from the beginning to the end of each calendar quarter, shall be apportioned to each cash balance fund maintained within the Pool. The apportionment of earnings to any cash balance fund will be in direct proportion of that fund's average daily cash balance to the entire Pool's average daily cash balance for that same quarter.
Example:

Earnings received for the quarter ending March 31	$5,000,000
Fund ABC average daily cash balance during the quarter	$10,000,000
Treasury Pool average daily cash balance during the quarter	$500,000,000
Interest earnings apportioned to Fund ABC would be calculated as $5,000,000 x ($10,000,000/$500,000,000)	$100,000

Cash balance accounts shall be maintained, and earnings apportionment shall be performed by the

County Auditor-Controller's Office.
The cash earnings apportionment rate is calculated as the investment earnings received on a cash basis for the quarter divided by the average daily cash balance for the entire Pool, annualized (times four). In the example above the cash earnings apportionment rate would be 4% [$5,000,000 /$500,000,000) x 4].

24. Exemptions and Amendments

Any investment held prior to the adoption of changes to this Policy, which does not meet the revised guidelines of the Policy, shall be exempted from the requirements. Upon that investment's maturity or liquidation, the monies received shall be invested in accordance with this Policy.

ATTACHMENT I
AUTHORIZED INVESTMENTS

Authorized Investments	Authorized by CA Gov Code	Maximum Maturity	Maximum % or $ Limit of Portfolio	Issuer Concentration % Limit	Minimum Credit Quality	Additional Requirements
Local Agency Bonds, Notes, and Warrants						
Bonds, notes, warrants, or other evidence of indebtedness of a 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 including Stanislaus County.	53601 (a)(e)	5 years	30%	5%	"A" category, or the equivalent, or higher by a NRSRO	None
U.S. Treasury Obligations						
United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.	53601 (b)	5 years	None	None	None	None
California State Registered Warrants, Treasury Notes, and Bonds						
Registered State warrants or Treasury notes or bonds of this State, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the State or by a department, board, agency, or authority of the State.	53601 (c)	5 years	30%	5%	"A" category, or the equivalent, or higher by a NRSRO	None

Authorized Investments	Authorized by CA Gov Code	Maximum Maturity	Maximum % or $ Limit of Portfolio	Issuer Concentration % Limit	Minimum Credit Quality	Additional Requirements
State Registered Treasury Notes and Bonds						
Registered Treasury notes or bonds of any of the other 49 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 states, in addition to California.	53601 (d)	5 years	30%	5%	"A" category, or the equivalent, or higher by a NRSRO	None
U.S. Agency Obligations						
Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.	53601 (f), 53601.6	5 years	None	None	None	20% maximum callable agencies
Bankers' Acceptances						
Bankers' acceptances otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank.	53601 (g)	180 days	40%	5%	"A-1" or "A" category, or the equivalent, or higher by a NRSRO	None

Authorized Investments	Authorized by CA Gov Code	Maximum Maturity	Maximum % or $ Limit of Portfolio	Issuer Concentration % Limit	Minimum Credit Quality	Additional Requirements
Commercial Paper						
Commercial paper of "prime" quality only. The entity that issues the commercial paper shall meet all of the following conditions: (A) Is organized and operating in the United States as a general corporation. (B) Has total assets in excess of five hundred million dollars ($500,000,000). (C) Has debt other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by an NRSRO.	53601 (h), 53601.2, 53635 (a)(1)	397 days	40%	5%	"A-1" by S&P or equivalent by an NRSRO	Must not exceed 10% of the outstanding commercial paper of one issuer. NRSRO is a nationally recognized statistical rating organization.
Negotiable Certificates of Deposit						
Negotiable certificates of deposit issued by a Nationally- or State-Chartered Bank, or by a Federally- or State-Licensed branch of a foreign bank. NCD's are highly liquid and actively traded in the secondary market.	53601 (i), 53638	5 years	30%	5%	None	The deposit shall not exceed the shareholder's equity of any depository bank.
Certificates of Deposit (Non-Negotiable)						
Certificates of deposit issued by a nationally or state-chartered bank which are 110% collateralized by the institution with government securities.	53635, 53635.2, 53635.8, 53636, 53637, 53638, 53641	5 years	30%	5%	None	The deposit shall not exceed the shareholder's equity of any depository bank.

Authorized Investments	Authorized by CA Gov Code	Maximum Maturity	Maximum % or $ Limit of Portfolio	Issuer Concentration % Limit	Minimum Credit Quality	Additional Requirements
Repurchase Agreement						
Repurchase Agreement for any security authorized by government code 53601 with an approved broker/dealer and a third-party custodial bank. Signed Master Repurchase Agreement is required.	53601 (j)	1 year	None	None	None	The market value of the agreement's underlying securities shall be valued at 102% or greater. Reverse repurchase agreements are prohibited.
Medium-Term and Corporate Notes						
Debt securities issued by corporate or depository institutions operating or licensed in the United States with a maximum remaining maturity of five years or less.	53601 (k)	5 years	30%	5%	"A" category by S&P or equivalent by an NRSRO	Notes purchased at par or a discount and payable at par or greater are preferred.
Mutual Funds (Beneficial Interest)						
Shares of beneficial interest issued by diversified management companies that invest in the securities and obligations as authorized by Government Code 53601 (a) to (l) inclusive and have assets under management in excess of $500 million.	53601 (l)(1)	N/A	20%	10%	See Additional Requirements	Mutual Fund must receive highest rating by not less than two NRSROs or have an investment advisor registered or exempt from registration with the Securities & Exchange Commission (SEC) with at least five years' experience investing in instruments authorized by Sections 53601 and 53635 with assets under management in excess of $500 million dollars.

Authorized Investments	Authorized by CA Gov Code	Maximum Maturity	Maximum % or $ Limit of Portfolio	Issuer Concentration % Limit	Minimum Credit Quality	Additional Requirements
Money Market Mutual Funds (Beneficial Interest)						
Shares of beneficial interest issued by diversified management companies that are money market funds registered with the SEC under the Investment Company Act of 1940 (15 U.S.C. Sec 80a-1 et seq.)	53601 (l)(2)	N/A	20%	None	See Additional Requirements	Money Market Mutual Fund must receive highest rating by not less than two NRSROs or have an investment advisor registered or exempt from registration with the SEC with at least five years' experience investing in money market mutual funds with assets under management in excess of $500million dollars.
Shares of Beneficial Interest Issued by a Joint Powers Authority (JPA)						
JPA must be organized pursuant to California Government Code Section 6509.7 and invest in the securities and obligations authorized in subdivisions (a) to (r), inclusive. Each share must represent an equal proportional interest in the underlying pool of securities owned by the JPA. The JPA must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management > $500 million, and has at least 5 years of experience investing in	53601 (p)	N/A	None	N/A	None	To be used for reserves and liquidity

instruments authorized by Section 53601, subdivisions (a) to (q).						
Local Agency Investment Fund (LAIF)						
LAIF is a voluntary program created by statute in 1977 as an investment alternative for California's local governments and special districts.	16429.1 (b)	N/A	$75 million **or** as approved by the State Treasurer	N/A	None	To be used for reserves and liquidity
Supranational Bonds and Notes						
Obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC) and Inter-American Development Bank (IADB) and eligible for purchase and sale in the United States.	53601 (q)	5 years	30%	10%	"AA" category or equivalent by an NRSRO	None
Asset Backed Securities (ABS), Mortgage-Backed Securities (MBS), Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations (CMOs) not issued by the U.S. Treasury or a U.S. Agency						
Non-agency ABS, MBS, CMO and Pass-through securities	53601 (o)	5 years	20%	5%	"AA" category or equivalent or higher by an NRSRO	ABS/MBS/CMO/Pass-through securities are limited to a final maturity of 5 years or less.

ATTACHMENT II

GLOSSARY

AGENCIES: Federal agency securities and/or Government-sponsored enterprises.

ASSET BACKED SECURITIES (ABS): Securities supported by pools of installment loans or leases or by pools of revolving lines of credit.

BANKERS' ACCEPTANCE (BA): A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BROKER: A broker brings buyers and sellers together for a commission.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a Certificate. Large-denomination CDs are typically negotiable.

COLLATERAL: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COLLATERALIZED MORTGAGE OBLIGATIONS (CMO): Classes of bonds that redistribute the cashflows of mortgages to create securities that have different levels of prepayment risk, as compared to the underlying mortgage securities.

COMMERCIAL PAPER (CP): Short-term unsecured corporate debt obligations.

ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR): The official annual report of the *(entity).* It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

DEALER: A dealer, as opposed to a broker, acts as principal in all transactions, buying and selling for his own account.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DERIVATIVES: (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

DISCOUNT: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to beat a discount.

DISCOUNT SECURITIES: Non-interest-bearing money market instruments that are issued a discount and redeemed at maturity for full face value *(e.g., U.S. Treasury Bills.)*

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

DURATION: A measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years.

FEDERAL AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL FARM CREDIT BANK (FFCB): The Federal Farm Credit Bank system provides credit and liquidity in the agricultural industry. FFCB is a U.S. government sponsored enterprise (GSE) that issues discount notes and bonds.

FEDERAL HOME LOAN BANKS (FHLB): Government sponsored wholesale banks (currently 11 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank. The FHLB is a GSE that issues discount notes and bonds.

FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC or Freddie Mac): Freddie Mac is a GSE that provides credit and liquidity for the housing market. Freddie Mac issues discount notes, bonds, and mortgage securities.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA or Fannie Mae): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest. FNMA is a GSE that issues discount notes, bonds and mortgage securities.

FIDUCIARY: A person or organization that acts on behalf of another person(s) or organization that puts client interests ahead of their own as they are bound both legally and ethically to act in the best interests of their clients.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holders are protected by full faith and credit of the

U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FHA mortgages. The term "pass- throughs" is often used to describe Ginnie Maes.

JOINT POWERS AUTHORITY (JPA): An entity created by two or more public agencies that share a common goal in order to jointly exercise powers common to all members through a joint powers agreement or contract.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase—reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable. An investment's term or remaining maturity is measured from the settlement date to final maturity.

MEDIUM TERM NOTES: Senior unsecured, investment grade debt securities of major corporations which can be purchased in the primary or secondary markets.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

MONEY MARKET MUTUAL FUND: A mutual fund that invests exclusively in short-term securities such as treasury bills, agencies, and repurchase agreements.

MORTGAGE PASS-THROUGH SECURITIES: A securitized participation in the interest and principal cash flows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

MUNICIPAL SECURITIES: Securities issued by state and local agencies to finance capital and operating expenses.

MUTUAL FUND: An investment company that pools cash and is able to invest in a variety of securities, including fixed-income securities and money market instruments, as outlined in the fund's prospectus.

NRSRO: National Recognized Statistical Rating Organization; current NRSROs include A.M. Best Rating Services, Inc., DBRS, Inc., Egan-Jones Ratings Co., Fitch Ratings, Inc., HR Ratings de México, S.A. de C.V. Japan Credit Rating Agency, Ltd., Kroll Bond Rating Agency, Inc., Moody's Investors Service, Inc., & S&P Global Ratings.

NEGOTIABLE CERTIFICATE OF DEPOSIT (CD): A debt instrument that pays interest and is issued by a bank, savings or federal association, state or federal credit union, or state-licensed branch of a foreign bank. Negotiable CDs can be traded on the secondary market.

PORTFOLIO: Collection of securities held by an investor.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)- registered securities broker-dealers, banks, and a few unregulated firms.

PRUDENT INVESTOR STANDARD: A standard of responsibility which applies to fiduciaries. In California, the rule is stated in CGC Section 53600.3 as "When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with the care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investment as part of an overall strategy, investment may be acquired as authorized by law."

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

REPURCHASE AGREEMENT (REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate the buyer for this.

REVERSE REPURCHASE AGREEMENT (REVERSE REPO): Reverse repurchase agreements are forms of short-term lending and borrowing using bonds or securities as collateral.

RULE G-37 OF THE MUNICIPAL SECURITIES RULEMAKING BOARD (MSRB): Federal regulations to sever any connection between the making of political contributions and the awarding of municipal securities business.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initialdistribution.

SECURITIES & EXCHANGE COMMISSION (SEC): Agency created by Congress to protect investors insecurities transactions by administering securities legislation.

SEC RULE 15(C)3-1: See Uniform Net Capital Rule.

STRUCTURED NOTES: Notes issued by Government Sponsored Enterprises (FHLB, FNMA, SLMA, etc.) and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

SUPRANATIONALS: A multi-national organization whereby member states transcend national boundaries of interests to share in the decision making to promote economic development in the member countries. Examples include the International Bank for Reconstruction and Development, the International Finance Corporation, and the Inter-American Development Bank.

TREASURY BILLS: A non-interest-bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BONDS: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the

U.S. Government and having initial maturities of more than 10 years.

TREASURY NOTES: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as non-member broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

YIELD: The annual rate of income returned on an investment, expressed as a percentage. (a) INCOME YIELD is obtained by dividing the current dollar income by the current market price for the security. (b) NET YIELD or YIELD TO MATURITY is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

OFFICE OF TREASURER/TAX COLLECTOR

Donna Riley
Treasurer/Tax Collector

PO Box 3052, Modesto, CA 95353-0859
Phone: 209.525.6524 Fax: 209.525-4333

Stanislaus County Treasury – Pooled Investments

Monthly Investment Report
July 2026

The Stanislaus County Treasury Pool yield to maturity for July 2026 was 3.732%, with an Average-Days-to-Maturity of 397 days.

With the current cash flow and investment schedule, the Pool will have sufficient cash to meet historical cash needs for the next six months, through the end of January 2027, as noted below. Surpluses in prior months are projected to carry forward, covering individual month deficits.

	Projected				
Month	Revenue	Expenditures	Net Cash Flow	Maturities	Projected Surplus/(Deficit)
Aug-26	$293,351,660	($317,155,295)	($23,803,635)	$847,040,000	$823,236,365
Sep-26	$382,820,845	($350,560,849)	$32,259,996	$200,265,000	$232,524,996
Oct-26	$330,450,014	($325,560,697)	$4,889,318	$115,000,000	$119,889,318
Nov-26	$376,519,861	($320,454,403)	$56,065,458	$61,500,000	$117,565,458
Dec-26	$637,031,187	($317,648,845)	$319,382,343	$106,169,000	$425,551,343
Jan-27	$286,614,781	($381,875,845)	($95,261,064)	$150,000,000	$54,738,936

The report has been prepared by the Chief Deputy Treasurer, reviewed by the Assistant Treasurer - Tax Collector, and submitted by the Treasurer/Tax Collector. The portfolio has been reviewed for compliance with the investment policy. The US Bank custodial statement is the source of market valuation for securities held by our custodial agent. All other securities are valued at cost.

The Treasury Monthly Investment Report for July 2026 has been provided to the Treasury Oversight Committee members for review.

Karen Helms — 10/14/26

Karen Helms, Chief Deputy Treasurer — Date

Dolores Sarenana — 10/14/26

Dolores Sarenana, Asst Treasurer - Tax Collector — Date

10/16/2026

Donna Riley, Treasurer - Tax Collector — Date

The County of Stanislaus Board of Supervisors has reviewed and accepted the July 2026 Treasurer's Monthly Investment Report.

11/3/26

Chair, Board of Supervisors — Date

Stanislaus County Treasury - Pooled Investments
Investment Pool Summary
July 2026

CASHFLOW	JULY 2026	YTD FY 26/27	JULY 2025	YTD FY 25/26
BEG. CASH BALANCE	$ 3,151,065,906.37	$ 3,151,065,906.37	$ 3,258,966,808.21	$ 3,258,966,808.21
RECEIPTS	192,668,542.02	192,668,542.02	225,443,788.93	225,443,788.93
DISBURSEMENTS	(517,832,057.69)	(517,832,057.69)	(517,205,635.91)	(517,205,935.91)
ENDING CASH BALANCE	$ 2,825,902,390.70	$ 2,825,902,390.70	$ 2,967,204,961.23	$ 2,967,204,661.23

INTEREST INCOME	JULY 2026	YTD FY 26/27	JULY 2025	YTD FY 25/26
INTEREST RECEIVED	$ 8,823,323.19	$ 8,823,323.19	$ 10,506,783.80	$ 10,506,783.80
TREASURY EXPENSE	(125,992.03)	(125,992.03)	(56,749.78)	(56,749.78)
AUDITOR EXPENSE	(15,164.69)	(15,164.69)	(14,790.98)	(14,790.98)
NET DISTRIBUTION	$ 8,682,166.47	$ 8,682,166.47	$ 10,435,243.04	$ 10,435,243.04

BALANCE -07/31/2026	ORACLE BOOK VALUE[1]	MARKET VALUE	MAX INVEST. AS % OF TOTAL	ORACLE BOOK VALUE AS % OF TOTAL[2]	MAX DAYS TO MATURE	AVG DAYS TO MATURE	YTM 360 EQUIV.
CHANDLER ASSETS MONEY MARKET	$ 16,496,464.27	$ 16,496,464.27		0.59%	1,825	1	3.561%
BANK CERT. OF DEPOSIT	$ 1,000,000.00	$ 1,000,000.00		0.04%	1,825	335	3.058%
COMMERCIAL PAPER	152,129,318.07	152,910,900.00	40.00%	5.41%	270	122	3.979%
MANAGED POOL - CAMP	680,000,000.00	680,000,000.00		24.20%		1	3.738%
CAMP - TERM	150,000,000.00	150,000,000.00		5.34%	1,825	118	3.795%
AGENCIES	683,575,084.52	680,429,325.55		24.33%	1,825	478	3.419%
AGENCIES - AMORTIZING	38,838,320.84	39,547,000.00		1.38%	1,825	107	3.604%
AGENCIES - MORTGAGE BACKED	62,969,365.52	62,445,900.39		2.24%	1,825	1,077	4.293%
TREASURIES	616,788,491.99	612,452,500.00		21.95%	1,825	684	3.920%
TREASURIES - AMORTIZING	82,525,920.58	84,406,850.00		2.94%	1,825	69	3.705%
SUPRANATIONALS - AMORTIZING	4,903,540.28	4,989,500.00		0.17%	1,825	20	3.603%
MEDIUM TERM NOTES	320,498,644.91	317,575,809.24	30.00%	11.41%	1,825	791	3.803%
TOTAL INVESTMENTS	$ 2,809,725,150.98	$ 2,802,254,249.45		100.00%		397	3.732%
BOOK CASH BALANCE	16,177,239.72	16,177,239.72					
TOTAL	$ 2,825,902,390.70	$ 2,818,431,489.17					

BOOK & BANK BALANCE RECONCILIATION	
ORACLE FMS ENDING BOOK CASH BALANCE	$ 16,011,409.15
TREASURY DEPOSITS IN TRANSIT (VAULT)	165,830.57
BANK RETURNED CHECKS	0.00
BOOK CASH BALANCE	$ 16,177,239.72
UNRECORDED BANK ITEMS	
TREASURY/TAXES CREDIT CARD REVENUE	(419,487.68)
TREASURY DEPOSITS IN TRANSIT (CASH/COIN SHIPMENTS)	0.00
TREASURY CASH ON HAND (VAULT)	(165,830.57)
UNRECORDED BOOK ITEMS	
BANK CREDITS/REVENUE	2,798,196.86
BANK DEBITS/WITHDRAWALS	(11,125,663.63)
BANK RETURNED CHECKS	0.00
BANK CASH BALANCE	$ 7,264,454.70

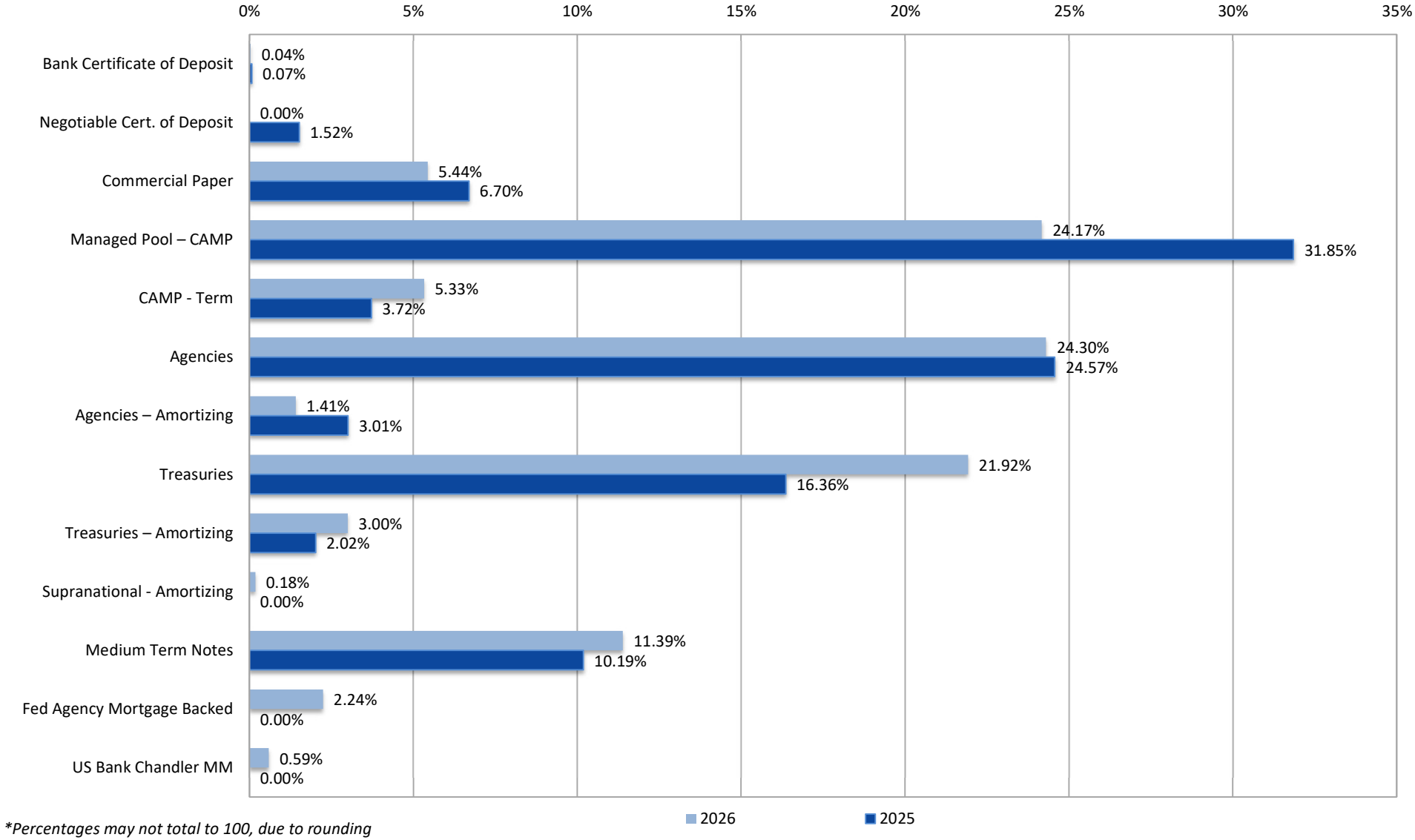
ORACLE FMS TOTAL INVESTMENTS RECONCILIATION	
POOLED CASH - ALL FUNDS ON DEPOSIT	$ 2,762,989,286.50
OUTSTANDING CHECKS/TRANSACTIONS	$ 54,230,937.73
UNDISTRIBUTED YTD INTEREST *(Lags one month for distribution)*	$ 8,682,166.47
TOTAL CASH & INVESTMENTS	$ 2,825,902,390.70

POOLED CASH PARTICIPANT DETAIL*		
COUNTY	*29.28%*	$ 809,017,559.06
SCHOOL DISTRICTS	*68.57%*	$ 1,894,462,920.57
SPECIAL DISTRICTS	*2.15%*	$ 59,508,806.87
TOTAL	*100.00%*	$ 2,762,989,286.50

[1] *Summary total for Oracle Book Value varies approxiamtely $3,440,465 from detailed reports, as it includes amortization not reflected in several line items generated from Sympro*

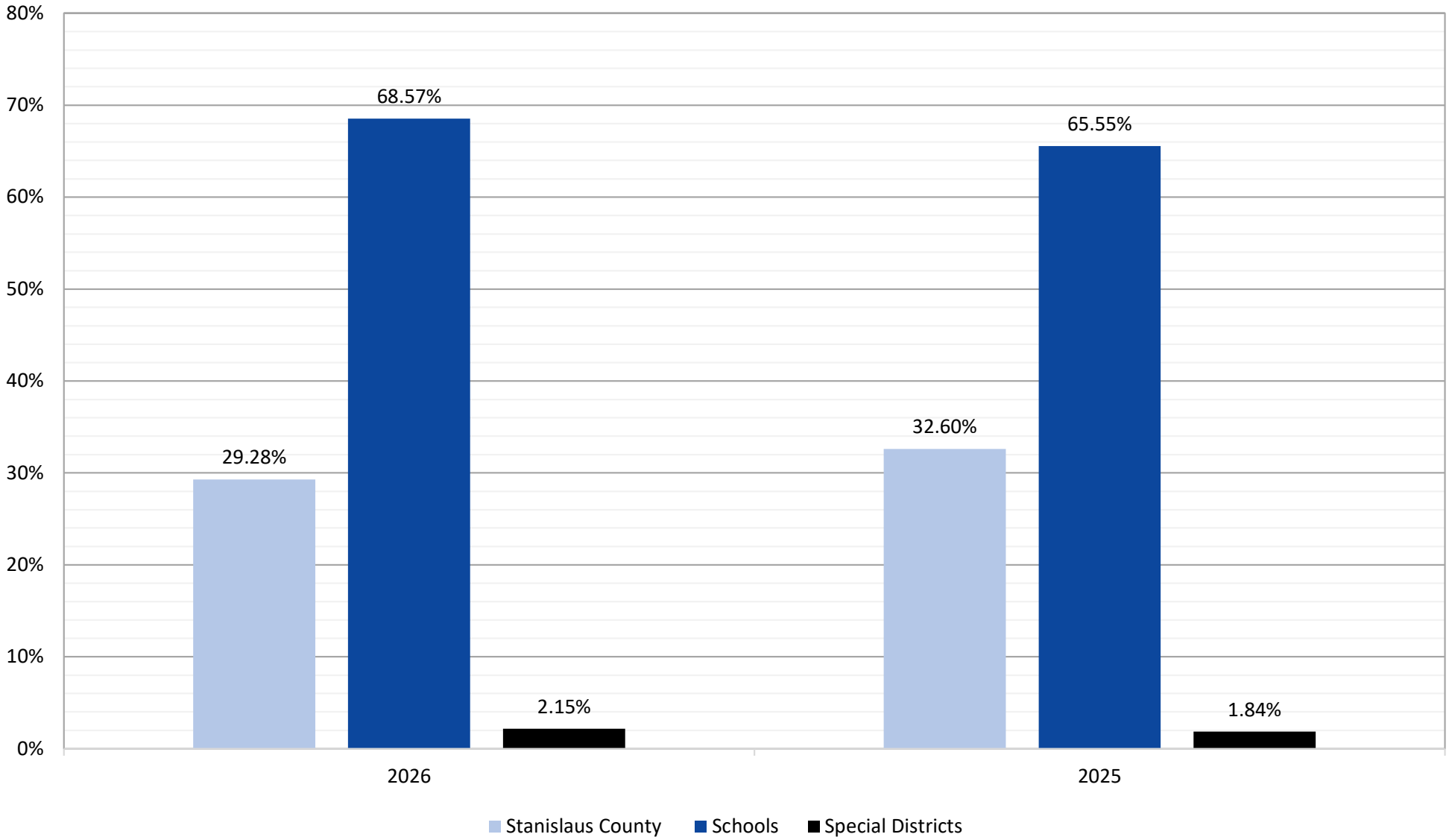
[2] *Percentages may not total to 100, due to rounding*

Stanislaus County Treasury - Pooled Investments
Change in Asset Distribution Year-On-Year*
July 2026 vs. July 2025

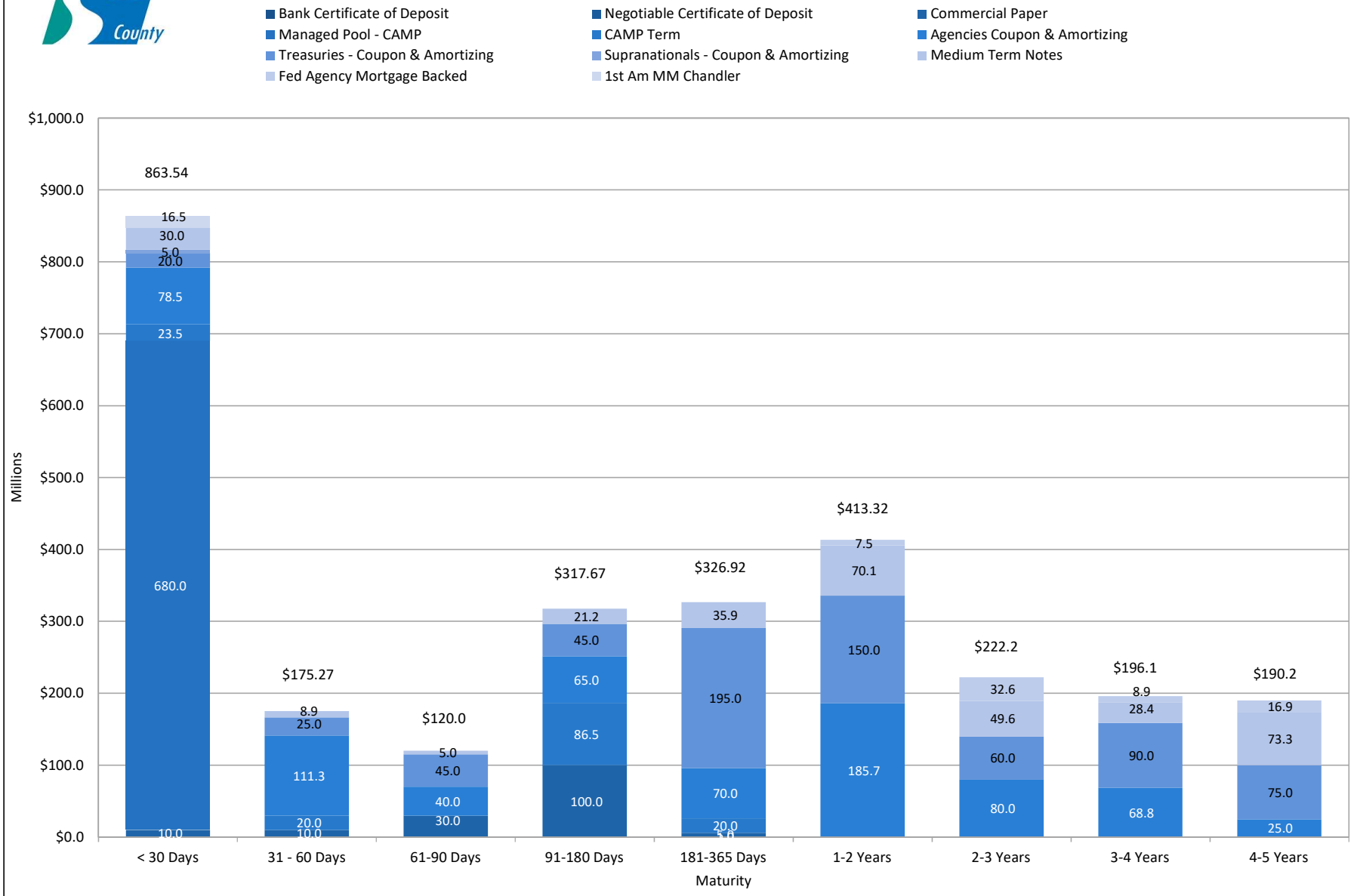


*Percentages may not total to 100, due to rounding

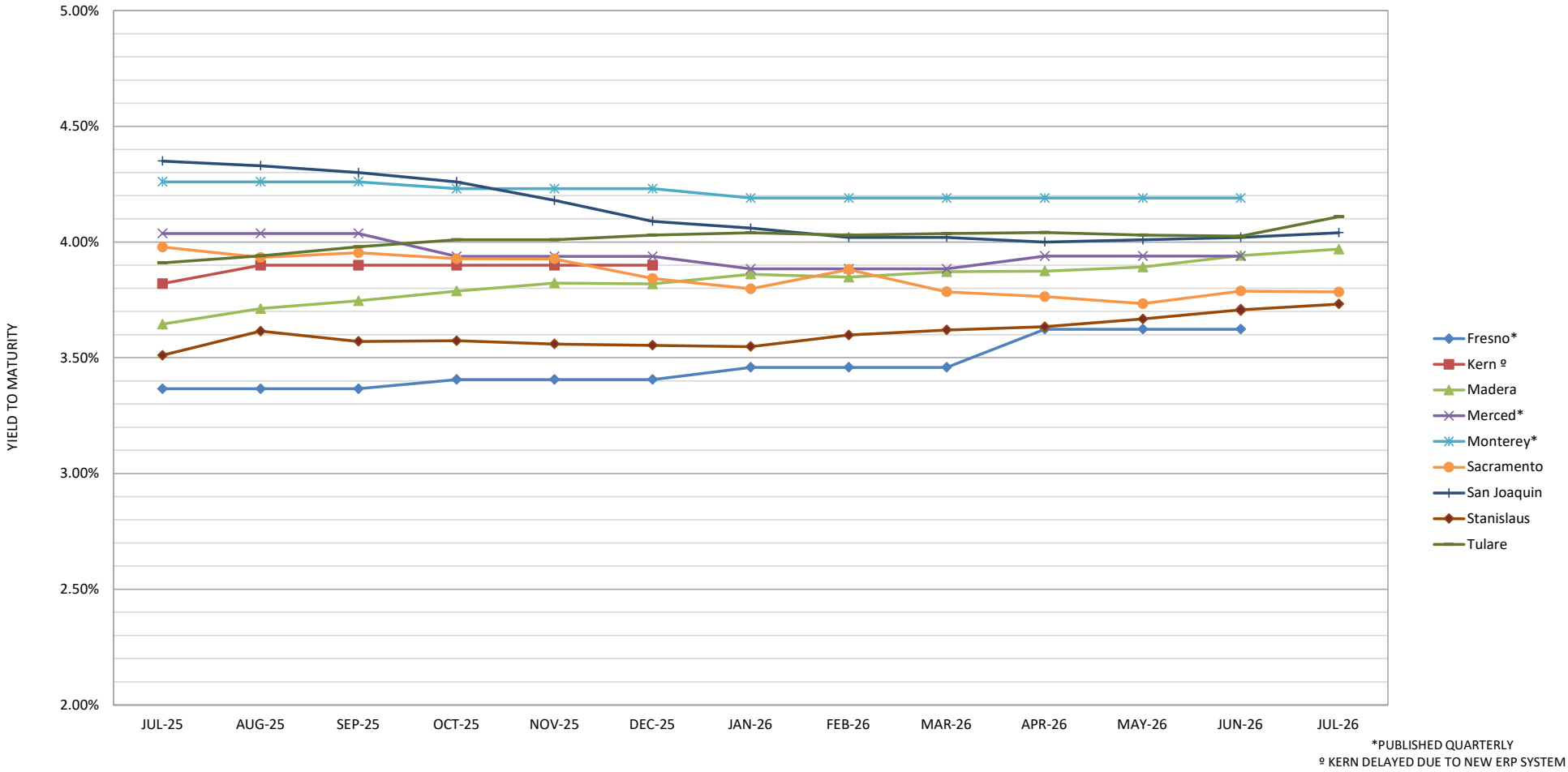
Stanislaus County Treasury - Pooled Investments
Pool Participation Year-On-Year
July 2026 vs. July 2025



Stanislaus County Treasury - Pooled Investments
Maturity Distribution by Type
July 2026



Stanislaus County Treasury - Pooled Investments
Comparison of Yield to Maturity for the Eight Comparable Counties
July 2025 through July 2026



*PUBLISHED QUARTERLY
º KERN DELAYED DUE TO NEW ERP SYSTEM

Stanislaus County Treasury - Pooled Investments
Reconciliation of Received Interest
July 2026

Date	90102 Chandler Assets MM	90103 JPM Checking	90110/11 Certificate of Deposit	90115 Commercial Paper	90126 LGIP - CAMP	90127 LGIP - CAMP Term	90130/31 Agencies - Coupon & Amortizing	90132/33 Treasuries - Coupon & Amortizing	90138 Agencies - Freddie K	90140 Medium Term Notes	90145 Municipal Bonds	**Treasury Total**	**Oracle Cloud**	**Variance**
TOTAL	**210,928.87**	**28,954.84**	**66,935.44**	**1,093,344.44**	**2,486,053.31**	**0.00**	**257,368.15**	**3,777,815.66**	**154,552.65**	**747,369.83**	**0.00**	**8,823,323.19**	**8,823,323.19**	**0.00**

Interest Received by Type of Investment

SOURCE	LGIP	POOL	CHANDLER	TOTAL
Chandler Assets MM			$ 210,928.87	$ 210,928.87
JPM Checking		$ 28,954.84		$ 28,954.84
Certificate of Deposit		$ 66,935.44	$ -	$ 66,935.44
Commercial Paper		$ 1,093,344.44	$ -	$ 1,093,344.44
LGIP - CAMP	$ 2,486,053.31			$ 2,486,053.31
LGIP - CAMP Term	$ -			$ -
Agencies		$ 257,204.36	$ 163.79	$ 257,368.15
Treasuries		$ 3,107,276.27	$ 670,539.39	$ 3,777,815.66
Agencies - Freddie K			$ 154,552.65	$ 154,552.65
Municipal Bonds				$ -
Medium Term Notes		$ 592,640.45	$ 154,729.38	$ 747,369.83
Treasury Total	$ 2,486,053.31	$ 5,146,355.80	$ 1,190,914.08	$ 8,823,323.19
Oracle Cloud				
Variance				$ 8,823,323.19

	JULY 2026						JULY 2025					
SOURCE	**INVESTED**	**%**	**INTEREST**	**EXPENSE**	**NET INCOME**	**%**	**INVESTED**	**%**	**INTEREST**	**EXPENSE**	**NET INCOME**	**%**
LGIPS (CAMP, LAIF, etc)	$ 830,000,000.00	29.54%	$ 2,486,053.31	$ -	$ 2,486,053.31	28.69%	$ 1,052,600,000.00	35.60%	$ 3,894,297.50	$ -	$ 3,894,297.50	37.32%
IN-HOUSE	1,489,406,971.37	53.01%	5,146,355.80	(141,156.72)	$ 5,005,199.08	57.76%	1,904,274,526.97	64.40%	6,612,486.30	(71,540.76)	6,540,945.54	62.68%
CHANDLER ASSET MGMT	490,318,179.61	17.45%	1,190,914.08	(17,104.76)	$ 1,173,809.32	13.55%	-	0.00%	-	-	-	0.00%
TOTAL	**$ 2,809,725,150.98**	**100.00%**	**$ 8,823,323.19**	**$ (158,261.48)**	**$ 8,665,061.71**	**100.00%**	**$ 2,956,874,526.97**	**100.00%**	**$ 10,506,783.80**	**$ (71,540.76)**	**$ 10,435,243.04**	**100.00%**

Stanislaus County Pool FY 2027
Portfolio Management
Portfolio Summary
July 31, 2026

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.
Certificates of Deposit - Bank	1,000,000.00	1,000,000.00	1,000,000.00	0.04	365	335	3.058
Commercial Paper Disc. -Amortizing	155,000,000.00	152,910,900.00	152,919,829.18	5.44	170	122	3.979
Managed Pool Account - CAMP	680,000,000.00	680,000,000.00	680,000,000.00	24.17	1	1	3.738
CAMP - Term	150,000,000.00	150,000,000.00	150,000,000.00	5.33	270	118	3.795
Federal Agency Coupon Securities	684,345,000.00	680,429,325.55	683,613,001.19	24.30	1,111	478	3.419
Federal Agency Disc. -Amortizing	40,000,000.00	39,547,000.00	39,585,726.39	1.41	301	107	3.604
Treasury Coupon Securities	620,000,000.00	612,452,500.00	616,682,256.11	21.92	921	684	3.920
Treasury Discounts -Amortizing	85,000,000.00	84,406,850.00	84,418,660.70	3.00	297	69	3.705
Supranational Discount - Amortizing	5,000,000.00	4,989,500.00	4,990,305.56	0.18	199	20	3.603
Medium Term Notes	322,349,000.00	317,575,809.24	320,490,007.47	11.39	1,266	791	3.803
Fed Agency Mortgage Backed Securiti	65,953,680.27	62,445,900.39	62,969,365.53	2.24	1,156	1,077	4.293
US Bank Chandler Asset Money Market	16,496,464.27	16,496,464.27	16,496,464.27	0.59	1	1	3.561
Investments	**2,825,144,144.54**	**2,802,254,249.45**	**2,813,165,616.40**	**100.00%**	**680**	**397**	**3.732**

Total Earnings	July 31 Month Ending	Fiscal Year To Date
Current Year	9,517,474.45	9,517,474.45
Average Daily Balance	**3,019,668,775.38**	**3,019,668,775.38**
Effective Rate of Return	**3.71%**	**3.71%**

Reporting period 07/01/2026-07/31/2026

Stanislaus County Pool FY 2027
Portfolio Management
Portfolio Details - Investments
July 31, 2026

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 360	YTM 365	Days to Maturity	Maturity Date
Certificates of Deposit - Bank												
10330219 7/27	4379	Bank of Agriculture & Commerce		07/02/2026	1,000,000.00	1,000,000.00	1,000,000.00	3.100	3.058	3.100	335	07/02/2027
		Subtotal and Average	**1,677,419.35**		**1,000,000.00**	**1,000,000.00**	**1,000,000.00**		**3.058**	**3.100**	**335**	
Commercial Paper Disc. -Amortizing												
09659CK64	4312	BNP Paribas NY Branch		05/06/2026	10,000,000.00	9,931,200.00	9,930,333.33	3.800	3.862	3.916	66	10/06/2026
09659CM70	4373	BNP Paribas NY Branch		07/08/2026	10,000,000.00	9,859,000.00	9,860,088.89	3.935	4.001	4.057	128	12/07/2026
06406XPS7	4352	Bank of New York Mellon CP		06/04/2026	5,000,000.00	4,880,400.00	4,885,340.28	3.950	4.110	4.168	209	02/26/2027
22533UK93	4337	Credit Agri CIB		05/20/2026	10,000,000.00	9,928,000.00	9,929,658.33	3.670	3.724	3.776	69	10/09/2026
15987HMV6	4366	Charles Schwab & Co		06/30/2026	10,000,000.00	9,834,300.00	9,830,416.67	4.070	4.156	4.213	150	12/29/2026
15987HNN3	4382	Charles Schwab & Co		07/22/2026	10,000,000.00	9,804,100.00	9,802,316.67	4.090	4.270	4.329	174	01/22/2027
47816GJ26	4311	Johnsone & Johnson		05/06/2026	10,000,000.00	9,969,300.00	9,967,733.33	3.630	3.674	3.725	32	09/02/2026
59157UMN7	4368	Metlife ST FDG		07/01/2026	10,000,000.00	9,842,200.00	9,843,494.45	3.940	4.016	4.072	143	12/22/2026
60710WMU5	4367	Mizuho Bank Ltd./NY		06/30/2026	10,000,000.00	9,835,400.00	9,836,513.89	3.950	4.030	4.086	149	12/28/2026
62479MMU4	4364	MUFG Bank LTD/NY		06/30/2026	10,000,000.00	9,835,400.00	9,834,858.34	3.990	4.072	4.128	149	12/28/2026
62479MMU4	4365	MUFG Bank LTD/NY		06/30/2026	10,000,000.00	9,835,400.00	9,834,858.34	3.990	4.072	4.128	149	12/28/2026
78015DHQ6	4273	Royal Bank of Canada NY		02/25/2026	10,000,000.00	9,978,500.00	9,976,488.89	3.680	3.749	3.801	23	08/24/2026
78015DNC0	4380	Royal Bank of Canada NY		07/17/2026	10,000,000.00	9,815,500.00	9,820,055.55	3.950	4.029	4.085	164	01/12/2027
86563HK58	4318	Sumimoto Mitsui Trust NY		05/08/2026	10,000,000.00	9,932,300.00	9,931,388.89	3.800	3.861	3.915	65	10/05/2026
86563HND8	4381	Sumimoto Mitsui Trust NY		07/20/2026	10,000,000.00	9,814,400.00	9,819,416.66	3.940	4.018	4.074	165	01/13/2027
89233HNC4	4384	Toyota Motor Credit Corp		07/22/2026	10,000,000.00	9,815,500.00	9,816,866.67	4.020	4.100	4.157	164	01/12/2027
		Subtotal and Average	**171,563,355.93**		**155,000,000.00**	**152,910,900.00**	**152,919,829.18**		**3.979**	**4.034**	**122**	
Managed Pool Account - CAMP												
CAMP	62	California Asset Management Pr			680,000,000.00	680,000,000.00	680,000,000.00	3.790	3.738	3.790	1	
		Subtotal and Average	**838,338,709.68**		**680,000,000.00**	**680,000,000.00**	**680,000,000.00**		**3.738**	**3.790**	**1**	
CAMP - Term												
SYS4245	4245	California Asset Management Pr		12/15/2025	13,500,000.00	13,500,000.00	13,500,000.00	3.750	3.750	3.802	10	08/11/2026
SYS4250	4250	California Asset Management Pr		12/18/2025	36,500,000.00	36,500,000.00	36,500,000.00	3.690	3.690	3.741	118	11/27/2026
SYS4263	4263	California Asset Management Pr		02/03/2026	10,000,000.00	10,000,000.00	10,000,000.00	3.760	3.760	3.812	6	08/07/2026
SYS4275	4275	California Asset Management Pr		03/05/2026	20,000,000.00	20,000,000.00	20,000,000.00	3.740	3.740	3.792	32	09/02/2026
SYS4283	4283	California Asset Management Pr		04/16/2026	50,000,000.00	50,000,000.00	50,000,000.00	3.840	3.840	3.893	160	01/08/2027
SYS4331	4331	California Asset Management Pr		05/15/2026	10,000,000.00	10,000,000.00	10,000,000.00	3.960	3.960	4.015	249	04/07/2027
SYS4354	4354	California Asset Management Pr		06/05/2026	10,000,000.00	10,000,000.00	10,000,000.00	3.990	3.990	4.045	212	03/01/2027
		Subtotal and Average	**150,000,000.00**		**150,000,000.00**	**150,000,000.00**	**150,000,000.00**		**3.795**	**3.847**	**118**	

Stanislaus County Pool FY 2027
Portfolio Management
Portfolio Details - Investments
July 31, 2026

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 360	YTM 365	Days to Maturity	Maturity Date
Federal Agency Coupon Securities												
31422XD33	4073	Farmer Mac.		11/01/2024	10,000,000.00	9,929,600.00	9,930,234.87	3.420	4.091	4.148	373	08/09/2027
31424WSQ6	4087	Farmer Mac.		12/20/2024	10,000,000.00	9,961,600.00	10,000,000.00	4.280	4.221	4.280	1,054	06/20/2029
31424WS37	4167	Farmer Mac.		09/03/2025	10,000,000.00	9,933,500.00	10,000,000.00	3.700	3.649	3.700	398	09/03/2027
31424WT36	4175	Farmer Mac.		09/08/2025	5,000,000.00	4,930,850.00	4,996,600.51	3.625	3.609	3.659	769	09/08/2028
31424WV82	4193	Farmer Mac.		09/18/2025	10,000,000.00	9,996,600.00	10,000,000.00	3.720	3.669	3.720	48	09/18/2026
31424WY71	4223	Farmer Mac.		10/10/2025	10,000,000.00	9,995,000.00	10,000,000.00	3.680	3.630	3.680	69	10/09/2026
31424WZ54	4226	Farmer Mac.		10/21/2025	15,000,000.00	14,989,800.00	15,000,000.00	3.570	3.522	3.571	67	10/07/2026
31424W3W0	4240	Farmer Mac.		12/04/2025	10,000,000.00	9,999,900.00	10,000,000.00	3.710	3.665	3.716	3	08/04/2026
31424W3X8	4243	Farmer Mac.		12/05/2025	10,000,000.00	9,988,500.00	10,000,000.00	3.650	3.600	3.650	125	12/04/2026
31424W3W0	4244	Farmer Mac.		12/04/2025	10,000,000.00	9,999,900.00	10,000,000.00	3.710	3.668	3.719	3	08/04/2026
31424W5P3	4249	Farmer Mac.		12/26/2025	10,000,000.00	9,620,200.00	9,985,241.89	3.650	3.637	3.687	1,608	12/26/2030
31428JAS6	4264	Farmer Mac.		02/05/2026	10,000,000.00	9,970,100.00	10,000,000.00	3.580	3.531	3.580	188	02/05/2027
31428JPF8	4376	Farmer Mac.		07/14/2026	10,000,000.00	9,979,500.00	10,000,000.00	4.200	4.142	4.200	713	07/14/2028
31428JQH3	4383	Farmer Mac.		07/24/2026	10,000,000.00	10,000,400.00	10,000,000.00	4.220	4.167	4.225	447	10/22/2027
3133EM3Y6	3834	Federal Farm Credit Bank		09/01/2021	15,000,000.00	14,961,300.00	15,000,000.00	0.930	0.917	0.930	31	09/01/2026
3133ENDC1	3848	Federal Farm Credit Bank		11/03/2021	10,000,000.00	9,936,200.00	10,000,000.00	1.330	1.312	1.330	94	11/03/2026
3133ENDC1	3857	Federal Farm Credit Bank		11/03/2021	10,000,000.00	9,936,200.00	10,000,000.00	1.330	1.312	1.330	94	11/03/2026
3133EPZN8	4010	Federal Farm Credit Bank		10/24/2023	10,000,000.00	10,138,500.00	10,000,000.00	5.000	4.932	5.000	815	10/24/2028
3133EPC60	4016	Federal Farm Credit Bank		11/15/2023	10,000,000.00	10,051,800.00	9,988,947.78	4.625	4.655	4.720	471	11/15/2027
3133EP2T1	4032	Federal Farm Credit Bank		02/12/2024	10,000,000.00	10,003,300.00	9,997,081.94	4.125	4.107	4.164	195	02/12/2027
3133EP5S0	4033	Federal Farm Credit Bank		03/20/2024	5,000,000.00	4,999,100.00	4,996,523.26	4.250	4.238	4.297	597	03/20/2028
3133EP5U5	4034	Federal Farm Credit Bank		03/20/2024	5,000,000.00	4,972,400.00	4,989,982.78	4.125	4.135	4.192	962	03/20/2029
3133ERJZ5	4059	Federal Farm Credit Bank		06/28/2024	10,000,000.00	10,033,600.00	9,999,576.11	4.500	4.443	4.505	331	06/28/2027
3133ERRW3	4068	Federal Farm Credit Bank		09/30/2024	13,840,000.00	13,838,062.40	13,843,284.85	3.875	3.546	3.595	33	09/03/2026
3133ERWE7	4070	Federal Farm Credit Bank		10/01/2024	10,000,000.00	9,727,800.00	10,000,000.00	3.500	3.452	3.500	1,157	10/01/2029
3133ERZD6	4075	Federal Farm Credit Bank		11/01/2024	5,000,000.00	4,935,050.00	4,977,900.00	4.000	4.095	4.152	1,188	11/01/2029
3133ERJ85	4079	Federal Farm Credit Bank		12/09/2024	10,000,000.00	9,877,000.00	9,975,178.68	4.000	4.034	4.090	1,132	09/06/2029
3133ERT84	4091	Federal Farm Credit Bank		01/14/2025	10,000,000.00	9,993,900.00	9,986,537.59	4.250	4.290	4.350	531	01/14/2028
3133ER2X8	4092	Federal Farm Credit Bank		02/04/2025	10,000,000.00	9,956,500.00	9,968,775.83	4.250	4.290	4.350	1,283	02/04/2030
3133ER6D8	4107	Federal Farm Credit Bank		03/07/2025	10,000,000.00	9,920,100.00	10,000,000.00	4.000	3.945	4.000	949	03/07/2029
3133ER7L9	4114	Federal Farm Credit Bank		03/24/2025	10,000,000.00	9,877,200.00	9,992,058.92	4.000	3.969	4.024	1,325	03/18/2030
3133ETCU9	4118	Federal Farm Credit Bank		04/14/2025	5,000,000.00	4,999,300.00	5,000,000.00	3.875	3.822	3.875	74	10/14/2026
3133ETFF9	4125	Federal Farm Credit Bank		04/25/2025	10,000,000.00	9,894,900.00	10,000,000.00	3.900	3.847	3.900	998	04/25/2029
3133ETFA0	4126	Federal Farm Credit Bank		05/01/2025	18,750,000.00	18,429,000.00	18,750,000.00	4.000	3.945	4.000	1,369	05/01/2030
3133ETFW2	4127	Federal Farm Credit Bank		05/07/2025	10,000,000.00	9,962,400.00	9,995,975.00	3.625	3.630	3.680	279	05/07/2027
3133ETRX7	4162	Federal Farm Credit Bank		08/01/2025	10,000,000.00	9,923,000.00	9,995,266.67	3.875	3.847	3.900	731	08/01/2028

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 360	YTM 365	Days to Maturity	Maturity Date
Federal Agency Coupon Securities												
3133ETVJ3	4166	Federal Farm Credit Bank		08/27/2025	10,000,000.00	9,943,300.00	9,991,797.50	3.625	3.654	3.705	391	08/27/2027
3133ETVW4	4170	Federal Farm Credit Bank		09/05/2025	10,000,000.00	9,870,100.00	10,003,700.19	3.625	3.557	3.606	766	09/05/2028
3133ETXL6	4183	Federal Farm Credit Bank		09/15/2025	10,000,000.00	9,995,700.00	9,999,584.44	3.625	3.610	3.660	45	09/15/2026
3133ETA98	4209	Federal Farm Credit Bank		10/03/2025	10,000,000.00	9,909,400.00	9,987,990.12	3.500	3.541	3.590	520	01/03/2028
3133ETE45	4213	Federal Farm Credit Bank		10/09/2025	5,000,000.00	4,892,150.00	5,000,000.00	3.625	3.575	3.625	1,165	10/09/2029
3133ETV61	4231	Federal Farm Credit Bank		11/14/2025	10,000,000.00	9,711,600.00	10,000,000.00	3.700	3.649	3.700	1,566	11/14/2030
3133ETV95	4237	Federal Farm Credit Bank		12/02/2025	10,000,000.00	9,977,200.00	10,002,523.22	3.625	3.531	3.580	200	02/17/2027
3133ETM95	4238	Federal Farm Credit Bank		12/02/2025	10,000,000.00	9,899,800.00	9,980,467.15	3.375	3.490	3.538	452	10/27/2027
3133ET5E3	4246	Federal Farm Credit Bank		12/23/2025	10,000,000.00	9,879,900.00	9,986,613.33	3.375	3.428	3.475	509	12/23/2027
3133ET5B9	4248	Federal Farm Credit Bank		12/22/2025	10,000,000.00	9,981,200.00	9,999,921.67	3.500	3.454	3.502	143	12/22/2026
3133EWFC92	4271	Federal Farm Credit Bank		02/26/2026	10,000,000.00	9,971,800.00	10,000,000.00	3.500	3.452	3.500	209	02/26/2027
3133EWJZ4	4280	Federal Farm Credit Bank		03/27/2026	10,000,000.00	9,938,900.00	9,993,377.78	3.875	3.863	3.917	604	03/27/2028
3133EWVV9	4374	Federal Farm Credit Bank		07/13/2026	10,000,000.00	10,000,500.00	10,000,000.00	4.125	4.068	4.125	346	07/13/2027
3133EWXF2	4385	Federal Farm Credit Bank		07/24/2026	20,000,000.00	20,012,400.00	20,000,000.00	4.300	4.241	4.300	723	07/24/2028
3130ANG95	3823	Federal Home Loan Bank		08/24/2021	8,540,000.00	8,526,848.40	8,540,000.00	1.250	1.011	1.025	23	08/24/2026
3130ANVS6	3830	Federal Home Loan Bank		08/30/2021	25,000,000.00	24,954,000.00	25,000,000.00	1.000	0.986	1.000	25	08/26/2026
3130ANW97	3833	Federal Home Loan Bank		08/30/2021	15,000,000.00	14,972,850.00	15,000,000.00	1.270	0.949	0.963	27	08/28/2026
3130ANWH9	3838	Federal Home Loan Bank		09/28/2021	3,500,000.00	3,488,275.00	3,499,916.41	1.080	1.085	1.100	45	09/15/2026
3130APCH6	3839	Federal Home Loan Bank		09/29/2021	15,000,000.00	14,931,300.00	15,000,000.00	1.125	1.110	1.125	59	09/29/2026
3130AQ3T8	3860	Federal Home Loan Bank		12/23/2021	5,000,000.00	4,961,600.00	5,000,000.00	2.000	1.618	1.641	144	12/23/2026
3130AFFX0	4053	Federal Home Loan Bank		06/25/2024	10,000,000.00	9,780,700.00	9,780,067.84	3.250	4.254	4.313	838	11/16/2028
3130B2PJ8	4063	Federal Home Loan Bank		09/30/2024	25,000,000.00	24,991,250.00	25,001,069.88	3.625	3.527	3.576	34	09/04/2026
3130B2PJ8	4069	Federal Home Loan Bank		09/30/2024	8,995,000.00	8,991,851.75	8,995,235.24	3.625	3.546	3.595	34	09/04/2026
3130B62V7	4124	Federal Home Loan Bank		04/24/2025	10,000,000.00	9,914,100.00	10,000,000.00	3.800	3.748	3.800	632	04/24/2028
3130B82L5	4225	Federal Home Loan Bank		10/10/2025	10,000,000.00	9,927,600.00	9,987,073.03	3.500	3.566	3.615	429	10/04/2027
3130B9RC6	4282	Federal Home Loan Bank		04/14/2026	10,000,000.00	9,891,500.00	9,992,426.24	3.500	3.746	3.798	580	03/03/2028
3130BB3J2	4359	Federal Home Loan Bank		06/12/2026	5,530,000.00	5,514,571.30	5,526,396.53	4.125	4.106	4.163	670	06/01/2028
3135G0Q22	4194	Federal National Mortgage Asso		09/16/2025	10,000,000.00	9,969,400.00	9,974,594.57	1.875	3.598	3.648	54	09/24/2026
880591EZ1	4009	Tennessee Valley Authority		10/16/2023	15,190,000.00	15,067,416.70	14,997,786.56	3.875	4.683	4.748	592	03/15/2028
880591FE7	4165	Tennessee Valley Authority		08/08/2025	5,000,000.00	4,900,050.00	5,003,292.81	3.875	3.804	3.857	1,461	08/01/2030
		Subtotal and Average	**655,526,796.74**		**684,345,000.00**	**680,429,325.55**	**683,613,001.19**		**3.419**	**3.466**	**478**	
Federal Agency Disc. -Amortizing												
313385C53	4187	Federal Home Loan Bank		09/12/2025	10,000,000.00	9,981,000.00	9,982,575.00	3.485	3.624	3.674	18	08/19/2026
313385J49	4266	Federal Home Loan Bank		02/03/2026	10,000,000.00	9,932,400.00	9,937,618.06	3.455	3.571	3.621	65	10/05/2026
313384AW9	4277	Federal Home Loan Bank		03/18/2026	20,000,000.00	19,633,600.00	19,665,533.33	3.480	3.610	3.660	173	01/21/2027

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		Subtotal and Average	**39,527,809.72**		**40,000,000.00**	**39,547,000.00**	**39,585,726.39**		**3.604**	**3.654**	**107**	
Treasury Coupon Securities												
91282CFH9	4008	U S Treasury Securities		10/13/2023	15,000,000.00	14,833,650.00	14,765,616.74	3.125	4.658	4.723	395	08/31/2027
91282CLL3	4074	U S Treasury Securities		11/01/2024	10,000,000.00	9,912,100.00	9,922,367.01	3.375	4.057	4.114	410	09/15/2027
91282CFB2	4082	U S Treasury Securities		12/12/2024	20,000,000.00	19,724,000.00	19,745,512.49	2.750	4.050	4.107	364	07/31/2027
91282CGB1	4093	U S Treasury Securities		02/11/2025	20,000,000.00	19,689,800.00	19,717,993.27	3.875	4.277	4.337	1,248	12/31/2029
912828Z78	4098	U S Treasury Securities		02/28/2025	20,000,000.00	19,759,200.00	19,760,496.79	1.500	3.951	4.006	183	01/31/2027
91282CLG4	4116	U S Treasury Securities		04/09/2025	25,000,000.00	24,888,000.00	25,000,000.00	3.750	3.697	3.748	379	08/15/2027
912828YG9	4145	U S Treasury Securities		06/24/2025	25,000,000.00	24,913,000.00	24,907,996.42	1.625	3.888	3.942	60	09/30/2026
912828X88	4146	U S Treasury Securities		06/24/2025	25,000,000.00	24,664,000.00	24,728,662.82	2.375	3.765	3.817	287	05/15/2027
91282CET4	4147	U S Treasury Securities		06/24/2025	25,000,000.00	24,697,500.00	24,765,293.02	2.625	3.756	3.808	303	05/31/2027
91282CDG3	4159	U S Treasury Securities		07/22/2025	25,000,000.00	24,835,250.00	24,827,795.99	1.125	3.935	3.990	91	10/31/2026
91282CET4	4176	U S Treasury Securities		09/04/2025	25,000,000.00	24,697,500.00	24,798,378.35	2.625	3.584	3.634	303	05/31/2027
91282CNU1	4247	U S Treasury Securities		12/19/2025	10,000,000.00	9,872,300.00	10,028,801.55	3.625	3.427	3.475	745	08/15/2028
91282CET4	4270	U S Treasury Securities		02/23/2026	20,000,000.00	19,758,000.00	19,860,633.12	2.625	3.440	3.488	303	05/31/2027
91282CQH7	4281	U S Treasury Securities		03/31/2026	20,000,000.00	19,877,400.00	20,000,000.00	3.875	3.822	3.875	608	03/31/2028
91282CPA3	4284	U S Treasury Securities		04/28/2026	10,000,000.00	9,707,000.00	9,912,654.26	3.625	3.874	3.928	1,521	09/30/2030
91282CGZ8	4291	U S Treasury Securities		04/29/2026	10,000,000.00	9,696,500.00	9,851,237.61	3.500	3.879	3.933	1,368	04/30/2030
91282CQK0	4294	U S Treasury Securities		04/30/2026	5,000,000.00	4,884,000.00	4,977,385.47	3.875	3.926	3.981	1,733	04/30/2031
91282CLK5	4298	U S Treasury Securities		04/30/2026	10,000,000.00	9,794,500.00	9,963,748.47	3.625	3.907	3.961	1,126	08/31/2029
91282CGQ8	4299	U S Treasury Securities		04/30/2026	10,000,000.00	9,878,500.00	10,066,304.35	4.000	3.944	3.999	1,307	02/28/2030
91282CHR5	4300	U S Treasury Securities		04/30/2026	10,000,000.00	9,856,300.00	9,998,163.84	4.000	3.949	4.004	1,460	07/31/2030
91282CJX0	4301	U S Treasury Securities		04/30/2026	10,000,000.00	9,829,700.00	9,987,799.55	4.000	3.974	4.029	1,644	01/31/2031
9128283F5	4302	U S Treasury Securities		05/04/2026	10,000,000.00	9,755,500.00	9,798,602.82	2.250	3.823	3.876	471	11/15/2027
91282CQD6	4305	U S Treasury Securities		05/05/2026	5,000,000.00	4,813,300.00	4,911,522.59	3.500	4.025	4.081	1,672	02/28/2031
91282CQK0	4306	U S Treasury Securities		05/05/2026	5,000,000.00	4,884,000.00	4,958,394.46	3.875	4.027	4.083	1,733	04/30/2031
91282CPD7	4307	U S Treasury Securities		05/05/2026	10,000,000.00	9,700,000.00	9,831,922.22	3.625	4.019	4.075	1,552	10/31/2030
91282CGB1	4308	U S Treasury Securities		05/05/2026	10,000,000.00	9,844,900.00	9,949,644.46	3.875	3.979	4.034	1,248	12/31/2029
91282CJQ5	4314	U S Treasury Securities		05/06/2026	10,000,000.00	9,735,600.00	9,994,123.09	3.750	4.019	4.075	1,613	12/31/2030
9128285M8	4315	U S Treasury Securities		05/06/2026	10,000,000.00	9,746,100.00	9,954,039.20	3.125	3.908	3.962	837	11/15/2028
91282CFT3	4316	U S Treasury Securities		05/06/2026	10,000,000.00	9,892,600.00	10,009,686.52	4.000	3.955	4.010	1,187	10/31/2029
91282CNH0	4320	U S Treasury Securities		05/08/2026	10,000,000.00	9,928,500.00	10,146,695.19	3.875	3.857	3.911	684	06/15/2028
9128283W8	4325	U S Treasury Securities		05/13/2026	10,000,000.00	9,778,100.00	9,883,792.01	2.750	3.930	3.985	563	02/15/2028
91282CLG4	4326	U S Treasury Securities		05/13/2026	10,000,000.00	9,955,200.00	10,072,707.03	3.750	3.866	3.920	379	08/15/2027
91282CPC9	4328	U S Treasury Securities		05/14/2026	10,000,000.00	9,832,000.00	9,922,784.33	3.500	3.948	4.003	806	10/15/2028
91282CLC3	4329	U S Treasury Securities		05/14/2026	10,000,000.00	9,906,300.00	9,983,969.07	4.000	4.000	4.056	1,095	07/31/2029
91282CGT2	4332	U S Treasury Securities		05/18/2026	10,000,000.00	9,898,400.00	9,977,647.13	3.625	4.008	4.064	608	03/31/2028

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Treasury Coupon Securities												
91282CHE4	4333	U S Treasury Securities		05/18/2026	10,000,000.00	9,887,100.00	9,922,725.55	3.625	4.013	4.069	669	05/31/2028
91282CJW2	4340	U S Treasury Securities		05/21/2026	10,000,000.00	9,924,200.00	9,971,394.05	4.000	4.064	4.120	914	01/31/2029
91282CPP0	4341	U S Treasury Securities		05/22/2026	10,000,000.00	9,819,100.00	9,860,270.78	3.500	4.069	4.126	867	12/15/2028
91282CNP2	4344	U S Treasury Securities		05/27/2026	20,000,000.00	19,940,400.00	19,989,418.60	3.875	3.872	3.926	364	07/31/2027
91282CPE5	4345	U S Treasury Securities		05/27/2026	20,000,000.00	19,826,600.00	19,931,243.76	3.500	3.944	3.999	456	10/31/2027
91282CNE7	4346	U S Treasury Securities		05/27/2026	20,000,000.00	19,960,800.00	19,994,867.89	3.875	3.852	3.906	303	05/31/2027
91282CMA6	4353	U S Treasury Securities		06/04/2026	10,000,000.00	9,927,700.00	9,992,949.69	4.125	4.106	4.163	1,217	11/30/2029
91282CQU8	4356	U S Treasury Securities		06/08/2026	10,000,000.00	9,869,500.00	9,945,340.65	4.125	4.214	4.273	1,764	05/31/2031
91282CHQ7	4357	U S Treasury Securities		06/08/2026	10,000,000.00	9,971,100.00	9,992,725.61	4.125	4.104	4.161	730	07/31/2028
91282CEN7	4369	U S Treasury Securities		06/30/2026	10,000,000.00	9,903,700.00	9,952,615.49	2.750	3.970	4.025	272	04/30/2027
91282CKD2	4378	U S Treasury Securities		07/14/2026	10,000,000.00	9,983,600.00	10,146,332.80	4.250	4.234	4.293	942	02/28/2029
		Subtotal and Average	**668,831,835.37**		**620,000,000.00**	**612,452,500.00**	**616,682,256.11**		**3.920**	**3.974**	**684**	
Treasury Discounts -Amortizing												
912797RG4	4169	U S Treasury Securities		08/28/2025	10,000,000.00	9,997,000.00	9,994,881.94	3.685	3.838	3.891	5	08/06/2026
912797RG4	4179	U S Treasury Securities		09/05/2025	10,000,000.00	9,997,000.00	9,994,965.28	3.625	3.771	3.824	5	08/06/2026
912797RS8	4207	U S Treasury Securities		09/23/2025	25,000,000.00	24,921,750.00	24,921,052.08	3.445	3.582	3.632	33	09/03/2026
912797SK4	4236	U S Treasury Securities		12/02/2025	10,000,000.00	9,911,200.00	9,913,966.67	3.480	3.616	3.666	89	10/29/2026
912797TM9	4268	U S Treasury Securities		02/03/2026	10,000,000.00	9,818,500.00	9,839,013.89	3.350	3.482	3.531	173	01/21/2027
912797VN4	4370	U S Treasury Securities		06/30/2026	10,000,000.00	9,913,600.00	9,908,710.42	3.778	3.878	3.932	87	10/27/2026
912797TC1	4371	U S Treasury Securities		06/30/2026	10,000,000.00	9,847,800.00	9,846,070.42	3.822	3.949	4.004	145	12/24/2026
		Subtotal and Average	**89,451,676.59**		**85,000,000.00**	**84,406,850.00**	**84,418,660.70**		**3.705**	**3.756**	**69**	
Supranational Discount - Amortizing												
459053C77	4267	Intl Bnk for Recons & Dev		02/03/2026	5,000,000.00	4,989,500.00	4,990,305.56	3.490	3.603	3.653	20	08/21/2026
		Subtotal and Average	**4,983,034.72**		**5,000,000.00**	**4,989,500.00**	**4,990,305.56**		**3.603**	**3.653**	**20**	
Medium Term Notes												
037833DN7	4111	Apple Inc		03/24/2025	8,930,000.00	8,911,157.70	8,911,008.08	2.050	3.985	4.040	41	09/11/2026
00287YBX6	4297	Abbvie Inc		04/30/2026	5,000,000.00	4,766,150.00	4,827,816.94	3.200	4.276	4.335	1,208	11/21/2029
002824BS8	4293	Abbott Laboratories		04/29/2026	6,000,000.00	5,798,520.00	5,941,794.38	4.000	4.309	4.369	1,687	03/15/2031
00724PAC3	4239	Adobe Inc		12/02/2025	2,106,000.00	2,084,666.22	2,090,447.77	2.150	3.620	3.670	184	02/01/2027
023135DB9	4279	Amazon.com Inc		03/18/2026	5,000,000.00	4,953,000.00	4,994,859.34	3.850	3.897	3.951	590	03/13/2028
023135DD5	4285	Amazon.com Inc		04/28/2026	6,000,000.00	5,820,120.00	5,995,850.79	4.250	4.335	4.395	1,685	03/13/2031
06406RCG0	4295	Bank of New York Mellon Corp		04/30/2026	5,000,000.00	4,916,900.00	4,951,293.03	4.026	4.374	4.435	1,270	01/22/2030
09247XAR2	4309	Blackrock Inc.		05/05/2026	3,000,000.00	2,654,730.00	2,688,174.42	1.900	4.432	4.494	1,641	01/28/2031

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 360	YTM 365	Days to Maturity	Maturity Date
Medium Term Notes												
06048WN22	3824	Bank of America Corp		08/26/2021	15,000,000.00	14,963,700.00	15,000,000.00	1.250	1.233	1.250	25	08/26/2026
06048WS84	3887	Bank of America Corp		03/02/2022	10,000,000.00	9,867,800.00	10,000,000.00	2.750	2.712	2.750	213	03/02/2027
110122DE5	4173	BRISTOL-MYERS SQUIB		09/03/2025	2,788,000.00	2,767,703.36	2,788,000.00	3.900	3.846	3.899	568	02/20/2028
14913R2U0	3885	Caterpillar Financial Service		01/10/2022	5,000,000.00	4,948,200.00	5,000,480.26	1.700	1.654	1.677	160	01/08/2027
14913R2U0	3886	Caterpillar Financial Service		01/10/2022	5,000,000.00	4,948,200.00	5,000,414.77	1.700	1.657	1.680	160	01/08/2027
14913V2D9	4324	Caterpillar Financial Service		05/15/2026	1,265,000.00	1,247,176.15	1,263,340.12	4.500	4.469	4.531	1,748	05/15/2031
14913V2D9	4327	Caterpillar Financial Service		05/15/2026	3,735,000.00	3,682,373.85	3,725,019.33	4.500	4.500	4.563	1,748	05/15/2031
194162AN3	4090	Colgate Polomive Co		01/03/2025	5,000,000.00	4,938,500.00	4,939,651.80	3.100	4.281	4.340	379	08/15/2027
254687FW1	4174	Walt Disney Co		09/03/2025	5,000,000.00	4,850,550.00	4,888,506.94	2.200	3.770	3.822	530	01/13/2028
233853AF7	4182	Daimler Truck Finance		09/09/2025	5,000,000.00	4,957,850.00	4,964,002.31	2.000	3.961	4.016	135	12/14/2026
26442UAG9	4334	Duke Energy Progress LLC		05/18/2026	3,820,000.00	3,757,275.60	3,798,988.29	3.700	4.321	4.381	762	09/01/2028
532457CQ9	4115	Eli Lilly & Co		04/09/2025	5,000,000.00	4,950,850.00	4,985,577.99	4.200	4.245	4.304	1,109	08/14/2029
532457DL9	4319	Eli Lilly & Co		05/20/2026	1,700,000.00	1,669,859.00	1,698,252.75	4.375	4.315	4.375	1,753	05/20/2031
532457DL9	4323	Eli Lilly & Co		05/20/2026	4,300,000.00	4,223,761.00	4,304,419.52	4.375	4.291	4.351	1,753	05/20/2031
02079KBK2	4289	Alphabet Inc (Google)		04/29/2026	6,000,000.00	5,816,400.00	5,995,131.48	4.100	4.273	4.332	1,659	02/15/2031
38151LAJ9	4349	Goldman Sachs Bank USA		06/03/2026	1,620,000.00	1,615,690.80	1,620,000.00	4.656	4.592	4.656	1,037	06/03/2029
38151LAJ9	4350	Goldman Sachs Bank USA		06/03/2026	3,380,000.00	3,371,009.20	3,382,590.77	4.656	4.550	4.613	1,037	06/03/2029
40139LBJ1	4335	Guardian Life Glob Fund		05/18/2026	3,428,000.00	3,363,587.88	3,405,404.40	4.179	4.551	4.614	1,152	09/26/2029
427866BH0	4196	Hershey Company		09/17/2025	5,000,000.00	4,980,650.00	5,046,288.54	4.250	3.625	3.675	642	05/04/2028
02665WFD8	4269	American Honda Finance		02/03/2026	5,000,000.00	5,014,400.00	5,032,263.78	4.900	3.761	3.813	223	03/12/2027
24422EYN3	4286	John Deere		04/28/2026	6,000,000.00	5,878,800.00	6,002,331.98	4.375	4.306	4.366	1,718	04/15/2031
48128G4X5	3825	JP Morgan Chase Bank		08/30/2021	15,000,000.00	14,955,450.00	15,000,000.00	1.200	1.184	1.200	27	08/28/2026
46625HJZ4	4080	JP Morgan Chase Bank		12/09/2024	6,169,000.00	6,167,025.92	6,163,420.71	4.125	4.321	4.381	136	12/15/2026
57636QAP9	4172	Mastercard Inc.		09/02/2025	10,000,000.00	9,537,000.00	9,793,951.34	3.350	3.917	3.972	1,333	03/26/2030
57636QBL7	4355	Mastercard Inc.		06/08/2026	4,250,000.00	4,204,610.00	4,246,700.11	4.600	4.555	4.618	1,772	06/08/2031
57636QBL7	4358	Mastercard Inc.		06/10/2026	2,000,000.00	1,978,640.00	1,996,818.90	4.600	4.579	4.643	1,772	06/08/2031
58769JAR8	4081	Merceds-Benz Fin North Am		12/09/2024	5,000,000.00	4,999,650.00	5,020,027.17	4.850	4.603	4.667	894	01/11/2029
58989V2M5	4343	Met Tower Global Funding		05/22/2026	5,000,000.00	4,915,600.00	4,928,859.14	4.000	4.558	4.621	897	01/14/2029
30303M8G0	4241	Meta Platform		12/03/2025	5,000,000.00	4,956,600.00	4,992,086.11	3.500	3.606	3.656	379	08/15/2027
30303M8G0	4278	Meta Platform		03/18/2026	5,000,000.00	4,956,600.00	4,997,378.55	3.500	3.818	3.871	379	08/15/2027
30303MAB8	4290	Meta Platform		04/29/2026	6,000,000.00	5,815,380.00	5,953,453.50	4.200	4.341	4.401	1,567	11/15/2030
59217GCK3	4276	Metlife Inc.		03/18/2026	5,000,000.00	4,918,100.00	4,941,251.02	3.000	4.023	4.079	414	09/19/2027
58933YCK9	4338	Merck & Co. Ink.		05/22/2026	3,980,000.00	3,953,095.20	3,969,551.11	4.650	4.647	4.712	1,755	05/22/2031
58933YCK9	4339	Merck & Co. Ink.		05/22/2026	2,020,000.00	2,006,344.80	2,018,795.61	4.650	4.600	4.664	1,755	05/22/2031
63743HFZ0	4296	National Rural Util Coop		04/30/2026	5,000,000.00	4,952,450.00	5,019,422.17	4.150	4.274	4.333	755	08/25/2028
67066GAR5	4360	Nvidia Corp		06/18/2026	2,560,000.00	2,505,446.40	2,555,252.39	4.500	4.481	4.543	1,779	06/15/2031

Stanislaus County Pool FY 2027
Portfolio Management
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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 360	YTM 365	Days to Maturity	Maturity Date
Medium Term Notes												
67066GAR5	4362	Nvidia Corp		06/18/2026	3,440,000.00	3,366,693.60	3,439,429.19	4.500	4.442	4.504	1,779	06/15/2031
67066GAP9	4377	Nvidia Corp		07/13/2026	5,000,000.00	4,976,950.00	5,005,747.55	4.250	4.290	4.350	684	06/15/2028
66815L2X6	4242	Northwestern Mutual		12/03/2025	5,000,000.00	4,949,200.00	5,015,645.21	4.125	3.908	3.962	755	08/25/2028
64952WCX9	4171	New York Life		09/02/2025	5,143,000.00	5,032,631.22	5,081,872.41	3.000	3.816	3.869	527	01/10/2028
64952WFL2	4210	New York Life		09/26/2025	3,390,000.00	3,389,423.70	3,408,562.23	4.400	3.921	3.975	499	12/13/2027
69371RU53	4361	PACCAR Financial Corp		06/18/2026	2,235,000.00	2,217,567.00	2,232,317.48	4.300	4.285	4.345	1,052	06/18/2029
74456QCX2	4292	Public Service Electric		04/29/2026	3,000,000.00	2,918,460.00	2,975,214.15	4.200	4.348	4.408	1,614	01/01/2031
74456QCX2	4336	Public Service Electric		05/18/2026	3,000,000.00	2,918,460.00	2,945,731.57	4.200	4.595	4.659	1,614	01/01/2031
713448FW3	4015	Pepsico		11/13/2023	5,000,000.00	5,007,800.00	5,000,087.33	5.125	5.048	5.118	101	11/10/2026
717081FD0	4351	Pfizer Inc		06/03/2026	5,000,000.00	4,888,600.00	4,955,292.38	4.200	4.407	4.468	1,567	11/15/2030
756109AW4	4342	Realty Income Corp		05/22/2026	5,000,000.00	4,799,600.00	4,819,167.18	3.250	4.551	4.614	1,049	06/15/2029
808513BY0	4101	Charles Schwab Corp		03/03/2025	5,000,000.00	4,946,700.00	4,944,291.11	2.450	4.387	4.448	214	03/03/2027
808513BY0	4177	Charles Schwab Corp		09/05/2025	2,414,000.00	2,388,266.76	2,393,652.94	2.450	3.884	3.938	214	03/03/2027
808513BY0	4178	Charles Schwab Corp		09/05/2025	1,399,000.00	1,384,086.66	1,387,208.15	2.450	3.884	3.938	214	03/03/2027
828807DE4	4375	Simon Prop Gp		07/10/2026	5,272,000.00	5,194,027.12	5,225,562.01	3.375	4.374	4.434	487	12/01/2027
872540AV1	4195	TJX Companies		09/17/2025	3,505,000.00	3,308,790.10	3,353,497.66	1.150	3.659	3.709	653	05/15/2028
89236TKD6	4085	Toyota Motor Credit Corp		12/18/2024	10,000,000.00	9,937,900.00	9,947,118.09	4.450	4.589	4.653	1,063	06/29/2029
89236TJZ9	4192	Toyota Motor Credit Corp		09/16/2025	5,000,000.00	4,962,250.00	4,977,280.77	3.050	3.733	3.785	233	03/22/2027
89236TJZ9	4235	Toyota Motor Credit Corp		12/02/2025	5,000,000.00	4,962,250.00	4,977,268.62	3.050	3.728	3.780	233	03/22/2027
882508CG7	4265	Texas Instrument		02/03/2026	3,500,000.00	3,505,880.00	3,569,370.87	4.600	3.688	3.739	922	02/08/2029
904764BU0	4084	Unilever Capital Corp		12/18/2024	5,000,000.00	4,996,500.00	4,994,944.44	4.250	4.293	4.353	376	08/12/2027
90331HPV9	4330	US Bank		05/20/2026	5,000,000.00	4,982,200.00	5,001,868.52	4.535	4.452	4.514	1,023	05/20/2029
		Subtotal and Average	**322,391,699.86**		**322,349,000.00**	**317,575,809.24**	**320,490,007.47**		**3.803**	**3.856**	**791**	
Fed Agency Mortgage Backed Securiti												
3137F8ZV8	4287	Freddie Mac - K Series		04/30/2026	7,500,000.00	6,617,100.00	6,712,500.00	1.621	4.110	4.167	1,607	12/25/2030
3137FMCR1	4288	Freddie Mac - K Series		04/30/2026	7,332,679.27	7,037,538.94	7,112,412.47	2.982	4.002	4.058	1,028	05/25/2029
3137FUZV9	4303	Freddie Mac - K Series		05/06/2026	3,910,000.00	3,464,338.20	3,496,700.78	1.311	7.060	7.158	1,393	05/25/2030
3137FLN91	4304	Freddie Mac - K Series		05/06/2026	5,447,001.00	5,300,585.61	5,349,125.20	3.505	4.082	4.139	967	03/25/2029
3137FJXV6	4310	Freddie Mac - K Series		05/07/2026	7,500,000.00	7,409,925.00	7,459,863.00	4.050	4.147	4.205	786	09/25/2028
3137FLMV3	4317	Freddie Mac - K Series		05/06/2026	4,864,000.00	4,725,424.64	4,762,350.00	3.422	4.123	4.180	939	02/25/2029
3137FHPJ6	4321	Freddie Mac - K Series		05/13/2026	7,500,000.00	7,404,525.00	7,456,640.63	3.926	4.057	4.113	724	07/25/2028
3137FJKE8	4322	Freddie Mac - K Series		05/13/2026	7,500,000.00	7,393,875.00	7,454,296.88	3.920	4.059	4.115	786	09/25/2028
3137FX3Q9	4347	Freddie Mac - K Series		06/01/2026	5,000,000.00	4,413,950.00	4,435,742.19	1.406	4.329	4.389	1,485	08/25/2030
3137H9D71	4348	Freddie Mac - K Series		06/01/2026	5,000,000.00	4,791,150.00	4,815,625.00	3.000	4.257	4.316	1,151	09/25/2029
3137F62M8	4363	Freddie Mac - K Series		06/22/2026	4,400,000.00	3,887,488.00	3,914,109.38	1.493	4.342	4.402	1,516	09/25/2030

Stanislaus County Pool FY 2027
Portfolio Management
Portfolio Details - Investments
July 31, 2026

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 360	YTM 365	Days to Maturity	Maturity Date
		Subtotal and Average	**62,979,191.57**		**65,953,680.27**	**62,445,900.39**	**62,969,365.53**		**4.293**	**4.353**	**1,077**	
US Bank Chandler Asset Money Market												
6736300243	63	Chandler Asset Management			16,496,464.27	16,496,464.27	16,496,464.27	3.610	3.561	3.610	1	
		Subtotal and Average	**14,397,245.84**		**16,496,464.27**	**16,496,464.27**	**16,496,464.27**		**3.561**	**3.610**	**1**	
		Total and Average	**3,019,668,775.38**		**2,825,144,144.54**	**2,802,254,249.45**	**2,813,165,616.40**		**3.732**	**3.784**	**397**	

PORTFOLIO SUMMARY

Stanislaus County Managed Acct | Account #11569 | As of July 31, 2026

Portfolio Characteristics

Average Modified Duration	2.63
Average Coupon	3.51%
Average Purchase YTM	4.14%
Average Market YTM	4.43%
Average Credit Quality*	AA+
Average Final Maturity	2.93
Average Life	2.91

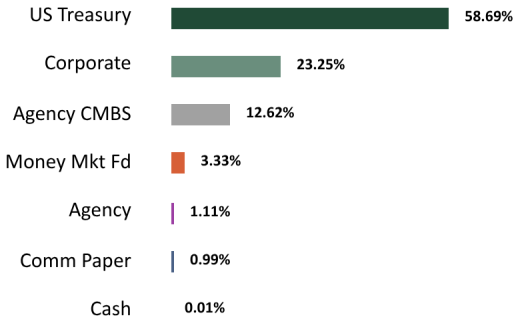
Account Summary

	End Values as of 06/30/2026	End Values as of 07/31/2026
Market Value	497,353,522.24	494,753,018.15
Accrued Interest	3,353,210.38	3,418,709.28
Total Market Value	**500,706,732.61**	**498,171,727.43**
Income Earned	2,323,769.86	1,914,341.91
Cont/WD	(884,173.19)	(1,810,645.47)
Par	506,152,107.36	505,756,804.77
Book Value	499,284,304.60	499,155,233.57
Cost Value	499,000,700.83	498,612,760.63

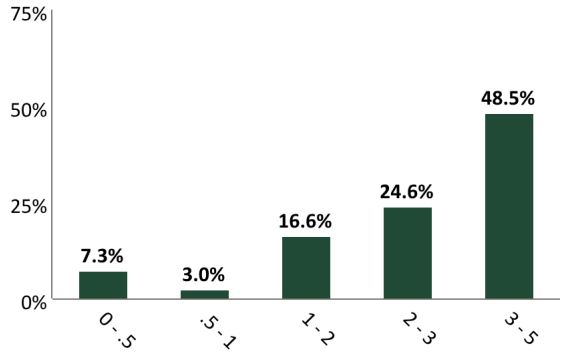
Top Issuers

United States	58.69%
Federal Home Loan Mortgage Corp	12.62%
First American Govt Oblig Fund	3.33%
BNY Mellon Corp	1.98%
Mastercard Incorporated	1.25%
Merck & Co., Inc.	1.20%
Eli Lilly and Company	1.19%
Deere & Company	1.19%

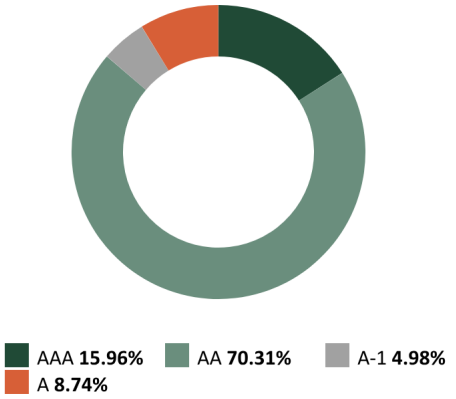
Sector Allocation



Maturity Distribution



Credit Quality*



Performance Review

Total Rate of Return**	1M	3M	YTD	1YR	2YRS	3YRS	5YRS	10YRS	Since Inception (07/01/26)
Stanislaus County Managed Acct	(0.14%)	--	--	--	--	--	--	--	--
Benchmark Return	(0.04%)	--	--	--	--	--	--	--	--

*The average credit quality is a weighted average calculation of the highest of S&P, Moody's and Fitch.
**Periods over 1 year are annualized.
Benchmark: ICE BofA 1-5 Year Unsubordinated US Treasury & Agency Index