This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy 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 prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED MAY 20, 2025

NEW ISSUE – FULL BOOK-ENTRY **RATING: MOODY'S: "Aa2"**
(See "RATINGS" herein)

In the opinion of Lozano Smith, LLP, Sacramento, California, Bond Counsel to the District, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes. In addition, such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Bonds is taken into account in determining annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes. Bond Counsel expresses no other opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

$21,500,000*
LOS BANOS UNIFIED SCHOOL DISTRICT
(Merced County, California)
GENERAL OBLIGATION BONDS, ELECTION OF 2018, SERIES 2025

$34,100,000*
LOS BANOS UNIFIED SCHOOL DISTRICT
(Merced County, California)
2025 GENERAL OBLIGATION REFUNDING BONDS

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

Issuance. The $21,500,000* Los Banos Unified School District General Obligation Bonds, Election of 2018, Series 2025 (the "Series 2025 Bonds"), and the $34,100,000* Los Banos Unified School District 2025 General Obligation Refunding Bonds (the "2025 Refunding Bonds" and, together with the Series 2025 Bonds, the "Bonds") are being issued by the Los Banos Unified School District (the "District"), located in Merced County (the "County"), California, pursuant to resolutions of the District each adopted on May 8, 2025 (together, the "Bond Resolutions"), and certain provisions of the Government and Education Codes of the State of California (the "State").

Authority. The Series 2025 Bonds were authorized at an election of the registered voters of the District held on June 5, 2018, at which more than 55% of the voters of the District voting on the measure voted to approve the issuance by the District of $65,000,000 in aggregate principal amount of general obligation bonds (the "2018 Authorization") for the purpose of financing the construction, repair, modernization, acquisition, and equipping of school classrooms, facilities, and school sites within the District. The Series 2025 Bonds are the third and final series of bonds issued under the 2018 Authorization.

The 2025 Refunding Bonds are being issued by the District pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with sections 53550 and 53580, respectively, thereof (the "Refunding Bond Law").

Purpose. The Series 2025 Bonds are being issued to (i) finance the construction, acquisition, furnishing and equipping of District facilities; (ii) fund capitalized interest on the Series 2025 Bonds; and (iii) pay costs of issuance of the Series 2025 Bonds.

The 2025 Refunding Bonds are being issued to (i) refund all or a portion of the District's outstanding 2015B Bonds (defined herein); (ii) refund all or a portion of the District's outstanding 2015 Refunding Bonds (defined herein); and (iii) pay for costs of issuance of the 2025 Refunding Bonds. See "THE BONDS" and "PLAN OF FINANCING AND REFINANCING" herein.

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

Book-Entry Only. The Bonds will be issued in book-entry only form and will be initially issued and registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases of Bonds will be made in book-entry only form. Purchasers will not receive physical delivery of the Bonds purchased by them.

Payments. The Bonds are dated the date of delivery and are being issued as current interest bonds, including serial and term bonds. The Bonds shall be issued in denominations of $5,000 principal and integral multiples thereof, and shall accrue interest from the dated date at the rates set forth on the inside cover page hereof, semiannually on each February 1 and August 1 until maturity or earlier redemption, commencing August 1, 2025*. Payments of principal and interest on the Bonds will be paid by U.S. Bank Trust Company, National Association, as paying agent (the "Paying Agent") to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds.

MATURITY SCHEDULE
(See Inside Front Cover)

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

This cover page contains information for general reference only. It is not a summary of all the provisions of the Bonds. Investors must read the entire official statement to obtain information essential in making an informed investment decision.

The Bonds will be offered when, as and if issued by the District and received by the Underwriter, subject to the approval of legality by Lozano Smith, LLP, Sacramento, California, Bond Counsel to the District, and certain other conditions. Certain legal matters will be passed upon for the District by Lozano Smith, LLP, as counsel to the District and as Disclosure Counsel to the District and, and for the Underwriter by Kutak Rock LLP, Denver, Colorado. It is anticipated that the Bonds, in definitive form, will be available for delivery through the facilities of DTC in New York, New York, on or about June 12, 2025.

STIFEL

The date of this Official Statement is ____________.

*Preliminary, subject to change.

MATURITY SCHEDULES

$21,500,000*
LOS BANOS UNIFIED SCHOOL DISTRICT
(Merced County, California)
GENERAL OBLIGATION BONDS, ELECTION OF 2018, SERIES 2025
BASE CUSIP†: 545438

$____________ Series 2025 Serial Bonds

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

$______________ Series 2025 Term Bond(s)

$__________ ______% Term Bond maturing August 1, 20__ — Yield _____%. CUSIP†: _____

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* *Preliminary, subject to change.*

$34,100,000*
LOS BANOS UNIFIED SCHOOL DISTRICT
(Merced County, California)
2025 GENERAL OBLIGATION REFUNDING BONDS
BASE CUSIP†: 545438

$_____________ 2025 Refunding Serial Bonds

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

$_____________ 2025 Refunding Term Bond(s)

$__________ ______% Term Bond maturing August 1, 20__ — Yield _____%. CUSIP†: _____

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* *Preliminary, subject to change.*

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

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

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

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

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

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

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

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

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

Rule 15c2-12. For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended ("Rule 15c2-12"), this Preliminary Official Statement constitutes an "official statement" of the District with respect to the Bonds that has been deemed "final" by the District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

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

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

LOS BANOS UNIFIED SCHOOL DISTRICT
MERCED COUNTY
STATE OF CALIFORNIA

DISTRICT BOARD OF EDUCATION

Anthony Parreira, *President, Area 5*
Gene Lieb, *Vice President, Area 1*
Lori Gattuso, *Clerk, Area 6*
Luis Castro, *Member, Area 4*
Jessica Moran, *Member, Area 2*
Marlene R. Smith, *Member, Area 3*
Dayna Valadao, *Member, Area 7*

DISTRICT ADMINISTRATION

Mark Marshall, Ed.D., *Superintendent, and Secretary to the Board of Education*
Sypher Lee, D.B.A., *Assistant Superintendent of Administrative Services*

PROFESSIONAL SERVICES

FINANCIAL ADVISOR

Fieldman, Rolapp & Associates, Inc.
Irvine, California

BOND COUNSEL and DISCLOSURE COUNSEL

Lozano Smith, LLP
Sacramento, California

PAYING AGENT and ESCROW AGENT

U.S. Bank Trust Company, National Association
Phoenix, Arizona

VERIFICATION AGENT

Causey Public Finance LLC
Denver, Colorado

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TABLE OF CONTENTS

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$21,500,000*	**$34,100,000***
LOS BANOS UNIFIED SCHOOL DISTRICT	**LOS BANOS UNIFIED SCHOOL DISTRICT**
(Merced County, California)	**(Merced County, California)**
GENERAL OBLIGATION BONDS, ELECTION OF 2018, SERIES 2025	**2025 GENERAL OBLIGATION REFUNDING BONDS**

INTRODUCTION

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

General

The purpose of this Official Statement, which includes the cover pages, the inside cover pages, and all appendices hereto (the "Official Statement"), is to provide certain information concerning the issuance, sale and delivery of the Los Banos Unified School District (Merced County, California), General Obligation Bonds, Election of 2018, Series 2025 (the "Series 2025 Bonds") and the Los Banos Unified School District (Merced County, California), 2025 General Obligation Refunding Bonds (the "2025 Refunding Bonds," and, together with the Series 2025 Bonds, the "Bonds").

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

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

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

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* *Preliminary, subject to change.*

Copies of documents referred to herein and information concerning the Bonds are available from the office of the Financial Advisor (the "Financial Advisor"), Fieldman, Rolapp & Associates, Inc., 19900 MacArthur Boulevard, Suite 1100, Irvine, California 92612, telephone: (949) 660-7300, or from the Superintendent, Los Banos Unified School District, 1717 South 11th Street, Los Banos, California, 93635, telephone: (209) 826-3801. The District may impose a charge for copying, mailing, and handling.

The District

The Los Banos Unified School District (the "District") is a public school district serving students in the City of Los Banos (the "City") and unincorporated areas of Merced County (the "County") in the San Joaquin Valley in the state of California (the "State"). The District is the only public school system in the City. The District offers instruction to students from transitional kindergarten through twelfth grade, including programs for vocational education. The District operates a TK program, Preschool, nine elementary schools, two junior high schools, two comprehensive high schools, one continuation high school, and one independent study school. The District's territory covers approximately 667 square miles, serving approximately 11,000 students.

The District is governed by a seven-member Board of Education (the "District Board"), each member of which is elected by area from within the boundaries of the District to four-year terms. Elections for positions on the Board are held every two years, alternating between three and four 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 personnel.

For additional information about the District, see APPENDIX A – "INFORMATION RELATING TO THE DISTRICT'S FINANCES AND OPERATIONS" and APPENDIX C – "AUDIT REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2024."

Continuing Disclosure

The District has covenanted for the benefit of the holders and Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") by no later than nine months following the end of the District's fiscal year, and to provide notices of the occurrence of certain enumerated events. See "CONTINUING DISCLOSURE" and APPENDIX E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE" herein.

Tax Matters

In the opinion of Lozano Smith, LLP, Sacramento, California, Bond Counsel to the District, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes. In addition, such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Bonds is taken into account in determining annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes. Bond Counsel expresses no other opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

THE BONDS

Authority for Issuance

Series 2025 Bonds. The Series 2025 Bonds are being issued under the provisions of Article 4.5 (commencing with Section 53506) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and other applicable provisions of law including applicable provisions of the California Education Code (the "Bond Law"), and a resolution adopted by the District Board on May 8, 2025, providing for the issuance of the Series 2025 Bonds (the "Series 2025 Bond Resolution").

The Series 2025 Bonds were authorized at an election of the registered voters of the District held on June 5, 2018 (the "2018 Bond Election"), at which election more than 55% of the voters voting on the proposition (Measure X) authorized the District to issue bonds in an aggregate principal amount not to exceed $65,000,000 to "to repair deteriorating roofs, plumbing, electrical systems, upgrade classrooms/labs/facilities for science, technology, engineering, math, and career training, improve student safety/security, and construct new school facilities to relieve overcrowding" (the "2018 Authorization"). The Series 2025 Bonds will be the third and final series of bonds issued under the 2018 Authorization, and after the issuance of the Series 2025 Bonds, no authority will remain under the 2018 Authorization.

2025 Refunding Bonds. The 2025 Refunding Bonds are being issued under the provisions of Articles 9 and 11 (commencing with sections 53550 and 53580, respectively) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Refunding Bond Law"), and a resolution adopted by the District Board on May 8, 2025, providing for the issuance of the 2025 Refunding Bonds (the "2025 Refunding Bond Resolution" and, together with the Series 2025 Bond Resolution, the "Bond Resolutions").

Capitalized undefined terms used in this Official Statement have the meanings ascribed thereto in the Bond Resolutions.

Purpose of Issue

Series 2025 Bonds. The Series 2025 Bonds are being issued to (i) finance the construction, acquisition, furnishing and equipping of District facilities as described in the 2018 Authorization; (ii) fund capitalized interest on the Series 2025 Bonds; and (iii) pay costs of issuance of the Series 2025 Bonds.

2025 Refunding Bonds. The 2025 Refunding Bonds are being issued to (i) refund all or a portion of the District's outstanding Los Banos Unified School District General Obligation Bonds, Election of 2008, Series 2015B (the "2015B Bonds"); (ii) refund all or a portion of the District's outstanding Los Banos Unified School District 2015 General Obligation Refunding Bonds (the "2015 Refunding Bonds" and, together with the 2015B Bonds, the "Prior Bonds"); and (iii) pay for costs of issuance of the 2025 Refunding Bonds.

See "THE BONDS – Authority for Issuance" above, and "PLAN OF FINANCING AND REFINANCING" below.

Form and Registration

The Bonds will be issued as current interest bonds, including serial and term bonds, all as shown beginning on the inside cover hereof.

The Bonds will be dated their date of delivery (the "Delivery Date") and will be issued as fully registered bonds in the denominations of $5,000 in principal amount, or any integral multiple thereof, dated as of the Delivery Date, and will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See APPENDIX F—"DTC AND THE BOOK-ENTRY SYSTEM."

Payment of Principal and Interest

Interest. The Bonds will be dated as of their date of delivery and shall bear interest at the rates set forth on the inside front cover pages of this Official Statement, payable on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing on August 1, 2025*, computed on the basis of a 360-day year of twelve 30-day months. Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless it is authenticated after the close of business on the 15th day of the calendar month immediately preceding an Interest Payment Date (the "Record Date") and on or prior to the succeeding Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from its dated date; provided, however, that if, at the time of authentication of any Bond, interest is in default on any outstanding Bonds of the same series, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the outstanding Bonds of such series.

Payment of Bonds. Interest on the Bonds is payable on each Interest Payment Date in lawful money of the United States of America to the Owner thereof. So long as the Bonds are held by Cede & Co., as nominee of DTC, payments of principal and interest shall be made by the Paying Agent to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners.

Paying Agent

U.S. Bank Trust Company, National Association, Phoenix, Arizona, will act as the registrar, transfer agent, and paying agent for the Bonds (the "Paying Agent") and will act as escrow agent for the Prior

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* *Preliminary, subject to change.*

Bonds being refunded (in such capacity, the "Escrow Agent"). As long as DTC is the registered owner of the Bonds and DTC's book-entry method is used for the Bonds, the Paying Agent will send any notice of redemption or other notices to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the redemption of the Bonds called for redemption or of any other action covered by such notice.

Neither the Paying Agent, the District, the County, nor the Underwriter of the Bonds have any responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising, or reviewing any records relating to beneficial ownership, of interests in the Bonds.

Redemption

Optional Redemption of Bonds.*

Series 2025 Bonds. The Series 2025 Bonds maturing on or before August 1, 20___, are not subject to optional redemption prior to their respective stated maturity dates. The Series 2025 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, as a whole or in part on any date on or after August 1, 20___, at a redemption price equal to the principal amount of the Series 2025 Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

2025 Refunding Bonds. The 2025 Refunding Bonds maturing on or before August 1, 20___, are not subject to optional redemption prior to their respective stated maturity dates. The 2025 Refunding 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, as a whole or in part on any date on or after August 1, 20___, at a redemption price equal to the principal amount of the 2025 Refunding Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

Mandatory Sinking Fund Redemption.*

Series 2025 Bonds. The Series 2025 Bonds maturing on August 1, 20__, and August 1, 20__ (the "Series 2025 Term Bonds"), are subject to mandatory sinking fund redemption, in part by lot, on August 1 in each of the years and in the respective principal amounts as set forth in the following schedule(s), at a redemption price equal to 100% of the principal amount thereof to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium:

* *Preliminary, subject to change.*

Series 2025 Term Bond Maturing August 1, 20__

Redemption Date (August 1)	Principal Amount to be Redeemed
	$
†	
Total	$

† *Maturity*

The principal amount to be redeemed in each year shown above will be reduced proportionately, or as otherwise directed by the District, in integral multiples of $5,000, by any portion of such Series 2025 Term Bonds optionally redeemed prior to the mandatory sinking fund redemption date.

2025 Refunding Bonds. The 2025 Refunding Bonds maturing on August 1, 20__, and August 1, 20__ (the "2025 Refunding Term Bonds"), are subject to mandatory sinking fund redemption, in part by lot, on August 1 in each of the years and in the respective principal amounts as set forth in the following schedule(s), at a redemption price equal to 100% of the principal amount thereof to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium:

2025 Refunding Term Bond Maturing August 1, 20__

Redemption Date (August 1)	Principal Amount to be Redeemed
	$
†	
Total	$

† *Maturity*

The principal amount to be redeemed in each year shown above will be reduced proportionately, or as otherwise directed by the District, in integral multiples of $5,000, by any portion of such 2025 Refunding Term Bonds optionally redeemed prior to the mandatory sinking fund redemption date.

Selection of Bonds for Redemption. If less than all of the Bonds of a series are called for redemption, the Bonds of such series will be redeemed as directed by the District. Whenever less than all of the outstanding Bonds of any one maturity are designated for redemption, the Paying Agent shall select the outstanding Bonds of such maturity to be redeemed by lot in any manner determined by the District. For purposes of such selection, each Bond will be deemed to consist of individual Bonds of denominations of $5,000 principal amount, which may be separately redeemed.

Notice of Redemption. Notice of redemption of any Bond will be mailed by the Paying Agent, postage prepaid, (i) not less than 20 nor more than 45 days prior to the redemption date by first class mail to the respective Owners thereof at the addresses appearing on the bond registration books and to the County, and (ii) by registered or certified mail or overnight delivery service to DTC, and (iii) as may be further required in accordance with the Continuing Disclosure Certificate. See APPENDIX E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

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

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

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

Transfer and Exchange

Any Bond may be exchanged for Bonds of like tenor, series, maturity and principal amount, upon presentation and surrender at the principal office of the Paying Agent, together with a request for exchange signed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of such Bond at the principal office of the Paying Agent together with an assignment executed by the Owner or a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall 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 principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Defeasance of Bonds

The District may pay and discharge any or all of the Bonds by irrevocably depositing in trust with the Paying Agent at or before maturity, money or Federal Securities maturing as to principal and interest in such amounts and at such times as will, in the opinion of a certified public accountant, provide money sufficient to pay the principal or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal and interest, or redemption price, become due. "Federal Securities" means United States Treasury notes, bonds, bills, or certificates of indebtedness (including zero interest bearing State and Local Government Series) or obligations issued by any agency or department of the United States, which are secured, directly or indirectly, by the full faith and credit of the United States (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), and which are not callable by the issuer thereof prior to maturity.

Unclaimed Monies

Any money held in any fund or by the Paying Agent in trust for the payment of the principal, redemption premium, if any, or interest on any of the Bonds after the principal of all of such Bonds has become due and payable (whether by maturity or upon prior redemption) will be transferred to the Interest and Sinking Fund of the District for payment of any outstanding general obligation bonds of the District or, if no such bonds of the District are at such time outstanding, said monies shall be transferred to the general fund of the District as provided and permitted by law.

Security for the Bonds

The Bonds are payable from *ad valorem* property taxes to be levied within the District pursuant to the California Constitution and other State law. The Board of Supervisors of the County is empowered and obligated to levy *ad valorem* property taxes upon all property within the District's boundaries subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds. The proceeds of the levy shall be deposited to the credit of the Interest and Sinking Fund and shall be applied for the payment of principal of and interest on the Bonds. The proceeds on deposit in the Interest and Sinking

Fund are pledged to the repayment of the Bonds. See also "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS" below.

PLAN OF FINANCING AND REFINANCING

Application and Investment of Bond Proceeds

The net proceeds from the sale of the Series 2025 Bonds (net of costs of issuance) will be deposited in the County treasury (a) to the credit of the building fund of the District (the "Building Fund"), and (b) to the credit of the Interest and Sinking Fund of the District. See "Estimated Sources and Uses of Funds" below.

The net proceeds from the sale of the 2025 Refunding Bonds (net of costs of issuance) will be deposited with the Escrow Agent for the defeasance and redemption of the Prior Bonds being refunded. See "2025 Refunding Plan" below for a more detailed discussion of application and investment of the proceeds of the 2025 Refunding Bonds.

Estimated Sources and Uses of Funds

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

Table No. 1
LOS BANOS UNIFIED SCHOOL DISTRICT
(Merced County, California)
GENERAL OBLIGATION BONDS, ELECTION OF 2018, SERIES 2025
and
2025 GENERAL OBLIGATION REFUNDING BONDS
Estimated Sources and Uses of Funds

Sources of Funds	**Series 2025 Bonds**	**2025 Refunding Bonds**	**Total**
Principal/Denominational Amount	$	$	$
[Net] Original Issue Premium			
Total Sources of Funds			
Uses of Funds:			
Deposit to Building Fund			
Deposit to Escrow Funds			
Deposit to Interest and Sinking Funds			
Underwriter's Discount			
Costs of Issuance [(1)]			
Total Uses of Funds			

[(1)] Includes Bond Counsel fees, Disclosure Counsel fees, rating agency fees and costs, Financial Advisor fees, Paying Agent and Escrow Agent fees, printing fees, and other miscellaneous expenses.

All funds held by the County Treasurer (the “County Treasurer”) in the Building Fund and the Interest and Sinking Fund shall be invested on behalf of the District by the County Treasurer at the County Treasurer’s discretion in such investments as are authorized by Section 53601 et seq. or Section 53635 et seq. of the California Government Code, consistent with the investment policy of the County. See “THE COUNTY INVESTMENT POOL” below and APPENDIX G – “THE COUNTY INVESTMENT POLICY AND INVESTMENT REPORT.”

The Series 2025 Project

Pursuant to the 2018 Authorization, the District will use the net proceeds of sale of the Series 2025 Bonds to finance capital improvements included on the Measure X project list approved by voters of the District at the 2018 Bond Election (the “2018 Project List”). The District Board retains the ability to set priorities among the improvements included on the 2018 Project List in order to meet the needs of the District and its students.

Each item on the 2018 Project List is assumed to include, if applicable, its share of furniture, equipment, architectural, engineering, and similar planning costs and program/project management. Completion of the items on the 2018 Project List is subject to the District’s priorities and needs and the availability of adequate funding.

2025 Refunding Plan

The District will use the net proceeds of the sale of the 2025 Refunding Bonds to refund certain outstanding maturities of the Prior Bonds, as further described below.

Escrow Fund Deposits. The District will deliver the net proceeds of the 2025 Refunding Bonds to the Escrow Agent for deposit into two escrow funds: one for the 2015B Bonds (the “2015B Bonds Escrow Fund”), and one for the 2015 Refunding Bonds (the “2015 Refunding Bonds Escrow Fund” and, together with the 2015B Bonds Escrow Fund, the “Escrow Funds”), both established under an escrow agreement between the District and the Escrow Agent (the “Escrow Agreement”).

Redemption of 2015B Bonds. The outstanding 2015B Bonds are capital appreciation bonds and are subject to optional redemption on any date on or after February 1, 2025, at a price equal to the stated accreted value of the bonds called for redemption as of the date fixed for redemption, without premium. The funds deposited in the 2015B Bonds Escrow Fund will be used to redeem the specific maturities of the 2015B Bonds identified in the following table (the “Refunded 2015B Bonds”), on the redemption date listed below (the “2015B Bonds Redemption Date”), at a price equal to the accreted value of the Refunded 2015B Bonds on the 2015B Bonds Redemption Date (the “2015B Bonds Redemption Price”).

Identification of Refunded 2015B Bonds*

Maturity Date (August 1)	Initial Principal Amount	Redemption Date*	Accreted Value Upon Redemption*	Redemption Price	CUSIP †
2032	$1,461,516.70	August 1, 2025	$ 2,362,055.50	100.00	545438 DT7
2033	1,686,434.10	August 1, 2025	2,744,510.60	100.00	545438 DU4
2034	1,652,536.00	August 1, 2025	2,705,399.20	100.00	545438 DV2
2035	1,612,458.80	August 1, 2025	2,660,777.20	100.00	545438 DW0
2036	1,567,023.90	August 1, 2025	2,608,894.80	100.00	545438 DX8
2037	1,539,353.20	August 1, 2025	2,570,429.40	100.00	545438 DY6
2038	479,390.95	August 1, 2025	802,877.60	100.00	545438 DZ3
Total	**$9,998,713.65**		**$16,454,944.30**		

* *Preliminary, subject to change.*
† *CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright© 2022 CUSIP Global Services. CUSIP numbers are provided for convenience of reference only. Neither the District, the Municipal Advisor, nor the Underwriter takes any responsibility for the accuracy of such CUSIP numbers.*

Redemption of 2015 Refunding Bonds. The outstanding 2015 Refunding Bonds are all current interest bonds, and are subject to optional redemption on any date on or after August 1, 2025, at a redemption price equal to the principal of the bonds called for redemption, without premium. The funds deposited in the 2015 Refunding Bonds Escrow Fund will be used to redeem the specific maturities of the 2015 Refunding Bonds identified in the following table (the "Refunded 2015 Refunding Bonds" and, together with the Refunded 2015B Bonds, the "Refunded Bonds"), on the redemption date listed below (the "2015 Refunding Bonds Redemption Date"), at a price equal to the principal amount of the Refunded 2015 Refunding Bonds, plus interest accrued thereon to the 2015 Refunding Bonds Redemption Date (the "2015 Refunding Bonds Redemption Price").

Identification of Refunded 2015 Refunding Bonds*

Maturity Date (August 1)	Principal Amount	Redemption Date	Redemption Price	CUSIP †
2026	2,260,000.00	August 1, 2025	100.00	545438 EM1
2027	2,500,000.00	August 1, 2025	100.00	545438 EN9
2028	2,700,000.00	August 1, 2025	100.00	545438 EP4
2029	2,970,000.00	August 1, 2025	100.00	545438 EQ2
2030	3,255,000.00	August 1, 2025	100.00	545438 ER0
2031	3,530,000.00	August 1, 2025	100.00	545438 ES8
2032	565,000.00	August 1, 2025	100.00	545438 ET6
Total	**$17,780,000.00**			

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The 2015 Refunding Bond maturing on August 1, 2025, will be paid when due and not refunded with proceeds of the 2025 Refunding Bonds.*

Identification of Unrefunded 2015 Refunding Bonds*

Maturity Date (August 1)	Principal Amount	CUSIP †
2025	$ 2,040,000.00	545438 EL3

* *Preliminary, subject to change.*

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Escrow Sufficiency. The sufficiency of amounts deposited in the Escrow Funds, respectively, including escrow securities and/or cash, together with realizable interest and earnings thereon, to pay both (i) the 2015B Bonds Redemption Price on the 2015B Bonds Redemption Date and (ii) the 2015 Refunding Bonds Redemption Price on the 2015 Refunding Bonds Redemption Date, will be verified by Causey Public Finance LLC (the "Verification Agent"). As a result of the deposits and the applications of funds, and assuming the accuracy of the Verification Agent's computations, the Refunded Bonds will be defeased on the delivery date of the 2025 Refunding Bonds, and redeemed on the respective redemption dates shown above, and the obligation of the County to levy and collect *ad valorem* property taxes for payment of the Refunded Bonds will terminate.

See also "MISCELLANEOUS – Escrow Verification."

Any proceeds of sale of the 2025 Refunding Bonds not needed to redeem the Refunded Bonds or to pay costs of issuance of the 2025 Refunding Bonds will be transferred by the Paying Agent to the County Treasurer for deposit in the Interest and Sinking Fund maintained by the County Treasurer for the District to be used only for payment of principal of and interest on the 2025 Refunding Bonds.

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DEBT SERVICE SCHEDULES

The following tables show the annual debt service schedules for the Bonds, assuming no early optional redemptions.

Table No. 2A
LOS BANOS UNIFIED SCHOOL DISTRICT
(Merced County, California),
GENERAL OBLIGATION BONDS, ELECTION OF 2018, SERIES 2025

Period Ending (August 1)	Principal	Interest	Annual Debt Service
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
Total	**$21,500,000.00***		

* *Preliminary, subject to change.*

Table No. 2B
LOS BANOS UNIFIED SCHOOL DISTRICT
(Merced County, California),
2025 GENERAL OBLIGATION REFUNDING BONDS

Period Ending (August 1)	Principal	Interest	Annual Debt Service
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
Total	**$34,100,000.00***		

Other General Obligation Bonds

In addition to the Bonds, the District has issued the following series of outstanding general obligation bonds secured by *ad valorem* taxes levied upon all property subject to taxation by the District:

1995 Authorization. On November 7, 1995, the District's voters authorized the issuance of $22,000,000 in general obligation bonds (the "1995 Authorization"). All of the bonds authorized by the 1995 Authorization have been issued.

On August 6, 2020, the District issued $5,185,000 in principal amount of refunding bonds (the "2020 Refunding Bonds") in order to refund its 2010 General Obligation Refunding Bonds. The District's 2010 General Obligation Refunding Bonds had been issued to advance refund the District's General Obligation Bonds, Election of 1995, Series 2002, which were authorized by the 1995 Authorization. The 2020 Refunding Bonds remain outstanding in the principal amount of $1,550,000.

2008 Authorization. On February 5, 2008, the District's voters authorized the issuance of $44,000,000 in general obligation bonds (the "2008 Authorization"). All of the bonds authorized by the 2008 Authorization have been issued.

* *Preliminary, subject to change.*

On July 15, 2008, the District issued the first series of bonds under the 2008 Authorization, its General Obligation Bonds, Election of 2008, Series 2008, in the aggregate principal amount $34,000,000 (the "2008 Bonds"). A portion of the then outstanding 2008 Bonds were refunded with the 2015 Refunding Bonds (defined below), and the unrefunded portion has since matured.

The District issued the 2015 Refunding Bonds on May 28, 2015, in the aggregate principal amount of $29,790,000, in order to advance refund a portion of the 2008 Bonds. The 2015 Refunding Bonds are currently outstanding in the principal amount of $19,820,000, $2,040,000 in principal which will be due and paid on August 1, 2025, and the remaining principal ($17,780,000) of which will be refunded with proceeds of the 2025 Refunding Bonds as described herein.

On May 28, 2015, the District issued $9,998,713.65 in initial principal amount of General Obligation Bonds, Election of 2008, Series 2015B (the "2015B Bonds"). The 2015B Bonds were the second and final issue of bonds under the 2008 Authorization. The 2015B Bonds were issued as capital appreciation bonds, and are currently outstanding in the denominational amount of $9,998,713.65 with a maturity value of $26,675,000. The 2015B Bonds will be redeemed with the proceeds of the 2025 Refunding Bonds.

2018 Authorization. On June 5, 2018, the District's voters authorized the issuance of $65,000,000 in general obligation bonds (the "2018 Authorization").

On August 9, 2018, the District issued its first series of bonds under the 2018 Authorization, designated General Obligation Bonds, Election of 2018, Series 2018, in the aggregate principal amount of $23,500,000 (the "Series 2018 Bonds"). The Series 2018 Bonds remain outstanding in the principal amount of $22,565,000.

On May 25, 2023, the District issued its second series of bonds under the 2018 Authorization, designated General Obligation Bonds, Election of 2018, Series 2023, in the aggregate principal amount of $20,000,000 (the "Series 2023 Bonds"). The Series 2023 Bonds remain outstanding in the principal amount of $19,620,000.

The Series 2025 Bonds described herein will be the third and final series of bonds issued under the 2018 Authorization and, after their issuance, no authority will remain under the 2018 Authorization.

Aggregate Debt Service

Table No. 3 on the following page shows the annual debt service on all of the District's outstanding General Obligation Bonds, together with the Series 2025 Bonds and 2025 Refunding Bonds, assuming no early optional redemptions.

Table No. 3
LOS BANOS UNIFIED SCHOOL DISTRICT
Combined Annual Debt Service Schedule
General Obligation Bonds

Period Ending (August 1) [1]	Series 2015B Bonds [2]	2015 Refunding Bonds [2]	Series 2018 Bonds	2020 Refunding Bonds	Series 2023 Bonds	Series 2025 Bonds	2025 Refunding Bonds	Aggregate Total Debt Service
2025	--	$ 2,941,387.50	$1,472,687.50	$1,067,000.00	$ 1,410,000.00			
2026	--	3,059,387.50	1,578,187.50	566,800.00	995,250.00			
2027	--	3,186,387.50	1,112,187.50	--	995,250.00			
2028	--	3,311,387.50	1,157,937.50	--	995,250.00			
2029	--	3,446,387.50	1,200,937.50	--	995,250.00			
2030	--	3,582,887.50	1,251,187.50	--	1,010,250.00			
2031	--	3,727,687.50	1,303,187.50	--	1,049,500.00			
2032	$ 3,290,000.00	586,187.50	1,353,137.50	--	1,096,750.00			
2033	4,030,000.00	--	1,405,812.50	--	1,141,500.00			
2034	4,190,000.00	--	1,462,562.50	--	1,183,750.00			
2035	4,360,000.00	--	1,523,062.50	--	1,228,500.00			
2036	4,535,000.00	--	1,580,250.00	--	1,280,500.00			
2037	4,715,000.00	--	1,643,925.00	--	1,334,250.00			
2038	1,555,000.00	--	1,709,675.00	--	1,384,500.00			
2039	--	--	1,781,093.76	--	1,441,250.00			
2040	--	--	1,848,968.76	--	1,499,000.00			
2041	--	--	1,923,300.00	--	1,562,500.00			
2042	--	--	2,003,750.00	--	1,621,250.00			
2043	--	--	2,081,500.00	--	1,685,250.00			
2044	--	--	2,166,750.00	--	1,754,000.00			
2045	--	--	2,253,750.00	--	1,819,400.00			
2046	--	--	2,342,000.00	--	1,898,500.00			
2047	--	--	2,436,000.00	--	1,970,250.00			
2048	--	--	--	--	4,584,650.00			
2049	--	--	--	--	4,767,825.00			
Totals	**$26,675,000.00**	**$23,841,700.00**	**$38,591,850.02**	**$1,633,800.00**	**$40,704,375.00**			

[1] Period ending August 1 includes February 1 and August 1 debt service payments of the same calendar year (if any).
[2] This table does not take into account the result of the planned refunding of the Series 2015B Bonds and 2015 Refunding Bonds. For further discussion regarding the plan of refinancing, see "PLAN OF FINANCING AND REFINANCING –2025 Refunding Plan" above.

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

General

In order to provide sufficient funds for the District's repayment of principal of and interest on the Bonds when due, the Board of Supervisors of the County (the "Board of Supervisors") is empowered and obligated to levy and collect *ad valorem* taxes, within its jurisdiction, upon all property within the District's boundaries and subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates). Such taxes are in addition to other taxes levied upon property within the District. When so collected by the County, the tax revenues will be deposited by the County in the Interest and Sinking Fund of the District, which is required to be maintained by the County and to be used solely for the payment of general obligation bonds of the District.

The Bonds are payable by the District from *ad valorem* taxes to be levied within the District pursuant to the California Constitution and other State law, and are not a debt (or a pledge of the full faith and credit) or obligation of the County. No funds or any account of the County are pledged or obligated to repayment of the Bonds. Amounts on deposit in the Interest and Sinking Fund are pledged for the payment of the principal and redemption price of and interest on the Bonds.

Property Taxation System

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

Local property taxation is the responsibility of various county officers. For each school district located in a county, the county assessor computes the value of locally assessed taxable property. Based on the assessed value of property and the scheduled debt service on outstanding bonds in each year, the county auditor-controller computes the rate of tax necessary to pay such debt service, and presents the tax rolls (including rates of tax for all taxing jurisdictions in the county) to the county board of supervisors for approval. The county treasurer-tax collector prepares and mails tax bills to taxpayers and collects the taxes. In addition, the treasurer-tax collector, as ex officio treasurer of each school district located in the county, holds school district funds, including taxes collected for payment of school bonds, and is charged with payment of principal and interest on the bonds when due.

Pledge of Tax Revenues and Statutory Lien

Under State law, school districts may levy *ad valorem* taxes to pay principal and interest on general obligation bond debt that, like the Bonds, are approved by the voters to finance specified projects or are bonds issued to refund such voter-approved general obligation bonds. Moreover, State law provides that the *ad valorem* taxes may be levied to pay the principal of and interest on bonds and for no other purpose. Consequently, under State law, the District is not authorized to divert revenue from *ad valorem* taxes levied to pay the Bonds to a purpose other than payment of the Bonds.

Pursuant to the Bond Resolutions, the District has pledged revenues from the *ad valorem* taxes collected from the levy by the Board of Supervisors for the payment of the Bonds and to fund amounts on deposit in the Interest and Sinking Fund of the District for the payment of the principal and interest on the Bonds. This pledge is valid and binding from the date of adoption of the Bond Resolutions for the benefit of the owners of the Bonds and successors thereto. The pledge provides security for the Bonds in addition to the statutory lien described below. The Bonds, secured by the pledge, are being issued to finance one or more of the projects specified in both voter-approved Measure X in connection with the Series 2025 Bonds and the 2018 Authorization, and to refinance projects specified in the voter-approved Measure K in connection with the 2025 Refunding Bonds and the 2008 Authorization. The amounts held in the Interest and Sinking Fund of the District are immediately subject to this pledge, and the pledge constitutes a lien and security interest, pursuant to Section 5451 of the California Government Code, which immediately attaches to the property taxes and amounts held in the Interest and Sinking Fund of the District to secure the payment of the Bonds and is effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act.

Pursuant to Section 53515 of the California Government Code, 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 District's payment thereof. Such lien automatically attaches, without further actions or authorization by the District 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 successors, 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 secures not only the Bonds, but also any other bonds of the District payable, as to both principal and interest, from the proceeds of *ad valorem* taxes that may be levied pursuant to paragraphs (2) and (3) of subdivision (b) of Section 1 of Article XIII A of the State Constitution. The statutory lien provision does not specify the relative priority of obligations so secured or a method of allocation in the event that the revenues received pursuant to the levy and collection of the tax are insufficient to pay all amounts then due and owing that are secured by the statutory lien.

Assessed Valuation of Property

All property (real, personal, and intangible) is taxable unless an exemption is granted by the California Constitution or United States law. Under the State Constitution, exempt classes of property include household and personal effects, intangible personal property (such as bank accounts, stocks and bonds), business inventories, and property used for religious, hospital, scientific and charitable purposes. The State Legislature may create additional exemptions for personal property, but not for real property. Most taxable property is assessed by the assessor of the county in which the property is located. Some special classes of property are assessed by the State Board of Equalization. See "– State-Assessed Property" below.

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

The assessed valuation of property in the District is established by the County's assessor, except for public utility property that is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the "full value" of the property, as defined in Article XIIIA of the California Constitution. The full value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or the consumer price index or comparable data for the area if such rate is less than 2%, or to reflect declines in property value caused by substantial damage, destruction or other factors, including assessment appeals filed by property owners. For a discussion of how properties currently are assessed, see APPENDIX A - "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS."

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

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

Assembly Bill 102. In 2017, the Legislature passed Assembly Bill 102 ("AB 102"). AB 102 restructured the State Board of Equalization and shifted certain of its duties to two new agencies: the California Department of Tax and Fee Administration ("CDTFA"), and the Office of Tax Appeals. The CDTFA took over certain programs previously handled by the State Board of Equalization, including the Tax Area Services Section, which is responsible for maintaining tax-rate area maps and special district boundary maps. The Office of Tax Appeals took over certain types of appeals on tax and fee matters, such as sales and use tax and other special taxes and fees; however, appeals related to programs under the State Board of Administration's authority pursuant to the State Constitution will remain with the State Board of Equalization. Pursuant to the State Constitution, and unaffected by AB 102, the State Board of Equalization remains responsible for the review, equalization, or adjustment of property tax assessment, and the measurement of county assessment levels and adjustment of secured local assessment rolls.

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

Under California law, a city or county could, and did, prior to California legislation dissolving redevelopment agencies, create a redevelopment agency in territory within one or more school districts. Upon formation of a "project area" of a redevelopment agency, most property tax revenues attributable to the growth in assessed value of taxable property within the project area (known as "tax increment") belong to the redevelopment agency, causing a loss of general fund tax revenues (relating to the 1% countywide general fund levy) to other local taxing agencies, including school districts, from that time forward. However, special ad valorem property taxes (in excess of the 1% general fund levy) collected for payment of debt service on school bonds are based on assessed valuation before reduction for redevelopment increment and such special ad valorem property taxes are not affected or diverted by the operation of a redevelopment agency project area. The application of such revenues diverted by former redevelopment agencies is now substantially limited to meeting existing debt service of the redevelopment agencies.

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

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

In addition, Article XIIIA of the State Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. This measurement is computed on a calendar year basis.

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

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

Risk of Impact to Assessed Value Due to Disaster. As shown in Table No. 5 below, assessed valuation of property in the District is subject to change in each year. Lower assessed values could necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Bonds. Increases or decreases in assessed value result from a variety of factors including but not limited to general economic conditions, supply and demand for real property in the area, government regulations such as zoning, property reclassifications, and man-made or natural disasters such as earthquakes, fires, floods and droughts. Disasters can affect assessed value both through the destruction of taxable property, and through a resulting depression of the real estate market should a disaster impact economic conditions in the Counties, the region, and/or the State. In recent years, notable disasters in the State included drought conditions statewide, numerous wildfires in different regions of the State, and related flooding and mudslides.

Merced County Multi-Jurisdictional Hazard Mitigation Plan. Merced County maintains a multijurisdictional Hazard Mitigation Plan (the "Hazard Mitigation Plan") discussing the vulnerability of areas of the District to hazards and other natural disasters and the mitigation measures in place to reduce the impact of such events. The vulnerability of the City of Los Banos to hazards and other natural disasters is discussed in Annex E to the Hazard Mitigation Plan. The Hazard Mitigation Plan is updated every five years. The Hazard Mitigation Plan can be viewed on the County's website at: https://www.countyofmerced.com/3781/Hazard-Mitigation-Plan. The Hazard Mitigation Plan is not incorporated herein by this reference.

The Hazard Mitigation Plan lists the overall significance of earthquakes, flood and levee failure, and wildfire as "medium," meaning of moderate potential impact.

The District cannot predict future disasters or make any representations regarding the effects that any disasters and related conditions may have on the value of taxable property within the District, the District's ability to pay debt service on the Bonds, or to what extent the effects of said disasters might have on economic activity in the District or throughout the State.

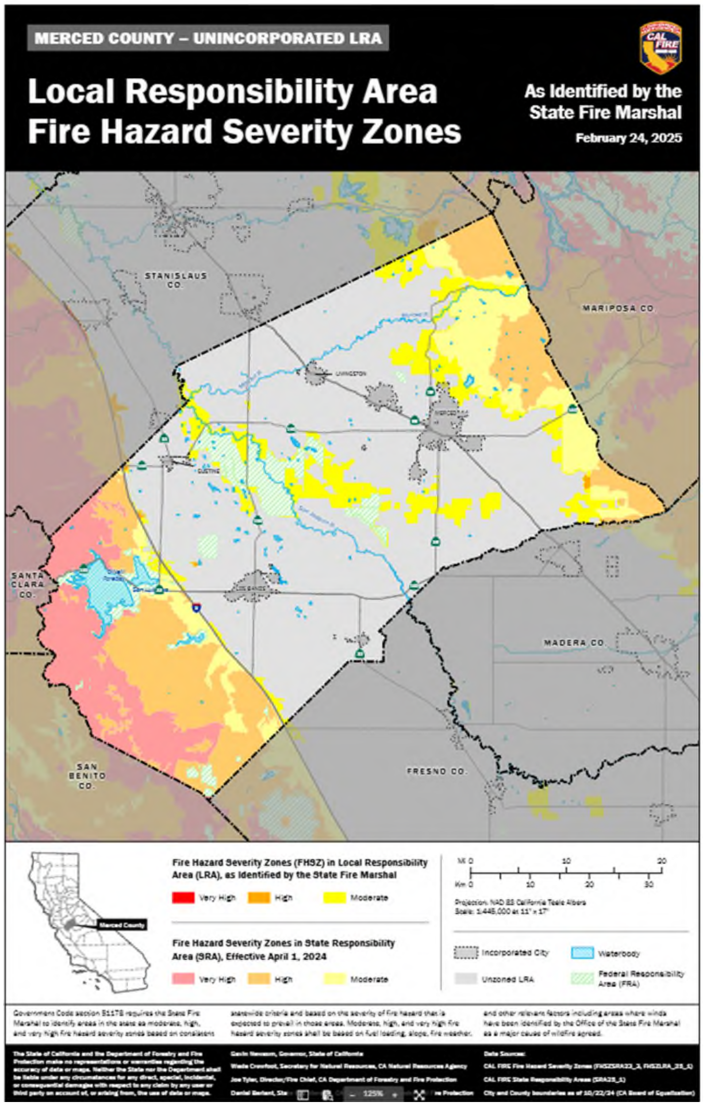
Seismic Risk. The distance between the City of Los Banos and fault zones in the region, including the Ortigalita, Calaveras, San Andreas and Hayward Faults, places it within "Maximum Expectable Earthquake Intensity Zone III" where "High Severity, Most Probable Damage" could result should an earthquake occur in the region. There is no record of any seismic activity originating within the City; however, the Los Banos area has been shaken by earthquakes originating elsewhere. There is documented evidence of six earthquakes that shook the area, those of 1872, 1906, 1952, 1966, 1984, and 1989. Major damage occurred in Los Banos in 1906, with minor damage recorded throughout Merced County from other occurrences.

No damaging earthquakes greater than M6.0 have been recorded in the City of Los Banos or Merced County in over 200 years, though several have been very close. The most recent large earthquake near Merced County, and the City of Los Banos, was 16 miles east north-east of King City with a magnitude of 5.3 on October 20, 2012. Several aftershocks followed the main earthquake, including a M3.1 aftershock. This earthquake was preceded by two earthquakes located approximately 100 miles from Merced County, the 1982 New Idria earthquake (M5.4) and the 1983 Coalinga quake (M6.5). There was low level ground shaking and low local magnitude reported.

Wildfire. Weather components, such as temperature, relative humidity, wind, and lightning affect the potential for wildfire. High temperatures and low relative humidity dry out the fuels that feed the wildfire creating a situation in which fuel will more readily ignite and burn more intensely. Both urban and wildland fire conditions exist in Merced County and its cities which increases the chances for damage to property, loss of life and/or injury. In most of Merced County, the California Department of Forestry and Fire Protection ("CalFIRE") ranks fuel loading as low. Fuels are mainly crops and grasses. In the southwest corner, there are some brush, pine, and grass fuels, which are ranked as moderate fuel hazards, primarily in the area west of Interstate 5.

There have not been any past state or federal disaster declarations in the City of Los Banos or Merced County related to wildfire.

The following map from CalFIRE details the areas of Merced County subject to increased wildfire risk. The District is surrounded by agricultural land and is not located within a "Very High, "High," or "Moderate" severity zone.



Source: CalFIRE

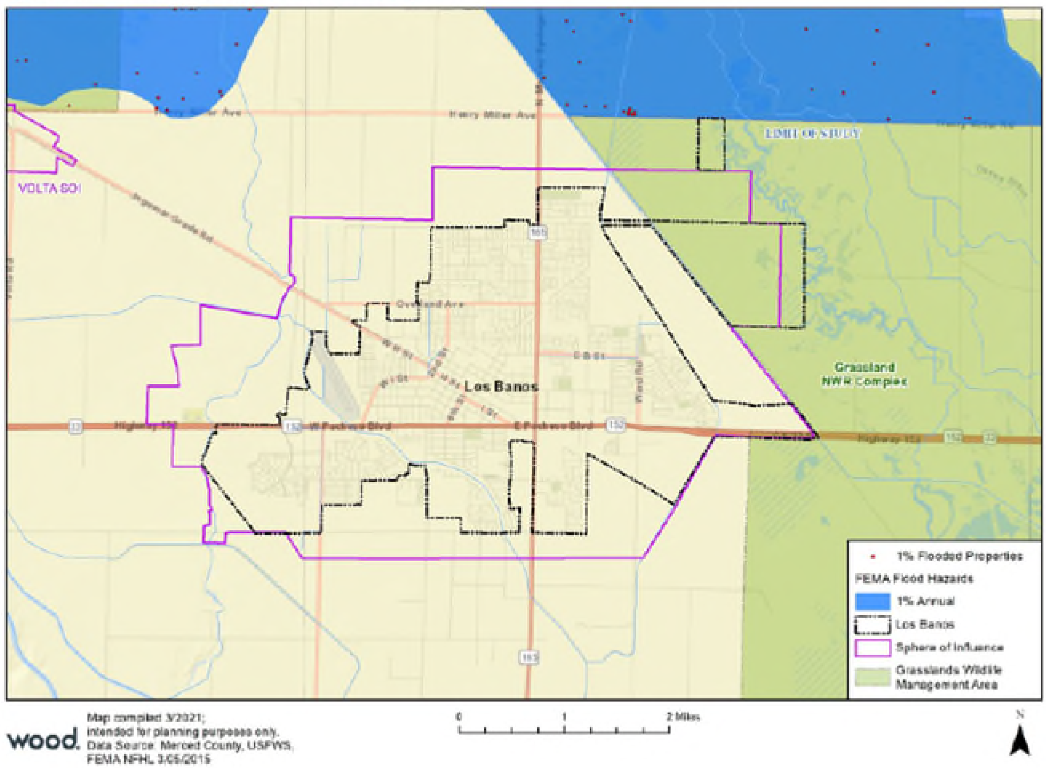
Flood Risk. The primary types of flood events in Merced County that may impact the City of Los Banos are riverine and urban. Regardless of the type of flood, the cause is often the result of severe weather and excessive rainfall, either in the flood area, upstream, or from winter snowmelt. Failed dams can create floods that are catastrophic to life and property as a result of the tremendous energy of the released water.

Most of Los Banos lies outside the 100-year floodplain designated by the Federal Emergency Management Agency (FEMA). Several smaller areas in the southeastern portion of the city limits fall short of being in the 100-year floodplain as well as some small areas to the north of the city limits. The City of Los Banos participates in the National Flood Program; however, the FEMA Flood Insurance Study

(Number 06047CV000C) reports "Merced County includes the Cities of Dos Palos and Los Banos, which do not contain any Special Flood Hazard Areas (SFHAs) and are non-flood prone."

The following map from the Hazard Mitigation Plan shows that the City of Los Banos has no improved parcels located within the 100-year floodplain.

Figure 2-1 City of Los Banos 100-Year Floodplain



Source: Merced County Hazard Mitigation Plan

Assessed Valuation of Property in the District. The following table shows a historical summary of assessed valuations for the District.

Table No. 4
LOS BANOS UNIFIED SCHOOL DISTRICT
(Merced County, California)
Assessed Valuations Summary
Fiscal Years 2014-15 through 2024-25

Fiscal Year	Local Secured	Utility	Unsecured	Total	Annual Percent Change
2014-15	$3,124,598,095	$3,349,656	$189,555,694	$3,317,503,445	--
2015-16	3,325,291,847	3,346,027	214,959,089	3,543,596,963	6.82%
2016-17	3,572,832,642	3,334,501	213,493,633	3,789,660,776	6.94
2017-18	3,810,354,038	3,222,937	226,873,236	4,040,450,211	6.62
2018-19	4,100,886,298	192,017	227,398,407	4,328,476,722	7.13
2019-20	4,465,025,104	192,239	234,284,557	4,699,501,900	8.57
2020-21	4,729,150,725	190,412	238,598,290	4,967,939,427	5.71
2021-22	5,052,527,889	188,705	252,910,672	5,305,627,266	6.80
2022-23	5,606,034,416	197,317	324,053,448	5,930,285,181	11.77
2023-24	6,004,118,171	210,952	375,397,906	6,379,727,029	7.58
2024-25	6,325,188,133	207,468	404,692,010	6,730,087,611	5.49

Source: California Municipal Statistics, Inc.

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Assessed Valuation by Jurisdiction. The following table shows the District's fiscal year 2024-25 assessed valuation of property by amount and percentage within each taxing jurisdiction.

Table No. 5
LOS BANOS UNIFIED SCHOOL DISTRICT
Fiscal Year 2024-25 Assessed Valuation by Jurisdiction

Jurisdiction	2024-25 Assessed Valuation in District	% of District	2024-25 Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Los Banos	$4,574,452,208	67.97%	$ 4,574,452,208	100.00%
Unincorporated Merced County	2,155,635,403	32.03	17,827,095,321	12.09%
Total District	**$6,730,087,611**	**100.00%**		
Merced County	$6,730,087,611	100.00%	$35,281,165,010	19.08%

Source: California Municipal Statistics, Inc.

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Assessed Valuation by Land Use. The following table gives a distribution of taxable property located in the District for fiscal year 2024-25, by principal purpose for which the land is used, as measured by assessed valuation and number of parcels.

Table No. 6
LOS BANOS UNIFIED SCHOOL DISTRICT
Fiscal Year 2024-25 Assessed Valuation of Parcels by Land Use

	2024-25 Assessed Valuation (1)	% of Total	No. of Parcels	% of Total
Non-Residential:				
Agricultural	$1,228,954,343	19.43%	2,562	14.76%
Commercial	542,922,798	8.58	494	2.85
Vacant Commercial	47,201,050	0.75	181	1.04
Industrial/Food Processing	542,992,182	8.58	82	0.47
Vacant Industrial	9,699,237	0.15	47	0.27
Recreational/Duck Clubs	48,883,043	0.77	177	1.02
Government/Social/Institutional	6,410,565	0.10	39	0.22
Miscellaneous	3,307,489	0.05	46	0.27
Subtotal Non-Residential	$2,430,370,707	38.42%	3,628	20.91%
Residential:				
Single Family Residence	$3,591,463,758	56.78%	12,113	69.81%
Condominium	56,334,512	0.89	252	1.45
Mobile Home	17,472,182	0.28	338	1.95
Mobile Home Park	9,648,650	0.15	5	0.03
2-4 Residential Units	79,279,606	1.25	302	1.74
5+ Residential Units/Apartments	36,924,892	0.58	49	0.28
Miscellaneous Residential	23,262,683	0.37	51	0.29
Vacant Residential	80,431,143	1.27	614	3.54
Subtotal Residential	$3,894,817,426	61.58%	13,724	79.09%
Total	$6,325,188,133	100.00%	17,352	100.00%

(1) Local Secured Assessed Valuation, excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

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__Assessed Valuation of Single-Family Homes.__ The following table shows the distribution of assessed valuation of single-family homes in the District among various categories of value for fiscal year 2024-25, including mean and median value per parcel. Single-family homes collectively represented 56.8% of the local secured assessed valuation of the District in fiscal year 2024-25.

Table No. 7
LOS BANOS UNIFIED SCHOOL DISTRICT
Fiscal Year 2024-25 Per Parcel Assessed Valuation of Single-Family Homes

	No. of Parcels	2024-25 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	12,113	$3,591,463,758	$296,497	$289,791

2024-25 Assessed Valuation	No. of Parcels[(1)]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	11	0.091%	0.091%	$ 200,542	0.006%	0.006%
$25,000 -$49,999	80	0.660	0.751	3,190,742	0.089	0.094
$50,000 - $74,999	274	2.262	3.013	17,240,637	0.480	0.574
$75,000 - $99,999	387	3.195	6.208	34,212,729	0.953	1.527
$100,000 - $124,999	588	4.854	11.062	66,052,614	1.839	3.366
$125,000 - $149,999	792	6.538	17.601	109,218,997	3.041	6.407
$150,000 - $174,999	892	7.364	24.965	144,314,090	4.018	10.426
$175,000 - $199,999	776	6.406	31.371	145,709,779	4.057	14.483
$200,000 - $224,999	662	5.465	36.836	140,386,581	3.909	18.392
$225,000 - $249,999	576	4.755	41.592	136,653,814	3.805	22.197
$250,000 - $274,999	619	5.110	46.702	162,228,178	4.517	26.714
$275,000 - $299,999	658	5.432	52.134	188,804,017	5.257	31.971
$300,000 - $324,999	719	5.936	58.070	225,143,751	6.269	38.239
$325,000 - $349,999	679	5.606	63.675	229,328,431	6.385	44.625
$350,000 - $374,999	643	5.308	68.984	232,823,345	6.483	51.108
$375,000 - $399,999	649	5.358	74.342	251,467,627	7.002	58.109
$400,000 - $424,999	556	4.590	78.932	229,471,556	6.389	64.499
$425,000 - $449,999	504	4.161	83.093	220,498,543	6.140	70.638
$450,000 - $474,999	523	4.318	87.410	241,608,047	6.727	77.366
$475,000 - $499,999	439	3.624	91.034	214,187,275	5.964	83.329
$500,000 and greater	1,086	8.966	100.000	598,722,463	16.671	100.000
Total	**12,113**	**100.000%**		**$3,591,463,758**	**100.000%**	

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

Bonding Capacity

As a California unified school district, the District may issue bonds in an amount up to 2.50% of the assessed valuation of taxable property within its boundaries. The District's fiscal year 2024-25 gross bonding capacity (also commonly referred to as the "bonding limit" or "debt limit") is approximately $168,252,190, and its net bonding capacity is approximately $94,698,476 (taking into account current outstanding bond debt before issuance of the Bonds ($73,553,714) and the 2024-25 assessed valuation of taxable property within the District ($6,730,087,611). Once issued, the outstanding principal of the Bonds will be included when calculating the District's bonding capacity.

Tax Rates

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

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

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The table below summarizes the total *ad valorem* tax rates levied by all taxing entities in a typical tax rate area located in the District (TRA 4-001) for the current and past four fiscal years.

Table No. 8
LOS BANOS UNIFIED SCHOOL DISTRICT
Typical Total Taxes per $100 of Assessed Valuation (TRA 4-001)[(1)]
Fiscal Years 2020-21 through 2024-25

	Fiscal Year Ending June 30,				
	2021	**2022**	**2023**	**2024**	**2025**
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Los Banos Unified School District	**.0796**	**.0796**	**.0703**	**.0646**	**.1054**
Merced CCD SFID No. 2	.0199	.0198	.0177	.0171	.0176
Total Tax Rate	**1.0995%**	**1.0994%**	**1.0880%**	**1.0817%**	**1.1230%**

(1) 2024-25 assessed valuation of TRA 4-001 is $2,410,571,988, which is 35.82% of the District's total assessed valuation.
Source: California Municipal Statistics, Inc.

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Largest Secured Property Taxpayers in District

The following table shows the top 20 largest secured property taxpayers in the District as determined by secured assessed valuation in fiscal year 2024-25. Each taxpayer listed below is a name listed on the tax rolls. The District cannot 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.

Table No. 9
LOS BANOS UNIFIED SCHOOL DISTRICT
Fiscal Year 2024-25 Largest Secured Taxpayers

	Property Owner	Primary Land Use	2024-25 Assessed Valuation	% of Total [1]
1.	Morning Star Packing Co. / Liberty Packing	Industrial – Food Processing	$284,769,239	4.50%
2.	Ingomar Packing Company LLC	Industrial – Food Processing	103,322,811	1.63
3.	A & H Investments	Agricultural	64,500,072	1.02
4.	Kagome USA Inc.	Industrial – Food Processing	40,030,032	0.63
5.	Sweetwater Ridge II LLC	Agricultural	39,254,131	0.62
6.	Bowles Farming Company Inc.	Agricultural	30,500,851	0.48
7.	Hostetler Ranches LLC	Agricultural	30,063,223	0.48
8.	Wal-Mart Real Estate Business Trust	Commercial	28,180,244	0.45
9.	Parreira Almond Processing Co	Industrial – Food Processing	27,516,859	0.44
10.	Texeira & Sons	Agricultural	24,967,949	0.39
11.	Tri Iest Dairy	Agricultural	24,348,913	0.38
12.	Target Corp.	Commercial	24,152,782	0.38
13.	Manuela O. Godinho	Agricultural	23,748,989	0.38
14.	California Dairies Inc.	Industrial – Food Processing	23,340,563	0.37
15.	David & Carolyn Santos Farms LP	Agricultural	22,846,421	0.36
16.	Stonefield Home Inc.	Residential Development	21,357,326	0.34
17.	Ethan Conrad	Commercial	20,645,035	0.33
18.	Los Banos 109 LP	Residential Development	18,799,453	0.30
19.	S3 Group LLC	Agricultural	17,588,738	0.28
20.	Stonefield Equity LLC	Agricultural	16,909,035	0.27
	Total Top 20		**$886,842,666**	**14.02%**

[1] 2024-25 local secured assessed valuation: $6,325,188,133.
Source: California Municipal Statistics, Inc.

The top 20 secured property taxpayers in the District collectively represent 14.02% of the total secured assessed valuation in the District, with the top five secured property taxpayers representing 8.40% of the total secured assessed valuation in the District. The top property taxpayer, Morning Star Packing Co., described in additional detail below, represents 4.50% of the total secured assessed valuation in the District.

Morning Star Packing Co. The Morning Star Company is a Woodland, California-based agribusiness and food processing company founded in 1970. The Morning Star Company processes about 40% of the California processing tomato production and supplies a significant portion of the U.S. industrial tomato paste and diced tomato markets. It processes about 5 million tons of tomatoes each year, Morning Star's facility in Los Banos is one of three facilities operated by the Morning Star Company.

Property Tax Collections and Delinquencies

Teeter Plan. The Board of Supervisors of the County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, each entity levying property taxes in the County may draw on the amount of uncollected secured taxes credited to its fund, in the same manner as if the amount credited had been collected. The District participates in the Teeter Plan, and thus receives 100% of secured property taxes levied in exchange for forgoing any interest and penalties collected on delinquent taxes. The District's participation in the Teeter Plan makes more certain the availability of sufficient funds for the District's repayment of the Bonds. So long as the Teeter Plan remains in effect, and the County continues to include the District in the Teeter Plan, the District's receipt of revenues with respect to the levy of *ad valorem* property taxes will not be dependent upon actual collections of the *ad valorem* property taxes by the County. Under the statute creating the Teeter Plan, however, the County Board of Supervisors can under certain circumstances terminate the Teeter Plan in part or in its entirety with respect to the entire county and, in addition, the County Board of Supervisors can terminate the Teeter Plan with respect to the District if the delinquency rate for all *ad valorem* property taxes levied within the District in any year exceeds 3%. 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 Charges and Delinquencies. County treasurers prepare the property tax bills. Property taxes on the regular secured assessment roll are due in two equal installments: the first installment is due on November 1, and becomes delinquent after December 10. The second installment is due on February 1 and becomes delinquent after April 10. If taxes are not paid by the delinquent date, a 10% penalty attaches and a $30 cost is added to unpaid second installments. If taxes remain unpaid by June 30, the tax is deemed to be in default, and a $25 state redemption fee applies. Interest then begins to accrue at the rate of 1.5% per month. The property owner has the right to redeem the property by paying the taxes, accrued penalties, and costs within five years of the date the property went into default. If the property is not redeemed within five years, it is subject to sale at a public auction by the county treasurers.

Property taxes on the unsecured roll are due in one payment on the lien date, January 1, and become delinquent after August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue on November 1. To collect unpaid taxes, the county tax collector may obtain a judgment lien upon and cause the sale of all property owned by the taxpayer in the county, and may seize and sell personal property, improvements, and possessory interests of the taxpayer. The county tax collector may also bring a civil suit against the taxpayer for payment. The date on which taxes on supplemental assessments are due depends on when the supplemental tax bill is mailed.

Property tax delinquencies may be impacted by economic and other factors beyond the District's control, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression can be caused by many factors, all of which are outside the control of the District, including high interest rates, reduced consumer confidence, reduced real wages or reduced economic activity as a result of a natural or manmade disaster, such as earthquake, drought, flood, fire, or outbreak of disease such as the COVID-19 pandemic. It is not possible for the District to make any representation regarding the extent to which an economic recession or depression could impact the ability or willingness of property owners within the District to pay property taxes in the future. If delinquencies increase substantially as a result of such events outside the control of the District, the County does have the authority to increase allowances for annual reserves in the tax levy to avoid fluctuating tax levies. See "*Teeter Plan*" above for a discussion of the application of the Teeter Plan in the County which provides the District with 100% of the secured property tax levy irrespective of delinquencies.

Overlapping Debt Obligations

The following table is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc., displaying debt as of April 1, 2025. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith. The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

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Table No. 10
LOS BANOS UNIFIED SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt
Dated as of April 1, 2025

2024-25 Assessed Valuation: $6,730,087,611

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 4/1/25
Merced Community College District School Facilities Improvement District No. 2	84.316%	$ 1,177,938
Yosemite Community College District	0.038	87,130
Los Banos Unified School District	**100.000**	**73,553,714** (1)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$ 74,818,782
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Merced County Certificates of Participation	19.076%	$ 8,550,070
Merced County Office of Education Certificates of Participation	19.076	1,183,666
Los Banos Unified School District Certificates of Participation	**100.000**	**17,090,000**
City of Los Banos General Fund Obligations	100.000	14,000,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$ 40,823,736
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):		$ 15,455,717
COMBINED TOTAL DEBT		$131,098,235 (2)

Ratios to 2024-25 Assessed Valuation:
Direct Debt ($73,553,714) 1.09%
Total Direct and Overlapping Tax and Assessment Debt 1.11%
Combined Direct Debt ($90,643,714) 1.35%
Combined Total Debt 1.95%

Ratios to Redevelopment Incremental Valuation ($897,893,340):
Total Overlapping Tax Increment Debt 1.72%

(1) Does not include the Bonds to be issued as described herein and includes the 2015B Bonds and 2015 Refunding Bonds that will be refunded from the proceeds of the 2025 Refunding Bonds.
(2) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

COUNTY INVESTMENT POOL

The following information concerning the County Investment Pool (the "Investment Pool" or "Pool") has been obtained from the County website (https://www. https://www.countyofmerced.com/2490/Treasurer) and has not been confirmed or verified by the District or the Underwriter. The website is not incorporated herein by reference. No representation is made herein 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.

The County Treasurer manages the Investment Pool in which certain funds of the County and certain funds of other participating entities are invested pending disbursement. General participants are those government agencies within the County, including the District, for which the County Treasurer is statutorily designated as the custodian of such funds. The County Board of Supervisors approved the Merced County 2025 Investment Policy Statement (the "Investment Policy") on August 20, 2024 (See APPENDIX G – "THE COUNTY INVESTMENT POLICY AND INVESTMENT REPORT"). Funds held in the Investment Pool are invested by the County Treasurer in accordance with State law and the Investment Policy. This is an annual delegation given to the County Treasurer by the County Board of Supervisors each year and can be revoked by the County Board of Supervisors at any time.

The Investment Policy applies to all financial assets deposited and retained in the Investment Pool. The primary purpose of the Investment Policy is to facilitate the objectives of the Treasurer with regard to the investment of idle funds. The primary goals for the investment of idle funds is to maintain the principal of such funds (safety) in investment vehicles which are easily converted to cash (liquidity) while obtaining a competitive market rate of return (yield) for the risk taken at the time of investing.

In accordance with the Investment Policy, the County Treasurer presents a quarterly summary of investments in the Investment Pool to the County Board of Supervisors (the "Quarterly Investment Report"). The latest available Quarterly Investment Report, for the quarter ending December 31, 2024, is included in APPENDIX G to this Official Statement. Current and historical Quarterly Investment Reports are available on the County Treasury website at the address listed above. (See APPENDIX G – "THE COUNTY INVESTMENT POLICY AND INVESTMENT REPORT").

The value of the various investments in the Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the County Treasurer, with the consent of the County Board of Supervisors, may change the Investment Policy at any time. Therefore, there can be no assurance that the values of the various investments in the Pool will not vary significantly from the values described herein.

TAX MATTERS

Tax Exemption

Federal and California Tax Status. In the opinion of Lozano Smith, LLP, Sacramento, California, Bond Counsel to the District, subject, however, to certain qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes. In addition, such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Bonds is taken into account in determining annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations. Bond Counsel is of the further opinion that interest on the Bonds is exempt from State of California personal income taxes.

Tax Treatment of Original Issue Discount and Premium. The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal

Revenue Code of 1986, as amended (the "Tax Code") and other laws that must be satisfied subsequent to the issuance of the Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

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

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

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

Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

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

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, future legislative proposals could limit the exclusion from gross income of interest on obligations like the Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. The introduction or enactment of any such legislative proposals or clarifications of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

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

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

Forms of Opinion

The proposed forms of opinion of Bond Counsel regarding the Bonds are attached hereto as APPENDIX D.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of the holders and Beneficial Owners of the Bonds to provide, or to cause to be provided, to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access system or such other electronic system designated by the MSRB (the "EMMA System") certain annual financial information and operating data relating to the District (the "Annual Reports") by not later than nine months after the end of the District's fiscal year (currently March 31 based on the District's fiscal year end of June 30), commencing with the report for fiscal year 2024-25 (which is due no later than March 31, 2026) and notice of the occurrence of certain enumerated events ("Listed Events") within 10 business days after the occurrence of such a Listed Event. The specific nature of the information to be contained in the Annual Reports and the notices of Listed Events is set forth in APPENDIX E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule") promulgated by the Securities and Exchange Commission (the "SEC").

The District has existing disclosure undertakings pursuant to the Rule. In the five-year period previous to the date of this Official Statement, the District timely and completely filed each Annual Report and notices of Listed Events with respect to its prior continuing disclosure undertakings.

The District has retained the firm Fieldman, Rolapp & Associates, Inc., doing business as Applied Best Practices, Irvine, California, to prepare and file all required Annual Reports and Listed Event notices, to assist with ongoing compliance monitoring and auditing, and to serve as its Dissemination Agent with respect to all prior and new undertakings, which includes the Bonds.

A failure by the District to comply with an undertaking will not constitute an event of default with respect to the Bonds. Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

OTHER LEGAL MATTERS

Legality for Investment

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

Absence of Material Litigation

There is no action, suit, or proceeding known to be pending or threatened, to restrain or enjoin the execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the District taken with respect thereto. 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 issue the Bonds.

The District may be subject to lawsuits and claims which arise in the regular course of operating a public school district. The District maintains certain insurance policies which provide coverage under certain circumstances and with respect to certain types of incidents. . In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under future lawsuits and claims (if any) will not materially affect the financial position or operations of the District. and, in any event, will not affect the repayment of the Bonds. The Bonds are payable solely from the proceeds of *ad valorem* property taxes levied on all taxable property in the District and are not a debt or a pledge of the District's general fund.

California's Assembly Bill 218 ("A.B. 218"), effective January 1, 2020, extended the statute of limitations on certain lawsuits based on past sexual abuse, including abuse by educators or public-school staff. The District has previously settled one claim related to A.B. 218, which settlement was covered by the District's insurance carrier. The District is not aware of any pending or threatened claims under A.B. 218. The District cannot predict whether, or what types of, claims may arise in the future, including claims that may be made available by future legislation.

Professionals Involved in the Offering

Lozano Smith, LLP is acting as Bond Counsel and Disclosure Counsel with respect to the Bonds, and will receive compensation contingent upon the sale and delivery of the Bonds.

Fieldman, Rolapp & Associates, Inc., Irvine, California, (the "Financial Advisor"), has been employed by the District to perform financial services in relation to the sale and delivery of the Bonds. The Financial Advisor will not participate in the underwriting of the Bonds. The Financial Advisor is not contractually obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. Fees charged by the Financial Advisor are contingent upon the sale of the Bonds.

Kutak Rock LLP is acting as counsel to the Underwriter with respect to the Bonds, and will receive compensation from the Underwriter contingent upon the sale and delivery of the Bonds.

Paying Agent. Pursuant to the Bond Resolutions, the District has appointed U.S. Bank Trust Company, National Association, Phoenix, Arizona (the "Paying Agent"), a national banking association organized under the laws of the United States, to serve as Paying Agent. The Paying Agent agrees to carry out those duties assignable to it under the Bond Resolutions and other documents related to the Bonds. Except for the contents of this section, the Paying Agent has not reviewed or participated in the preparation of this Official Statement and assumes no responsibility for the nature, contents, accuracy or completeness of the information set forth in this Official Statement or for the recitals contained in the Bond Resolutions or the Bonds, or for the validity, sufficiency, or legal effect of any of such documents.

Furthermore, the Paying Agent has no oversight responsibility, and is not accountable, for the use or application by the District of any of the Bonds authenticated or delivered pursuant to the Bond Resolutions, or for the use or application of the proceeds of such Bonds by the District. The Paying Agent has not evaluated the risks, benefits, or propriety of any investment in the Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security for the Bonds, the technical or financial feasibility of the Project, or the investment quality of the Bonds, about all of which the Paying Agent expresses no opinion and expressly disclaims the expertise to evaluate.

Additional information about the Paying Agent may be found at its website at www.usbank.com. Neither the information on the Paying Agent's website, nor any links to or from that website, is incorporated as a part of this Official Statement, nor should any such information be relied upon to make investment decisions regarding the Bonds.

Escrow Verification

The arithmetical accuracy of certain computations included in the schedules provided by the Underwriter relating to the computation of the projected payments of principal and interest to retire the Refunded Bonds will be verified by Causey Public Finance LLC, Denver, Colorado (the "Verification Agent"). Such computations will be based solely on assumptions and information supplied by the District and the Underwriter. The Verification Agent will restrict its procedures to verifying the arithmetical accuracy of certain computations and will not make any study to evaluate the assumptions and information on which the computations are based, and will express no opinion on the data used, the reasonableness of the assumptions or the achievability of the projected outcome.

Possible Limitations on Remedies

State law contains a number of safeguards to protect the financial solvency of school districts. If the safeguards are not successful in preventing a school district from becoming insolvent, the county superintendent of schools, under the supervision of the State Superintendent of Public Instruction (the "State Superintendent"), operating through an administrator appointed by the county superintendent of schools with concurrence from the State Superintendent, may be authorized under State law to file a petition for relief under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") on behalf of the district for the adjustment of its debts. School districts are not themselves authorized to file a bankruptcy proceeding, and they are not subject to involuntary bankruptcy except as described above.

If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, then the application of *ad valorem* taxes to pay the Bonds could be stayed during the proceeding (unless they are determined to be "special revenues" within the meaning of the Bankruptcy Code and not derived from District projects), and it is possible that the terms of the Bonds and Bond Resolutions (including amount, rate, security, and tax-related covenants) could be altered by a plan of adjustment, if the bankruptcy court determines that the alterations are fair and equitable and otherwise comply with the requirements of the Bankruptcy Code. Bankruptcy courts are courts of equity with broad discretionary powers, and their decisions can be heavily influenced by the facts in a case, including whether commingled *ad valorem* tax revenues can be identified, and the overall goal of the Bankruptcy Code to facilitate an adjustment of debts. A bankruptcy proceeding, if initiated on behalf of the District, could have an adverse effect on the liquidity and value of the Bonds.

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 County Investment Pool, as described in "THE COUNTY INVESTMENT POOL" herein, and APPENDIX G "THE COUNTY INVESTMENT POLICY AND INVESTMENT REPORT" 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.

RATINGS

Moody's Investors Service ("Moody's") has assigned a municipal bond rating of "Aa2" to the Bonds.

Such rating, which appears on the front cover of this Official Statement, reflects only the views of Moody's, and an explanation of the significance of such rating may be obtained only from Moody's. Such rating is not a recommendation to buy, sell, or hold any of the Bonds. There is no assurance that such rating will continue for any given period of time or will not be revised downward or withdrawn entirely by Moody's if in its judgment circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. Neither the Underwriter nor the District has undertaken any responsibility after the offering of the Bonds to assure the maintenance of the ratings or to oppose any such revision or withdrawal.

UNDERWRITING

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), for reoffering to the public pursuant to the terms of two bond purchase agreements for the Bonds, by and between the Underwriter and the District (each a "Bond Purchase Agreement" and together the "Bond Purchase Agreements").

Series 2025 Bonds. Pursuant to the Bond Purchase Agreement for the Series 2025 Bonds, the Underwriter has agreed to purchase the Series 2025 Bonds at a price of $________ (equal to the principal amount of Series 2025 Bonds plus original issue premium of $_________, and less an underwriter's discount of $________).

2025 Refunding Bonds. Pursuant to the Bond Purchase Agreement for the 2025 Refunding Bonds, the Underwriter has agreed to purchase the 2025 Refunding Bonds at a price of $_________ (equal to the principal amount of 2025 Refunding Bonds plus net original issue premium of $_________, and less an underwriter's discount of $_________).

The Bond Purchase Agreements provide that the Underwriter will purchase all of the respective Bonds (if any are purchased), subject to certain terms and conditions set forth in the Bond Purchase Agreements including the approval of certain legal matters by counsel. The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed by the Underwriter.

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 Underwriter (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.

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ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to purchasers of the Bonds. Quotations from and summaries and explanations of the Bond Resolutions, the Bonds, and other documents, agreements and statutes are included in this Official Statement. The summaries or references herein to the Bond Resolutions, and other documents, agreements and statutes referred to herein, and the description of the Bonds included herein, do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entireties by reference to such documents, and the description herein of the Bonds is qualified in its entirety by reference to the form thereof and the information with respect thereto included in the aforesaid documents. Additional information concerning the District and copies of the most recent and subsequent audited financial statements of the District and the Bond Resolutions may be obtained by contacting: Los Banos Unified School District, 1717 South 11th Street, Los Banos, California 93635, Attention: Assistant Superintendent of Administrative Services. The District may impose a fee for copying, shipping and handling.

All 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.

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

LOS BANOS UNIFIED SCHOOL DISTRICT

By: ____

Mark Marshall, Ed.D., Superintendent

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APPENDIX A

INFORMATION RELATING TO THE DISTRICT'S FINANCES AND OPERATIONS

The information in this appendix concerning the operations of the District, the District's finances, and State funding of education, is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is necessarily payable from the general fund of the District or from State revenues. Interest on the Bonds is payable from the proceeds of ad valorem taxes levied and collected by the County for that purpose in accordance with the Bond Law, the Refunding Bond Law, and the Bond Resolutions. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS" in the front portion of this Official Statement.

THE DISTRICT

General Information

The Los Banos Unified School District (the "District") is a public school district serving students in the City of Los Banos (the "City") and unincorporated areas of Merced County (the "County") in the San Joaquin Valley in the state of California (the "State"). The District is the only public school system in the City. The District offers instruction to students from transitional kindergarten through twelfth grade, including programs for vocational education. The District operates a TK program, Preschool, nine elementary schools, two junior high schools, two comprehensive high schools, one continuation high school, and one independent study school. The District's territory covers approximately 667 square miles, serving approximately 11,000 students.

Administration

The District is governed by a seven-member Board of Education (the "District Board"), each member of which is elected, by area, for four-year terms. Elections for positions to the District Board are held every two years, alternating between three and four available positions. The management and policies of the District are administered by a Superintendent appointed by the District Board who is responsible for day-to-day District operations as well as the supervision of the District's other personnel. See "*Superintendent and Administrative Personnel*" below.

Current members of the District Board, together with their office and the date their term expires, are listed below.

LOS BANOS UNIFIED SCHOOL DISTRICT
(Merced County, California)
Board of Education

Name	Office	Trustee Area	Term Expires (December)
Anthony Parreira	President	5	2026
Gene Lieb	Vice President	1	2026
Lori Gattuso	Clerk	6	2028
Luis Castro	Member	4	2028
Jessica Moran	Member	2	2028
Marlene R. Smith	Member	3	2026
Dayna Valadao	Member	7	2026

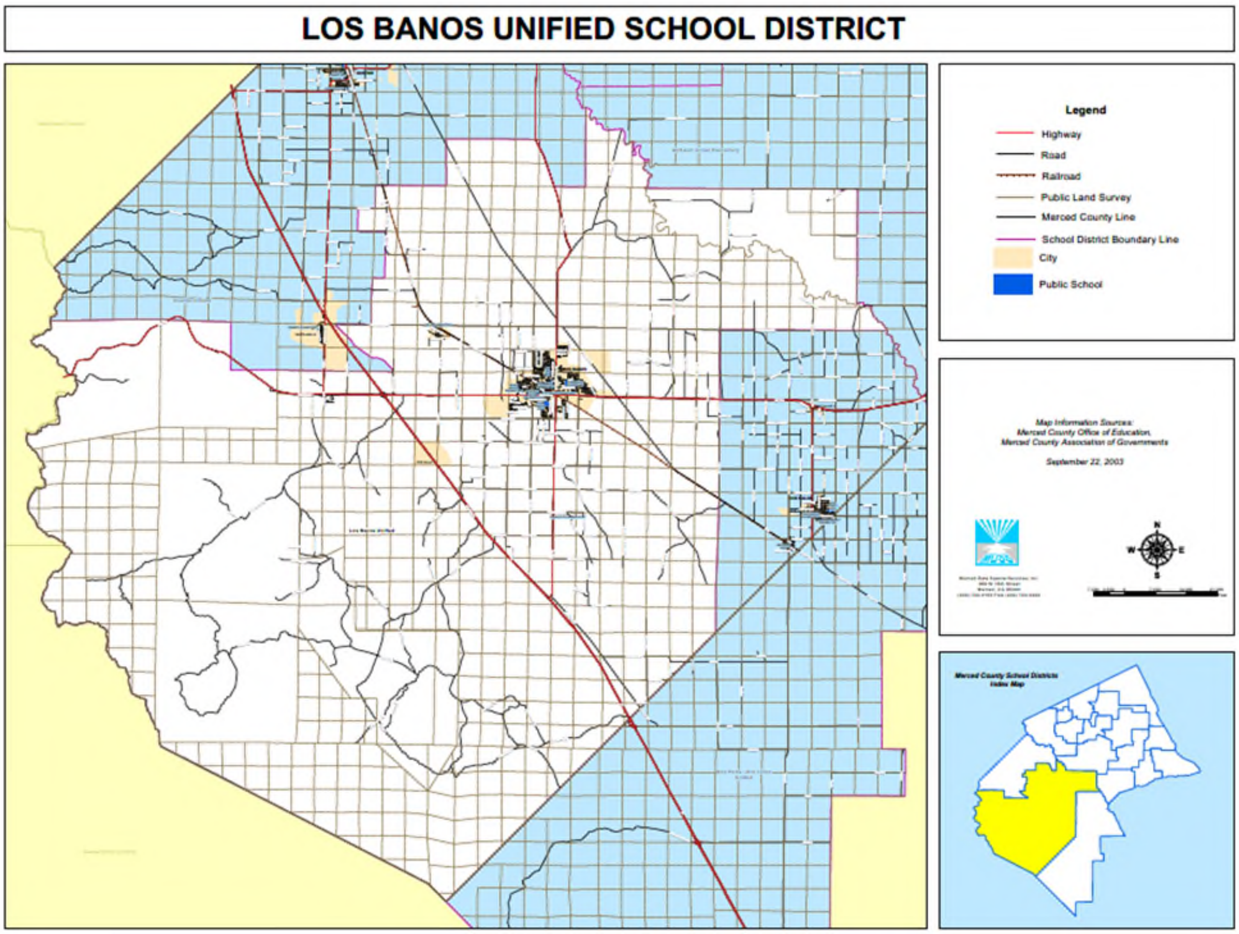
Superintendent and Administrative Personnel. The management and policies of the District are administered by a Superintendent, appointed by the District Board, who is responsible for day-to-day District operations as well as the supervision of the District's other personnel. The District's Assistant Superintendent of Administrative Services is responsible for the administration, financial, and operations management of the District, and reports to the Superintendent. Brief biographies for the Superintendent and the Assistant Superintendent of Administrative Services, are below.

Dr. Mark Marshall, Superintendent. Dr. Marshall was hired by the District as Superintendent in 2017. Prior to joining the District, Dr. Marshall served as Superintendent of Eastside Union School District for five years. Dr. Marshall earned his B.A. and M.Ed. Degrees in Special Education at Nicholls State University; he completed his administrative certification and Ed.S. Degree at the University of West Georgia, and a Doctorate in Educational Leadership at Auburn University. He has also completed post-doctoral study at Western Washington University and the University of California Los Angeles-Extension. Having recently completed the prestigious American Association of School Administrators' National Superintendent Certification Program®, he has also completed coursework at Seattle Pacific University and successfully finished Stanford University's EdLeaders Professional Certificate program.

Dr. Sypher Lee, Assistant Superintendent of Administrative Services. Dr. Lee was hired by the District as the Assistant Superintendent of Administrative Services in 2023. Prior to joining the District, Dr. Lee served as the Director of Business Services/Chief Business Official at Golden Valley Unified School District for two years. Before transitioning to K-12 education, Dr. Lee worked as a program specialist at State Center Community College District for six years. Dr. Lee holds a bachelor's degree in Business Administration from California State University, Fresno, a master's degree in Business Administration (MBA) from California State University, Fresno, and a doctoral degree in Business Administration (D.B.A.) from Liberty University. Furthermore, Dr. Lee is a Certified Public Accountant in the State of California and a Certified Chief Business Official with the California Association of School Business Officials.

Map of District Boundaries

The following map, prepared by the Merced County Office of Education, shows the territorial boundaries of the District (in white), which are centered around the City of Los Banos and include portions of unincorporated Merced County.



Source: Merced County Office of Education.

DISTRICT FINANCIAL INFORMATION

The following selected financial information provides a brief overview of the District's finances. This financial information has been extracted from State sources, the District's Audit Reports and, in some cases, from unaudited information provided by the District's Business office. See also, APPENDIX C – "AUDIT REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2024."

State Funding of Education

The following information concerning the State's funding of education and the State budget process has been compiled from publicly available information provided by the State. Neither the District, the Financial Advisor, nor the Underwriter is responsible for the information relating to the State's budgets provided in this section. Further information is available from the State Department of Education and the Public Finance Division of the State Treasurer's Office.

Revenue Limit Funding. Prior to fiscal year 2013-14, school districts operated under general purpose revenue limits established by the California 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 are funded based on uniform funding grants assigned to certain grade spans.

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

The primary component of A.B. 97, as amended by S.B. 91, was the implementation of the Local Control Funding Formula ("LCFF"). Beginning in fiscal year 2013-14, the bulk of funding for school districts is provided on the basis of target base funding grants per unit of ADA (each, a "Base Grant") assigned to each of four grade spans. Each Base Grant is subject to certain adjustments, as further described herein. According to a report published by the State Legislative Analyst's Office, the State general fund cost of fully implementing the LCFF in fiscal year 2013-14 would have been approximately $18 billion more than what was spent on education in the prior fiscal year (assuming current levels of property tax revenue, ADA and enrollment). Given this cost, the LCFF was implemented over a span of six fiscal years, during which time school districts received annual funding increases based on the gap between their respective prior-year funding level and the target LCFF allocation for full implementation. In each year, each school district saw the same proportion of their funding gap closed, with dollar amounts varying depending on the size of a district's funding gap. The implementation period was completed as of fiscal year 2018-19, and school districts and charter schools are now fully-funded under LCFF.

The State's cost to fund the LCFF in each fiscal year fluctuates depending on a number of factors, including the provision of COLAs, fluctuations in ADA and student demographics, and growth in property tax revenues.

The specific Base Grants, beginning in fiscal year ended 2013-14, per unit of ADA, for each grade span were as follows: (a) $6,845 for grades K-3; (b) $6,947 for grades 4-6; (c) $7,154 for grades 7-8; and (d) $8,289 for grades 9-12. Beginning in fiscal year 2013-14, and in each subsequent year, the Base Grants have been adjusted for COLAs by applying the implicit price deflator for government goods and services. The provision of the COLAs is 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.

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 support college and career readiness programs in high schools. Following full implementation of the LCFF system in 2018-19, and 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.

The adjusted Base Grants per unit of ADA for fiscal year 2024-25, accounting for the K-3 and 9-12 grade span adjustments, and accounting for the 2024-25 funded COLA (1.07%), are as follows: (a) $11,068 per ADA for TK/kindergarten through grade 3; (b) $10,177 per ADA for grades 4 through 6; (c) $10,478 per ADA for grades 7 and 8; and (d) $12,460 per ADA for grades 9 through 12. These amounts do not reflect Supplemental and Concentration Grants, or other add-ons and adjustments.

The State budget for fiscal year 2021-22 also implemented a plan intended 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, LCFF 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.

For further discussion regarding school funding provisions in the most recent State budget, see "CALIFORNIA STATE BUDGETS" in this Appendix A.

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. LCFF authorizes a supplemental grant add-on (each, a "Supplemental Grant") for school districts that serve EL/LI students, equal to 20% of the applicable adjusted Base Grant multiplied by such districts' percentage of unduplicated EL/LI student enrollment. In addition, school districts whose EL/LI populations exceed 55% of their total enrollment are eligible for a concentration grant add-on (each, a "Concentration Grant") equal to 65% of the applicable adjusted Base Grant multiplied by the percentage of such district's unduplicated EL/LI student enrollment in excess of the 55% threshold.

The sum of a school district's adjusted Base, Supplemental and Concentration Grants will be multiplied by such district's funded ADA, which is equal to the greater of current, prior, or the average of the three most recent prior years' ADA (with certain adjustments applicable to small school districts). This funding amount, together with any applicable categorical block grant add-ons, will yield a district's total LCFF allocation. 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 Legislature to school districts.

Certain school districts, known 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. Basic aid school districts receive only special categorical funding, which is deemed to satisfy the "basic aid" requirement of $120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. The implication for basic aid 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 is not a basic aid school district and formerly was a revenue limit district.

Accountability, Support and Intervention. The California Department of Education ("CDE") 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 A.B. 97. 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 CDE has adopted a template LCAP for use by school districts. The District adopted its most recent LCAP update, and the related budget overview of parents, on June 18, 2024.

A.B. 97 establishes a new system of support and intervention to assist school districts to 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 (a) the LCAP or annual update adheres to the CDE template, and (b) 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 priorities, or the assignment of an academic expert to assist the district to identify and implement programs designed to improve outcomes. Assistance may be provided by the California Collaborative for Educational Excellence, a state agency created by A.B. 97 and charged with assisting school districts to achieve the goals set forth in their LCAPs. In late 2015, the CDE developed rubrics to assess school district performance and the need for support and intervention.

A.B. 97 also authorizes the State Superintendent of Public Instruction (the "State Superintendent"), with the approval of the CDE, 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 (a) modify a district's LCAP, (b) impose budget revisions designed to improve student outcomes, and (c) 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 under A.B. 97 to rescind an action required by a local collective bargaining agreement.

District Student Enrollment

The District's ADA is the primary determinant of State funding through the LCFF. See "State Funding of Education – *Local Control Funding Formula*," above. For fiscal years 2019-20, 2020-21, and 2021-22, the District remained funded at pre-pandemic ADA levels due to State bills passed in response to the COVID-19 pandemic and due to existing LCFF funding calculations. Starting with fiscal year 2022-23, in order to allow school districts to adjust to enrollment-related funding declines and minimize the impacts of a single-year drop in enrollment, the legislation enacting the 2022-23 State Budget amended the LCFF calculation to consider the greater of a school district's current year, prior year, or the average of three prior years' ADA.

The following table shows a breakdown of the District's ADA by grade span, for fiscal years 2015-16 through 2023-24, budgeted projections for fiscal year 2024-25, and total enrollment and the percentage of EL/LI student enrollment for the same period.

Table No. A-1
LOS BANOS UNIFIED SCHOOL DISTRICT
ADA, Enrollment, and EL/LI Enrollment Percentage
Fiscal Years 2015-16 through 2024-25

	Average Daily Attendance [(1)]					Enrollment [(2)]	
Fiscal Year	TK-3	4-6	7-8	9-12	Total ADA	Total Enrollment	% of EL/LI Enrollment [(3)]
2015-16	2,944.33	2,344.29	1,525.22	3,019.76	9,883.60	10,450	81.71
2016-17	2,988.11	2,412.21	1,580.15	3,020.51	10,001.08	10,581	80.00
2017-18	3,086.27	2,503.12	1,604.90	3,089.83	10,284.12	10,863	79.00
2018-19	3,158.93	2,416.10	1,744.76	3,128.69	10,448.48	11,226	78.00
2019-20	3,174.96	2,432.25	1,673.78	3,274.30	10,645.29	11,223	80.25
2020-21	3,156.34	2,418.67	1,748.84	3,166.63	10,490.48	10,856	78.18
2021-22	2,928.33	2,377.47	1,602.17	3,432.95	10,340.92	10,924	77.30
2022-23	2,901.32	2,320.43	1,545.62	3,276.11	10,043.48	11,018	77.95
2023-24	2,914.48	2,384.90	1,640.50	3,291.29	10,231.17	11,047	79.09
2024-25 [(3)]	2,986.81	2,342.58	1,645.07	3,233.75	10,208.21	11,039	81.67

(1) Excludes charter schools, county instructed, adult education and regional occupational program students.
(2) The percentage of unduplicated EL/LI students is based on a rolling average of EL/LI enrollment for the then-current fiscal year and the two immediately preceding fiscal years.
(3) 2024-25 data are budgeted projections.
Source: The District.

Recent Enrollment Trends. The District's student enrollment base has been stable for at least the past ten years. The District currently projects that future enrollment levels will remain flat over the next five years.

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

Charter Schools. No charter schools currently operate within the District's boundaries.

To the extent charter schools draw students from school districts and reduce school district enrollment, charter schools can adversely affect school district general fund revenues. Certain per-pupil expenditures of a school district also decrease based upon the number of students enrolled in charter schools. Pursuant to Proposition 39, school districts are required to provide facilities reasonably equivalent to those provided to regular district students for charter schools having a projected average daily attendance of at least 80 or more students from that district.

District Revenue Sources

The District categorizes its general fund revenues into four sources: LCFF sources; federal revenues; other State revenues; and other local revenues. Each of these revenue sources is described below.

LCFF Revenues. For LCFF districts, such as the District, LCFF revenue is comprised of local property tax revenues (i.e., the district's share of the local 1% property tax), supplemented by State aid.

Federal Revenues. The federal government provides funding for several District programs, such as Title I, Title II, Title III, Title IV, and special education funding.

The Trump Administration has issued a series of executive orders to, among other things, ensure that federal funds are used in a manner that is approved by the Trump Administration and to close the Department of Education (the "DOE") to the maximum extent appropriate and permitted by law. The DOE provides funding to local school districts nationwide, including the District, primarily for special education services and under Title I.

The District cannot predict with certainty the effects of the executive orders or other actions by the Trump Administration on the District's federal funding or operations, including whether the amount of federal revenues that the District receives will be reduced, the extent of any such reduction, or whether any such reduction would occur in the current or any future fiscal year.

Other State Revenues. The District receives revenue from the State in addition to LCFF revenues. These "Other State Revenues" are primarily restricted funding for certain programs that were excluded from the LCFF's elimination of most categorical funding grants.

A portion of such Other State Revenues are amounts the District receives from State lottery funds, a portion of which may not be used for non-instructional purposes, such as the acquisition of real property, the construction of facilities, or the financing of research. School districts receive lottery funds proportional to their total ADA.

Other Local Revenues. In addition to property taxes, the District receives additional local revenues from items such as leasing of property owned by the District, interest earnings, and reimbursement for services provided to state-funded preschool programs.

Community Facilities District

The District collects revenues from special taxes collected by the Los Banos Unified School District Community Facilities District No. 2 (the "CFD"). The CFD was established in the District in 2005 to finance essential school facilities within the District in order to meet increased demands placed upon the District as a result of developments or rehabilitation occurring within the area covered by the CFD. The boundaries of the CFD are non-contiguous and primarily consist of discrete subdivisions within the District. A map of the boundary maps for the CFD are included within the annual report for the CFD on file with the District and are available upon request.

The following table shows the amount of the annual levy of special taxes by the CFD for the most recent fiscal years.

Table No. A-2
LOS BANOS UNIFIED SCHOOL DISTRICT
CFD No. 2 Special Tax Levy
Fiscal Years 2014-15 through 2024-25

Fiscal Year	Special Tax Levy
2014-15	$ 21,527
2015-16	26,012
2016-17	50,494
2017-18	124,933
2018-19	142,163
2019-20	221,577
2020-21	310,764
2021-22	470,109
2022-23	582,924
2023-24	671,730
2024-25	867,221

Source: The District.

Accounting Practices

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

District accounting is organized on the basis of fund groups, with each group consisting of a separate set of self-balancing accounts containing assets, liabilities, fund balances, revenues and expenditures.

The major fund classification is the general fund which accounts for all financial resources not requiring a special fund placement. The District's fiscal year begins on July 1 and ends on June 30.

Governmental funds are generally accounted for using the modified accrual basis of accounting. Revenues are recognized when measurable and available, except for certain revenue sources which are not susceptible to accrual. Expenditures are recognized in the accounting period in which the liability is incurred.

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

Audited Financial Statements

The State Department of Education imposes by law uniform financial reporting and budgeting requirements for K-12 school districts. Financial transactions are accounted for in accordance with the Department of Education's California School Accounting Manual. This manual, according to Section 41010 of the California Education Code, is to be followed by all California school districts, including the District.

Independently audited financial reports are prepared annually in conformity with generally accepted accounting principles for educational institutions. The annual audit report is generally available about six months after the June 30 close of each fiscal year. The District is normally required to provide its annual audit report for the previous fiscal year to the County Superintendent and to the State by no later than December 15. Following an approval process and any necessary adjustments, the annual audit report will be approved by the District Board, under normal circumstances.

The District's most recent completed audit report, for fiscal year 2023-24, was prepared by Jeanette L. Garcia & Associates, San Bernardino, California. The auditor has not participated in the preparation of this Official Statement and has not provided any update of the financial statements in connection with their inclusion in this Official Statement.

Audited financial statements for the District for the prior fiscal years are on file with the District and available for public inspection at the Office of the Superintendent of the District. Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to the District. The District may impose a charge for copying, mailing and handling. For the most recently completed audit, see APPENDIX C – "AUDIT REPORT OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2024."

General Fund Balance Sheet. The following table summarizes a four-year history of the District's audited General Fund Balance Sheets for fiscal years 2020-21 through 2023-24.

Table No. A-3
LOS BANOS UNIFIED SCHOOL DISTRICT
Historical Audited General Fund Balance Sheets
For Fiscal Years 2020-21 through 2023-24

	Fiscal Year Ending June 30,			
	2021	**2022**	**2023**	**2024**
Assets				
Cash in county treasury	$30,953,271	$21,164,147	$60,127,282	$76,327,326
Cash in revolving fund	25,200	29,529	29,479	29,479
Accounts receivable	30,040,457	15,362,487	11,193,025	6,262,904
Due from other funds	8,816	141,353	7,530	27,296
Total Assets	61,027,744	36,697,516	71,357,316	82,647,005
Liabilities				
Accounts Payable	20,085,102	3,513,475	3,916,140	7,149,769
Due from grantor governments	-	-	2,586,772	-
Due to other funds	1,863,643	83,788	108,439	334,215
Unearned revenue	1,860,211	3,008,578	4,608,637	2,844,675
Total Liabilities	23,808,956	6,605,841	11,219,988	10,328,659
Fund Balance				
Nonspendable	25,200	29,529	29,479	29,479
Restricted	5,491,175	14,239,984	43,919,931	54,351,526
Committed	-	-	5,038,339	1,727,785
Assigned	27,074,513	10,193,756	5,623,799	10,141,944
Unassigned	4,627,900	5,628,406	5,525,780	6,067,612
Total Fund Balance	37,218,788	30,091,675	60,137,328	72,318,346
Total Liabilities and Fund Balance	$61,027,744	$36,697,516	$71,357,316	$82,647,005

Note: Totals may not add due to rounding.
Source: Audit Reports of the District for fiscal years 2020-21 through 2023-24.

General Fund Revenues, Expenditures, and Changes in Fund Balances. The following table summarizes the audited income and expense statements for the District for fiscal years 2020-21 through 2023-24.

Table No. A-4
LOS BANOS UNIFIED SCHOOL DISTRICT
Historical Audited General Fund Revenues, Expenditures and Changes in Fund Balance
For Fiscal Years 2020-21 through 2023-24 (1) (2)

	Fiscal Year Ending June 30,			
	2021	**2022**	**2023**	**2024**
Revenues				
LCFF Sources	$117,294,823	$126,623,805	$143,396,248	$153,861,884
Federal Revenue	20,077,917	25,749,999	15,760,346	21,286,037
Other State Revenue	22,300,013	25,688,884	51,195,094 (3)	34,338,486
Other Local Revenue	2,252,109	2,423,728	3,886,078	4,948,340
Total Revenues	161,924,862	180,486,416	214,237,766	214,434,747
Expenditures				
Certificated Salaries	57,315,601	64,306,356	67,299,916	68,463,756
Classified Salaries	20,741,981	22,992,588	24,442,383	24,892,735
Employee Benefits	41,329,941	47,563,032	50,171,762	53,207,112
Books and Supplies	14,878,935	11,469,352	10,118,182	15,606,582
Services and Other Operating Expenditures	12,057,105	16,934,453	20,945,186	28,333,071
Other Outgo	2,145,487	2,930,273	2,741,845	3,483,298
Direct Support/Indirect Costs	(304,637)	(228,024)	(292,620)	(306,113)
Capital Outlay	601,446	936,692	2,003,510	2,323,174
Debt Service – Principal	870,000	890,000	920,000	505,000
Debt Service – Interest	645,342	799,782	772,021	745,114
Total Expenditures	150,281,201	168,594,504	179,192,215	197,253,729
Excess of Revenues Over Expenditures	11,643,661	11,891,912	35,045,551	17,181,018
Other Financing Sources and Uses				
Transfers In	10,000	-	102	-
Transfers Out(5)	(3,982,100)	(19,019,025)	(5,000,000)	(5,000,000)
Total Other Financing Sources (Uses)	(3,972,100)	(19,019,025)	(4,999,898)	(5,000,000)
Net Change in Fund Balance	7,671,561	(7,127,113)	30,045,653 (3)	12,181,018
Beginning Fund Balance(4)	29,547,227	37,218,788	30,091,675	60,137,328
Ending Fund Balance(4)	$37,218,788	$30,091,675	$60,137,328	$72,318,346

(1) Restricted and Unrestricted General Fund Revenues.
(2) Totals may not sum due to rounding.
(3) The District received higher than usual Other State Revenue due to one-time funding allocated for COVID-19 pandemic relief, and programs associated with expanding learning opportunities.
(4) General fund balances reflected in the above table, which are derived from the budgetary comparison schedules, may differ from the figures in the Revenues, Expenditures and Changes in Fund Balances tables in the District's audits due to the Special Reserve Fund for Postemployment Benefits being combined with the general fund for audit reporting purposes but excluded from the general fund for budgetary reporting purposes.
(5) Transfers out primarily account for transfers from the District's General Fund to the Deferred Maintenance Fund.
Source: Audit Reports of the District for fiscal years 2020-21 through 2023-24.

Limit on School District Reserves

Under current law, in a year immediately following the State's deposit into the Public School System Stabilization Account ("PSSSA") bringing the PSSSA balance to an amount equal to or greater than three percent of the total K-12 share of the Proposition 98 Guarantee, a school district's adopted or revised budget may not contain reserves greater than 10 percent of its combined total general fund revenues. SB 751 excludes from this requirement basic aid school districts (also known as community funded districts) and small school districts having fewer than 2,501 units of average daily attendance. A county superintendent could waive the prohibition, pursuant to specified conditions, for up to two consecutive years within a three-year period. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2," "– Senate Bill 858" and "– Senate Bill 751" in this Appendix A for further discussion regarding school district reserve caps.

Because the District is not a basic aid district, and has ADA greater than 2,501, and because the State's deposits into the PSSSA in recent years have triggered the reserve cap, unless exempted, the District is required to budget an ending fund balance not exceeding the maximum level. The District Board has taken action to designate specified amounts of the District general fund balance as committed fund balance, effectively reducing the District's reserves to comply with the reserve cap.

The District is required to maintain a general fund reserve of 3% but because of the uncertainty of State funding, has consistently exceeded that amount in recent years. The District's audited assigned and unassigned general fund balances for 2020-21 through 2023-24 are shown in Table No. A-3 above.

Budget Process

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. School districts' annual general fund expenditures are characterized in large part by multi-year expenditure commitments such as union contracts. Year-to-year fluctuations in State and local funding of school district general funds could result in revenue decreases which, if large enough, may not easily be offset by an equal reduction in expenditures until at least the following fiscal year.

School districts are required by State law to maintain general fund reserves that can be drawn upon in the event of a resulting excess of expenditures over revenues for a given fiscal year. The District is required to maintain a general fund reserve of 3%.

As a result of the balance in the State's Public School System Stabilization Account, the statutory limitation on school district reserves has been triggered for the 2023-24 and 2024-25 budget periods. (See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2.")

A State law adopted in 1991 (known as "A.B. 1200") imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments.

Under the provisions of A.B. 1200 and the Education Code (Section 42100 et seq.), each school district is required to file two interim certifications, known as the "First Interim Report" and "Second Interim Report," with the county superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The county superintendent reviews the certification and issues either a positive, negative, or qualified certification. A positive certification is assigned to any school district that, based on then current projections, will meet its financial obligations for the current fiscal year and the subsequent two fiscal years. A negative certification is assigned to any school district that, based on then current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that, based on then current projections, will not meet its financial obligations for the current fiscal year or the two subsequent fiscal years. A certification may be revised to a negative or qualified certification by the county superintendent, as appropriate. A school district that receives a qualified or negative certification for its second interim report must provide to the county superintendent, the State Controller and the Superintendent no later than June 1, financial statement projections of the school district's fund and cash balances through June 30 for the period ending April 30.

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

The table below lists the District's interim report certification status for the past five fiscal years.

Table No. A-5
LOS BANOS UNIFIED SCHOOL DISTRICT
Recent History of District Interim Report Status
Fiscal Years 2020-21 to 2024-25

Fiscal Year	First Interim	Second Interim
2020-21	Positive	Positive
2021-22	Positive	Positive
2022-23	Positive	Positive
2023-24	Positive	Positive
2024-25	Positive	Positive

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

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

In the five fiscal years including and prior to 2024-25, the District has not had an adopted budget disapproved by the County Superintendent of Schools. The District Board adopted the District's most recent original operating budget, for fiscal year 2024-25, on June 18, 2024, approved the District's 2024-25 First Interim Report on December 12, 2024, and approved the District's 2024-25 Second Interim Report on March 13, 2025.

The following table summarizes the District's fiscal year 2024-25 Second Interim Report, as adopted March 13, 2025.

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Table No. A-6
LOS BANOS UNIFIED SCHOOL DISTRICT
Summary of Budgeted General Fund Revenues, Expenditures and Changes in Fund Balance
For Fiscal Year 2024-25 (1), (2)

Revenues	**Second Interim 2024-25**
LCFF Sources	$157,707,432
Federal Revenue	10,353,072
Other State Revenue	55,050,478
Other Local Revenue	4,202,271
Total Revenues	227,313,253
Expenditures	
Certificated Salaries	72,512,463
Classified Salaries	27,135,040
Employee Benefits	58,176,847
Books and Supplies	62,308,573
Services and Other Operating Expenses	47,286,121
Capital Outlay	5,503,819
Other Outgo (excluding Transfers of Indirect Costs)	4,707,922
Other Outgo - Transfers of Indirect Costs	(599,413)
Total Expenditures	277,031,373
Excess Of Revenues Over Expenditures (4)	(49,718,120)
Other Financing Sources/Uses	
Interfund Transfers In	-
Interfund Transfers Out(5)	(5,000,000)
Total Other Financing Sources/Uses	(5,000,000)
Net Change in Fund Balances (4)	(54,718,120)
Fund Balance Beginning (3)	75,213,857(6)
Fund Balance Ending (3)	$20,495,737

(1) Restricted and Unrestricted sources, combined.
(2) Totals may not add due to rounding.
(3) General fund balances reflected in budget reports may differ from prior year audited figures due to certain special funds being combined with the general fund for audit reporting purposes, but excluded from the general fund for budgetary reporting purposes.
(4) 2024-25 deficit spending is primarily due to the spend-down of one-time federal and other state revenues received in the prior fiscal years and spent (or budgeted to be spent) in later fiscal years.
(5) Transfers out primarily account for transfers from the District's General Fund to the Deferred Maintenance Fund.
(6) Reflects an increase of $2,895,511 from the closing General Fund balance reported in the District's 2023-24 audited financial statements due to an audit adjustment that moved certain expenses related to employee compensation from fiscal year 2023-24 to fiscal year 2024-25. Offsetting increases to fiscal year 2024-25 expenses related to employee compensation are reflected in the amounts reported in the 2024-25 Second Interim Report.
Source: District's 2024-25 Second Interim Report, as adopted on March 13, 2025.

Employment

For fiscal year 2024-25, the District employs approximately 1,354 full-time equivalent (FTE) employees in the following categories:

Employee Classification	Number of Employees (Full-Time Equivalent)
Management/Supervisor/Confidential	128
Certificated Non-management (Teachers Association)	538
Classified Non-Management (CSEA)	485
Substitutes	203
Total	1,354

Source: District.

The certificated teachers are represented for labor relations purposes by the Los Banos Teachers Association (the "Teachers Association"). The District's current collective bargaining agreement with the Teachers Association expires on June 30, 2025. By law, the contract remains in effect until a new agreement is reached.

The classified employees are represented for labor relations purposes by the California School Employees' Association, Chapter 503 ("CSEA"). The District's current collective bargaining agreement with CSEA expires June 30, 2025.

District Retirement Systems

The information set forth below regarding the CalSTRS and CalPERS 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 be construed as a representation by either the District or the Underwriter.

The District participates in retirement plans with the State Teachers' Retirement System ("CalSTRS"), which covers all full-time District faculty members, and the State Public Employees' Retirement System ("CalPERS"), which covers classified employees. Classified District personnel who are employed more than half of full-time service may participate in CalPERS.

Each of CalSTRS and CalPERS 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 CalSTRS and CalPERS as follows: (i) CalSTRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) CalPERS, P.O. Box 942703, Sacramento, California 94229-2703. Moreover, each of CalSTRS and CalPERS maintains a website, as follows: (i) CalSTRS: www.calstrs.com; (ii) CalPERS: www.calpers.ca.gov. *The information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.*

District Contributions. The following table sets forth the District's total contributions to CalSTRS and CalPERS for fiscal years 2017-18 through 2023-24, the District's projected (budgeted) contributions for fiscal year 2024-25, and the percentage of the District's total general fund expenditures represented by such aggregated contributions. For more information regarding the District's retirement benefits obligations, see APPENDIX C – "AUDIT REPORT OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2024, Note 11 – Pension Plans" herein.

Table No. A-7
LOS BANOS UNIFIED SCHOOL DISTRICT
Aggregate Employer Contributions to CalSTRS and CalPERS
Fiscal Years 2017-18 through 2024-25

Fiscal Year	District CalSTRS Contributions [1]	District CalPERS Contributions [1]
2017-18	$ 6,899,016	$3,115,885
2018-19	8,294,290	3,803,310
2019-20	9,173,023	4,247,595
2020-21	8,862,365	4,495,050
2021-22	10,193,173	5,407,665
2022-23	12,096,244	6,595,916
2023-24	12,339,168	7,015,433
2024-25 [2]	13,026,910	7,736,443

[1] Reflects data for all District funds, including the District's general fund. Does not include on-behalf payments from the State.
[2] 2024-25 budgeted projections.
Source: Audit Report of the District for fiscal year ended June 30, 2024, and the District's Second Interim Report, as adopted March 13, 2025.

CalSTRS. All full-time certificated employees, as well as certain classified employees, are members of CalSTRS. CalSTRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program (the "CalSTRS Defined Benefit Program"). The CalSTRS 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.

Employees, the State, and employers all contribute to CalSTRS. The funding plan enacted through Assembly Bill 1469 ("AB 1469") in 2015, and related legislation, provides the State Teachers Retirement Board (the "STRS Board") with authority to modify, based upon recommendations from its actuary, the percentages paid by employers and employees starting in 2021-22 and each fiscal year thereafter to eliminate the CalSTRS unfunded actuarial obligation by June 30, 2046, provided that the employer contribution rate cannot change in any fiscal year by more than 1% of creditable compensation upon which members' contributions to CalSTRS are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. The STRS Board also has authority to reduce employer and State contributions if they are no longer necessary.

The CalSTRS actuarial valuation, as of June 30, 2023, reported an actuarial accrued liability of $359.741 billion with the market value of assets (MVA) at $299.148 billion, an MVA unfunded liability of $85.571 billion, an actuarial value of assets (AVA) at $273.155 billion and an AVA unfunded liability of $86.586 billion.

As shown in the below table, the employer contribution rate for fiscal year 2024-25 is 19.1% of covered payroll. The effective employer contribution rates, as adjusted/reduced by State appropriations, from fiscal year 2016-17 through 2024-25, are shown in the following schedule:

Table No. A-8
K-14 SCHOOL DISTRICT CONTRIBUTION RATES
CalSTRS (Defined Benefit Program)

Effective Date	Employer Contribution Rate (1)
July 1, 2016	12.58%
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	17.10 (2)
July 1, 2020	16.15 (3)
July 1, 2021	16.92 (4)
July 1, 2022	19.10
July 1, 2023	19.10
July 1, 2024	19.10

(1) Expressed as a percentage of covered payroll.
(2) The 2019-20 State Budget provided supplemental payments to CalSTRS, reducing the employer contribution rate from 18.13% to 17.10% for fiscal year 2019-20.
(3) The 2020-21 State Budget reallocated the supplemental State payment allocated in the 2019-20 State Budget, to instead be used solely to reduce employer contribution rates, to approximately 16.15% in fiscal year 2020-21.
(4) In 2021–22, the employer rate was 2.18% less than the rate set by the CalSTRS Board.
Source: CalSTRS.

The District's total employer contributions to CalSTRS for fiscal years 2015-16 through 2023-24 were equal to 100% of the required contributions for each year (see Table A-7 above). The District is unable to predict all factors or any changes in law that could affect its required contributions to CalSTRS in future fiscal years.

CalPERS. The District contributes to the School Employer Pool under the CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Laws.

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

School districts are required to contribute to CalPERS at an actuarially determined rate, including based on the changes in the discount rate, inflation rate, payroll growth rate and demographic assumptions, along with expected reductions in normal cost due to the continuing transition of active members from those employees hired prior to the Implementation Date (defined below), to those hired after such date. State legislation has, in some recent fiscal years, appropriated State contributions to the Schools Pool, resulting in adjusted CalPERS employer contribution rates reduced from the actuarially determined and adopted/projected rates.

The CalPERS Schools Pool Actuarial Valuation as of June 30, 2024 (the "CalPERS Schools Pool Actuarial Valuation"), reported an MVA actuarial accrued liability of $124.924 billion, an MVA of assets at $84.292 billion, and a MVA unfunded liability of $40.791 billion.

On April 14, 2025, the CalPERS Board approved the K-14 school district contribution rate for fiscal year 2025-26 and released certain actuarial information to be incorporated into the 2024 CalPERS Schools Pool Actuarial Valuation to be released in the latter half of 2025, including an MVA actuarial accrued liability of $133.978 billion, a MVA of as sets of $93.187 billion and an unfunded liability of $40.791 billion.

Employer contribution rates for fiscal years 2019-20 through the current fiscal year 2024-25, and projected for fiscal years 2025-26 through 2029-30 are shown in the following table.

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Table No. A-9
EMPLOYER CONTRIBUTION RATES
CALPERS

Fiscal Year	Employer Contribution Rate [1]
2019-20	19.72%
2020-21	20.70
2021-22	22.91
2022-23	25.37
2023-24	26.68
2024-25	27.05
2025-26 [2]	26.81
2026-27 [3]	26.90
2027-28 [3]	27.80
2028-29 [3]	27.40
2029-30 [3]	27.00
2030-31 [3]	26.20

(1) Expressed as a percentage of covered payroll.
(2) CalPERS Board approved employer contribution rate for 2025-26 precedes the 2025-26 State Budget approval and any potential related impacts from State allocations.
(3) Projected.
Source: CalPERS

The District's contributions to CalPERS for fiscal years 2019-20 through 2023-24 equaled 100% of the required contributions for each year (see Table No. A-7 above).

California Public Employees' Pension Reform Act of 2013. The Governor signed the California Public Employees' Pension Reform Act of 2013 ("PEPRA") into law on September 12, 2012. PEPRA affects both CalSTRS and CalPERS, most substantially as they relate to new employees hired after January 1, 2013 (the "Implementation Date"). As it pertains to CalSTRS participants hired after the Implementation Date, PEPRA changes the normal retirement age, increasing the eligibility for the 2% "age factor" (the percent of final compensation to which an employee is entitled to 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. For non-safety CalPERS participants hired after the Implementation Date, PEPRA changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and also increases the eligibility requirement for the maximum age factor of 2.5% to age 67.

PEPRA also implements certain other changes to CalPERS and CalSTRS including the following: (a) all new participants enrolled in CalPERS and CalSTRS after the Implementation Date are required to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (b) CalSTRS and CalPERS are both required 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 (currently 12 months for CalSTRS members who retire with 25 years of service), and (c) "pensionable compensation" is capped for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution and benefit base for members participating in Social Security or 120% for CalSTRS and CalPERS members not participating in Social Security, 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 67 and 68. In June 2012, the GASB approved a pair of related statements, Statement Number 67, Financial Reporting for Pension Plans ("Statement Number 67"), which addresses financial reporting for pension plans, and Statement Number 68, Accounting and Financial Reporting for Pensions ("Statement Number 68"), which establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. The guidance contained in these statements changed how governments calculate and report the costs and obligations associated with pensions. Statement Number 67 replaced the requirements of Statement Number 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, for most public employee pension plans, and Statement Number 68 replaced the requirements of Statement Number 27, Accounting for Pensions by State and Local Governmental Employers, for most government employers. The new statements also replaced the requirements of Statement Number 50, Pension Disclosures, for those governments and pension plans. Certain of the major changes include: (i) the inclusion of unfunded pension liabilities on the government's balance sheet (such unfunded liabilities are currently typically included as notes to the government's financial statements); (ii) full pension costs are now shown as expenses regardless of actual contribution levels; (iii) lower actuarial discount rates are now required to be used for most plans for certain purposes of the financial statements, resulting in increased liabilities and pension expenses; and (iv) shorter amortization periods for unfunded liabilities are now required to be used for certain purposes of the financial statements, which generally increased pension expenses. Statement Number 67 took effect in fiscal years beginning after June 15, 2013, and Statement Number 68 took effect in fiscal years beginning after June 15, 2014.

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The District's proportionate shares of the net pension liabilities, pension expense, deferred outflow of resources and deferred inflow of resources for CalSTRS and CalPERS, as of June 30, 2024, are as shown in the following table.

Table No. A-10
LOS BANOS UNIFIED SCHOOL DISTRICT
District's Proportionate Share of CalSTRS and CalPERS Net Pension Liability
Fiscal Year 2023-24

Pension Plan	Net Pension Liability
CalSTRS	$ 78,582,920
CalPERS	53,882,045
Totals	**$132,464,965**

Source: Audit Report of the District for fiscal year ended June 30, 2024.

Potential Impact of Market Conditions on Pension Liabilities. Potential market downturns, a decline in the prices of equities, or related volatility in the U.S. and global stock markets, could have a material impact on the investments in the State pension trusts, which could materially increase either or both CalSTRS' and CalPERS' unfunded pension liabilities. Increases in unfunded pension liabilities could result in material increases to the required employer contribution rates for participating public agencies in future fiscal years.

The District is unable to predict with certainty the effects of U.S. and global stock market volatility on the State pension trust investment portfolios, the effects on the District's proportionate shares of the net pension liabilities of CalSTRS or CalPERS, and whether or to what extent the District's employer contribution rates may change in future fiscal years as a result.

For further information regarding the District's net pension liability, see also "APPENDIX C - AUDIT REPORT OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2024, Note 11 – Net Pension Liability" herein."

Other Post-Employment Benefits

In addition to the retirement plan benefits with CalSTRS and CalPERS discussed above, the District provides certain post-retirement healthcare benefits ("OPEB"), in accordance with District employment contracts. The District's Other Post Employment Benefits Plan (the "Plan") provides for medical, prescription drug, dental, and vision benefits for eligible Certificated employees and retirees through California's Valued Trust (CVT), a jointly managed trust, on a pooled, self-insured basis. Dental and vision benefits are 100% self-paid. Eligible employees and retirees of groups other than Certificated have their health insurance coverage provided through the Self-Insured Schools of California (SISC III), a California Joint Powers Authority. The District participates in and maintains a proportionate share of the fiduciary position of, the SISC GASB 45 Trust A (the "Trust"), for the purpose of prefunding the District's OPEB liabilities.

As of June 30, 2023, the Plan had 48 active plan members, and 997 inactive members currently receiving benefits.

GASB 75. In June 2015, the GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("Statement Number 75"). Statement Number 75 replaced the prior GASB Statement Number 45, and requires the accounting and recognition of the entire OPEB liability, a more comprehensive measure of OPEB expense.

OPEB Liability. The District's net OPEB liability is measured as the total OPEB liability, less the District's fiduciary net position the Trust. The District's total OPEB liability of $20,135,808 and net OPEB liability of $8,545,431 were reported as of June 30, 2024, with a measurement date of June 30, 2023. The following table displays the changes to the District's total OPEB liability, change in position, and net OPEB liability, for the fiscal year ended June 30, 2024.

Table No. A-11
LOS BANOS UNIFIED SCHOOL DISTRICT
Changes in OPEB Liability - Fiscal Year 2023-24

Total OPEB Liability as of June 30, 2023	**$19,399,995**
Service Cost	862,599
Interest	1,272,312
Difference btw. Actual and expected experience	-
Changes of assumptions	-
Benefit Payments	(1,399,058)
Net Changes in Total OPEB Liability	735,853
Total OPEB Liability as of June 30, 2024	**20,135,808**
Less: Plan Fiduciary Net Position as of June 30, 2024	(11,590,377)
Plan Net OPEB Liability as of June 30, 2024	**$8,545,431**

Source: Audit Report of the District for fiscal year ended June 30, 2024.

For further information regarding the District's OPEB liability, see also "APPENDIX C - AUDIT REPORT OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2024, Note 10 – OTHER POST-EMPLOYMENT BENEFITS" herein.

Public Entity Risk Pools and Joint Powers Authorities

The District participates in four public entity risk pools under joint powers agreements ("JPAs"): Organization for Self-insured Schools ("O.S.S."), Merced County Schools Insurance Group ("M.C.S.I.G."), California's Valued Trust ("C.V.T."), and the Self-Insured Schools of California ("S.I.S.C.

III"). The relationship between the Los Banos Unified School District and the JPAs is such that none of the JPAs is a component unit of the District for financial reporting purposes.

The JPAs were established as agencies under the provisions of the California Government Code, Title I, Division 7, Chapter 5, Article 1, Section 6500, et seq. Membership in the JPAs consists of various public educational agencies.

The JPAs are governed by boards consisting of representatives from the member public educational agencies and related associations. The boards control the operations of each JPA, including selection of management and approval of operating budgets, independent of any influence by member public educational agencies beyond their representation on the board. Each member public educational agency pays a premium based on student population, or number of covered individuals. Surpluses remain in each fund or JPA, while deficits are covered by assessments on the member districts in proportion to their participation in each JPA.

The purpose of each JPA is to provide self-insurance programs as follows:

O.S.S. provides a self-insurance program for liability and property claims against the public educational agency members, and provides a forum for discussion, study, development, and implementation of recommendations of mutual interest regarding self-insurance.

M.C.S.I.G. is an insurance purchasing pool for workers' compensation insurance. 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 JPA.

C.V.T. provides the services necessary and appropriate for the establishment, operation and maintenance of a medical self-insurance fund that provides for the payment of medical, dental, vision, and prescription claims of the member public educational agency employees and their covered dependents and to minimize the total cost of annual medical insurance of their respective member organizations. District certificated employees are covered under this JPA.

S.I.S.C. III provides the services necessary and appropriate for the establishment, operation and maintenance of a medical Self-Insurance Fund that provides for payment of medical, dental, vision, and prescription claims of the member public educational agency employees and the if covered dependents and to minimize the total cost of annual medical insurance of their respective member organizations. District CSEA and unrepresented employees are covered under this JPA.

During the last three fiscal (claims) years, none of the above programs have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

For more information regarding the risk management pools, see APPENDIX C— "AUDIT REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2024," Note 13 – JOINT POWERS AGREEMENTS.

Cybersecurity

The District relies on technology infrastructure to conduct its operations. Further, the District routinely collects, processes, and distributes private, protected and personal information on students, staff, parents, visitors, and contractors. As custodian of such information, the District may face various cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems.

On March 17, 2021, the District was the victim of a ransomware attack that affected the District's computer systems and backups. The District engaged a private cyber incident response consultant, and also hired a forensic investigator to conduct an investigation. The District incurred a cost of $434,580.80 related to the March 17, 2021 incident, all of which cost was covered by the District's insurance carrier. Partly in response to this incident, the District upgraded its systems, including by installing enhanced security software on District computers and implementing a new backup system with encrypted on-site, off-site, and cloud backups.

On July 12, 2024, the District detected suspicious activity within its network. In response, the District took action to assess and manage the situation, including engaging external cybersecurity consultants. A forensic investigation of the July 12, 2024 incident revealed no significant evidence of data loss, exposure of sensitive information, or damage to the District's network.

The District Board has adopted a series of Board Policies, each as most recently revised in November 2024, which govern the use of technology by District employees (BP 4040) and students (6163.4), and sets standards for content on the District's website (BP 1113).

No assurance can be given that the District's efforts to manage cyber threats and attacks will, in all cases, be successful or that any such attack will not materially impact the operations or finances of the District. The District is also reliant on other entities and service providers, such as the County Treasurer for investment of funds.

Long-Term Debt

The District's long-term debt as of June 30, 2024, is summarized below.

Table No. A-12
LOS BANOS UNIFIED SCHOOL DISTRICT
Long Term Debt (1)

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
General Obligation Bonds:	$ 79,958,714	-	$2,845,000	$ 77,113,714
Certificates of Participation	18,125,000	-	505,000	17,620,000
Other Postemployment Benefits	9,884,321	-	1,338,890	8,545,431
Net Pension Liability	129,316,219	$3,148,746	-	132,464,965
Compensated absences	2,416,349	36,180	-	2,452,529
Total	**$239,700,603**	**$3,184,926**	**$4,688,890**	**$238,196,639**

(1) Payments on the general obligation bonds are paid out of the Interest and Sinking Fund held by the County Treasurer and funded with local property tax revenues. Payments on the compensated absences are made from the fund for which the related employee worked.
Source: Audit Report of the District for fiscal year ended June 30, 2024.

General Obligation Bonds. In addition to the Bonds, the District has other series of general obligation bonds currently outstanding, which are secured by *ad valorem* taxes upon all property subject to taxation by the District (collectively, the "General Obligation Bonds"). See "DEBT SERVICE SCHEDULES – Other General Obligation Bonds" in the front part of this official statement.

Pension Obligations. The District's pension liabilities (CalSTRS and CalPERS) are considered long-term liabilities for certain reporting purposes. See "Retirement Benefits—GASB 67 and 68."

2015 Certificates of Participation. On July 22, 2015, the District sold $18,125,000 of current interest Certificates of Participation (the "2015 COPs") with interest rates ranging from 3.50% to 5.00%. The 2015 COPs were sold to finance the construction, acquisition, and installation of capital facilities at the District's new junior high school campus. The remaining lease payments for the 2015 COPs, which are payable from the District's general fund, are as follows:

TABLE No. A-13
LOS BANOS UNIFIED SCHOOL DISTRICT
Outstanding Lease Payments for 2015 Certificates of Participation

Period Ending (August 1)	Principal	Interest [1]	Total Annual Debt Service [1]
2025	$ 555,000	$ 705,994	$ 1,260,994
2026	580,000	678,244	1,258,244
2027	610,000	649,244	1,259,244
2028	640,000	618,744	1,258,744
2029	675,000	586,744	1,261,744
2030	710,000	552,994	1,262,994
2031	735,000	528,144	1,263,144
2032	760,000	501,500	1,261,500
2033	790,000	473,000	1,263,000
2034	820,000	441,400	1,261,400
2035	850,000	408,600	1,258,600
2036	885,000	374,600	1,259,600
2037	920,000	339,200	1,259,200
2038	960,000	302,400	1,262,400
2039	995,000	264,000	1,259,000
2040	1,035,000	224,200	1,259,200
2041	1,075,000	182,800	1,257,800
2042	1,120,000	139,800	1,259,800
2043	1,165,000	95,000	1,260,000
2044	1,210,000	48,400	1,258,400
Totals	**$17,090,000**	**$8,115,006**	**$25,205,006**

[1] Columns may not sum to totals due to rounding.
Source: The District.

CALIFORNIA STATE BUDGETS

The following information concerning recent State 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 have not independently verified such information.

The State Budget Process

According to the State Constitution, the Governor of the State (the "Governor") must propose a budget to the State Legislature no later than January 10 of each year. Under an initiative constitutional amendment approved by the State's voters on November 2, 2010, as "Proposition 25," a final budget must be adopted by a majority vote (rather than a supermajority, as was the case prior to the passage of Proposition 25) of each house of the Legislature no later than June 15, although this deadline has been breached in the past. Any tax increase provision of such final budget shall continue to require approval by a two-thirds majority vote of each house of the State Legislature. The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. As discussed below, the Governor signed the most recent adopted State budget, for fiscal year 2024-25 ("2024-25 State Budget") into law on June 29, 2024.

When the State budget is not adopted on time, basic appropriations and the categorical funding portions of Local Education Agency State funding are affected differently. Under the rule of *White v. Davis* (also referred to as *Jarvis v. Connell*), a State Court of Appeal decision reached in 2002, there is no constitutional mandate for appropriations to school districts without an adopted budget or emergency appropriation, and funds for State programs cannot be disbursed by the State Controller until that time unless the expenditure is (i) authorized by a continuing appropriation found in statute, (ii) mandated by the Constitution (such as appropriations for salaries of elected State officers), or (iii) mandated by federal law (such as payments to State workers at no more than minimum wage). The State Controller has consistently stated that basic State funding for schools is continuously appropriated by statute, but that special and categorical funds may not be appropriated without an adopted budget. The State Controller has posted guidance as to what can and cannot be paid during a budget impasse at its website: www.sco.ca.gov. Should the Legislature fail to pass the budget or emergency appropriation before the start of any fiscal year, the District might experience delays in receiving certain expected revenues.

Proposition 98 Education Funding

The Proposition 98 funding amount for education in a given year is calculated by comparing three main formulas known as "Test 1," "Test 2," and "Test 3." Each test takes into account certain inputs, such as State General Fund revenue, per capita personal income, and K-12 student attendance. The calculation varies throughout the stages of the budget and appropriation process, from the Governor's January budget proposal to the final adopted budget, and may continue to evolve even through actual expenditures and post-year-end revisions to the prior year budget.

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

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

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

For description of the current State budget's suspension of the 2023-24 Proposition 98 guarantee and the resulting maintenance factors, see below under the heading "— Fiscal Year 2024-25 State Budget." (See also, "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Propositions 98 and 111" in this Appendix A.)

Fiscal Year 2023-24 State Budget

On June 27, 2023, the Governor signed the legislative version of the State budget for fiscal year 2023-24 (the "2023-24 State Budget"). The 2023-24 State Budget reported that, after two years of growth, the State was projected to face a downturn in revenues driven by a declining stock market, persistently high inflation, rising interest rates and job losses in high-wage sectors.

The 2023-24 State Budget predicted a $31.7 billion revenue shortfall in fiscal year 2023-24. To close the budget gap, the 2023-24 State Budget included a series of measures intended to avoid deep reductions to priority spending, as follows:

- Fund Shifts – $9.3 billion in shifts of spending commitments from the State general fund to other sources.
- Reductions/Pullbacks – $8.1 billion in State general fund spending reductions or pullbacks of previously approved spending.
- Delays – $7.9 billion in delayed spending across multiple years, without reducing the amount of funding over the same period.
- Revenue and Internal Borrowing – $6.1 billion in revenue, primarily from the Managed Care Organization tax, and internal borrowing from special fund balances not projected for programmatic purposes.
- Trigger Reductions – $340 million in reductions that will be restored in the proposed State budget for fiscal year 2024-25 if there are sufficient resources to do so.

For the prior fiscal year (2022-23), the 2023-24 State Budget projected total general fund revenues and transfers of $205.1 billion and authorizes expenditures of $234.6 billion. The State projected to end the 2022-23 fiscal year with total reserves of $54.2 billion, including $21.1 billion in the traditional general fund reserve, $22.3 billion in the Budget Stabilization Account ("BSA"), $9.9 billion in the Public School System Stabilization Account ("PSSSA") and $900 million in the Safety Net Reserve Fund. For fiscal year 2023-24, the 2023-24 State Budget projected total general fund revenues and transfers of $208.7 billion and authorizes expenditures of $225.9 billion. The State projected to end the 2023-24 fiscal year with total reserves of $37.8 billion, including $3.8 billion in the traditional general fund reserve, $22.3 billion in the BSA, $10.8 billion in the PSSSA and $900 million in the Safety Net Reserve Fund. The 2023-24 State Budget indicated that maintaining this level of reserves provides a prudent insurance policy, as the State continues to face revenue risks and uncertainty. The ending balance in the BSA is at the constitutional maximum amount, requiring any amounts in excess thereof to be dedicated to infrastructure improvements. The 2023-24 State Budget also included revised deposits to the PSSSA of $4.8 billion and $1.8 billion attributable to fiscal years 2021-22 and 2022-23, respectively, and authorized a deposit in fiscal year 2023-24 of $902 million.

K-12 Education Spending. The 2023-24 State Budget set total funding for all K-12 education programs at $129.2 billion, including $79.5 billion from the State general fund and $49.7 billion from other sources. The minimum funding guarantee in fiscal year 2023-24 was set at $108.3 billion. The 2023-24 State Budget also made retroactive increases to the minimum funding guarantee in fiscal years 2021-22 and 2022-23, setting them at $110.6 billion and $107.4 billion, respectively. Test 1 was projected to be in effect over this three year period. To accommodate enrollment increases related to the expansion of transitional kindergarten (as further described below), the 2023-24 State Budget rebenched the Test 1 percentage, from approximately 38.2% to 38.5%, to increase the percentage of State general fund revenues that count towards the minimum funding guarantee. (See "CONSTITUTIONAL AND STAUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 111" for additional context.)

Other significant features of the 2023-24 State Budget relating to K-12 education funding include the following:

- *Local Control Funding Formula*: The 2023-24 State Budget funded a COLA of 8.22% to LCFF apportionments. When combined with declining enrollment adjustments, this increased year-over-year discretionary funds available to local educational agencies by approximately $3.4 billion. The 2023-24 State Budget also provided for approximately $1.6 billion in one-time Proposition 98 resources to support the ongoing costs of the LCFF in fiscal year 2023-24, and an increase of $80 million in ongoing Proposition 98 funding for county offices of education serving students in juvenile court and other alternative school settings. Finally, to complement efforts to identify and address student group and school site equity gaps through school district LCAPs, the 2023-24 State Budget provided for $300 million in ongoing Proposition 98 funding to establish an Equity Multiplier as an add-on to the LCFF to accelerate gains in closing opportunity and outcome gaps, and $2 million in ongoing Proposition 98 funding to support the work of equity leads within the Statewide system of support.
- *Universal Transitional Kindergarten*: The funding levels in the 2023-24 State Budget reflect $357 million in ongoing Proposition 98 funding to support the first year of expanded eligibility for transitional kindergarten to include all children turning five years old between September 2, and February 2 in fiscal year 2022-23 (roughly 29,000 children). Additionally, the 2023-24 State Budget reflected $238 million of Proposition 98 funding to support one additional classified or certificated staff person in every transitional kindergarten class in fiscal year 2022-23. The 2023-24 Budget included $597 million in ongoing Proposition 98 funding to support the second year of expanded eligibility to include all children turning five years old between September 2 and April 2 (roughly 42,000 children), beginning in fiscal year 2023-24. Additionally, the 2023-24 State Budget included $165 million to support one additional certificated or classified employee in every transitional kindergarten class. The 2023-24 Budget also made certain adjustments to the transitional kindergarten program, including (i) requiring that, commencing with the 2025-26 fiscal year, transitional kindergarten classrooms maintain a 1:10 adult-to-student ratio, (ii) enabling local educational agencies, in fiscal years 2023-24 and 2024-25, to enroll children whose fourth birthday falls between June 2 and September 1 in transitional kindergarten if classrooms meet the 1:10 ratio and maintain a total class size of 20 or less students, and (iii) extending the deadline for credentialed teachers to have earned 24 early education college credits, or its equivalent, or earned a child development teacher permit or early childhood education specialist credential. Finally, the 2023-24 State Budget delayed, to fiscal year 2024-25, $550 million of funding previously approved to support the construction or retrofit of full-day kindergarten and preschool facilities.

- *Literacy*: The 2023-24 State Budget provided for $250 million in one-time Proposition 98 funding for high-poverty schools, using evidence-based practices, to train and hire literacy coaches and reading specialists for one-on-one and small group interventions for struggling readers. The 2023-24 State Budget also provided $1 million in one-time Proposition 98 funding to support efforts to begin screening students in kindergarten through second grade for risk of reading difficulties, including dyslexia. Finally, the 2023-24 State Budget provided $1 million in one-time Proposition 98 funding to create a literacy roadmap to help educators navigate literacy resources provided by the State.

- *Educator Workforce*: The 2023-24 State Budget included a number of statutory changes to reduce barriers for those interested in entering the teacher profession, including (i) increasing the per-candidate allocation for the Teacher and School Counselor Residency Program, (ii) allowing greater time for residency candidates to complete their service requirements, (iii) providing additional ways for teachers to complete their teaching credentials, and (iv) allowing relocated U.S. military service members, or their spouses, to be issued a State teaching credential if they possess a valid, out-of-state credential. The 2023-24 State Budget also provided for $10 million in one-time Proposition 98 funding for grants to local education agencies to provide culturally relevant support and mentorship for educators to become school administrators.

- *Arts and Cultural Enrichment*: On November 8, 2022, State voters approved Proposition 28, which requires that an amount equal to 1% of the prior year's minimum funding guarantee be allocated to schools to increase arts instruction and arts programs in public education. The 2023-24 State Budget included approximately $938 million to fund this mandate. The 2023-24 State Budget also reflected a reduction of approximately $200 million in one-time Proposition 98 funding previously approved for the Arts, Music and Instructional Materials Block Grant.

- *Learning Recovery*: The 2022-23 State Budget established the Learning Recovery Emergency Fund and appropriated $7.9 billion in one-time Proposition 98 funding to establish a block grant to support local educational agencies in establishing learning recovery initiatives. The 2023-24 State Budget delayed approximately $1.1 billion of such funding to fiscal years 2025-26 through 2027-28.

- *Nutrition*: $154 million in additional ongoing Proposition 98 funding, and $110 million in one-time Proposition 98 funding, to fully fund the universal school meals program in fiscal years 2022-23 and 2023-24.

- *Teacher Development*: The 2023-24 State Budget provided $20 million in one-time Proposition 98 funding to support the Bilingual Teacher Professional Development Program. The 2023-24 State Budget also provided $6 million in one-time federal funds to support grants to teacher candidates enrolled in a special education teacher preparation program who agree to teach at a high-need school site.

- *School Safety*: $119.6 million in one-time federal funds authorized by the Bipartisan Safer Communities Act to support local educational agency activities related to improving school climates and school safety.

- *Facilities*: The 2023-24 State Budget reflected a decrease of $100 million in State general fund support for the State school facilities program. The 2023-24 State Budget included $30 million in one-time Proposition 98 funding to support eligible facilities costs for the Charter School Facility Grant Program, and $15 million in one-time Proposition 98 funding to support grants to local educational agencies to acquire and install commercial dishwashers.

Fiscal Year 2024-25 State Budget

On June 29, 2024, the Governor signed the legislative version of the State budget for fiscal year 2024-25 (the "2024-25 State Budget"). The 2024-25 State Budget reflects an increase of $16.9 billion General Fund Revenues from the 2023-24 State Budget ($207.2 billion in 2024-25 compared to $192.2 billion in 2023-24) primarily reflecting increases in corporation and personal income tax collections. The 2024-25 State Budget reflects a decrease in General Fund Expenditures of $11.5 billion from the 2023-24 State Budget ($211.5 billion in 2024-25 compared to $223.0 billion in 2023-24) primarily reflecting broad spending decreases for all major spending categories with the exceptions of expenditures for K-12 education and higher education, both of which see moderate funding increases.

Regarding the State's reserves and fund balances, the 2024-25 State Budget contemplates fully drawing down the Safety Net Reserve together with a two-year drawdown of the State's Budget Stabilization account (with projected withdrawals of $5.1 billion in 2024-25 and $7.1 billion projected in 2025-26). The 2024-25 State Budget includes $1.0 billion to fund the Public School System Stabilization Account.

The primary solutions to close the $46.8 billion deficit include the following:

- *Spending Reductions* - $16.0 billion in spending reductions, including an approximately 8% to state operations, a reduction of budgets for vacant positions, reductions to the Department of Corrections and Rehabilitation, and reductions to affordable housing and healthcare workforce programs.
- *Additional Revenues/Internal Borrowing* - $13.6 billion in additional revenue sources and internal borrowing, including temporarily suspending net operating loss carryovers and increased collections from the managed care organization tax.
- *Reserves Drawdowns* - $6.0 billion drawdown of reserves including $5.1 billion from the Budget Stabilization Account and $0.9 billion from the Safety Net Reserve.
- *Funding Shifts* - $6.0 billion in funding shifts from the General Fund to other funds.
- *Program Delays and Pauses* - $3.1 billion in delays and pauses, including delaying the expansion of the California Food Assistance Program for two years, pausing the expansion of childcare funding, and delaying state spending on broadband internet.
- *Deferrals* - $2.1 billion in deferrals.

K-12 Education Spending. The 2024-25 State Budget increases total funding for all K-12 education programs by $4.6 billion over 2023-24 State Budget funding levels, with total expenditures of $133.8 billion, including $81.5 billion from the State general fund and $52.3 billion from other sources.

Under certain circumstances, the State Constitution allows the State Legislature to suspend the Proposition 98 Minimum Guarantee and create a maintenance factor to be paid in future fiscal years when conditions require it. The 2024-25 State Budget suspends the Guarantee in fiscal year 2023-24 and projects the Guarantee to be in Test 1 in fiscal year 2024-25. In Test 1 years, the Guarantee is equal to the percentage of State General Fund appropriated for K-14 schools in the 1986-87 fiscal year. Suspending the Guarantee is projected to create a maintenance factor obligation of approximately $8.3 billion in fiscal year 2023-24 and is projected to result in a $4.1 billion maintenance factor payment in fiscal year 2024-25, which will be paid in addition to the Proposition 98 Guarantee level in fiscal year 2024-25. (See "CONSTITUTIONAL AND STAUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 111" for additional context.)

After fully drawing down the Public School System Stabilization Account (Proposition 98 Rainy Day Fund) in fiscal year 2023-24, the 2024-25 State Budget includes a roughly $1.1 billion discretionary payment into the Proposition 98 Rainy Day Fund in fiscal year 2024-25.

Other significant features of the 2024-25 State Budget relating to K-12 education funding include the following:

- *Local Control Funding Formula* - The 2024-25 State Budget includes a Local Control Funding Formula (LCFF) cost-of-living adjustment of 1.07 percent. When combined with population growth adjustments, this will result in an increase of approximately $983 million, as compared to the 2023 Budget Act, in discretionary funds for local educational agencies (LEAs).
- *Learning Recovery Emergency Block Grant*– The 2024-25 State Budget delays the deadline for the needs assessment regarding the use and expenditure of Learning Recovery Emergency Block Grant funds from July 1, 2024, to the 2025-26 fiscal year.
- *Instructional Continuity* –The 2024-25 State Budget includes statutory changes to allow local educational agencies to provide attendance recovery opportunities to make up lost instructional time, offset student absences and mitigate learning loss and chronic absenteeism. Beginning July 1, 2025, LEAs will be required to include an instructional continuity plan in their School Safety Plan. The 2024-25 State Budget directs the State Department of Education to explore local student information systems to identify opportunities and make recommendations to allow LEAs to report individual student absence data to the state in a manner that allows for, at a minimum, local and statewide disaggregation of absences related to emergency events that prevent students from attending school.
- *Teacher Preparation and Professional Development* – $25 million in ongoing Proposition 98 funding to support training for educators to administer literacy screenings. The 2024-25 State Budget also provides $20 million in ongoing Proposition 98 funding for county offices of

education to develop and provide training for mathematics coaches and leaders to support the delivery of high-quality math instruction.

- *Early Education* – The 2024-25 State Budget provides funding to support the second year of expanded eligibility for transitional kindergarten, shifting age eligibility from all children turning five-years-old between September 2 and February 2 to all children turning five-years-old between September 2 and April 2. The 2024-25 State Budget also includes funding to support the second year of adding an additional certificated or classified staff person to every transitional kindergarten class.
- *Nutrition* – Fully funds the universal school meals program in fiscal year 2024-25. Over 845 million meals are projected to be served through this program in fiscal year 2024-25.
- *State Facilities Funding Cuts* – The 2024-25 State Budget forgoes $875 million of funds approved as part of previous State budgets to support the construction of new school facilities or the retrofit of existing facilities for the purpose of providing TK, full-day kindergarten or preschool classrooms, forgoes a planned investment of $550 million to support the State Preschool, TK and Full-Day Kindergarten Facilities Grant Program, and forgoes a planned $500 million (of a planned $895 million) to support greening school bus fleets.

Governor's Fiscal Year 2025-26 State Budget Proposal

On January 10, 2025, the Governor released his proposed State budget for fiscal year 2025-26 (the "2025-26 Proposed State Budget"). The 2025-26 Proposed State Budget reflects the Governor's projection that the fiscal year 2025-26 Budget will be roughly balanced, and will represent a return to historical norms following a period of revenue volatility and a federal tax filing delay that contributed to significant State budget shortfalls over the past two fiscal years. The 2025-26 Proposed State Budget projects $217.9 billion in 2025-26 General Fund revenues.

Regarding the State's reserves and fund balances, the 2025-26 Proposed State Budget contemplates the continuation of a two-year drawdown of the State's Budget Stabilization account that began in the 2024-25 State Budget (with a withdrawal of $5.1 billion in 2024-25 and a projected withdrawal $7.1 billion projected in 2025-26). The balance of the Budget Stabilization account is projected to be $10.9 billion following the projected 2025-26 drawdown. The 2025-26 Proposed State Budget includes $376 million contribution to fund the Public School System Stabilization Account.

The stronger-than-anticipated performance of the economy, stock market, and cash receipts, combined with an improved economic outlook, have all contributed to the upgraded revenue forecast. While the 2025-26 Proposed State Budget does not forecast a recession, it recognizes several risk factors that could negatively affect the economy and state revenues, including stock market and asset price volatility and declines—particularly those affecting high-income earners—as well as geopolitical instability. Additional risks come from stated policy changes by the incoming federal administration that could negatively impact the State's economy—especially in the areas of international trade and immigration, as well as in health care. The 2025-26 Proposed State Budget does not include any adjustments to account for the damage caused Los Angeles-area fires, which is expected to be significant.

The Legislative Analyst's Office's analysis of the 2025-26 Proposed State Budget identifies three categories of discretionary proposals (those that are not already committed to under current law or policy): (1) proposals provide short-term budget savings that create more budget capacity which the LAO projects to generate a total of $2.2 billion General Fund savings within the budget window, (2) new discretionary spending proposals that use budget capacity by increasing spending or reducing revenues which the LAO projects to increase General Fund expenditures within the budget window by $700 million, and (3) increases to the State's discretionary reserves.

Discretionary savings proposals identified by Legislative Analyst's Office's Analysis include:

- *$1.6 Billion Reduction in School and Community College Settle-Up Obligations*. The 2025-26 Proposed State Budget proposes providing $1.6 billion less in total funding for schools and community colleges than the estimated constitutional minimum funding level for 2024-25. This provides one-time General Fund savings in that year, but also creates a "settle-up" obligation, which will need to be paid in a future year if revenues for 2024-25 were to remain unchanged. If revenues for 2024-25 come in below current projections, this obligation would also decline—potentially to zero. While the administration indicates it will provide this payment in the future—after the final calculation of the minimum funding requirement—it also has not scored this future obligation in its multiyear budget.

- *Increases Revenue by Around $300 Million*. The 2025-26 Proposed State Budget changes the rules about how taxable profits are determined for financial institutions. This change would increase revenues on an ongoing basis by around $300 million per year.

- *Shifts Nearly $300 Million in General Fund Spending to Proposition 4 (2024) Climate Bond*. The 2025-26 Proposed State Budget reduces and reverts significant General Fund appropriations for a variety of climate- and environmental-related activities totaling $273 million, achieving General Fund savings. These include funds for water recycling, wildfire prevention activities at state parks, and dam safety activities. The proposal would then provide a like amount of funding from Proposition 4, the climate bond approved by voters in November 2024. This would result in maintaining prior funding levels for these activities but would preclude this amount of Proposition 4 funds from supporting expanded service levels or additional projects.

New spending proposals identified by Legislative Analyst's Office's Analysis include:

- *New Spending Proposals of Nearly $600 Million*. The 2025-26 Proposed State Budget includes $570 million in new discretionary General Fund spending. After 2025-26, these proposals would add about $300 million in ongoing spending. Some of the largest spending augmentations proposed include: (1) $60 million to provide additional grants under the Cal Competes program; (2) the intent to partially restore an ongoing reduction to the trial courts, which, if enacted, would cost $42 million ongoing; and (3) a proposed expansion to College Corps, which would cost $5 million in 2025-26, but grow to $84 million ongoing.

- *New Tax Expenditures of $150 Million*. The 2025-26 Proposed State Budget includes revenue proposals, which would expand existing tax expenditures and create new ones. These include increasing the existing film tax credit from $330 million to $750 million per year and excluding some military retirement income from taxation. Taken together, these proposals would reduce revenues by around $150 million in 2025-26, reaching $300 million by 2028-29.

Adjustments to the State's discretionary reserves identified by Legislative Analyst's Office's Analysis include an increase of approximately $500 million to the State's Special Fund for Economic Uncertainties (SFEU). The SFEU is a general-purpose reserve used to provide capacity for unanticipated expenditures, including state costs associated with disasters and other emergencies. The state constitution has a balanced budget requirement, which means the balance of the SFEU must be set above zero for the upcoming fiscal year. Any level above zero is up to the discretion of the Legislature. Recent budgets have set the SFEU between $3.5 billion and $4 billion. The 2025-26 Proposed State Budget sets a $4.5 billion SFEU balance for the end of 2025-26.

K-12 Education Spending. The 2025-26 Proposed State Budget reduces total funding for all K-12 education programs by $300 million compared to 2024-25 State Budget funding levels, with total expenditures of $118.9 billion, including $83.1 billion from the State general fund and $35.8 billion from other sources. The 2025-26 Proposed State Budget includes a roughly $376 million discretionary payment into the Proposition 98 Rainy Day Fund in fiscal year 2025-26 to bring the fund balance to approximately $1.5 billion.

Significant features of the 2025-26 Proposed State Budget relating to K-12 and higher education funding identified by the Legislative Analyst's Office include the following:

- *Funding for Schools and Community Colleges Up $7.1 Billion Across the Budget Window*. The 2025-26 Proposed State Budget projects that the constitutional minimum funding level for schools and community colleges is up $7.1 billion. Of this increase, $3.9 billion is attributable to 2024-25 and $3.2 billion is attributable to 2025-26. (Spending is unchanged in 2023-24.) The increase is due primarily to higher General Fund revenue estimates. In addition, approximately $4 billion in one-time spending expires in 2025-26, freeing-up the underlying funding for other school and community college purposes.

- *Funds Some Ongoing Increases.* The 2025-26 Proposed State Budget provides approximately $2.5 billion to fund a 2.43% statutory cost-of-living adjustment (COLA) for existing school and community college programs. The 2025-26 Proposed State Budget also sets aside $1.1 billion to complete the expansion of transitional kindergarten in 2025-26. The 2025-26 Proposed State Budget also provides $746 million to reduce student-to-adult ratios in transitional kindergarten classrooms from 12:1 to 10:1. The 2025-26 Proposed State Budget provides a $435 million increase for the Expand Learning Opportunities Program to increase the number of school districts that must offer enrichment programs (such as after school activities and summer school) to all of their students. The 2025-26 Proposed State Budget also includes $30 million to support 0.5 percent systemwide community college enrollment growth.

- *Allocates One-Time Funds for Discretionary Grants, Staffing Enhancements, and Technology Activities.* The largest education-related one-time proposal in the 2025-26 Proposed State Budget is to provide $1.8 billion for schools through a new discretionary block grant that could be used to fund new activities or cover costs of existing programs. The 2025-26 Proposed State Budget also includes $500 million to fund literacy and mathematics coaches at high-poverty schools that would expand upon a program the state funded in previous budgets. In addition, the 2025-26 Proposed State Budget includes a series of initiatives intended to advance teacher training and recruitment efforts at schools and implement a common technology platform across the community college system.

- *Delays $1.6 Billion Payment in 2024-25 Pending Revised Revenue Data.* As described above, under the 2025-26 Proposed State Budget, total funding for schools and community colleges in 2024-25 would be $1.6 billion less than the administration's estimate of the constitutional minimum funding level that year. The administration indicates it will provide this payment in the future after finalizing the calculation of the minimum requirement. If State revenues come in below the levels estimated in the 2025-26 Proposed State Budget, the constitutional funding requirement also would decrease.

May Revision to 2025-26 Proposed State Budget. On May 14, 2025, the Governor released his May Revision to the 2025-26 Proposed State Budget (the "2025-26 May Revision"). The 2025-26 May Revision reflects downgrades in the economic and revenue forecasts since the date of the 2025-26 Proposed State Budget caused in large part by nationwide economic trends. The 2025-26 May Revision does not account for federal spending cuts that are under consideration in Congress.

The 2025-26 May Revision projects an additional deficit for fiscal year 2025-26 of approximately $12 billion in addition to the deficit that was originally projected in the 2025-26 Proposed State Budget. The Governor proposes to close the additional $12 billion deficit with a combination of $5 billion in spending reductions, $5.3 billion in borrowing and revenue generation, and $1.7 billion in fund shifts. Revenue generating proposals in the 2025-26 May Revision intended to close the additional deficit primarily consists of changes to Medi-Cal, including an enrollment freeze for the Medi-Cal expansion to undocumented adults and increases in Medi-Cal premiums.

With regards to the State's reserves, the 2025-26 May Revision maintains the planned $7.1 billion drawdown of the State's Budget Stabilization Account that was planned for in the 2025-26 Proposed State Budget and also maintains the planned $8.4 billion drawdown of the entire balance of the Public School System Stabilization Account.

With regards to TK-12 education, significant changes in the 2025-26 May Revision include a $4.6 billion reduction to the Proposition 98 Guarantee over the three-year budget window from 2023-24 to 2025-26 due to projected declines in revenues from those anticipated at the time of the January budget proposal, and a downward revision to the LCFF cost-of-living adjustment from the level originally projected in the 2025-26 Proposed State Budget, from 2.43 to 2.30.

LAO Preliminary Analysis of 2025-26 May Revision. On May 17, 2025, the LAO released its preliminary analysis of the 2025-26 May Revision. The LAO's preliminary analysis of the 2025-26 May Revision largely confirms the financial projections in the 2025-26 May Revision, particularly those regarding the size of the projected budget deficit and that the savings projected from the revenue generating proposals should be sufficient to close the budget gap. Regarding K-12 education, the LAO's preliminary analysis of the 2025-26 May Revision identified the four ways that the 2025-26 May Revision covered the projected drop in Proposition 98 revenues, deferring certain school and community college payments from the end of 2025-26 to the beginning of 2026-27, zeroing out the Proposition 98 Reserve by withdrawing deposits that are no longer required or were previously discretionary, withdrawing or reducing several community college proposals mainly involving information technology projects, and accelerating a settle-up payment related to the Proposition 98 requirement in 2024-25, which makes more funding available for school and community college programs.

The State has not entered into any contractual commitment with the District, the County, the Underwriter nor the Owners of the Bonds to provide State budget information to the District or the Owners of the Bonds. Although they believe the State sources of information listed herein are reliable, none of the District, the Financial Advisor or the Underwriter assumes any responsibility for the accuracy of the State budget information set forth or referred to herein or incorporated by reference herein.

Additional Information on State Finances

The full text of and further analysis regarding proposed and adopted State budgets may be found at the internet website of the California Department of Finance, www.dof.ca.gov, under the heading "California Budget." The Legislative Analyst's Office ("LAO") budget overviews and other analyses may be found at www.lao.ca.gov under the heading "Products." In addition, various State official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found at the website of the State Treasurer, www.treasurer.ca.gov or through the Municipal Securities Rulemaking Board's EMMA website at emma.msrb.org.

Periodic reports on revenues and/or expenditures during the fiscal year are issued by the Governor's Office, the State Controller's Office and the LAO. The Department of Finance issues a monthly Bulletin, which reports the most recent revenue receipts as reported by state departments, comparing them to Budget projections. The Governor's Office also formally updates its budget projections three times during each fiscal year, in January, May and at budget enactment. These bulletins and other reports are available on the Internet.

The information referred to above is prepared by the respective State agency maintaining each website and not by the District, and the District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

Future State Budgets

Sensitivity of State Budget to Personal Income Tax Collections and Capital Gains Realizations. Projections included in the 2024-25 State Budget and 2025-26 Proposed State Budget estimate that Personal Income Tax collections will constitute more than 50% of the State's General Fund revenues for each of the State's 2024-25 and 2025-26 fiscal years. Personal Income Tax collections are affected by numerous factors, including those that weigh upon the economy and stock market generally. The difficulty of projecting Personal Income Tax collections adds, as a matter of course, a layer of uncertainty to the State's budget forecasts. In that connection, a component of the State's revenues from Personal Income Tax collections are derived from capital gains realizations which are sensitive to U.S. and global stock market movements.

If the budget forecasts in the 2025-26 Proposed State Budget are revised and actual Personal Income Tax collections for fiscal year 2024-25 differ from the projections in the 2024-25 State Budget, changes to 2025-26 Proposed State Budget and future State budgets may be necessary to account for updated revenue forecasts. The District is unable to predict the final State revenues for 2024-25 or the State's revised projections for 2025-26, whether State spending adjustments may be needed to address any budget shortfalls or how the revenues that the District receives from State sources may be affected in current and future fiscal years.

The District cannot predict what 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.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds are payable from the proceeds of an *ad valorem* property tax levied by the County on all property within the District's boundaries lying within the County's jurisdiction subject to taxation by the District for the payment thereof as described herein, see "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS." Articles XIIIA, XIIIB, XIIIC and XIIID of the State Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the District to levy taxes and spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the District to levy taxes for payment of the Bonds. The tax levied by the County for payment of Bonds was approved by the voters in compliance with Article XIIIA, Article XIIIC, and all applicable laws.

Article XIIIA of the California Constitution

Article XIIIA of the State Constitution ("Article XIIIA") limits the amount of *ad valorem* 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. 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 "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS" in the front part of this Official Statement.

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*, 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 55% 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 of all members of 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.

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

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

The California electric utility industry has been undergoing significant changes in its structure and in the way in which components of the industry are regulated and owned. Sale of electric generation assets to largely unregulated, non-utility companies may affect how those assets are assessed, and which local agencies are to receive the property taxes. The District is unable to predict the impact of these changes on its utility property tax revenues, or whether legislation may be proposed or adopted in response to industry restructuring, or whether any future litigation may affect ownership of utility assets or the State's methods of assessing utility property and the allocation of assessed value to local taxing agencies, including the District. 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. See “DISTRICT FINANCIAL INFORMATION - State Funding of Education” in this Appendix A.

Article XIIIB of the California Constitution

Article XIIIB of the State Constitution (“Article XIIIB”), 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 California 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 average daily attendance (“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 fiscal year 1986-87 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 debt service; (c) appropriations required to comply with certain mandates of the courts or the federal government; (d) appropriations of certain special districts; (e) appropriations for all qualified capital outlay projects as defined by the 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 of California approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the California Constitution Articles XIIIC and XIIID (respectively, "Article XIIIC" and "Article XIIID"), which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes); prohibits special purpose government agencies, such as school districts, from levying general taxes; prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4. Article XIIID deals with assessments and property, related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

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

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: (a) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (b) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (c) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (d) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (e) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (f) a charge imposed as a condition of property development; and (g) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

Propositions 98 and 111

On November 8, 1988, voters of the State of California 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 1986-87; 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 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 are, instead of being returned to taxpayers, 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 would enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIIIB surplus. The maximum amount of excess tax revenues which 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 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 a given State budget.

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

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

(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 California per capita personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.

(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. Further, 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 Legislature. Second, there are excluded any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the Legislature and the Governor, which expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

(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 fiscal year 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 (i) 40.9% of State general fund revenues (the "first test") or (ii) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to per capita personal income) and enrollment (the "second test”). Under Proposition 111, schools will receive the greater of (A) the first test; (B) the second test, or (C) a third test, which will replace the second test in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in California per capita personal income. Under the third test, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test will become a “credit” to schools (also referred to as a “maintenance factor”) that will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

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

The 55% vote requirement applies only if the local bond measure presented to the voters includes: (a) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (b) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (c) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation enacting Proposition 39, approved in June 2000, placed certain additional limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate levied as the result of any single election be no more than $60 (for a unified school district), $30 (for a high school or elementary 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 Constitution. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the Legislature and approval by the Governor. See also, “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS - Tax Rates” herein.

Jarvis v. 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 Controller of the State of California). 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 California 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 California 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, California 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 (a) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (b) shift property taxes from local governments to schools or community colleges, (c) change how property tax revenues are shared among local governments without two-third approval of both houses of the State Legislature, or (d) 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 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 expected 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, will be an increase in the State's general fund costs by approximately $1 billion annually for several decades.

Proposition 30

On November 6, 2012, voters of the State of California approved the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"), which temporarily increases the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposes an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposes an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017, for storage, use, or other consumption in the State. This excise tax is being levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending in the taxable year ending December 31, 2018, Proposition 30 increases the marginal personal income tax rate by: (a) 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), (b) 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 (c) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers).

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 June 5, 2018. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through 2030. Proposition 55 did not extend the temporary State Sales and Use Tax rate increase enacted under Proposition 30, which expired as of January 1, 2017.

The revenues generated from the temporary tax increases are included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS—Propositions 98 and 111" herein. From an accounting perspective, the revenues generated from the temporary 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 are allocated quarterly, with 89% of such funds provided to school districts and 11% provided to community college districts. The funds will be distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than $200 per unit of ADA and no community college district will receive less than $100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that, the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing boards are prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

Proposition 2

On November 4, 2014, 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 is generally 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 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 fiscal year 2029-30, 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 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 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 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 of the Constitution 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 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 be otherwise 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 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.

Senate Bill 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.

Senate Bill 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 immediate 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, all basic aid school districts (also known as community funded districts) and all small school districts having fewer than 2,501 units of ADA.

Proposition 51

The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is a voter initiative that was approved by voters on June 5, 2018. Proposition 51 authorizes the sale and issuance of $9 billion in general obligation bonds by the State for the new construction and modernization of K-14 facilities.

Proposition 51 includes $3 billion for the new construction of K-12 facilities and an additional $3 billion for the modernization of existing K-12 facilities. 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. If a school district lacks sufficient local funding, it may apply for additional state grant funding, up to 100% of the project costs. In addition, a total of $1 billion will be available for the modernization and new construction of charter school ($500 million) and technical education ($500 million) facilities. Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, schools that cannot cover their local share for these two types of projects may apply for state loans. State loans must be repaid over a maximum of 30 years for charter school facilities and 15 years for career technical education facilities. For career technical education facilities, state grants are capped at $3 million for a new facility and $1.5 million for a modernized facility. Charter schools must be deemed financially sound before project approval.

Proposition 19

On June 3, 2008, voters in the State approved a constitutional amendment entitled Property Tax Transfers, Exemptions and Revenue for Wildfire Agencies and Counties Amendment ("Proposition 19"), which: (i) expanded 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 a natural disaster or contamination, when they buy a different home; (ii) narrowed existing special rules for inherited properties; and (iii) broadened the scope of legal entity ownership changes that trigger reassessment of properties. The District cannot make any assurance as to what effect the implementation of Proposition 19 will have on assessed valuation of real property in the District.

Proposition 2 (2024)

On November 5, 2025, voters in the State approved Proposition 2 (2024) which, among other things, 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 (including charter schools), community colleges and career technical education programs, including the improvement of health and safety conditions and classroom upgrades. Proposition 2 (2024) includes $3.3 billion for the construction of new K-12 facilities and an additional $4 billion for the modernization of existing K-12 facilities. Proceeds from the bonds authorized by Proposition 2 (2024) will be used in part to provide the State's portion of matching funds to K-12 districts for construction and modernization costs. The District cannot guarantee that it will qualify for or receive Proposition 2 (2024) State facilities funding.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and the above-described Propositions 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 any potential future measures cannot be anticipated by the District.

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APPENDIX B

AREA ECONOMIC AND DEMOGRAPHIC INFORMATION

The following information concerning the City of Los Banos (the "City") and Merced County (the "County") is included only for the purpose of supplying general information regarding the area of the District. The Bonds are not a debt of the City, the County, the State of California (the "State") or any of its political subdivisions, and neither the City, the County, the State, nor any of its political subdivisions (other than the District) are liable therefor.

General Information

City of Los Banos. The City of Los Banos, located in Merced County, is situated 12 miles southwest of the City of Merced, the County seat. Los Banos is one of the larger cities in Merced County, which is located in the San Joaquin Valley region, 70 miles northwest of the city of Fresno. Los Banos is about two hours by car from the cities of San Francisco, Oakland, Sacramento, and Yosemite National Park. The City is located in the western portion of the County west of Highway 165 and just north of Highway 152. State Highways 33, 152, and 165 pass through the City; Interstate 5 skirts the City's western boundaries. According to the United States Census Bureau, Los Banos has a total area of 10.12 square miles – 98.78% of it is land and 1.22% is water with an elevation of 118 feet above sea level.

A combination of new enterprise, local government and agriculture-based operations all contribute to the City's economy, which continues to provide residents with a variety of amenities to enjoy. In addition to public services, including water, sewer, parks, and recreation, and a public safety division, the City also offers a variety of retail and entertainment venues for its residents.

Merced County. Merced County is centrally located in the San Joaquin Valley with easy access to highways, train, bus, and air services for travel to the San Francisco Bay Area, Monterey, Carmel, Lake Tahoe, and Reno. The County was established by an act of the State Legislature in April 1855, forming the County from the southwestern portion of Mariposa County. The County encompasses approximately 2,020 square miles and spans from the coastal ranges to the foothills of Yosemite National Park. The County seat is the city of Merced.

The County has six incorporated cities: Atwater, Dos Palos, Gustine, Livingston, Los Banos and Merced, as well as numerous smaller unincorporated communities. The County's agricultural related industries are a major source of employment, along with food processing, retailing, and light manufacturing. Agriculture continues to be the economic base for the County. The County is also home to the University of California (UC) Merced, the UC system's 10th campus.

Transportation services in the County are excellent, with State Highway 99 and U.S. Interstate Highway 5 providing easy access to the rest of California and the Western United Sates. Buses, Amtrak, and the Union Pacific Railroad provide freight and passenger services to other western destinations. Scheduled air passenger service is provided from airports in Modesto and Fresno.

Population

The table below shows population estimates for the City, the County, and the State for the last five years.

CITY OF LOS BANOS, MERCED COUNTY, and STATE OF CALIFORNIA
Population

Calendar Year	City of Los Banos	Merced County	State of California
2020	45,347	281,202	39,538,223
2021	46,215	280,944	39,327,868
2022	46,787	284,038	39,114,785
2023	47,300	285,193	39,061,058
2024	47,419	287,303	39,128,162

Source: California State Department of Finance.

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Employment and Industry

The following table summarizes the civilian labor force, employment and unemployment in the County and the State for the calendar years 2019 through 2023 (the last year for which annual data are available). These figures are county-wide statistics and may not necessarily accurately reflect employment trends in the District.

MERCED COUNTY and STATE OF CALIFORNIA
Civilian Labor Force , Employment and Unemployment by Industry (Annual Averages)

Year	Area	Labor Force	Employment	Unemployment	Rate
2019	Merced County	115,800	106,300	9,500	8.2%
	California	19,385,300	18,589,600	795,700	4.1
	United States	163,539,000	157,538,000	155,113,000	3.7
2020	Merced County	115,500	101,000	14,500	12.5
	California	18,958,600	17,037,000	1,921,600	10.1
	United States	160,742,000	147,795,000	12,947,000	8.1
2021	Merced County	115,000	103,100	11,900	10.3
	California	18,956,600	17,568,700	1,387,800	7.3
	United States	161,204,000	152,581,000	8,623,000	5.3
2022	Merced County	115,400	106,400	9,000	7.8
	California	19,169,300	18,348,900	820,400	4.3
	United States	164,287,000	158,291,000	5,996,000	3.6
2023	Merced County	118,900	108,200	10,700	9.0
	California	19,308,300	18,388,300	920,000	4.8
	United States	167,116,000	161,037,000	6,080,000	3.6

Source: State of California Employment Development Department.

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Largest Employers

The following table shows the principal employers in the City as of June 30, 2023, and the County as of June 30, 2024, by number of employees.

CITY of LOS BANOS
Principal Employers in 2023
(By numbers of employees)

Employer	Number of Employees	% of Total Employment
Los Banos Unified School District	1,123	6.45%
Memorial Hospital	360	2.07
Wal-Mart	327	1.88
Kagome	193	1.11
City of Los Banos	179	1.03
Target	160	0.92
Home Depot	145	0.83
Save Mart	102	0.59
APEX	99	0.57
Central California Irrigation Dist.	81	0.47
Total Top 10	2,769	15.93%

Source: City of Los Banos Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023.

MERCED COUNTY
Principal Employers in 2024
(By numbers of employees)

Employer	Number of Employees	% of Total Employment
Foster Farm Inc.	2,554	2.43%
Merced County	2,466	2.34
UC Merced	1,626	1.55
Hilmar Cheese Company Inc.	1,484	1.41
Mercy Medical Center	1,459	1.39
Merced County Office of Education	1,452	1.38
Merced City School District	1,311	1.25
Merced Union High School District	1,154	1.10
Merced College	974	0.93
Dole Packaged Foods LLC	650	0.62
Total Top 10	15,130	14.40%

Source: Merced County Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024.

Commercial Activity

A summary of historic taxable sales within the City during the past five years for which data is available is shown in the following table.

CITY OF LOS BANOS
Taxable Retail Sales
Number of Permits and Valuation of
Taxable Transactions (dollars shown in thousands)

	Retail and Food Services		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2020	573	$375,849,899	859	$422,415,624
2021	557	454,025,557	827	517,438,247
2022	583	482,819,049	874	553,337,330
2023	551	474,944,579	842	547,202,968
2024	574	456,502,561	890	525,246,220

Source: California Department of Tax and Fee Administration, Taxable Sales – Cities by Type of Business.

A summary of historic taxable sales within the County during the past five years for which data is available is shown in the following table.

COUNTY OF MERCED
Taxable Retail Sales
Number of Permits and Valuation of
Taxable Transactions (dollars shown in thousands)

	Retail and Food Services		Total All Outlets	
	Number of Outlets	Taxable Transactions	Number of Outlets	Taxable Transactions
2020	3,101	$2,451,349,781	4,976	$3,450,924,395
2021	2,935	3,004,667,496	4,749	4,131,711,770
2022	3,040	3,121,111,701	4,959	4,373,998,074
2023	3,015	3,037,796,069	4,955	4,318,396,111
2024	3,036	2,928,534,588	5,033	4,169,388,230

Source: California Department of Tax and Fee Administration, Taxable Sales – Counties by Type of Business.

Construction Activity

Building activity in the City and the County for the past five years for which data is available, is shown in the following tables.

CITY OF LOS BANOS
Total Building Permit Valuations (dollars shown in thousands) [(1)]

	2020	2021	2022	2023	2024
Permit Valuation					
Total Residential	$ 87,924	$115,093	$47,728	$49,067	$50,206
Total Nonresidential	14,656	6,531	34,222	4,324	10,512
Total All Buildings	**$102,580**	**$121,624**	**$81,950**	**$53,391**	**$60,718**
New Dwelling Units					
Single Family	332	391	150	163	142
Multiple Family	3	0	0	3	0
Total	**335**	**391**	**150**	**166**	**142**

[(1)] Totals may not add due to rounding.
Source: Construction Industry Research Board, Building Permit Summary.

COUNTY OF MERCED
Total Building Permit Valuations (dollars shown in thousands) [(1)]

	2020	2021	2022	2023	2024
Permit Valuation					
Total Residential	$318,215	$304,764	$189,414	$121,477	$167,566
Total Nonresidential	80,453	51,201	105,785	87,677	128,780
Total All Buildings	**$398,668**	**$355,964**	**$295,199**	**$209,153**	**$296,346**
New Dwelling Units					
Single Family	1,178	1,244	486	476	522
Multiple Family	397	4	461	207	164
Total	**1,575**	**1,248**	**947**	**683**	**686**

[(1)] Totals may not add due to rounding.
Source: Construction Industry Research Board, Building Permit Summary.

APPENDIX C

AUDIT REPORT OF THE DISTRICT
FOR FISCAL YEAR ENDED JUNE 30, 2024

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LOS BANOS UNIFIED SCHOOL DISTRICT

MERCED COUNTY
LOS BANOS, CALIFORNIA

ANNUAL FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANT

JUNE 30, 2024

JLG
Jeanette L. Garcia & Associates
CERTIFIED PUBLIC ACCOUNTANT

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Financial Section

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Institute of
Certified Public
Accountants

California
Society of
Certified Public
Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Los Banos Unified School District
Los Banos, California

Report on 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 Los Banos Unified School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Los Banos Unified School 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 Los Banos Unified School District, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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 any conditions or events, considered in the aggregate, that raise substantial doubt about the Los Banos Unified School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether 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 guarantee that and audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exits. 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 judgement 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 judgement 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 Los Banos Unified School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Los Banos Unified School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope of 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 on pages 4 through 10, General Fund Budgetary Comparison Schedule on page 50, Deferred Maintenance Fund Budgetary Comparison Schedule on page 51, Schedule of Changes in the District's Total OPEB Liability and Related Ratios on page 52, Schedule of OPEB Contributions on page 54 and Schedules of the District's Proportionate Share of the Net Pension Liability and Contributions on pages 55 through 58 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's response 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 Los Banos Unified School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, and 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying other supplemental information is presented for purposes of additional analysis as required by the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, and is also 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 or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, other supplementary information, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2024, on our consideration of the Los Banos Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Los Banos Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Los Banos Unified School District's internal control over financial reporting and compliance.

Jeanette L Garcia + Associates

San Bernardino, California
December 14, 2024

INTRODUCTION

This Management Discussion and Analysis (MD&A) of Los Banos Unified School District's (District) financial statements provides an overall review of the District's financial activities for the fiscal year ending June 30, 2024. The analysis looks at the District's financial performance as a whole. The MD&A should be reviewed in conjunction with the auditor's transmittal letters, notes to the basic financial statements, and the basic governmental-wide financial statements to enhance the understanding of the District's financial performance.

The District offers instruction to students from transitional kindergarten through twelfth grade, including programs for vocational education. During 2023-24 the District operated a TK, Preschool, nine elementary schools, two junior high schools, two comprehensive high schools, one continuation high school, and one independent study school for the instruction of approximately 10,231.78 Average Daily Attendance, (ADA).

USING THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

- This MD&A is part of a comprehensive annual financial report consisting of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole and then proceed to provide an increasingly detailed look at specific financial activities.

- The MD&A Statement is provided to assist our citizens, taxpayers, investors, and creditors in reviewing the District's finances and to demonstrate the District's accountability for the funding it receives.

FINANCIAL HIGHLIGHTS

- Los Banos Unified School District's Government-wide Statement of Net Position illustrates the total net position of approximately $182.7 million, the result of assets of $445.2 million minus liabilities of $262.5 million.

- LCFF Revenues were $153.8 million.

- State, Federal, and Local Revenues were $60.6 million.

- Governmental Activities Expenses were $197.2 million.

SIGNIFICANT EVENTS OF FISCAL YEAR 2023-24

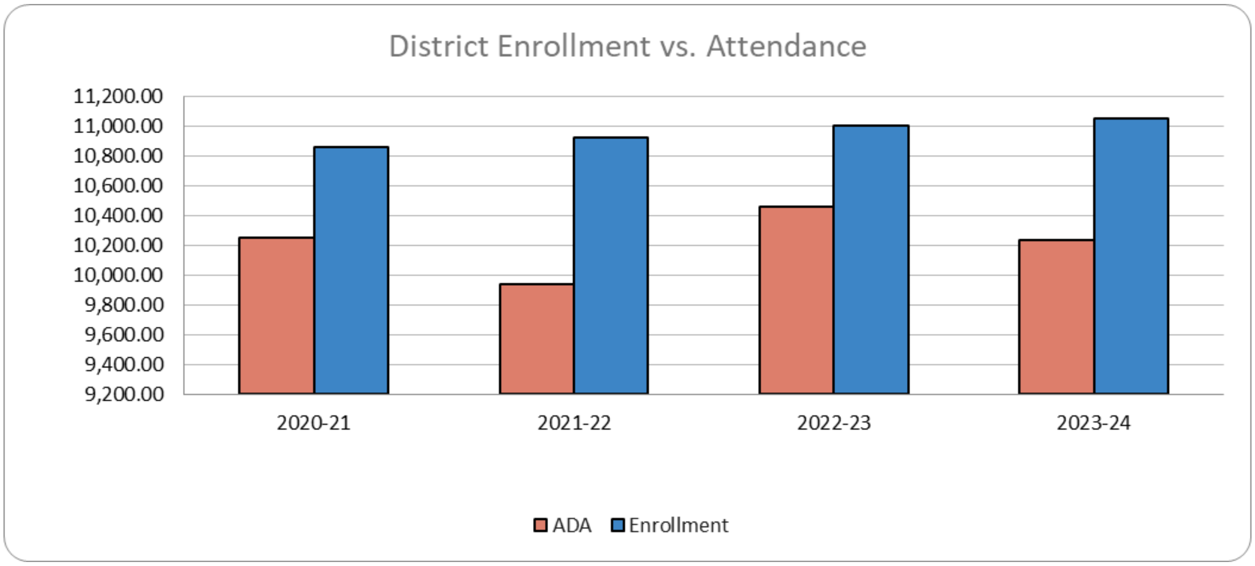
LBUSD is located in Los Banos, California, a city in Merced County located in the San Joaquin Valley. The District employs 1,567 employees and operates on a $242.2 million budget. At this time, it is the only public school system in the City of Los Banos, making it the municipality's largest employer. The student population is primarily Socioeconomically Disadvantaged (nearly 79%); the percentage of English Language Learners is 27%, Migrants is 2%, Direct Certification is 49%, and Foster Youth is 0.4%.

STUDENT ENROLLMENT & DEMOGRAPHIC TRENDS

- District enrollment for the 2023-24 school year was 11,047 students, and 11,001 students in 2022-23.

- In addition to tracking enrollment, the District also closely monitors actual Average Daily Attendance (ADA). The 2022-23 District P-2 ADA was 10,043.48, and for 2023-24, ADA was 10,231.78.

Figure 1. District Enrollment vs. Attendance



- School districts place great importance on student enrollment due to the broad range of funding and programs impacted by this number. These impacts range from foundational LCFF funding to how much a particularly special program or one-time funds a district may receive. Increased ADA generates dollars to help offset the related cost of the additional enrollment and the normal inflationary costs of operating the education business.

REPORTING THE DISTRICT AS A WHOLE

- FUND OVERVIEW

  The fund financial statements provide detailed information about the most significant funds only, while the non-major funds are consolidated into a single group. Some funds are required by State statute, while other funds are established by the District to manage money for particular purposes and manage compliance with various regulations. The three types of funds are governmental, proprietary, and fiduciary, and each uses different accounting approaches, as further described in the notes to the financial statements.

- GOVERNMENTAL FUNDS

  Governmental funds focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the modified accrual accounting method. Governmental fund statements provide a detailed short-term view of the District's general governmental operations and the basic services provided. Governmental fund information helps determine whether there are more or less financial resources available to spend in the near future to finance the District's programs. The relationship between the government-wide statements (reported in the Statement of Net Assets and the Statement of Activities) and the governmental funds are reconciled in the notes to the financial statements.

- PROPRIETARY FUNDS

Proprietary funds use full accrual accounting similar to commercial business-type activities. Because the District operates no proprietary funds, the fund financial statements will essentially match the governmental activities statements.

- FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. In accordance with GASB 84, the activities of the associated student body accounts are now reported as governmental funds in the financial statements. Additionally, in line with GASB 84, the district is now reporting the activity of the OPEB Investment Trust Fund as a fiduciary fund. The District is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

- NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

- THE DISTRICT AS A WHOLE

The "Statement of Net Position" provides the perspective of the District as a whole. Table 1 summarizes the District's Net Position for the fiscal year 2023-24 compared to 2022-23.

Table 1. Net Position (amounts in millions)

	Governmental Activities		
	2024	**2023**	**Difference**
Current and Other Assets	$202.4	$188.3	$14.1
Capital Assets	$193.4	$183.5	$9.9
Total Assets	**$395.9**	**$371.8**	**$24.1**
Deferred Outflows	$49.3	$46.2	$3.1
Current Liabilities	$15.9	$14.5	$1.4
Long-Term Debt	$238.1	$239.7	-$1.6
Total Liabilities	**$254.1**	**$254.20**	**-$0.2**
Deferred Inflows	$8.4	$26.6	-$18.2

Net Assets			
Invested in Capital Assets,			
Net of Related Debt	$98.7	$85.4	$13.30
Restricted	$182.3	$169.5	$12.90
Unrestricted	-$98.3	-$117.7	-$19.4
Total Net Position	**$ 182.7**	**$ 137.2**	**$ 45.5**

Table 2 compares the changes in net position for the fiscal year 2023-24 to 2022-23.

Table 2. Statement of Activities (amounts in millions)

	Governmental Activities		
	2024	**2023**	**Difference**
Revenues			
Program Revenues			
Charges for Services	$6.1	$4.8	$1.4
Grants & Contributions	$68.9	$76.6	-$7.6
Capital Grants & Contribution	0.0	0.0	0
General Revenues			
Property Taxes	$26.1	$26.8	-$0.6
Federal & State Aid	$137.1	$128.2	$8.90
Miscellaneous	$1.0	$3.6	-$0.70
Total Revenues	**$239.2**	**$242.8**	**$3.6**
Expenses			
Instruction	$113.6	$119.1	-$5.5
Instruction Related	$19.5	$21.2	-$1.7
Pupil Services	$22.4	$25.3	-$2.9
General Administration	$10.2	$13.9	-$3.7
Plant Services	$20.9	$22.2	-$1.3
Other	$10.4	$8.2	$2.2
Total Expenses	**$197.3**	**$210**	**$37.6**
Change in Net Position	**$ 45.1**	**$ 32.8**	**$12.3**

GOVERNMENTAL FUNDS

- The District's Governmental Funds include Special Revenue Funds, Debt Service Funds, Capital Projects Funds, and most importantly, the General Fund. Figure 2 summarizes the District's General Fund revenue by source. Figure 3 summarizes the District's General Fund expenditures by function.

Figure 2. General Fund Revenues by Source

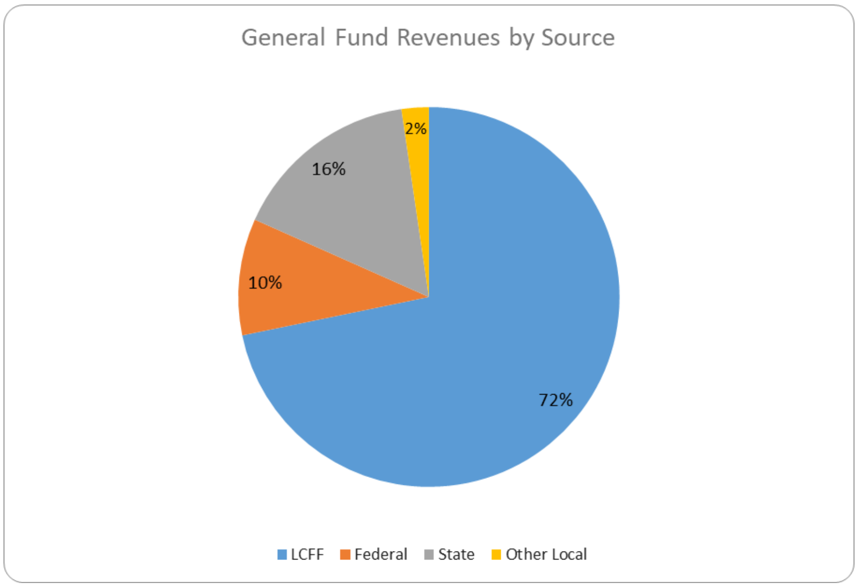
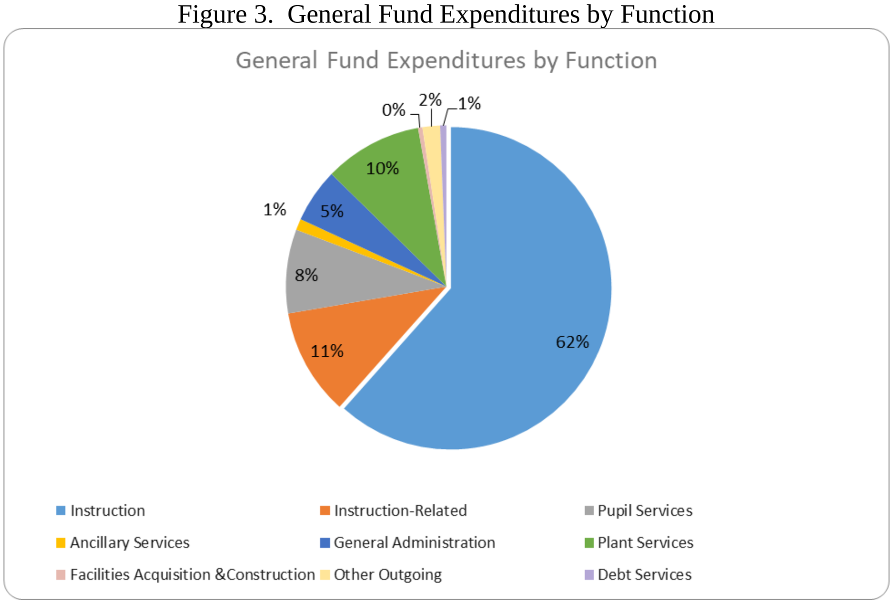


Figure 3. General Fund Expenditures by Function



GENERAL FUND BUDGET INFORMATION

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

The District begins the budget development process in January of each year and adopts the budget by June 30. Mid-year budget reporting includes 1st and 2nd Interim Reports. Unaudited Actuals are compiled after June 30th each year, and the audit report follows after that. During the year, budgets are reviewed continuously to inform management of changes.

- GENERAL FUND BUDGET VARIATIONS

  There are various reasons for budget revisions: State of California budget revisions (State revenues comprise 94% of the general fund budget); staffing adjustments due to enrollment changes; staff turnover; salary increases granted by the Board of Trustees; health and welfare benefits rate changes; implementation of new instructional or categorical programs; and adjustments of budgeted grant awards as the actual award documents are received.

  For the District, the increased emphasis on closing the achievement gap for all of our students continues to push forward several academically focused programs that will impact expenditures in personnel, instructional materials, supplies, and outside services.

CAPITAL ASSETS AND DEBT MANAGEMENT

CAPITAL ASSETS

As of June 30, 2024, the District had $276.1 million invested in land, improvements, buildings, equipment, and work in progress. Table 3 compares the fiscal year 2023-24 amounts to 2022-23.

Table 3. Changes in Capital Assets (in millions)
(Historical Cost)

	Governmental Activities		
	2024	**2023**	**Difference**
Land	$13.2	$13.5	-$0.3
Improvements	$30.4	$26.7	$3.7
Buildings	$201.6	$188.6	$13
Equipment	$20.0	$16.4	$3.6
Work in Progress	$10.9	$13.9	-$3.00
Totals	**$ 276.1**	**$ 259.1**	**$17**

DEBT

As of June 30, 2024, the District had $238.2 million in debt outstanding. Table 4 compares the fiscal year 2023-24 Long-term liabilities to 2022-23.

Table 4. Outstanding Debt at Year-end (in millions)

	Governmental Activities		
	2024	**2023**	**Difference**
General Obligation Bonds	$77.1	$80	-$2.9
Certificates of Participation	$17.6	$18.1	-$0.5
Capital Leases	$0.0	$0.0	$0.0
Other Postemployment Benefits	$8.5	$9.9	-$1.4
Net Pension Liability	$132.5	$129.3	$3.2
Compensated Absences	$2.5	$2.4	$0.1
	$238.2	**$ 239.7**	**-$5**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

2024-25 General Fund Revenue, Expenditures and Budget Assumptions

- 1.07% Cost-of-living adjustment (COLA)
- 11,038 District Enrollment
- Projected funded average daily attendance (ADA) is 10,231
- Projected Lottery revenue is $1.95M for unrestricted and $850,619 for restricted instructional materials
- Step- and-Column increase
- Health & Benefits capped at $24,000
- Golden handshake has increased to $1,000,000
- COP payment $1.20 million
- Salary increases are not included in the multi-year projections

Based on the 2024-25 budget, the District will be able to meet its financial obligations for the fiscal year and maintain the required reserve amount with the support of one-time federal funds, state funds, and the increase in COLA. The State of California has entered a volatile period due to inflation surging because of supply chain challenges and a tight labor market. In addition, the federal reserve has been raising interest rates significantly, which increases the risk of an economic downturn in the out-years creating factors that can affect school funding in the current and subsequent years. The school district continues to stay vigilant to maintain fiscal solvency and student programs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This discussion and analysis are designed to give our citizens, taxpayers, investors, and creditors a general overview of the District's finances and show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Dr. Mark Marshall-Superintendent, or Melanie Marcella, Director of Fiscal Services, at (209) 826-3801.

EXHIBIT A

LOS BANOS UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash (Note 2)	$ 194,753,350
Accounts Receivable (Note 3)	7,634,622
Inventory	55,483
Total Current Assets	202,443,455
Capital Assets: (Note 6)	
Land	13,209,149
Site Improvements	30,441,553
Buildings	201,596,985
Furniture and Equipment	20,048,019
Work in Progress	10,947,128
Less Accumulated Depreciation	(82,781,964)
Total Capital Assets	193,460,870
TOTAL ASSETS	395,904,325
DEFERRED OUTFLOWS OF RESOURCES (Notes 10, 11)	49,379,424
LIABILITIES	
Accounts Payable and Other Current Liabilities	12,331,463
Unearned Revenue	3,576,508
Total Current Liabilities	15,907,971
Long-Term Liabilities: (Note 7)	
Portion Due or Payable Within One Year	4,090,000
Portion Due or Payable After One Year	234,106,639
Total Long-Term Liabilities	238,196,639
TOTAL LIABILITIES	254,104,610
DEFERRED INFLOWS OF RESOURCES (Notes 10, 11)	8,437,174
NET POSITION	
Net Investment in Capital Assets	98,727,156
Restricted for:	
Capital Projects	73,334,936
Debt Service	6,304,593
Educational Programs	54,351,526
Other Purposes (Expendable)	48,333,251
Other Purposes (Nonexpendable)	84,962
Unrestricted	(98,394,459)
TOTAL NET POSITION	$ 182,741,965

The Notes to Financial Statements are an integral part of this statement.

EXHIBIT B

LOS BANOS UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental:					
Instruction	$ 113,657,840	$ 2,555,694	$ 41,317,659	$ 2,459,016	$ (67,325,471)
Instruction-Related Services:					
Supervision of Instruction	2,498,606	95,379	2,217,752	-	(185,475)
Instructional Library, Media and Technology	1,212,173	-	9,622	-	(1,202,551)
School Site Administration	15,846,290	205,098	2,581,480	-	(13,059,712)
Pupil Services:					
Home-to-School Transportation	2,546,254	-	68,776	-	(2,477,478)
Food Services	7,765,570	194,452	10,001,790	-	2,430,672
All Other Pupil Services	12,151,182	42,079	4,958,234	-	(7,150,869)
General Administration:					
Data Processing	3,464,719	140,428	68,918	-	(3,255,373)
All Other General Administration	6,785,985	432,314	4,355,563	-	(1,998,108)
Plant Services	20,934,165	2,465,224	1,924,240	-	(16,544,701)
Ancillary Services	3,154,395	-	1,065,374	-	(2,089,021)
Community Services	516	1,911	893	-	2,288
Interest on Long-Term Debt	3,511,323	-	-	-	(3,511,323)
Other Outgo	3,780,357	-	373,880	-	(3,406,477)
Total Governmental Activities	$ 197,309,375	$ 6,132,579	$ 68,944,181	$ 2,459,016	(119,773,599)

General Revenues:	
Taxes:	
Property Taxes, levied for general purposes	20,355,605
Property Taxes, levied for debt service	4,660,980
Property Taxes, levied for other specific purposes	1,090,311
Federal and State Aid not restricted to specific purposes	137,197,918
Interest and Investment Earnings	633,535
Miscellaneous	1,025,368
Total General Revenues	164,963,717
Change in Net Position	45,190,118
Net Position - July 1, 2023, as Previoulsy Reported	137,224,515
Adjustment for Restatement (Note 15)	327,332
Net Position - July 1, 2023, as Restated	137,551,847
Net Position - June 30, 2024	$ 182,741,965

The Notes to Financial Statements are an integral part of this statement.

EXHIBIT C

LOS BANOS UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	GENERAL FUND 01	DEFERRED MAINTENANCE FUND 14	CAPITAL FACILITIES FUND 25	COUNTY SCHOOL FACILITIES FUND 35	ALL OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash: (Note 2)						
Cash in County Treasury	$ 76,327,326	$ 29,561,438	$ 30,199,491	$ 26,244,718	$ 31,439,929	$ 193,772,902
Cash on Hand and in Banks	-	-	-	-	950,969	950,969
Cash in Revolving Fund	29,479	-	-	-	-	29,479
Accounts Receivable (Note 3)	6,262,904	-	27,455	-	1,344,263	7,634,622
Due from Other Funds (Note 4A)	27,296	-	-	215,654	118,561	361,511
Inventory	-	-	-	-	55,483	55,483
TOTAL ASSETS	$ 82,647,005	$ 29,561,438	$ 30,226,946	$ 26,460,372	$ 33,909,205	$ 202,804,966
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	$ 7,149,769	$ 1,587,792	$ 6,993	$ 1,760,208	$ 619,465	$ 11,124,227
Due to Other Funds	334,215	-	-	-	27,296	361,511
Unearned Revenue	2,844,675	-	-	-	731,833	3,576,508
Total Liabilities	10,328,659	1,587,792	6,993	1,760,208	1,378,594	15,062,246
Fund Balance: (Note 5)						
Nonspendable	29,479	-	-	-	55,483	84,962
Restricted	54,351,526	-	29,386,857	5,830,084	7,769,098	97,337,565
Committed	1,727,785	-	-	-	-	1,727,785
Assigned	10,141,944	27,973,646	833,096	18,870,080	24,706,030	82,524,796
Unassigned	6,067,612	-	-	-	-	6,067,612
Total Fund Balances	72,318,346	27,973,646	30,219,953	24,700,164	32,530,611	187,742,720
TOTAL LIABILITIES AND FUND BALANCES	$ 82,647,005	$ 29,561,438	$ 30,226,946	$ 26,460,372	$ 33,909,205	$ 202,804,966

The Notes to Financial Statements are an integral part of this statement.

LOS BANOS UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Total Fund Balances - Governmental Funds		$ 187,742,720
Amounts reported for governmental activities in the statement of net position are different because:		
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation. The cost of the assets is $276,242,834 and accumulated deprecation is $82,781,964.		193,460,870
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period it is incurred. The additional liability for unmatured interest owing at the end of the period was:		(1,207,237)
In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities at year-end consist of:		
General Obligation Bonds	$ 77,113,714	
Net OPEB Liability	8,545,431	
Certificates of Participation	17,620,000	
Net Pension Liability	132,464,965	
Compensated Absences	2,452,529	(238,196,639)
In governmental funds, deferred outflows and inflows of resources related to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources related to pensions are:		
Deferred outflows of resources related to pensions		42,547,999
Deferred inflows of resources related to pensions		(5,032,134)
In governmental funds, deferred outflows and inflows of resources related to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources related to OPEB are:		
Deferred outflows of resources related to OPEB		6,831,425
Deferred inflows of resources related to OPEB		(3,405,040)
Rounding		1
Total Net Position - Governmental Activities		$ 182,741,965

The Notes to Financial Statements are an integral part of this statement.

EXHIBIT E

LOS BANOS UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	GENERAL FUND 01	DEFERRED MAINTENANCE FUND 14	CAPITAL FACILITIES FUND 25	COUNTY SCHOOL FACILITIES FUND 35	ALL OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES						
Local Control Funding Formula Sources:						
State Apportionments	$ 117,141,361	$ -	$ -	$ -	$ -	$ 117,141,361
Education Protection Account Funds	16,367,205	-	-	-	-	16,367,205
Local Sources	20,355,605	-	-	-	-	20,355,605
LCFF Transfers	(2,287)	-	-	-	-	(2,287)
Total LCFF Sources	153,861,884	-	-	-	-	153,861,884
Federal Revenues	21,286,037	-	-	-	6,767,963	28,054,000
Other State Revenues	34,338,486	-	-	2,459,016	4,915,784	41,713,286
Other Local Revenues	4,948,340	(484,942)	6,447,243	492,214	7,170,407	18,573,262
Total Revenues	214,434,747	(484,942)	6,447,243	2,951,230	18,854,154	242,202,432
EXPENDITURES						
Instruction	121,517,033	-	-	-	1,136,205	122,653,238
Instruction-Related Services:						
Supervision of Instruction	2,699,910	-	-	-	44,034	2,743,944
Instructional Library, Media and Technology	1,356,231	-	-	-	-	1,356,231
School Site Administration	17,095,349	-	-	-	261,156	17,356,505
Pupil Services:						
Home-to-School Transportation	2,775,886	-	-	-	-	2,775,886
Food Services	467,472	-	-	-	7,946,034	8,413,506
All Other Pupil Services	13,354,987	-	-	-	-	13,354,987
General Administration:						
Data Processing	3,845,937	-	-	-	-	3,845,937
All Other General Administration	6,883,461	-	-	-	306,113	7,189,574
Plant Services	19,465,177	72,422	-	-	52,837	19,590,436
Facilities Acquisition and Construction	848,518	4,748,001	201,814	5,160,141	5,680,987	16,639,461
Ancillary Services	2,209,856	-	-	-	977,236	3,187,092
Community Services	500	-	-	-	-	500
Other Outgo	3,483,298	-	-	-	-	3,483,298
Debt Service:						
Principal	505,000	-	-	-	2,845,000	3,350,000
Interest	745,114	-	-	-	2,832,052	3,577,166
Total Expenditures	197,253,729	4,820,423	201,814	5,160,141	22,081,654	229,517,761
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	17,181,018	(5,305,365)	6,245,429	(2,208,911)	(3,227,500)	12,684,671
OTHER FINANCING SOURCES (USES)						
Interfund Transfers In (Note 4B)	-	5,000,000	-	-	-	5,000,000
Interfund Transfers Out (Note 4B)	(5,000,000)	-	-	-	-	(5,000,000)
Total Other Financing Sources (Uses)	(5,000,000)	5,000,000	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	12,181,018	(305,365)	6,245,429	(2,208,911)	(3,227,500)	12,684,671
FUND BALANCES - JULY 1, 2023	60,137,328	28,279,011	23,974,524	26,909,075	35,758,111	175,058,049
FUND BALANCES - JUNE 30, 2024	$ 72,318,346	$ 27,973,646	$ 30,219,953	$ 24,700,164	$ 32,530,611	$ 187,742,720

The Notes to Financial Statements are an integral part of this statement.

EXHIBIT F

LOS BANOS UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Total Net Change in Fund Balances - Governmental Funds		$ 12,684,671
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:		
Expenditures for capital outlay	$ 15,935,638	
Depreciation Expense	(6,316,256)	9,619,382
In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred.		65,843
In the governmental funds, repayment of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:		3,350,000
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis.		18,507,680
In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was:		998,720
In the statement of activities, compensated absences (vacation) are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial recourses used (essentially, the amounts actually paid).		(36,180)
Rounding.		2
Change in Net Position of Governmental Activities		$ 45,190,118

The Notes to Financial Statements are an integral part of this statement.

EXHIBIT G

LOS BANOS UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	INVESTMENT TRUST FUND
ASSETS	
Cash (Note 2)	
Cash With Fiscal Agent	$ 13,761,229
TOTAL ASSETS	$ 13,761,229
LIABILITIES	
Accounts Payable	$ -
TOTAL LIABILITIES	-
NET POSITION	
Restricted for Other Postemployment Benefits	13,761,229
TOTAL NET POSITION	$ 13,761,229

The Notes to Financial Statements are an integral part of this statement.

LOS BANOS UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

		INVESTMENT TRUST FUND
ADDITIONS		
Contributions	$	3,699,851
DEDUCTIONS		
Distributions		1,528,999
Change in Net Position		2,170,852
Net Position - July 1, 2023, as Previously Reported		10,504,785
Adjustment for Restatement (Note 15)		1,085,592
Net Position - July 1, 2023, as Restated		11,590,377
Net Position - June 30, 2024	$	13,761,229

The Notes to Financial Statements are an integral part of this statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Los Banos Unified School District conform to accounting principles generally accepted in the United States of America as applicable to governments and to general practices within California school districts. The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's California School Accounting Manual. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and by the American Institute of Certified Public Accountants. The following is a summary of the significant accounting policies:

Fund Accounting

The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance or retained earnings, revenues and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District accounts are organized into major, nonmajor and fiduciary funds.

Major Governmental Funds:

General Fund 01 is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Deferred Maintenance Fund 14 is used for the purpose of major repair or replacement of District property.

Capital Facilities Fund 25 is used to account for resources received from developer fees.

County School Facilities Fund 35 is used to account for revenues and expenditures for County School Facilities Program (SB40) approved projects.

Nonmajor Governmental Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The District maintains four nonmajor special revenue funds.

- Student Activity Special Revenue Fund 08 is used to account for governmental associated student body activities in accordance with GASB 84.
- Adult Fund 11 is used to account separately for federal, state and local revenues that are restricted or committed for adult education programs.
- Child Development Fund 12 is used to account for resources dedicated to child development programs maintained by the District.
- Cafeteria Fund 13 is used to account for revenues received and expenditures made to operate the District's food service operations.

Capital Projects Funds are used to account for the acquisition and/or construction of all major governmental general fixed assets. The District maintains four nonmajor capital projects funds.

- Building Fund 21 is used to account for the acquisition of major governmental capital facilities and buildings from the sale of bond proceeds.
- Special Reserve Fund 40 is used to account for revenues received and expenditures made in connection with maintenance of the District Property.
- Special Reserve Fund 41 is used to account for the proceeds of the 2012 Certificates of Participation.
- Community Facilities District Fund 49 is used to account for the capital projects financed by special taxes received from the Mello Roos District in Los Banos.

Debt Service Funds are used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs. The District maintains one nonmajor debt service fund.

- Bond Interest and Redemption Fund 51 is used to account for the accumulation of resources for the general obligation bonds, interest and related costs.

Fiduciary Funds:

Investment Trust Fund: The District maintains one investment trust fund. The District participates in the Self-Insured Schools of California (SISC) GASB 45 Trust A, which provides governmental agencies in California a mechanism for pre-funding Other Postemployment Benefits (OPEB) liabilities.

Reporting Entity

Los Banos Unified School District (the District) and the Community Facilities District (CFD) have a financial and operational relationship which meets the reporting entity definition criteria of GASB Statement No. 14, *The Financial Reporting Entity*, for inclusion of the CFD as a component unit of the District. The CFD was created for the sole purpose of financing the purchase, construction, expansion or rehabilitation of certain real and other tangible property with an estimated useful life of five years or longer, including elementary and secondary school sites and structures, and other governmental facilities which the District is authorized by law to contract, own or operate in order to meet increased demands placed upon the District as a result of developments or rehabilitation occurring within the area covered by the CFD.

The following are those aspects of the relationship between the District and the CFD, which satisfy GASB Statement No. 14 criteria:

Oversight Responsibility:

1. The CFD's legislative body is composed of the members of the District's Board of Education.
2. The District is able to impose its will upon the CFD, based on the following:
   - All major financing arrangements, contracts and other transactions of the CFD must have the consent of the District.
   - The District exercises significant influence over operations of the CFD. The facilities to be financed by the CFD are determined by the District and all facilities financed by the CFD will be owned and operated by the District.

3. The CFD provides specific financial benefits or imposes specific financial burdens on the District based on the following:

   - The major revenue sources of the CFDs are the special taxes levied on properties located in the Project area. The rate of special taxes to be levied and collected are determined by the Board of Education of the District.

Financial Presentation

The financial activities of the CFD are presented in Community Facilities District Fund 49.

Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District and its component units.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities.

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. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

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. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other uses) in net current assets.

Fiduciary funds are reported using the economic resources measurement focus.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

Revenues – exchange and non-exchange transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under 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 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. For the District, “available” means collectible within the current period or within one year after year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants received before eligibility requirements are met are recorded as unearned revenue.

Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. By State law, the District's Board of Education must adopt a budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Board of Education satisfied these requirements.

These budgets are revised by the District's Board of Education during the year to give consideration to unanticipated income and expenditures. The final revised budget that is presented in the financial statements consists of the original Board approved documents plus all revisions through June 30, 2024.
Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

Accounting Estimates

The presentation of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures (expenses) during the reporting period. Actual results could differ from those estimates.

Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All outstanding encumbrances were liquidated at June 30.

Cash and Cash Equivalents

The District’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Inventory

Inventory in the Cafeteria Fund consists mainly of expendable supplies held for consumption. Inventories are recorded using the consumption method, in that inventory acquisitions are initially recorded in inventory (asset) accounts, and the cost is recorded as an expenditure at the time individual inventory items are requisitioned. In general, inventories are valued on the weighted average cost method. Reported inventories are equally offset by a fund balance reserve which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of fund balance.

Capital Assets

Capital assets purchased or acquired with an original cost of $5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset, significantly increase capacity or increase utility are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Asset Class	Estimated Useful Life in Years
Building	25-50
Improvements	20
Vehicles	8-10
Office Equipment	5-20
Computer Equipment	5

Interfund Balances

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

Compensated Absences

All vacation pay plus related payroll taxes are accrued when incurred in the government-wide financial statements. An expenditure for these amounts is reported in the governmental funds only if they have been paid, i.e., as a result of taking vacation time.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

Net Position in the Government-Wide Financial Statements

In the government-wide Statement of Net Position, the net position amount can be classified and displayed in three components:

- Net Investment in Capital Assets – This consists of capital assets net of accumulated depreciation and reduced by any long-term borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.
- Restricted – This consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

- Unrestricted – This consists of the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Fund Balance Designations

In the governmental funds Balance Sheet, fund balance amounts are reported within the fund balance categories below:

- Nonspendable – This is fund balance associated with revolving cash funds, inventories and prepaids.
- Restricted – This includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- Committed – This includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Education (the District's highest level of decision-making authority).
- Assigned – These funds are intended to be used by the government (District) for specific purposes but do not meet the criteria to be classified as restricted or committed.
- Unassigned – This is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications.

When fund balance resources are available for a specific purpose in multiple classifications, the District would use the most restrictive funds first.

Deferred Outflows and Deferred Inflows of Resources

Included in the Statement of Net Position are separate sections for deferred outflows and deferred inflows of resources.

Deferred outflows of resources is a consumption of net assets or net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net assets or net position that is applicable to a future reporting period. Deferred outflows and deferred inflows of resources have been reported as a result of recording the net pension liabilities and pension expense.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the CalPERS Schools Pool Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (CalPERS Plan) and CalSTRS Schools Pool Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (CalSTRS Plan) and additions to/deductions from the CalPERS Plan and CalSTRS Plan's fiduciary net positions have been determined on the same basis as they are reported by the CalPERS Financial Office and CalSTRS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined time frames. For this report, the following time frames are used:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bonds payable includes applicable bond premium.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums, or discounts is reported as other financing sources/uses.

Local Control Funding Formula/Property Tax

As a result of the 2013-14 state budget package, the District's state apportionments are based on a Local Control Funding Formula (LCFF). The LCFF creates base, supplemental, and concentration grants (by grade span) in place of most previously existing K-12 funding streams, including revenue limits and most state categorical programs. Full implementation of LCFF was realized in fiscal year 2018-19.

Merced County is responsible for assessing, collecting and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding March 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (March 1), and become delinquent if unpaid by August 31. Secured property taxes are recorded as revenue when received by the District. The County apportions secured property tax revenue in accordance with the alternate method of distributions prescribed by Section 4705 of the California *Revenue and Taxation Code.* This alternate method, known as the Teeter Plan, provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll – approximately October 1 of each year.

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local LCFF sources by the District.

The California Department of Education reduces the District's LCFF entitlement by the District's local property tax revenue. The balance is paid from the State General Fund, and is known as the State Apportionment.

New Accounting Pronouncements

The following Governmental Accounting Standards Board (GASB) statements are effective for FY 2023-24 financial statement audits:

GASB Statement No. 99, *Omnibus 2022*

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments that do not meet the definition of either an investment or a hedge
- Guidance clarification for short-term leases when there is a modification or terms
- Consideration for public-private partnerships (PPP) terminology as well as recognizing installment payments and transferring underlying PPP assets
- Clarification of subscription-based information technology arrangement (SBITA) terms, and liability measurements and recognition
- Disclosures related to nonmonetary transactions
- Certain provisions of GASB Statement No. 34
- Pledges of future revenues when resources are received by the pledging government
- Terminology updates related to deferred inflows and outflows of resources and net position
- Resources flows statements terminology related to GASB Statement No. 53
- Accounting for SNAP distributions
- Requirements related to the extension of the use of LIBOR

The requirements of GASB Statement No. 99 that relate to the extension of the use of LIBOR, accounting for SNAP distributions, disclosures for nonmonetary transactions, pledges of future revenues by pledging governments, clarifications of certain provisions in Statement 34, and terminology updates took effect upon issuance.

The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI).

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023 and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 101, *Compensated Absences*

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. This Statement requires that a liability for certain types of compensated absences – including parental leave, military leave, and jury duty leave – not be recognized until the leave commences. This statement also establishes guidance for measuring a liability for leave that has not been used.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Future Accounting Pronouncements

GASB Statement No. 103, *Financial Reporting Model Improvements (Issued 04/24)*

The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

Management's Discussion and Analysis

This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed.

Unusual or Infrequent Items

This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position

This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses.

In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses.

Major Component Unit Information

This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

Budgetary Comparison Information

This Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI.

Effective Date and Transition

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

2. CASH AND DEPOSITS

Cash at June 30, 2024, consisted of the following:

	Governmental Funds	Fiduciary Fund	Total
Pooled Funds:			
Cash in County Treasury	$ 193,772,902	$ -	$ 193,772,902
Deposits:			
Cash on Hand and in Banks	950,969	-	950,969
Cash in Revolving Fund	29,479	-	29,479
Cash with Fiscal Agent	-	13,761,229	13,761,229
Total	$ 194,753,350	$ 13,761,229	$ 208,514,579

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Merced County Treasury as part of the investment pool ($2,195,540,341 as of June 30, 2024). The County pools these funds with those of other entities in the County and invests the cash. These pooled funds are carried at cost which approximates market value. The District is considered to be an involuntary participant in the external investment pool. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The fair market value of this pool as of June 30, 2024, as provided by the pool sponsor, was $2,160,157,150. The County is required by Government Code Section 53635 pursuant to section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury and in Money Market Mutual Fund U.S. Treasury Fund obligations. The District maintains an investment with the Merced County Investment Pool with a fair value of approximately $193,772,902 and a book value of $196,951,054. The average weighted maturity for this pool is 612 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The District does not have a formal investment policy that limits its investment choices other than the limitations of State law.

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. However, the California Government code requires that a financial institution secure deposit 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 agencies. 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.

Cash in banks are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC). All cash held by the financial institutions is fully insured or collateralized.

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the County are either secured by federal depository insurance or are collateralized.

3. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2024, consisted of the following:

	GENERAL FUND	CAPITAL FACILITIES FUND	ALL OTHER GOVERNMENTAL FUNDS	TOTAL
Accounts Receivable				
Federal Sources				
Categorical Aid Programs	$ 4,607,612	$ -	$ -	$ 4,607,612
Child Nutrition Program	-	-	836,651	836,651
Total Federal	4,607,612	-	836,651	5,444,263
State Sources				
Categorical Aid Programs	762,010	-	23,915	785,925
Child Nutrition Program	-	-	475,837	475,837
Lottery	693,973	-	-	693,973
Total State	1,455,983	-	499,752	1,955,735
Local Sources				
Local Governments	45,860	27,455	-	73,315
Other	153,444	-	-	153,444
Interest	5	-	7,860	7,865
Total Local	199,309	27,455	7,860	234,624
Total Accounts Receivable	$ 6,262,904	$ 27,455	$ 1,344,263	$ 7,634,622

4. INTERFUND TRANSACTIONS

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. All interfund receivables and payables are expected to be repaid within one year. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefited fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

A. Interfund Receivables/Payables (Due To/Due From)

Individual fund interfund receivable and payable balances at June 30, 2024, are as follows:

	DUE TO			
DUE FROM	GENERAL FUND	COUNTY SCHOOL FACILITIES FUND	ALL OTHER GOVERNMENTAL FUNDS	TOTAL
General Fund	$ -	$ 215,654	$ 118,561	$ 334,215
All Other Governmental Funds	27,296	-	-	27,296
Total	$ 27,296	$ 215,654	$ 118,561	$ 361,511

B. Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended. Interfund transfers for the 2023-24 fiscal year were as follows:

TRANSFERS FROM	TRANSFERS TO DEFERRED MAINTENANCE FUND
General Fund	$ 5,000,000

5. FUND BALANCE

Ending fund balance in the governmental funds is composed of the following elements:

	GENERAL FUND	DEFERRED MAINTENANCE FUND	CAPITAL FACILITIES FUND	COUNTY SCHOOL FACILITIES FUND	ALL OTHER GOVERNMENTAL FUNDS	TOTAL
Nonspendable:						
Revolving Fund	$ 29,479	$ -	$ -	$ -	$ -	$ 29,479
Inventory	-	-	-	-	55,483	55,483
Total Nonspendable	29,479	-	-	-	55,483	84,962
Restricted for:						
Legally Restricted Balances	54,351,526	-	29,386,857	5,830,084	7,769,098	97,337,565
Committed for:						
Other Commitments	1,727,785	-	-	-	-	1,727,785
Assigned for:						
Lottery Funds	1,508,677	-	-	-	-	1,508,677
Payroll Reserves	8,633,267	-	-	-	-	8,633,267
Other Assignments	-	27,973,646	833,096	18,870,080	24,706,030	72,382,852
Total Assigned	10,141,944	27,973,646	833,096	18,870,080	24,706,030	82,524,796
Reseved for Economic Uncertainties	6,067,612	-	-	-	-	6,067,612
Total Fund Balances	$ 72,318,346	$ 27,973,646	$ 30,219,953	$ 24,700,164	$ 32,530,611	$ 187,742,720

6. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the fiscal year ended June 30, 2024, is shown below:

PRIMARY GOVERNMENT

	Balance July 1, 2023*	Additions	Project closeout/ Retirements	Balance June 30, 2024
Land*	$ 13,209,149	$ -	$ -	$ 13,209,149
Site Improvements	26,680,769	3,760,784	-	30,441,553
Buildings	188,608,119	12,988,866	-	201,596,985
Furniture and Equipment*	17,811,649	2,236,370	-	20,048,019
Work in Progress	13,997,510	13,359,233	16,409,615	10,947,128
Total at Historical Cost	260,307,196	32,345,253	16,409,615	276,242,834
Less Accumulated Depreciation for:				
Site Improvements	13,843,887	1,084,066	-	14,927,953
Buildings	53,439,603	4,106,177	-	57,545,780
Furniture and Equipment*	9,182,218	1,126,013	-	10,308,231
Total Accumulated Depreciation	76,465,708	6,316,256	-	82,781,964
Governmental Activities Capital Assets, Net	$ 183,841,488	$ 26,028,997	$ 16,409,615	$ 193,460,870

*Restated.

Depreciation expense was charged to governmental activities as follows:

Governmental Activities:	
Instruction	$ 3,835,348
Supervision of Instruction	86,665
Instructional Library, Media and Technology	42,100
School Site Administration	540,421
Home-to-School Transportation	86,920
Food Services	244,698
All Other Pupil Services	417,961
All Other General Administration	226,346
Centralized Data Processing	120,518
Plant Services	614,432
Ancillary Services	100,831
Community Services	16
Total Depreciation Expense	$ 6,316,256

7. LONG-TERM DEBT

A schedule of changes in long-term debt for the fiscal year ended June 30, 2024, is shown below:

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024	Amounts Due Within One Year
General Obligation Bonds	$ 79,958,714	$ -	$ 2,845,000	$ 77,113,714	$ 3,560,000
Certificates of Participation	18,125,000	-	505,000	17,620,000	530,000
Other Postemployment Benefits	9,884,321	-	1,338,890	8,545,431	-
Net Pension Liability	129,316,219	3,148,746	-	132,464,965	-
Compensated Absences	2,416,349	36,180	-	2,452,529	-
Total	$ 239,700,603	$ 3,184,926	$ 4,688,890	$ 238,196,639	$ 4,090,000

8. BONDED DEBT

The outstanding general obligation bonded debt of the District at June 30, 2024, is the following:

Bond	Date of Bond	Year of Maturity	Rate of Interest	Amount of Original Issue	Bonds Outstanding July 1, 2023	Issued During Year	Matured During Year	Bonds Outstanding June 30, 2024
2008 2015B	6/10/2015	2039	4.79-5.15%	$ 9,998,714	$ 9,998,714	$ -	$ -	$ 9,998,714
2015 Refunding	6/10/2015	2033	2.0-5.0%	29,790,000	23,300,000	-	1,645,000	21,655,000
2018 Series 2018	8/9/2018	2048	3.38-4.0%	23,500,000	23,220,000	-	275,000	22,945,000
2020 Refunding	8/6/2020	2027	4.00%	5,185,000	3,440,000	-	925,000	2,515,000
2018 Series 2023	5/25/2023	2050	5.00-5.25%	20,000,000	20,000,000	-	-	20,000,000
				$ 88,473,714	$ 79,958,714	$ -	$ 2,845,000	$ 77,113,714

The annual requirement to amortize the 2008 Series 2015B general obligation bonds payable, outstanding at June 30, 2024, is as follows:

Year Ending June 30	Principal	Interest	Total
2025	$ -	$ -	$ -
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030-34	3,147,951	4,172,049	7,320,000
2035-39	6,850,763	12,504,237	19,355,000
Total	$ 9,998,714	$ 16,676,286	$ 26,675,000

The annual requirement to amortize the 2015 Refunding general obligation bonds payable, outstanding at June 30, 2024, is as follows:

Year Ending June 30	Principal	Interest	Total
2025	$ 1,835,000	$ 947,262	$ 2,782,262
2026	2,040,000	850,387	2,890,387
2027	2,260,000	742,888	3,002,888
2028	2,500,000	648,887	3,148,887
2029	2,700,000	543,888	3,243,888
2030-33	10,320,000	784,956	11,104,956
Total	$ 21,655,000	$ 4,518,268	$ 26,173,268

The annual requirement to amortize the Election of 2018, Series 2018 general obligation bonds payable, outstanding at June 30, 2024, is as follows:

Year Ending June 30	Principal	Interest	Total
2025	$ 380,000	$ 990,288	$ 1,370,288
2026	490,000	970,437	1,460,437
2027	620,000	942,687	1,562,687
2028	185,000	922,562	1,107,562
2029	240,000	911,937	1,151,937
2030-34	2,145,000	4,332,575	6,477,575
2035-39	4,085,000	3,768,741	7,853,741
2040-44	6,665,000	2,836,441	9,501,441
2045-48	8,135,000	860,125	8,995,125
Total	$ 22,945,000	$ 16,535,793	$ 39,480,793

The annual requirement to amortize the 2020 Refunding general obligation bonds payable, outstanding at June 30, 2024, is as follows:

Year Ending June 30	Principal	Interest	Total
2025	$ 965,000	$ 81,300	$ 1,046,300
2026	1,005,000	41,900	1,046,900
2027	545,000	10,900	555,900
Total	$ 2,515,000	$ 134,100	$ 2,649,100

The annual requirement to amortize the 2018 Series 2023 general obligation bonds payable, outstanding at June 30, 2024, is summarized below:

Year Ending June 30	Principal	Interest	Total
2025	$ 380,000	$ 1,024,500	$ 1,404,500
2026	395,000	1,005,125	1,400,125
2027	-	995,250	995,250
2028	-	995,250	995,250
2029	-	995,250	995,250
2030-34	330,000	4,955,000	5,285,000
2035-39	1,650,000	4,720,250	6,370,250
2040-44	3,645,000	4,073,125	7,718,125
2045-49	9,070,000	2,718,712	11,788,712
2050	4,530,000	118,913	4,648,913
Total	$ 20,000,000	$ 21,601,375	$ 41,601,375

The total annual requirement to amortize general obligation bonds payable, outstanding at June 30, 2024, is summarized below:

Year Ending June 30	Principal	Interest	Total
2025	$ 3,560,000	$ 3,043,350	$ 6,603,350
2026	3,930,000	2,867,849	6,797,849
2027	3,425,000	2,691,725	6,116,725
2028	2,685,000	2,566,699	5,251,699
2029	2,940,000	2,451,075	5,391,075
2030-34	15,942,951	14,244,580	30,187,531
2035-39	12,585,763	20,993,228	33,578,991
2040-44	10,310,000	6,909,566	17,219,566
2045-49	17,205,000	3,578,837	20,783,837
2050	4,530,000	118,913	4,648,913
Total	$ 77,113,714	$ 59,465,822	$ 136,579,536

9. CERTIFICATES OF PARTICIPATION

In July 2015, Los Banos Unified School District issued Certificates of Participation in the amount of $18,125,000 with interest rates ranging from 3.75 to 5.00 percent.

The certificates mature through August 2045, as follows:

Year Ended June 30	Principal	Interest	Total
2025	$ 530,000	$ 719,244	$ 1,249,244
2026	555,000	692,119	1,247,119
2027	580,000	663,743	1,243,743
2028	610,000	633,994	1,243,994
2029	640,000	602,744	1,242,744
2030-34	3,670,000	2,569,709	6,239,709
2035-39	4,435,000	1,777,500	6,212,500
2040-44	5,390,000	798,000	6,188,000
2045	1,210,000	24,200	1,234,200
Total	$ 17,620,000	$ 8,481,253	$ 26,101,253

10. OTHER POSTEMPLOYMENT BENEFITS

General Information About the OPEB Plan

Plan Description.

Plan administration. The District provides for medical, prescription drug, dental, and vision benefits for its Certificated employees and retirees through California's Valued Trust (CVT), a jointly managed trust, on a pooled, self-insured basis. Dental and vision benefits are 100% self-paid. Employees and retirees of groups other than Certificated have their health insurance coverage provided through the Self-Insured Schools of California (SISC III), a California Joint Powers Authority.

Benefits Provided

Employees are subject to eligibility requirements in effect at the time of their respective retirement date. Current Classified employees may retire with District-paid healthcare benefits after the later of age 57 and 15 years of service immediately prior to retirement. Certificated employees may retire with District-paid healthcare benefits after the later of age 59 and 20 years of service immediately prior to retirement.

District Contributions are limited to a cap of $2,000 per month for all units.

District-paid benefits end at age 65.

Employees Covered by Benefit Terms

On June 30, 2022, the most recent valuation date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	48
Active plan members	997
Total	1,045

Contributions

The District has an OPEB trust with SISC. The District contributes 100 percent of the cost of current year premiums for eligible retired plan members and their spouses, as applicable. Information regarding the OPEB trust with SISC can be obtained from the Los Banos Unified School District Business Office.

Net OPEB Liability

The District's net OPEB liability of was measured as of June 30, 2023, and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of June 30, 2022. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial Assumptions and Other Inputs

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

Salary increases	3.00%
Inflation rate	2.50%
Investment rate of return	6.50%, net of OPEB plan investment expense
Healthcare cost trend rate	5.50% for 2024, 5.25% for 2025-2029, 5.00% for 2030-2039, 4.75% for 2040-2049, 4.50% for 2050-2069 and 4.00% for 2070 and later years.

Pre-retirement mortality rates were based on the CalSTRS Experience Analysis (2015-2018) and the CalPERS Experience Study (2015-2018). Postretirement Mortality was also based on the aforementioned studies.

Actuarial assumptions used in the June 30, 2022 valuation were based on a review of plan experience during the period July 1, 2020 to June 30, 2022.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The calculated investment rate of return was set equal to the expected ten-year compound (geometric) real return plus inflation (rounded to the nearest 25 basis points, where appropriate). The table below provides the long-term expected real rates of return by asset class (based on published capital market assumptions).

Asset Class	Assumed Asset Allocation	Real Rate of Return
Broad U.S Equity	60%	4.4%
U.S Fixed	40%	1.8%

Discount Rate

GASB 75 requires a discount rate that reflects the following:

a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit requirements and the following information:

Reporting Date	Measurement Date	Long-Term Expected Return of Plan Investments (if any)	Municipal Bond 20-Year High Grade Rate Index	Discount Rate
June 30, 2023	June 30, 2022	6.50%	3.69%	6.50%
June 30, 2024	June 30, 2023	6.50%	3.86%	6.50%

<u>Changes in the Total OPEB Liability</u> (June 30, 2022 – June 30, 2023)

Total OPEB Liability		
Service Cost	$	862,599
Interest		1,272,312
Difference between expected and actual experience		-
Changes of assumptions		-
Benefit payments		(1,399,058)
Net change in total OPEB liability		735,853
Total OPEB liability - June 30, 2022 (a)		19,399,955
Total OPEB liability - June 30, 2023 (b)	$	20,135,808
Plan Fiduciary Net Position		
Contributions - employer	$	2,398,260
Net investment income		1,085,592
Benefit payments		(1,399,058)
Trustee fees		(5,025)
Administrative expense		(5,026)
Net change in plan fiduciary net position		2,074,743
Plan Fiduciary Net Position - June 30, 2022 (c)		9,515,634
Plan Fiduciary Net Position - June 30, 2023 (d)	$	11,590,377
Net OPEB Liability - Beginning June 30, 2022 (a) - (c)	$	9,884,321
Net OPEB Liability - Ending June 30, 2023 (b) - (d)	$	8,545,431

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate.

	1% Decrease 5.50%	Discount Rate 6.50%	1% Increase 7.50%
Net OPEB liability (asset)	$ 10,266,148	$ 8,545,431	$ 6,963,534

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	Healthcare Cost		
	1% Decrease*	Trend Rate	1% Increase**
Net OPEB liability (asset)	$ 6,242,731	$ 8,545,431	$ 11,277,120

* Trend rate for each future year reduced by 1.00%
** Trend rate for each future year increased by 1.00%

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

For the year ended June 30, 2024, the District recognized OPEB expense of $1,332,755. At June 30, 2024 the District's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources are:

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions after the measurement date	$ 2,591,634	$ -
Differences between expected and actual experience	1,980,181	(348,537)
Changes in assumptions or other inputs	1,186,921	(2,086,415)
Difference between projected and actual return on investments	1,072,689	(970,088)
Total	$ 6,831,425	$ (3,405,040)

$2,591,634 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. The other amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ending June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2025	$ 992,938	$ (893,273)
2026	911,706	(893,275)
2027	911,705	(582,511)
2028	518,753	(564,174)
2029	268,873	(267,310)
Thereafter	635,816	(204,497)
Total	$ 4,239,791	$ (3,405,040)

11. NET PENSION LIABILITY

General Information About the Pension Plans

Plan Descriptions

Qualified employees are covered under cost-sharing multiple-employer defined benefit pension plans maintained by agencies of the State of California. Classified employees are members of the California Public Employees' Retirement System (CalPERS) and certificated employees are members of the California State Teachers' Retirement System (CalSTRS). Benefit provisions under the plans are established by State statute and Local Government resolution. Support by the State for the CalSTRS plan is such that the plan has a special funding situation as defined by GASB Statement No. 68. CalPERS and CalSTRS issue publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on their respective websites.

Benefits Provided

CalPERS and CalSTRS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on years of credited service, equal to one year of service credit for each year of full-time employment. Members with five years of total service are eligible to retire at age 62 for normal benefits or at age 55 with statutorily reduced benefits. Employees hired prior to January 1, 2013, are eligible to retire at age 60 for normal benefits or at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. All members are eligible for death benefits after one year of total service.

The plans' provisions and benefits in effect at June 30, 2024, are summarized as follows:

	CalPERS		CalSTRS	
	Before	On or After	Before	On or After
Hire Date	January 1, 2013	January 1, 2013	January 1, 2013	January 1, 2013
Benefit Formula	2% at 55	2% at 62	2% at 60	2% at 62
Benefit Vesting Schedule	5 Years	5 Years	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life
Retirement Age	50-62	52-67	50-62	55-67
Monthly benefits, as a % of eligible compensation	1.1 - 2.5%	1.0 - 2.5%	1.1 - 2.4%	1.0 - 2.4%*
Required employee contribution rates (average)	8.000%	8.000%	10.250%	10.250%
Required employer contribution rates	26.680%	26.680%	19.100%	19.100%

*Amounts are limited to 120% of Social Security Wage Base.

Contributions - CalPERS

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2023 (measurement date), employees hired prior to January 1, 2013 paid in 8.00%, employees hired on or after January 1, 2013 paid 8.00%, and the employer contribution rate was 25.37% of annual payroll. For the fiscal year ending June 30, 2024, employees hired prior to January 1, 2013 contributed 8.00%, employees hired on or after January 1, 2013 contributed 8.00%, and the employer's contribution rate was 26.68%.

Contributions - CalSTRS

For the measurement period ended June 30, 2023 (measurement date), Section 22950 of the California Education Code requires members to make monthly contributions 10.250% of the creditable compensation upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS Board have been established at 16.92% of creditable compensation. Rates are defined in Section 22950.5 through measurement period ending June 30, 2024. Section 22950.5 states, "For fiscal year 2023-24 and each fiscal year thereafter, the board shall increase or decrease the percentages paid specified in this section from the percentage paid during the prior fiscal year to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the board based upon a recommendation from its actuary."

On-Behalf Payments

Consistent with Section 22955.1 of the California Education Code, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the measurement period ended June 30, 2021 (measurement date), the State contributed 10.87% of salaries creditable to CalSTRS. 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.

Contributions Recognized

For the year ended June 30, 2024, the contributions recognized as part of pension expense for each plan were as follows:

	CalPERS	CalSTRS
Contributions - Employer	$ 6,595,916	$ 12,096,244
Contributions - Employee	1,819,922	6,462,941
Contributions - State On-Behalf Payments	-	5,700,299
Total	$ 8,415,838	$ 24,259,484

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

As of June 30, 2024, the District reported a net pension liability for its proportionate share of the net pension liability of each plan as follows:

	Proportionate Share of Net Pension Liability
CalPERS	$ 53,882,045
CalSTRS	78,582,920
Total Net Pension Liablility	$ 132,464,965

The District’s net pension liability for each plan is measured as the proportionate share of the net pension liability as of June 30, 2023. The total pension liability for each plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023. The District’s proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

For the year ended June 30, 2024, the District recognized pension expense of $6,869,599. At June 30, 2024, 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	$ 25,377,279	$ -
Differences between actual and expected experience	8,141,632	5,032,134
Changes in assumptions	2,937,348	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-
Net difference between projected and actual earnings on plan investments	6,091,740	-
Total	$ 42,547,999	$ 5,032,134

$25,377,279 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30	
2025	$ (1,013,667)
2026	(2,919,465)
2027	10,484,341
2028	715,448
2029	1,865,432
Thereafter	3,006,497
Total	$ 12,138,586

Actuarial Assumptions

The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

	CalPERS		CalSTRS	
Valuation Date	June 30, 2022		June 30, 2022	
Measurement Date	June 30, 2023		June 30, 2023	
Actuarial Cost Method	Entry Age - Normal		Entry Age - Normal	
Actuarial Assumptions				
Discount Rate	6.90%		7.10%	
Inflation	2.30%		2.75%	
Payroll Growth	2.75%		3.50%	
Projected Salary Increase	Varies	*	Varies	*
Investment Rate of Return	7.15%	#	7.10%	#
Mortality	Varies	&	Varies	&

* Depending on age, service and type of employment
# Net of pension plan investment expenses, including inflation
& Depending on age, gender and type of job

Discount Rate

The discount rate used to measure the total pension liability was 6.90% for CalPERS and 7.10% for CalSTRS. To determine whether the District bond rate should be used in calculation of a discount rate for each plan, CalPERS and CalSTRS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate and the use of the District bond rate calculation is not necessary for either plan.

The stress test results are presented in a detailed report that can be obtained from the CalPERS and CalSTRS websites.

According to Paragraph 30 of GASB Statement No. 68, the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. Administrative expenses are assumed to be 15 basis points. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS and CalSTRS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS and CalSTRS review all actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle. Any changes to the discount rate will require board action and proper stakeholder outreach.

CalSTRS conducts an Asset Liability Management (ALM) study every four years to direct how the Investment staff allocates assets among different opportunities. This study weighs the teachers' pension liabilities versus assets needed to fund these pensions over the long term and is a critical process that drives the performance of the investment portfolio.

The culmination of the most recent study was marked by new long-term asset allocation targets adopted by the Board's Investment Committee in November 2019. These targets balance the tradeoff between achieving full funding, the risk of low funding and the risk of higher contribution rates based on the CalSTRS Funding Plan.

In January 2020, the Investment Committee was presented with a plan to navigate from the current asset allocation to the new long-term targets.

As part of the Asset Liability Management (ALM) process, the CalPERS Board of Administration (the Board) reviews the capital market assumptions and economic assumptions.

CalPERS is conducting an ALM process during calendar year 2021 for the next four-year cycle. During the first half of the year, team members provided a series of webinars to stakeholders, as well as educational agenda items to the CalPERS Board. During the second half of the year, staff will present results of the ALM analysis to the CalPERS Board for adoption of changes to asset allocations or actuarial assumptions. The effective date for the selected strategic asset allocation implementation is July 1, 2022.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

	CalSTRS	
Asset Class	Assumed Assets Allocation	Long Term Expected Rate of Return*
Public Equity	38.00%	5.25%
Fixed Income	14.00%	2.45%
Inflation Sensitive	7.00%	3.65%
Private Equity	14.00%	6.75%
Real Estate	15.00%	4.05%
Liquidity	2.00%	0.05%
Risk Mitigating Strategies	10.00%	2.25%

* 20-year average

	CalPERS	
Asset Class	Assumed Asset Allocation	Real Return (Years 1-10) *, #
Global Equity - Cap-Weighted	30.00%	4.45%
Global Equity - Non-Cap-Weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-back Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%

* An expected inflation of 2.30% used for this period.
# Figures are based on the 2021-22 Asset Liability Management study.

Sensitivity of Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the District's proportionate share of the net pension liability for each plan, calculated using the discount rate for each plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	CalPERS	CalSTRS
1% Decrease	5.90%	6.10%
Net Pension Liability	$ 77,899,509	$ 131,816,577
Current Discount Rate	6.90%	7.10%
Net Pension Liability	$ 53,882,045	$ 78,582,920
1% Increase	7.90%	8.10%
Net Pension Liability	$ 34,032,158	$ 34,366,163

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS and CalSTRS financial reports.

12. COMPENSATED ABSENCES

The accumulated unpaid employee compensated absences as of June 30, 2024, amounted to $2,452,529, which is included in general long-term debt.

13. JOINT POWERS AGREEMENTS

The District has entered into joint powers agreements (JPAs) with other governmental units, as allowed by the California Government Code. These JPAs have budgeting and financial reporting requirements independent of member units, whose financial statements are not presented in these financial statements; however, fund transactions between the entities and Los Banos Unified School District are included in these statements. Summarized below is certain information on these entities:

Organization of Self-Insured Schools (OSS)

Purpose: To provide quality property and liability insurance at reduced rates.

Participants: Other school districts in California.

Governing Board: One representative for each district per 4,000 ADA.

Merced County Schools Insurance Group (MCSIG)

Purpose: To provide an insurance purchasing pool for workers' compensation insurance.

Participants: School districts in Merced County.

Governing Board: Seven-member executive board consisting of a representative from the Merced County Office of Education and member districts.

Self Insured Schools of California III (SISC III)

Purpose: Arranges for and provides health insurance coverage for their member districts.

Participants: Local educational agencies throughout California.

Governing Board: Board of Directors are elected by member districts. All board members are employees of school districts.

California's Valued Trust (CVT)

Purpose: Arranges for and provides health insurance coverage for their member districts.

Participants: Local educational agencies throughout California.

Governing Board: Twelve-person Board of Trustees comprised of six management members and three each from CTA and CSEA.

Condensed financial information of these JPAs are as follows:

	CVT Audited 6/30/23	MCSIG Audited 6/30/23	SISC III Audited 9/30/22
Total Assets	$ 254,768,905	$ 58,532,641	$ 972,650,846
Total Liabilities	16,218,121	20,031,382	272,859,018
Net Position	$ 238,550,784	$ 38,501,259	$ 699,791,828
Total Revenues	$ 821,126,567	$ 10,470,568	$ 2,881,328,800
Total Expenditures	809,559,342	6,368,993	2,971,121,829
Net Increase (Decrease) in Net Position	$ 11,567,225	$ 4,101,575	$ (89,793,029)

Financial information for Organization of Self-Insured Schools, were not available.

14. COMMITMENTS AND CONTINGENCIES

A. Federal and State Allowances, Awards and Grants

The District has received Federal and State funds for specific purposes that are subject to review and audit by the grantor agencies. If the review or audit discloses exceptions, the District may incur a liability to grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

B. Litigation

Various claims and litigation involving the District are currently outstanding. However, management of the District believes, based on consultation with legal counsel, that the ultimate resolution of these matters will not have a material adverse effect on the District's financial position or results of operations.

C. Construction Commitments

As of June 30, 2024, the District had the following commitments with respect to unfinished capital projects:

Capital Projects	Remaining Construction Commitments	Expected Date of Completion
Los Banos HS Modernization	$ 19,000,000	2027-28
New TK Center	32,000,000	2026-27
Lofitn Solar	204,621	2026-27
Los Banos JHS Fire Alarm	1,900,000	2025-26
Los Banos JHS Ansul System	88,000	2025-26

15. ADJUSTMENT FOR RESTATEMENT

The beginning balance of the Investment Trust Fund (SISC OPEB Trust Fund) was restated to include the Return in Investment that was included by SISC in the beginning balance for the fiscal year 2023/24. Net position at June 30, 2023 was restated by $1,085,592.

The District conducted a physical inventory of Capital Assets and identified several previously unaccounted for assets. Fixed assets and net position have been restated by $327,332 to include these assets.

Required Supplementary Information

LOS BANOS UNIFIED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	(GAAP Basis)	Final Budget Positive (Negative)
REVENUES				
Local Control Funding Formula Sources:				
State Apportionments	$ 105,827,814	$ 98,044,187	$ 117,141,361	$ 19,097,174
Education Protection Account Funds	31,381,413	36,293,806	16,367,205	(19,926,601)
Local Sources	17,969,266	20,000,796	20,353,318	352,522
Total LCFF Sources	155,178,493	154,338,789	153,861,884	(476,905)
Federal Revenues	20,180,887	44,609,436	21,286,037	(23,323,399)
Other State Revenues	18,523,867	35,981,132	34,338,486	(1,642,646)
Other Local Revenues	2,065,921	7,428,509	4,948,340	(2,480,169)
Total Revenues	195,949,168	242,357,866	214,434,747	(27,923,119)
EXPENDITURES				
Certificated Salaries	67,785,909	67,216,103	68,463,756	(1,247,653)
Classified Salaries	24,349,168	23,493,980	24,892,735	(1,398,755)
Employee Benefits	53,567,347	53,523,201	53,207,112	316,089
Books and Supplies	27,651,969	23,113,918	15,606,582	7,507,336
Services and Other Operating Expenditures	33,743,019	30,275,245	28,333,071	1,942,174
Other Outgo	3,000,651	3,000,651	3,483,298	(482,647)
Direct Support/Indirect Costs	(449,084)	(415,017)	(306,113)	(108,904)
Capital Outlay	2,552,526	4,983,125	2,323,174	2,659,951
Debt Service:				
Principal	505,000	505,000	505,000	-
Interest	745,119	1,195,000	745,114	449,886
Total Expenditures	213,451,624	206,891,206	197,253,729	9,637,477
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(17,502,456)	35,466,660	17,181,018	(18,285,642)
OTHER FINANCING SOURCES (USES)				
Interfund Transfers Out	(5,000,000)	(5,000,000)	(5,000,000)	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	$ (22,502,456)	$ 30,466,660	12,181,018	$ (18,285,642)
FUND BALANCE - JULY 1, 2023			60,137,328	
FUND BALANCE - JUNE 30, 2024			$ 72,318,346	

See accompanying Notes to Required Supplementary Information.

LOS BANOS UNIFIED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEFERRED MAINTENANCE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	(GAAP Basis)	Final Budget Positive (Negative)
REVENUES				
Other Local Revenues	$ -	$ 1,093,700	$ (484,942)	$ (1,578,642)
EXPENDITURES				
Books and Supplies	-	12,505	12,430	75
Services and Other Operating Expenditures	-	1,069,858	648,548	421,310
Capital Outlay	-	6,403,554	4,159,445	2,244,109
Total Expenditures	-	7,485,917	4,820,423	2,665,494
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(6,392,217)	(5,305,365)	1,086,852
OTHER FINANCING SOURCES (USES)				
Interfund Transfers In	5,000,000	5,000,000	5,000,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	$ 5,000,000	$ (1,392,217)	(305,365)	$ 1,086,852
FUND BALANCE - JULY 1, 2023			28,279,011	
FUND BALANCE - JUNE 30, 2024			$ 27,973,646	

See accompanying Notes to Required Supplementary Information.

LOS BANOS UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS LAST TEN FISCAL YEARS*
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022
Total OPEB Liability	$ 20,135,808	$ 19,399,955	$ 17,184,556
Plan fiduciary net position	11,590,377	9,515,634	9,393,272
Net OPEB liability	$ 8,545,431	$ 9,884,321	$ 7,791,284
Measurement date	June 30, 2023	June 30, 2022	June 30, 2021
Reporting date	June 30, 2024	June 30, 2023	June 30, 2022
Covered payroll	$ 94,773,254	$ 89,941,893	$ 77,361,289
Net OPEB liability (asset) as a percentage of covered payroll	9.02%	10.99%	10.07%
Plan fiduciary net position as a percentage of the total OPEB liability	57.56%	49.05%	54.66%
Total OPEB Liability			
Service Cost	$ 862,599	$ 769,351	$ 747,364
Interest	1,272,312	1,134,659	1,084,281
Difference between expected and actual experience	-	1,733,374	-
Changes of assumptions	-	(410,840)	-
Benefit payments	(1,399,058)	(1,011,145)	(1,143,931)
Net change in total OPEB liability	735,853	2,215,399	687,714
Total OPEB liability - July 1 (a)	19,399,955	17,184,556	16,496,842
Total OPEB liability - June 30 (b)	$ 20,135,808	$ 19,399,955	$ 17,184,556
Plan Fiduciary Net Position			
Contributions - employer	$ 2,398,260	$ 2,149,704	$ 1,959,445
Net investment income	1,085,592	(1,006,306)	2,009,199
Benefit payments	(1,399,058)	(1,011,145)	(1,143,931)
Trustee fees	(5,025)	(4,945)	(3,768)
Administrative expense	(5,026)	(4,946)	(3,768)
Net change in plan fiduciary net position	2,074,743	122,362	2,817,177
Plan Fiduciary Net Position - July 1 (c)	9,515,634	9,393,272	6,576,095
Plan Fiduciary Net Position - June 30 (d)	$ 11,590,377	$ 9,515,634	$ 9,393,272
Net OPEB Liability - Beginning July 1 (a) - (c)	$ 9,884,321	$ 7,791,284	$ 9,920,747
Net OPEB Liability - Ending June 30 (b) - (d)	$ 8,545,431	$ 9,884,321	$ 7,791,284

* This schedule is required to show information for ten years; however, until a full ten-year trend is compiled, information is presented for those years for which information is available.

See accompanying Notes to Required Supplementary Information.

LOS BANOS UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL
OPEB LIABILITY AND RELATED RATIOS LAST TEN FISCAL YEARS*
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
Total OPEB Liability	$ 16,496,842	$ 15,566,514	$ 17,065,284	$ 14,131,092
Plan fiduciary net position	6,576,095	6,001,981	4,880,159	4,019,535
Net OPEB liability	$ 9,920,747	$ 9,564,533	$ 12,185,125	$ 10,111,557
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Reporting date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Covered payroll	$ 77,605,020	$ 75,269,622	$ 67,678,710	$ 70,637,012
Net OPEB liability (asset) as a percentage of covered payroll	12.78%	12.71%	18.00%	14.31%
Plan fiduciary net position as a percentage of the total OPEB liability	39.86%	38.56%	28.60%	28.44%
Total OPEB Liability				
Service Cost	$ 762,808	$ 1,022,894	$ 689,666	$ 345,522
Interest	1,030,812	777,252	892,603	859,886
Difference between expected and actual experience	985,721	-	(898,851)	-
Changes of assumptions	(892,604)	(2,590,488)	3,061,003	-
Benefit payments	(956,409)	(708,428)	(810,229)	(597,263)
Net change in total OPEB liability	930,328	(1,498,770)	2,934,192	608,145
Total OPEB liability - July 1 (a)	15,566,514	17,065,284	14,131,092	13,522,947
Total OPEB liability - June 30 (b)	$ 16,496,842	$ 15,566,514	$ 17,065,284	$ 14,131,092
Plan Fiduciary Net Position				
Contributions - employer	$ 1,528,393	$ 1,479,604	$ 1,321,145	$ 1,221,768
Net investment income	8,238	355,753	354,104	396,340
Benefit payments	(956,409)	(708,428)	(810,229)	(597,263)
Trustee fees	(3,054)	(2,554)	(2,198)	(1,677)
Administrative expense	(3,054)	(2,553)	(2,198)	(1,677)
Net change in plan fiduciary net position	574,114	1,121,822	860,624	1,017,491
Plan Fiduciary Net Position - July 1 (c)	6,001,981	4,880,159	4,019,535	3,002,044
Plan Fiduciary Net Position - June 30 (d)	$ 6,576,095	$ 6,001,981	$ 4,880,159	$ 4,019,535
Net OPEB Liability - Beginning July 1 (a) - (c)	$ 9,564,533	$ 12,185,125	$ 10,111,557	$ 10,520,903
Net OPEB Liability - Ending June 30 (b) - (d)	$ 9,920,747	$ 9,564,533	$ 12,185,125	$ 10,111,557

* This schedule is required to show information for ten years; however, until a full ten-year trend is compiled, information is presented for those years for which information is available.

See accompanying Notes to Required Supplementary Information.

LOS BANOS UNIFIED SCHOOL DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS LAST TEN FISCAL YEARS*
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
Actuarially determined contribution	$ 1,792,764	$ 1,740,547	$ 1,342,320	$ 1,435,637	$ 1,324,931	$ 1,286,340	$ 927,217
Contributions in relation to the actuarially determined contribution	2,398,260	1,006,306	1,959,445	1,528,393	1,479,614	1,321,145	1,221,768
Contribution deficiency (excess)	$ (605,496)	$ 734,241	$ (617,125)	$ (92,756)	$ (154,683)	$ (34,805)	$ (294,551)
Covered-employee payroll	$ 94,773,254	$ 89,941,893	$ 77,361,289	$ 77,605,020	$ 75,269,622	$ 67,678,710	$ 70,637,012
Contributions as a percentage of covered-employee payroll	2.53%	1.12%	2.53%	1.97%	1.97%	1.95%	1.73%

* This schedule is required to show information for ten years; however, until a full ten-year trend is compiled, information is presented for those years for which information is available.

See accompanying Notes to Required Supplementary Information.

LOS BANOS UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CALPERS LAST TEN FISCAL YEARS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	CalPERS									
	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
District's proportion of the net pension liability	0.1489%	0.15316%	0.15064%	0.14919%	0.15196%	0.14727%	0.14190%	0.12629%	0.12802%	0.12338%
District's proportionate share of the net pension liability	$ 53,882,045	$ 52,700,955	$ 30,631,788	$ 45,776,081	$ 44,287,604	$ 39,266,818	$ 33,875,275	$ 24,942,353	$ 18,870,274	$ 14,006,634
District's covered-employee payroll	$ 25,998,881	$ 23,603,950	$ 21,715,217	$ 21,538,436	$ 21,056,970	$ 19,425,240	$ 18,094,492	$ 15,151,524	$ 14,167,802	$ 12,951,276
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	207.25%	223.27%	141.06%	212.53%	210.32%	202.14%	187.21%	164.62%	133.19%	108.15%
Plan fiduciary net position as a percentage of the total pension liability	69.96%	69.76%	80.97%	70.00%	70.05%	70.85%	71.87%	73.90%	79.43%	83.38%

See accompanying Notes to Required Supplementary Information.

LOS BANOS UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CALSTRS LAST TEN FISCAL YEARS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	CalSTRS									
	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
District's proportion of the net pension liability	0.1032%	0.11026%	0.09706%	0.09785%	0.09337%	0.08951%	0.08430%	0.08245%	0.08108%	0.07688%
District's proportionate share of the net pension liability	$ 78,582,920	$ 76,615,264	$ 44,170,065	$ 94,825,457	$ 84,328,049	$ 82,265,956	$ 77,960,640	$ 66,686,385	$ 54,586,299	$ 44,926,366
State's proportionate share of the net pension liability associated with the District	25,455,365	25,565,747	14,785,488	32,254,879	29,766,958	29,952,212	28,977,970	24,193,820	20,551,742	16,914,777
Total	$ 104,038,285	$ 102,181,011	$ 58,955,553	$ 127,080,336	$ 114,095,007	$ 112,218,168	$ 106,938,610	$ 90,880,205	$ 75,138,041	$ 61,841,143
District's covered-employee payroll	$ 63,331,120	$ 60,243,339	$ 54,875,325	$ 53,643,409	$ 50,947,727	$ 47,647,207	$ 44,678,362	$ 40,962,936	$ 37,633,063	$ 34,067,176
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	124.08%	127.18%	80.49%	176.77%	165.52%	172.66%	174.49%	162.80%	145.05%	131.87%
Plan fiduciary net position as a percentage of the total pension liability	80.62%	81.20%	87.21%	71.82%	72.56%	70.99%	69.46%	70.04%	74.02%	76.52%

See accompanying Notes to Required Supplementary Information.

LOS BANOS UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
CALPERS LAST TEN FISCAL YEARS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	CalPERS									
	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Contractually required contribution	$ 7,015,433	$ 6,595,916	$ 5,407,665	$ 4,495,050	$ 4,247,595	$ 3,803,310	$ 3,115,885	$ 2,418,203	$ 1,795,001	$ 1,667,692
Contributions in relation to the contractually required contribution	7,015,433	6,595,916	5,407,665	4,495,050	4,247,595	3,803,310	3,115,885	2,418,203	1,795,001	1,667,692
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 26,294,726	$ 25,998,881	$ 23,603,950	$ 21,715,217	$ 21,538,436	$ 20,445,705	$ 20,062,359	$ 17,412,176	$ 15,151,524	$ 14,167,802
Contributions as a percentage of covered-employee payroll	26.680%	25.370%	22.910%	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

See accompanying Notes to Required Supplementary Information.

LOS BANOS UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
CALSTRS LAST TEN FISCAL YEARS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	CalSTRS									
	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Contractually required contribution	$ 12,339,168	$ 12,096,244	$ 10,193,173	$ 8,862,365	$ 9,173,023	$ 8,294,290	$ 6,899,016	$ 5,719,135	$ 4,395,323	$ 3,341,816
Contributions in relation to the contractually required contribution	12,339,168	12,096,244	10,193,173	8,862,365	9,173,023	8,294,290	6,899,016	5,719,135	4,395,323	3,341,816
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 64,602,974	$ 63,331,120	$ 60,243,339	$ 54,875,328	$ 53,643,409	$ 50,947,726	$ 47,810,229	$ 45,462,122	$ 40,962,936	$ 37,633,063
Contributions as a percentage of covered-employee payroll	19.10%	19.10%	16.92%	16.50%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%

See accompanying Notes to Required Supplementary Information.

LOS BANOS UNIFIED SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

1. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2024, expenditures exceeded appropriations in individual funds as follows:

Appropriations Category		Excess Expenditures
General Fund		
Certificated Salaries	$	1,247,653
Classified Salarires		1,398,755
Other Outgo		482,697
Direct Support/Indirect Costs		108,909

2. PURPOSE OF SCHEDULES

Budgetary Comparison Schedules

These schedules are required by GASB Statement No. 34 as Required Supplementary Information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedules present both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

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

This schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). The schedule presents information as of the measurement date of the net OPEB liability.

Schedule of Proportionate Share of the Net Pension Liability

This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- The proportion (percentage) of the collective net pension liability (similar to the note disclosure)
- The proportion share (amount) of the collective net pension liability
- The employer's covered-employee payroll
- The proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered-employee payroll
- The pension plan's fiduciary net position as a percentage of the total pension liability

Schedule of Pension Contributions

This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- If an employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements: the employer's actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll.

3. SUMMARY OF CHANGES OF BENEFITS OR ASSUMPTIONS

Benefit Changes – PERS

There were no changes to benefit terms that applied to all members of the Schools Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a. Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statements as CalPERS considers such amounts to be separately financed employer-specific liabilities.

Changes of Assumptions – PERS
None.

Changes of Assumptions - STRS
None.

Changes of Assumptions - OPEB
None.

Supplementary Information

LOS BANOS UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	DEBT SERVICE FUND	TOTAL
ASSETS				
Cash				
Cash in County Treasury	$ 6,287,695	$ 6,304,593	$ 18,847,641	$ 31,439,929
Cash on Hand and in Banks	950,969	-	-	950,969
Accounts Receivable	1,344,263	-	-	1,344,263
Due From Other Funds	118,561	-	-	118,561
Inventory	55,483	-	-	55,483
TOTAL ASSETS	$ 8,756,971	$ 6,304,593	$ 18,847,641	$ 33,909,205
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	$ 188,405	$ -	$ 431,060	$ 619,465
Due From Other Funds	25,534	-	1,762	27,296
Unearned Revenue	731,833	-	-	731,833
Total Liabilities	945,772	-	432,822	1,378,594
Fund Balances				
Nonspendable	55,483	-	-	55,483
Restricted	7,749,221	-	19,877	7,769,098
Assigned	6,495	6,304,593	18,394,942	24,706,030
Total Fund Balances	7,811,199	6,304,593	18,414,819	32,530,611
TOTAL LIABILITIES AND FUND BALANCES	$ 8,756,971	$ 6,304,593	$ 18,847,641	$ 33,909,205

The Notes to Financial Statements are an integral part of this statement.

LOS BANOS UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	DEBT SERVICE FUND	TOTAL
REVENUES				
Federal revenue	$ 6,767,963	$ -	$ -	$ 6,767,963
Other State Revenue	4,915,784	-	-	4,915,784
Other Local Revenue	1,362,451	1,095,568	4,712,388	7,170,407
Total Revenues	13,046,198	1,095,568	4,712,388	18,854,154
EXPENDITURES				
Instruction	$ 1,136,205	$ -	$ -	$ 1,136,205
Instruction - Related Services				
Supervision of Instruction	44,034	-	-	44,034
School Site Administration	261,156	-	-	261,156
Pupil Services				
Food Services	7,946,034	-	-	7,946,034
General Administration	306,113	-	-	306,113
Plant Services	52,837	-	-	52,837
Facilities Acquisition and Construction	44,608	5,636,379	-	5,680,987
Ancillary Services	977,236	-	-	977,236
Debt Service				
Principal	-	-	2,845,000	2,845,000
Interest	-	-	2,832,052	2,832,052
Total Expenditures	10,768,223	5,636,379	5,677,052	22,081,654
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,277,975	(4,540,811)	(964,664)	(3,227,500)
FUND BALANCES - JULY 1, 2023	5,533,224	22,955,630	7,269,257	35,758,111
FUND BALANCES - JUNE 30, 2024	$ 7,811,199	$ 18,414,819	$ 6,304,593	$ 32,530,611

The Notes to Financial Statements are an integral part of this statement.

LOS BANOS UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2024

	STUDENT ACTIVITY SPECIAL REVENUE FUND 08	ADULT FUND 11	CHILD DEVELOPMENT FUND 12	CAFETERIA FUND 13	TOTAL
ASSETS					
Cash:					
Cash in County Treasury	$ -	$ 17,332	$ 1,297,028	$ 4,973,335	$ 6,287,695
Cash on Hand and in Banks	953,969	-	-	(3,000)	950,969
Accounts Receivable	-	10,025	13,890	1,320,348	1,344,263
Due from Other Funds	-	-	7,275	111,286	118,561
Inventory	-	-	-	55,483	55,483
TOTAL ASSETS	$ 953,969	$ 27,357	$ 1,318,193	$ 6,457,452	$ 8,756,971
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	$ -	$ 3,820	$ 112,001	$ 72,584	$ 188,405
Due to Other Funds	-	1,278	15,215	9,041	25,534
Unearned Revenue	-	-	731,833	-	731,833
Total Liabilities	-	5,098	859,049	81,625	945,772
Fund Balances:					
Nonspendable	-	-	-	55,483	55,483
Restricted	953,969	15,881	459,027	6,320,344	7,749,221
Assigned	-	6,378	117	-	6,495
Total Fund Balances	953,969	22,259	459,144	6,375,827	7,811,199
TOTAL LIABILITIES AND FUND BALANCES	$ 953,969	$ 27,357	$ 1,318,193	$ 6,457,452	$ 8,756,971

The Notes to Financial Statements are an integral part of this statement.

LOS BANOS UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	STUDENT ACTIVITY SPCECIAL REVENUE FUND 08	ADULT FUND 11	CHILD DEVELOPMENT FUND 12	CAFETERIA FUND 13	TOTAL
REVENUES					
Federal Revenues	$ -	$ -	$ -	$ 6,767,963	$ 6,767,963
Other State Revenues	-	90,880	1,671,622	3,153,282	4,915,784
Other Local Revenues	1,004,056	3,674	15,444	339,277	1,362,451
Total Revenues	1,004,056	94,554	1,687,066	10,260,522	13,046,198
EXPENDITURES					
Instruction	$ -	$ 86,160	$ 1,050,045	$ -	$ 1,136,205
Instruction-Related Services:					
Supervision of Instruction	-	-	44,034	-	44,034
School Site Administration	-	2,177	258,979	-	261,156
Pupil Services:					
Food Services	-	-	-	7,946,034	7,946,034
General Administration:					
All Other General Administration	-	4,194	85,521	216,398	306,113
Plant Services	-	-	14,748	38,089	52,837
Facilities Acquisition and Construction	-	-	44,608	-	44,608
Ancillary Services	977,236	-	-	-	977,236
Total Expenditures	977,236	92,531	1,497,935	8,200,521	10,768,223
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	26,820	2,023	189,131	2,060,001	2,277,975
FUND BALANCES - JULY 1, 2023	927,149	20,236	270,013	4,315,826	5,533,224
FUND BALANCES - JUNE 30, 2024	$ 953,969	$ 22,259	$ 459,144	$ 6,375,827	$ 7,811,199

The Notes to Financial Statements are an integral part of this statement.

LOS BANOS UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2024

	BUILDING FUND 21	SPECIAL RESERVE FUND 40	SPECIAL RESERVE FUND 41	COMMUNITY FACILITIES DISTRICT FUND 49	TOTAL
ASSETS					
Cash:					
Cash in County Treasury	$ 12,478,020	$ 3,642,302	$ 19,877	$ 2,707,442	$ 18,847,641
TOTAL ASSETS	$ 12,478,020	$ 3,642,302	$ 19,877	$ 2,707,442	$ 18,847,641
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	$ 407,334	$ 2,549	$ -	$ 21,177	$ 431,060
Due to Other Funds	1,762	-	-	-	1,762
Total Liabilities	409,096	2,549	-	21,177	432,822
Fund Balances:					
Restricted	-	-	19,877	-	19,877
Assigned	12,068,924	3,639,753	-	2,686,265	18,394,942
Total Fund Balances	12,068,924	3,639,753	19,877	2,686,265	18,414,819
TOTAL LIABILITIES AND FUND BALANCES	$ 12,478,020	$ 3,642,302	$ 19,877	$ 2,707,442	$ 18,847,641

The Notes to Financial Statements are an integral part of this statement.

LOS BANOS UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	BUILDING FUND 21	SPECIAL RESERVE FUND 40	SPECIAL RESERVE FUND 41	COMMUNITY FACILITIES DISTRICT FUND 49	TOTAL
REVENUES					
Other Local Revenues	$ 280,273	$ 110,536	$ -	$ 704,759	$ 1,095,568
EXPENDITURES					
General Administration:					
Facilities Acquisition and Construction	3,874,724	1,738,055	-	23,600	5,636,379
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,594,451)	(1,627,519)	-	681,159	(4,540,811)
FUND BALANCES - JULY 1, 2023	15,663,375	5,267,272	19,877	2,005,106	22,955,630
FUND BALANCES - JUNE 30, 2024	$ 12,068,924	$ 3,639,753	$ 19,877	$ 2,686,265	$ 18,414,819

The Notes to Financial Statements are an integral part of this statement.

LOS BANOS UNIFIED SCHOOL DISTRICT
BALANCE SHEET
NONMAJOR DEBT SERVICE FUND
JUNE 30, 2024

	BOND INTEREST AND REDEMPTION FUND 51
ASSETS	
Cash:	
Cash In County Treasury	$ 6,304,593
TOTAL ASSETS	$ 6,304,593
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts Payable	$ -
Fund Balance:	
Assigned	6,304,593
TOTAL LIABILITIES AND FUND BALANCE	$ 6,304,593

The Notes to Financial Statements are an integral part of this statement.

LOS BANOS UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	BOND INTEREST AND REDEMPTION FUND 51
REVENUES	
Other Local Revenues	$ 4,712,388
EXPENDITURES	
Debt Service:	
Principal	2,845,000
Interest	2,832,052
Total Expenditures	5,677,052
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(964,664)
FUND BALANCE - JULY 1, 2023	7,269,257
FUND BALANCE - JUNE 30, 2024	$ 6,304,593

The Notes to Financial Statements are an integral part of this statement.

LOS BANOS UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION AND ORGANIZATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

BOARD OF EDUCATION

MEMBER	OFFICE	TERM EXPIRES
Anthony Parreira	President	December 2026
Gene Lieb	Vice-President	December 2026
Gary Munoz	Clerk	December 2024
Lori Gattuson	Member	December 2024
Jessica Moran	Member	December 2024
Marlene Smith	Member	December 2026
Dayna Valadao	Member	December 2026

ADMINISTRATION

Dr. Mark Marshall, Ed.D.	Superintendent
Tammie Calzadillas, Ed.D.	Assistant Superintendent, Human Resources
C. Sean Richey, Ed.D.	Chief Academic Officer
Dr. Sypher Lee	Assistant Superintendent, Administrative Services
Melanie Marcella	Director of Fiscal Services
Eric Sowersby	Director of Elementary Education
Dr. David Horton	Director of Secondary Education

ORGANIZATION

Los Banos Unified School District was unified July 1, 1965, and consists of an area comprising approximately 667 square miles. The District operates nine elementary schools, two junior high schools, two comprehensive high schools, one continuation high school and one independent study school. There were no boundary changes during the 2023-24 fiscal year.

SCHEDULE 2

LOS BANOS UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Second Period Report 29DD6F55	Annual Report 2FD2394E
TK/K-3		
Regular	2,914.48	2,920.34
Grades 4-6		
Regular	2,384.90	2,385.74
Grades 7-8		
Regular	1,640.50	1,610.44
Grades 9-12		
Regular	3,291.29	3,303.03
Grand Total	10,231.17	10,219.55

LOS BANOS UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

GRADE LEVEL	1986-87 MINUTES REQUIREMENT	2023-24 ACTUAL MINUTES	NUMBER OF DAYS TRADITIONAL CALENDAR	NUMBER OF DAYS MULTITRACK CALENDAR	STATUS
Kindergarten	36,000	36,860	180	N/A	In Compliance
Grades 1-3	50,400	52,080	180	N/A	In Compliance
Grades 4-8	54,000	54,720	180	N/A	In Compliance
Grades 9-12	64,800	66,425	180	N/A	In Compliance

See accompanying Notes to Supplementary Information.

LOS BANOS UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

GENERAL FUND	(BUDGET) 2025*	2024	2022	2021
Revenues and Other Financial Sources	$ 200,282,965	$ 214,434,747	$ 214,237,868	$ 180,486,416
Expenditures	197,482,183	197,253,729	179,192,215	168,594,504
Other Uses and Transfers Out	5,000,000	5,000,000	5,000,000	19,019,025
Total Outgo	202,482,183	202,253,729	184,192,215	187,613,529
Change in Fund Balance	$ (2,199,218)	$ 12,181,018	$ 30,045,653	$ (7,127,113)
Ending Fund Balance	$ 73,748,800	$ 72,318,346	$ 60,137,328	$ 30,091,675
Available Reserves	$ 5,352,805	$ 6,067,612	$ 5,525,780	$ 5,628,406
Reserved for Economic Uncertainties	$ 5,853,730	$ 6,067,612	$ 5,525,780	$ 5,628,406
Unassigned Fund Balance	$ (500,925)	$ -	$ -	$ -
Available Reserves as a Percentage of Total Outgo	2.60%	3.00%	3.00%	3.00%
Total Long-Term Debt	N/A	$ 238,196,639	$ 239,700,603	$ 166,238,011
Average Daily Attendance at P-2	10,231	10,231	10,043	9,693

The General Fund balance has increased by $42,226,671 over the past two years. The fiscal year 2024-25 budget projects an increase of $2,199,218. For a district this size, the State requires available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses. Los Banos Unified School District has met the State's minimum requirements., for 2023-24. Committed fund balances will be reduced in 2024-25 to meet the 3% requirement by June 30, 2025.

Average daily attendance has increased by 538 ADA over the past two years. No change in ADA is anticipated for fiscal year 2024-25.

* Based on July 1 budget, included for analytical purposes only and has not been subjected to audit.

See accompanying Notes to Supplementary Information.

LOS BANOS UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	CLUSTER EXPENDITURES	FEDERAL EXPENDITURES
	GENERAL FUND				
	U.S. Department of Education:				
	Passed through the California Department of Education (CDE):				
	Special Education Cluster:				
	Local Assistance	84.027	13379	$ 2,098,725	
	ARP Private Schools ISPs	84.027	10169	9,712	
	Special Ed Mental Health	84.027A	15197	3,650	
	Special Ed - Preschool	84.173	13430	35,402	
	Total Special Education Cluster				$ 2,147,489
	Title I Grants to LEA Cluster:				
	Title I, Part A	84.010	14329	3,362,798	
	School Improvement (CSI) Funding	84.010	15438	207,070	
	Total Title I Cluster				3,569,868
*	Elementary and Secondary School Emergency Relief III	84.425	15559		11,789,215
*	Elementary and Secondary School Emergency Relief II LL	84.425	10155		883,115
*	American Rescue Plan, Homeless Youth	84.425	15566		30,290
*	ASES Rate Increase ESSER III	84.425	15652		764,030
	Rural & Low Income School Grant	84.358	14356		210,690
	Carl D. Perkins Career & Technical Education	84.048	14894		130,446
	21st Century Community Learning Centers Program	84.287	14349		203,588
*	Title II, Part A, Supporting Effective Instruction	84.367	14341		393,747
	Workability	84.126	10006		248,127
	Title III, Immigrant	84.365	15146		30,990
	Title III, LEP	84.365	14346		500,009
	Title IV, Student Support & Academic Enrichment Grant	84.424	15396		312,962
	Total Department of Education				21,214,566
	CAFETERIA FUND				
	U.S. Department of Agriculture:				
	Passed through the CDE:				
*	Child Nutrition Cluster:				
	National School Lunch Program	10.555	13396	3,515,921	
	Local Food for Schools	10.555	15708	135,879	
	Supply Chain Assistance	10.555	15655	675,009	
	School Breakfast Basic Program	10.553	13390	8,880	
	Especially Needy Breakfast Program	10.553	13526	1,172,838	
	Total Child Nutrition Cluster				5,508,527
	Donated Food Commodities	10.565	None		554,552
	Equipment Assistance Grant	10.579	14906		100,000
*	Child and Adult Care Food	10.558	13393		676,355
	Total Department of Agriculture				6,839,434
	Total Federal Expenditures				$ 28,054,000

* Major Programs Tested

See accompanying Notes to Supplementary Information.

LOS BANOS UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT FORM WITH AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	General Fund 01	Child Development Fund 12	Cafeteria Fund 13	Deferred Maintenance Fund 14	Building Fund 21	Capital Facilities Fund 25	County School Facilities Fund 35	Special Reserve Fund 40	Community Facilities District Fund 49	Bond Interest & Redemption Fund 51
June 30, 2024 Annual Financial and Budget Report Form Fund Balances	$ 75,948,017	$ 494,596	$ 6,305,575	$ 28,794,197	$ 12,273,621	$ 30,715,363	$ 25,393,069	$ 3,699,503	$ 2,730,679	$ 6,408,017
(Decrease) Cash for:										
FMV of Cash in County Treasury	(1,252,118)	(21,277)	(81,585)	(484,943)	(204,697)	(495,410)	(430,534)	(59,750)	(44,414)	(103,424)
Increase Accounts Receivable for:										
Categorical Programs	486,000	-	-	-	-	-	-	-	-	-
National School Lunch Program	-	-	276,348	-	-	-	-	-	-	-
(Decrease) Stores for:										
Physical Count	-	-	(65,334)	-	-	-	-	-	-	-
(Increase) Accounts Payable for										
Retro Payroll	(2,129,393)	(14,175)	(59,177)	-	-	-	-	-	-	-
Capital Outlay	-	-	-	(335,608)	-	-	(262,371)	-	-	-
June 30, 2024 Audited Financial Statement Fund Balances	$ 73,052,506	$ 459,144	$ 6,375,827	$ 27,973,646	$ 12,068,924	$ 30,219,953	$ 24,700,164	$ 3,639,753	$ 2,686,265	$ 6,304,593

See accompanying Notes to Supplementary Information.

1. PURPOSE OF SCHEDULES

A. Schedule of Average Daily Attendance (Schedule 2)

Average daily attendance 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 entities. This schedule provides information regarding the attendance of students at various grade spans and in different programs.

B. Schedule of Instructional Time (Schedule 3)

Districts, including basic aid districts, must maintain their instructional minutes at the 1986-87 requirements, as required by Education Code Section 46201. This schedule is required for all districts, including basic aid districts.

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 46201 through 46206.

C. Schedule of Financial Trends and Analysis (Schedule 4)

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.

D. Schedule of Expenditures of Federal Awards (Schedule 5)

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Los Banos Unified School District and is presented on the accrual basis of accounting. The information in this schedule 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the combined and combining financial statements.

The Uniform Guidance requires a disclosure of the financial activities of all Federally funded programs. This schedule was prepared to comply with the Uniform Guidance. The District did not elect to use the 10 percent de minimis cost rate.

E. Reconciliation of Annual Financial and Budget Report Form with Audited Financial Statements (Schedule 6)

This schedule provides the information necessary to reconcile the fund balances of all funds and the total liabilities balance of the general long-term debt as reported on the SACS Form to the audited financial statements.

JLG

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California Society of Certified Public Accountants

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*

Independent Auditor's Report

To the Board of Education
Los Banos Unified School District
Los Banos, California

We have audited, in accordance with the 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 (GAAS), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Los Banos Unified School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Los Banos Unified School District's basic financial statements, and have issued our report thereon dated December 14, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Los Banos Unified School 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 Los Banos Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Los Banos Unified School District's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Jeanette L Garcia + Associates

San Bernardino, California
December 14, 2024

JLG

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

To the Board of Education
Los Banos Unified School District
Los Banos, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Los Banos Unified School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Los Banos Unified School District's major federal programs for the year ended June 30, 2024. Los Banos Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of audit findings and questioned costs.

In our opinion, Los Banos Unified School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standard 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 Los Banos Unified School 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 Los Banos Unified School 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 Los Banos Unified School District's federal programs.

Auditor's Responsibility 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 Los Banos Unified School 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 judgement made by a reasonable user of the report on compliance about Los Banos Unified School 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 judgement 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 Los Banos Unified School 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 Los Banos Unified School 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 Los Banos Unified School 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 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.

Jeanette L Garcia + Associates

San Bernardino, California
December 14, 2024

JLG

Jeanette L. Garcia & Associates
202 East Airport Dr., Suite 160
San Bernardino, CA 92408
Phone: (909) 763-2100
Fax: (909) 763-2330
www.jlgcpa.net

Jeanette L. Garcia, CPA

REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

To the Board of Education
Los Banos Unified School District
Los Banos, California

Report On Compliance

Opinion

We have audited the Los Banos Unified School District's compliance with the requirements specified in the *2023-24 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, 2024.

In our opinion, Los Banos Unified School District complied, in all material respects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2024.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, and the *2023-24 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 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 State 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 Los Banos Unified School District's state programs.

Member:

American Institute of Certified Public Accountants

California Society of Certified Public Accountants

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 *2023-24 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 state 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 Los Banos Unified School District's compliance with the requirements of state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2023-24 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 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 *2023-24 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:

2023-24 K-12 Audit Guide Procedures		Procedures Performed
Local Education Agencies Other Than Charter Schools:		
A.	Attendance	Yes
B.	Teacher Certification and Misassignments	Yes
C.	Kindergarten Continuance	Yes
D.	Independent Study	Yes
E.	Continuation Education	Yes
F.	Instructional Time	Yes
G.	Instructional Materials	Yes
H.	Ratio of Administrative Employees to Teachers	Yes
I.	Classroom Teacher Salaries	Yes
J.	Early Retirement Incentive	Not Applicable
K.	Gann Limit Calculation	Yes
L.	School Accountability Report Card	Yes
M.	Juvenile Court Schools	Not Applicable

2023-24 K-12 Audit Guide Procedures (Continued)		Procedures Performed
Local Education Agencies Other Than Charter Schools:		
N.	Middle or Early College High Schools	Yes
O.	K-3 Grade Span Adjustment	Yes
P.	(Reserved)	Not Applicable
Q.	Apprenticeship: Related and Supplemental Instruction	Not Applicable
R.	Comprehensive School Safety Plan	Yes
S.	District of Choice	Yes
TT.	Home to School Transportation Reimbursement	Yes
School Districts, County Offices of Education, and Charter Schools:		
T.	Proposition 28 Arts and Music in Schools	Yes
U.	After/Before School Education and Safety Program	Yes
V.	Proper Expenditure of Education Protection Account Funds	Yes
W.	Unduplicated Local Control Funding Formula Pupil Counts	Yes
X.	Local Control and Accountability Plan	Yes
Y.	Independent Study-Course Based	Not Applicable
Z.	Immunizations	Not Applicable
AZ.	Educator Effectiveness	Yes
BZ.	Expanded Learning Opportunities Grant (ELO-G)	Yes
CZ.	Career Technical Education Incentive Grant	Not Applicable
DZ.	Expanded Learning Opportunities Program	Yes
EZ.	Transitional Kindergarten	Yes
Charter Schools:		
AA.	Attendance	Not Applicable
BB.	Mode of Instruction	Not Applicable
CC.	Nonclassroom-Based Instruction/Independent Study for Charter Schools	Not Applicable
DD.	Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
EE.	Annual Instructional Minutes - Classroom Based	Not Applicable
FF.	Charter School Facility Grant Program	Not Applicable

The term "Not Applicable" is used above to mean either the District did not offer the program during the current fiscal year 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 weakness in internal control over compliance that we identify during the audit.

Other Matters

The result of our auditing procedures and disclosed instances of noncompliance, which are described in the accompanying Schedule of Findings and Questioned Costs as Finding 2024-001.

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

Report on Internal Control Over Compliance

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 considered 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.

Purpose of This Report

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 testing based on the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Jeanette L Garcia + Associates

San Bernardino, California
December 14, 2024

Findings and Recommendations

LOS BANOS UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	___ Yes	✓ No
Significant deficiencies identified?	___ Yes	✓ None Reported
Noncompliance material to financial statements noted?	___ Yes	✓ No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	___ Yes	✓ No
Significant deficiencies identified?	___ Yes	✓ None reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR, Part 200, Section 200.516 Audit Findings paragraph (a)?	___ Yes	✓ No

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
10.558	Child and Adult Care Food Program
84.567	Title II, Part A, Supporting Effective Instruction
84.425	Elementary and Secondary School Emergency Relief, Expanded Learning Opportunities Grant, ARP-Homeless

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000	
Auditee qualified as low-risk auditee?	✓ Yes	___ No

State Awards

Any audit findings disclosed that are required to be reported in accordance with the state's Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting?	✓ Yes	___ No
Type of auditor's report issued on compliance for state programs:	Unmodified	

Section II – Financial Statement Findings

None Reported.

Section III – Federal Award Findings and Questioned Costs

None Reported.

Section IV – State Award Findings and Questioned Costs

FINDING 2024-001
Code: 40000
Transitional Kindergarten

This is not a repeat Finding.

Specific Requirements: According to Education Code 48000.15(d)(3) any transitional kindergarten classroom that includes an early enrollment child shall maintain a classroom enrollment that does not exceed 20 pupils.

Condition: The District exceeded the 20-student cap required for classrooms serving early enrollment children in the transitional kindergarten program, as outlined in Education Code (EC) Section 48000.15. Observations and records indicate multiple instances where classroom sizes ranged from 22 to 24 students, surpassing the state-mandated limit.

Questioned Costs: N/A

Context: We tested the Transitional Kindergarten Center and discovered that six classrooms with early enrolled children had more than 20 students.

Effect: District will be subject to a penalty of $121,838.

Cause: Unknown

Recommendation: The District should implement measures to monitor and manage class sizes for early enrollment children in transitional kindergarten. This includes establishing an enrollment cap enforcement policy, regularly reviewing classroom rosters, and providing staff training on compliance with EC Section 48000.15.

Views of Responsible Official and Planned Corrective Action: The District will be monitoring their early enrollments bi-weekly and tagging the class as having a capacity of no more than 20 students. The attendance reports will be the evidence.

LOS BANOS UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Prior Year Findings and Recommendations:

There were no findings and recommendations for the fiscal year ended June 30, 2023.

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APPENDIX D
PROPOSED FORMS OF OPINION OF BOND COUNSEL

[LETTERHEAD OF LOZANO SMITH]

[Closing Date]

Board of Education
Los Banos Unified School District
1717 South 11th Street
Los Banos, California 93635

$21,500,000*
LOS BANOS UNIFIED SCHOOL DISTRICT
(Merced County, California)
GENERAL OBLIGATION BONDS, ELECTION OF 2018, SERIES 2025

FINAL OPINION OF BOND COUNSEL

Ladies and Gentlemen:

We have acted as bond counsel to the Los Banos Unified School District (the "District") in connection with the issuance by the District of its Los Banos Unified School District (Merced County, California) General Obligation Bonds, Election of 2018, Series 2025, in the aggregate principal amount of $21,500,000* (the "Bonds"), issued under Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53506 thereof (the "Bond Law") and under a resolution adopted by the Board of Education of the District on May 8, 2025 (the "Bond Resolution"). The Bonds were sold to Stifel, Nicolaus & Company, Incorporated, as Underwriter (the "Underwriter") pursuant to a Bond Purchase Agreement for the Bonds, dated ___________, between the District and the Underwriter (the "Bond Purchase Agreements").

In such connection, we have examined the Bond Resolution, the Bond Law, the Tax Certificate, dated the date hereof and executed by the District (the "Tax Certificate"), the Bond Purchase Agreement, the Continuing Disclosure Certificate, dated the date hereof and executed by the District (the "Continuing Disclosure Certificate"), certificates of the District and others, and such other law, documents, opinions and matters to the extent we deemed necessary to render the opinions or conclusions set forth herein.

The opinions and conclusions herein are based on an analysis of existing laws, regulations, rulings, and court decisions and cover certain matters not directly addressed by such authorities.

* *Preliminary, subject to change.*

Such opinions or conclusions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions referred to in the second paragraph hereof. We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the Bonds, the Bond Resolution, the Tax Certificate, the Continuing Disclosure Certificate and the Bond Purchase Agreement and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against school districts in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents. We express no opinion herein regarding the accuracy, adequacy or completeness of the Official Statement relating to the Bonds, dated ___________.

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

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

2. The Bonds have been duly authorized, issued and sold by the District and are valid and binding general obligations of the District, and the Board of Supervisors of Merced County is obligated and authorized under the laws of the State of California to levy and collect *ad valorem* taxes within its jurisdiction, without limit as to rate or amount (except with respect to certain personal property which is taxable at limited rates), upon the taxable property within the District's boundaries, for the payment when due of the principal of and interest on the Bonds.

3. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Bonds is taken into account in determining annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax

purposes. The District has covenanted in the Bond Resolution and the Tax Certificate and other instruments relating to the Bonds to comply with each of such requirements under the Code. Failure to comply with certain of such requirements under the Code may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

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

Except as stated in the preceding paragraphs, we express no opinion as to any federal or state tax consequences of the receipt of interest on, or the ownership or disposition of, the Bonds.

Our opinions are based on existing law, which is subject to change. The opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of results. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any fact or circumstance that may thereafter come to our attention or to reflect any change in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Respectfully submitted,

Lozano Smith, LLP

[LETTERHEAD OF LOZANO SMITH]

[Closing Date]

Board of Education
Los Banos Unified School District
1717 South 11th Street
Los Banos, California 93635

$34,100,000*
LOS BANOS UNIFIED SCHOOL DISTRICT
(Merced County, California)
2025 GENERAL OBLIGATION REFUNDING BONDS

FINAL OPINION OF BOND COUNSEL

Ladies and Gentlemen:

We have acted as bond counsel to the Los Banos Unified School District (the "District") in connection with the issuance by the District of its Los Banos Unified School District (Merced County, California) 2025 General Obligation Refunding Bonds, in the aggregate principal amount of $34,100,000* (the "Bonds"), issued under Articles 9 and 11 of Chapter 3 (commencing with sections 53550 and 53580, respectively) of Division 2 of Title 5 of the California Government Code (the "Refunding Bond Law") and under a resolution adopted by the Board of Education of the District on May 8, 2025 (the "Bond Resolution"). The Bonds were sold to Stifel, Nicolaus & Company, Incorporated, as Underwriter (the "Underwriter") pursuant to a Bond Purchase Agreement for the Bonds, dated ____________, between the District and the Underwriter (the "Bond Purchase Agreements").

In such connection, we have examined the Bond Resolution, the Refunding Bond Law, the Tax Certificate, dated the date hereof and executed by the District (the "Tax Certificate"), the Bond Purchase Agreement, the Continuing Disclosure Certificate, dated the date hereof and executed by the District (the "Continuing Disclosure Certificate"), certificates of the District and others, and such other law, documents, opinions and matters to the extent we deemed necessary to render the opinions or conclusions set forth herein.

The opinions and conclusions herein are based on an analysis of existing laws, regulations, rulings, and court decisions and cover certain matters not directly addressed by such authorities. Such opinions or conclusions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our

* *Preliminary, subject to change.*

attention after the date hereof. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions referred to in the second paragraph hereof. We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the Bonds, the Bond Resolution, the Tax Certificate, the Continuing Disclosure Certificate and the Bond Purchase Agreement and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against school districts in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents. We express no opinion herein regarding the accuracy, adequacy or completeness of the Official Statement relating to the Bonds, dated _____________.

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

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

2. The Bonds have been duly authorized, issued and sold by the District and are valid and binding general obligations of the District, and the Board of Supervisors of Merced County is obligated and authorized under the laws of the State of California to levy and collect *ad valorem* taxes within its jurisdiction, without limit as to rate or amount (except with respect to certain personal property which is taxable at limited rates), upon the taxable property within the District's boundaries, for the payment when due of the principal of and interest on the Bonds.

3. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Bonds is taken into account in determining annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted in the Bond Resolution and the Tax Certificate and other instruments relating to the Bonds to comply with each of such requirements under the Code. Failure to comply with certain of such requirements under the Code may cause the inclusion of

interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

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

Except as stated in the preceding paragraphs, we express no opinion as to any federal or state tax consequences of the receipt of interest on, or the ownership or disposition of, the Bonds.

Our opinions are based on existing law, which is subject to change. The opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of results. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any fact or circumstance that may thereafter come to our attention or to reflect any change in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Respectfully submitted,

Lozano Smith, LLP

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$21,500,000*
LOS BANOS UNIFIED SCHOOL DISTRICT
(Merced County, California)
GENERAL OBLIGATION BONDS,
ELECTION OF 2018, SERIES 2025

$34,100,000*
LOS BANOS UNIFIED SCHOOL DISTRICT
(Merced County, California)
2025 GENERAL OBLIGATION
REFUNDING BONDS

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Los Banos Unified School District (the "District") in connection with the issuance of the above-captioned bonds (the "Bonds"). The Bonds are being issued pursuant to authorizing resolutions adopted by the Board of Education of the District on May 8, 2025 (the "Resolutions"). The District covenants and agrees as follows:

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

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

"*Annual Report*" means any Annual Report provided by the District under and as described in Sections 3 and 4 hereof.

"*Annual Report Date*" means the date that is nine months after the end of the District's fiscal year (currently March 31 based on the District's fiscal year end of June 30).

"*Dissemination Agent*" means, initially, Fieldman, Rolapp & Associates, Inc., doing business as Applied Best Practices, or any successor Dissemination Agent designated in writing by the District and that has filed with the District a written acceptance of such designation. If at any time there is not any other designated Dissemination Agent, the District shall be the Dissemination Agent.

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* *Preliminary, subject to change.*

"*Financial Obligation*" means (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 either of the foregoing (a) or (b). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

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

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

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934.

Section 3. **Provision of Annual Reports.**

(a) The District shall provide, or shall cause the Dissemination Agent to provide, to the MSRB in an electronic format as prescribed by the MSRB, not later than nine months after the end of the District's fiscal year (that currently would be March 31), commencing no later than March 31, 2026, with the report for the 2024-25 fiscal year, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 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 Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide in a timely manner (or cause the Dissemination Agent to provide in a timely manner) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as *Exhibit A*.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(1) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(2) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. **Content of Annual Reports.** The Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, then the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the Audit Report shall be filed in the same manner as the Annual Report when it becomes available.

(b) Unless otherwise provided in the Audit Report filed on or before the Annual Report Date, financial information and operating data with respect to the District for the most recently completed fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement:

(1) the average daily attendance in District schools on an aggregate basis for the most recent year for which data is available;

(2) pension plan contributions made by the District for the most recent year for which data is available;

(3) aggregate principal amount of short-term borrowings, lease obligations and other long-term borrowings of the District as of the end of the preceding fiscal year;

(4) description of amount of general fund revenues and expenditures which have been budgeted for the most recent year for which data is available, together with audited actual budget figures for the preceding fiscal year;

(5) the District's total Local Control Funding Formula ("LCFF") revenues for the most recent year for which data is available;

(6) total secured property tax levy for the most recent year for which data is available, and, if the District is not participating in the Teeter Plan, collections, showing current collections as a percent of the total levy;

(7) assessed valuation of taxable properties in the District for the most recent year for which data is available, if and to the extent provided to the District by the County; and

(8) the twenty taxpayers with the greatest combined ownership of taxable property in the District for the most recent year for which data is available, if and to the extent provided to the District by the County.

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) of this Section, the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. **Reporting of Significant Events.**

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the District.

(13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional paying agent or the change of name of a paying agent, if material.

(15) Incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the District, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, and, if the Listed Event is described in sections (a)(2), (a)(6) (with respect to certain notices), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), or (a)(15) above, the District determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the District shall, or shall cause the Dissemination Agent (if not the District) to file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the governing legal documents.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(6) (with respect to certain notices), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier "if material." The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the District determines the event's occurrence is material for purposes of U.S. federal securities law.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

Section 6. **Identifying Information for Filings with the MSRB.** All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. **Termination of Reporting Obligation.** The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 8. **Dissemination Agent.** The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Fieldman, Rolapp & Associates, Inc.. Any Dissemination Agent (if not the District) may resign by providing 30 days' written notice to the District.

Section 9. **Amendment; Waiver.** Notwithstanding any other provision hereof, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Resolutions for amendments to the Resolutions with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended under the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(b).

Section 10. **Additional Information.** Nothing in this Disclosure Certificate prevents the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. **Default.** If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolutions, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. **Duties, Immunities and Liabilities of Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities that 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 negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. **Notices.** Any notice or communications to be among any of the parties to this Disclosure Certificate may be given as follows:

To the Issuer:	Los Banos Unified School District 1717 South 11th Street Los Banos, CA 93635
To the Dissemination Agent:	Fieldman, Rolapp & Associates, Inc. 19900 MacArthur Boulevard Irvine, CA 92612
To the Participating Underwriter:	Stifel, Nicolaus & Company, Incorporated One Montgomery Street San Francisco, CA 94104

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 14. **Beneficiaries.** This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: [Closing Date] **LOS BANOS UNIFIED SCHOOL DISTRICT**

By: ______________________________
Superintendent

Designation as Dissemination Agent Accepted:

ACCEPTED AND AGREED TO AS DISSEMINATION AGENT:
FIELDMAN, ROLAPP & ASSOCIATES, INC., DOING BUSINESS AS APPLIED BEST PRACTICES

By ______________________________
Its Authorized Officer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor:	Los Banos Unified School District
Name of Bond Issue:	$21,500,000* Los Banos Unified School District (Merced County, California) General Obligation Bonds, Election of 2018, Series 2025, and $34,100,000* Los Banos Unified School District (Merced County, California) 2025 General Obligation Refunding Bonds
Date of Issuance:	[Closing Date]

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 dated as of ___________, 2025, executed by the District. The District anticipates that the Annual Report will be filed by _____________.

Dated: [Form only]__________

LOS BANOS UNIFIED SCHOOL DISTRICT

By: [Form Only – no signature required]________
Authorized Officer

* *Preliminary, subject to change.*

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APPENDIX F

DTC AND THE BOOK-ENTRY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the District, the Underwriter nor the Paying Agent takes any responsibility for the information contained in this Section.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this APPENDIX. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-

trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AAA3. 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 and www.dtc.org.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except if use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain

that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or 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, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to the Paying Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to the Paying Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to the Paying Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, if a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

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

APPENDIX G

THE COUNTY INVESTMENT POLICY
AND INVESTMENT REPORT

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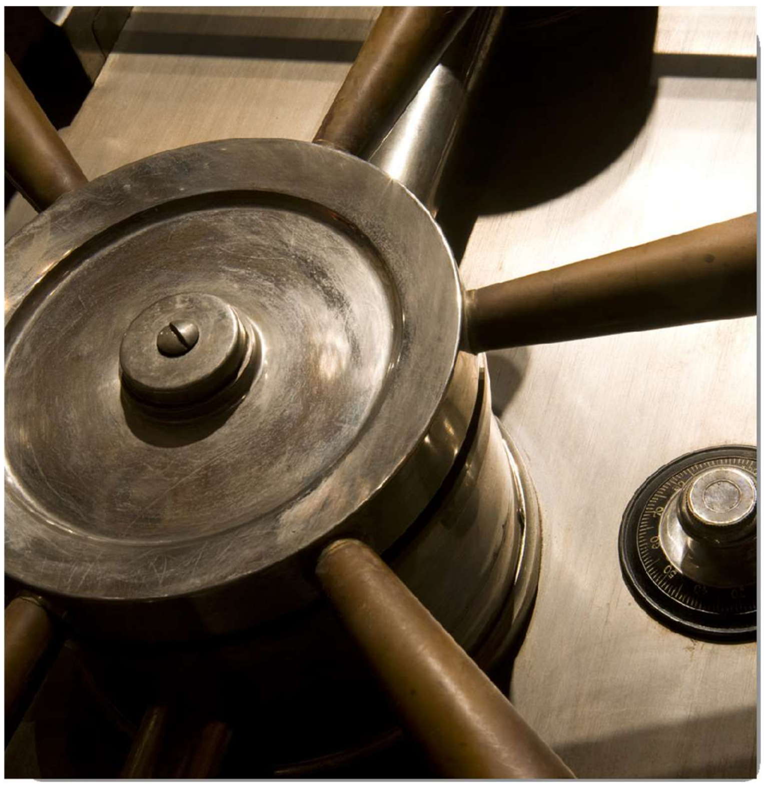
MERCED COUNTY TREASURY



INVESTMENT POLICY STATEMENT 2025

Karen D. Adams, CPA
Treasurer

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CONTENTS Continued

PREFACE

Each issue addressed in this policy is considered to be of timely and significant importance to the administration of the investment portfolio. While some portions of this policy are a restatement of State law, these restatements are integral to the purpose and flow of this policy.

The following statements are intended to insure the achievement of the purpose, goals, and objectives of the investment strategy in an orderly, accurate manner. However, there is no guarantee that problems, errors, or losses will not arise in the course of administering the investment of funds.

Unforeseen factors may affect the achievement of the goals and objectives of the portfolio. A list of factors include, but are not limited to, the following: national or international events or crisis, deviation of actual cash flow from forecasted cash flow, unexpected demands on cash flow, policies made with regard to investment in local depositories, and errors in data or advice used to make decisions, as well as any other unforeseen aberration or event that may impact local, national or international financial markets, economies or politics which in turn has a decided effect upon the portfolio.

Keeping in mind the obstacles and deterrents in pursuing portfolio goals and objectives, this policy is designed to achieve a reasonable rate of return over an economic cycle, consistent with limited risk and prudent investment practices.

SCOPE

The following investment policy pertains to the pooled operating funds of Merced County and depository agencies. Depository agencies consist of school districts, Merced College, special districts and other local agencies. The County retirement system is an independent CA 1937 Act system and the Treasurer is a trustee on the board. The independent retirement system only deposits short-term liquidity monies in the treasury for retiree payroll. This policy is concerned with the deposit, safekeeping and investment of all funds under the control of the Treasurer, as well as all related transactions and investment activities.

PURPOSE

The purpose of the investment policy is to facilitate accomplishment of the goals and objectives of the Treasurer with regard to the investment of idle funds, to provide a framework within which to carry out the business of administering and investing the idle funds of the Treasury, to improve communications at all levels between those interested in the process of investing and administering the idle funds of the Treasury, and to ensure compliance with legal requirements and policies adopted by the Oversight Committee and Board of Supervisors.

LEGAL COMPLIANCE

All investing and investment decisions shall be made with full compliance to California Government Code § 27000 et seq. and 53600 et seq., as well as any forthcoming amendments or additions to the California Government Code in relation to the investment of local agency idle funds. In addition, the Treasurer may provide further restrictions and guidelines for the investment of idle funds through this Statement of Investment Policy and the Investment Guidelines and Procedures Manual.

GOALS AND OBJECTIVES

PRIMARY GOALS

The Treasurer's primary goals for the investment of idle funds (the portfolio) are in order of priority:

1. **Safety**

   Safety of Principal shall mean the safeguarding of capital through the selection of investments and investing procedures to best protect against loss arising from default, fraud or error. To achieve preservation of principal the portfolio structure will be diversified to mitigate credit risk and market risk.

   Credit Risk: The inherit risk of an issuer(s) ability and willingness to repay interest and principal, which shall be mitigated by diversifying the fund so that the failure of any one issuer would not unduly harm the Fund's cash flow.

Market Risk: The inherit risk of market value fluctuations due to changes in the general level of interest rates. Because longer maturity fixed-income securities have greater market risk than shorter maturity securities, market risk will be mitigated by establishing a limit for the weighted average maturity. It is recognized in an active portfolio occasional losses on individual securities are inevitable and must be considered within the context of the overall investment return.

2. **Liquidity**
   Liquidity Maintenance shall mean to always have the ability to convert sufficient securities in the portfolio to cash, with little or no loss in value, to cover cash flow needs of the county and its investing agencies, to meet contingency needs.

3. **Yield**
   Yield refers to earning a reasonable rate of return and shall take into consideration current market conditions, the present phase of the market cycle, both present and future cash flow needs, and the other primary goals of Safety and Liquidity Maintenance.

PRUDENCE

The administration of idle funds of the Merced County Treasurer, as a fiduciary trustee, shall be performed in accordance with the prudent investor standard as stated in California Government Code § 27000.3 and 53600.3:

> "When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the County Treasurer shall act with care, skill, prudence, and diligence under the circumstances then prevailing that 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 need of the county and other depositors."

MAINTENANCE OF PUBLIC TRUST

As the Treasurer has been entrusted with the safekeeping of Public Monies received from Public Sources, the Treasurer in managing Investment Portfolios shall exercise a high degree of professionalism to insure and sustain public confidence, remembering that both the investment instruments and the methods of transacting investment business are subject to public review and scrutiny.

ETHICS AND CONFLICT OF INTEREST

The Treasurer and all investment personnel shall refrain from personal business activity which could create a conflict with proper execution of the investment program, or which could impair the ability to execute impartial investment decisions. The Treasurer and all investment personnel shall disclose to the Treasury Oversight Committee any material financial interests in financial institutions which conduct business with the County of Merced and shall disclose any material financial investment positions which could be related in a conflicting manner to the performance of the County of Merced investment portfolio.

POLICY SUMMATION OF BASIC STRATEGY

The basic investment strategy will be to safeguard the principal of all investments, maintain sufficient liquidity to meet the regular cashflow needs of the Treasury while reserving contingent liquidity to meet unanticipated cashflow demands, and utilize various investment approaches to take advantage of current market yield opportunities. A maximum rate of return will be sought in a manner consistent with the safeguarding of principal and meeting liquidity needs.

AUTHORITY

DELEGATION

Investment authority is delegated to the Treasurer by the Board of Supervisors, in accordance with California Government Code § 53607, by Merced County Ordinance No.1720, as codified at Chapter 5.40.

Pursuant to California Government Code § 27000.1, subject to § 53607, the Board of Supervisors may, by ordinance, delegate to the County Treasurer the authority to invest or reinvest the funds of the County and the funds of the other depositors in the County Treasury, pursuant to Chapter 4 (commencing with Government Code § 53600) of Part 1 of Division 2 of Title 5 of the Government Code. The County Treasurer shall assume full responsibility for those transactions until the Board of Supervisors either revokes its delegation of authority, by ordinance, or decides not to renew the annual delegation.

Annual approval of this Investment Policy by the Board of Supervisors constitutes renewal of the annual delegation of investment authority to the Treasurer, effective January 1st of each year.

RETENTION

The Treasurer shall retain the authority to add to, delete or amend the Investment Policies and the Investment Guidelines as is necessary to facilitate accurate and efficient transactions pertaining to the investment of idle funds, for the best interest of the County.

TREASURY OVERSIGHT COMMITTEE

Pursuant to the addition of Article 6, to Chapter 5 of Division 2 of Title 3 of the California Government Code, the County Treasurer shall create a County Treasury Oversight Committee to promote the public interest by involving depositors in the management of their funds and by enhancing the security and investment return of their funds through the establishment of criteria for the withdrawal of funds. Nothing in this policy shall be construed to allow the County Treasury Oversight Committee to direct individual investment decisions, select individual investment advisors, brokers or dealers, or impinge on the day-to-day operations of the County Treasury. The duties of the County Treasury Oversight Committee will be delineated in the Investment Guidelines. In compliance with California Government Code § 27131 and to maintain equity of all depositors, the membership of the County Treasury Oversight Committee shall consist of the following:

MEMBERS

The members of the Treasury Oversight Committee (TOC) shall consist of:

- The County Auditor – or alternate
- A Board of Supervisors - designee or alternate
- The Superintendent of Schools - or alternate
- A College District - designee or alternate
- A Special District - designee or alternate
- Two Members of the Public with expertise, or academic background, in public finance.

Government Code § 27133 (d) requires limits to be set on the receipt of honoraria, gifts, and gratuities from advisors, brokers, dealers, bankers, or other persons with whom the County Treasury conducts business by any member of the County Treasury Oversight Committee. These limits may be in addition to the limits set by a committee member's own agency, by state law, or by the Fair Political Practices Commission. TOC Members are prohibited from raising money for the County Treasurer or a Board of Supervisor (with the exception of raising money for their own position) while serving as a member on the committee.

DUTIES OF THE TREASURY OVERSIGHT COMMITTEE (TOC)

The Treasury Oversight Committee (TOC) is required annually to review and monitor the investment policy prepared by the County Treasurer, pursuant to Government Code § 27133, and to cause an annual compliance audit, pursuant to Government Code § 27134.

The Treasurer will annually submit the Statement of Investment Policy to the Board of Supervisors to be reviewed and accepted at a public meeting as required by Government Code § 53646. This section also requires that any change in the policy be reviewed and accepted by the Board of Supervisors at a public meeting.

ANNUAL AUDIT

As of the end of each fiscal year, the TOC shall cause an annual audit to be conducted to determine compliance with the Statement of Investment Policy and an audit of the interest apportionment. Additionally, the audit may address questions of portfolio structure and risk. The audit findings will be an agendized item at the TOC meeting following the release of the audit. The cost of the audit will be charged against the Treasurer's budget and will be included in the investment expenses which are deducted from earnings prior to interest apportionment. A copy of the annual audit will be distributed pursuant to Government Code § 53686.

MEETINGS

The TOC meets on a quarterly basis. These meetings are held within 30 days after the end of each quarter. Meeting dates and times are established at the beginning of each calendar year.

ADMINISTRATION

SAFEKEEPING

Investments are held in a third-party safekeeping custodial account designated by the Treasurer to provide the public with the highest degree of protection with regard to investments held in the portfolio. The delivery-versus-payment (DVP) purchase procedure will be used. Third-party safekeeping refers to holding securities in a trust account by an entity other than the party through whom the investment was purchased. The DVP refers to the practice of using an escrow procedure to process a transaction through the third-party safekeeper. This practice ensures that the transaction settles after the transaction terms and conditions of the parties involved have been met.

COLLATERALIZATION

Repurchase agreements are required to be collateralized by securities or cash authorized under California Government Code § 53601.7(e). In order to anticipate market changes and provide a level of security the collateralization level will be a minimum of 102% of market value of the principal and accrued interest and shall be marked-to-market no less frequently than weekly. A Master Repurchase Agreement is required for the authorized bank and broker/dealer accounts for all daily cash surplus (see Investment Terminology).

PERFORMANCE BENCHMARK

The investment portfolio is constructed with the objective of obtaining a market rate of return throughout budgetary and economic cycles, matching the investment risk controls and cash flow requirements, thus preserving capital, meeting liquidity, and providing yield. The Treasurer's investment strategy is to manage the portfolio with less risk than a benchmark comparable index and to use economies of scale to invest and administer the program at a reasonable cost. As a result the portfolio is benchmarked against both the BofA Merrill Lynch 1-3 Year US Treasury Index and the California Local Agency Investment Fund (LAIF).

INTERNAL CONTROLS & PROCEDURES

The Treasurer has established a system of written internal controls, which is reviewed annually by the County’s independent (external) auditor. The controls are designed to prevent loss of public funds due to fraud, employee error, misrepresentation by third parties, unanticipated market changes, or imprudent actions of employees of the Treasurer’s Office. The Treasurer shall evaluate any audit reports in a timely manner with the Treasury Oversight Committee. The quarterly audit reports of the Treasury shall be provided as required by Government Code § 26920 through 26922. Daily compliance of the investment portfolio shall be performed by the Treasurer’s Compliance Division. Compliance will be determined on a fair market value basis. All agreements, statements, and trade confirmations will be subject to review annually by auditors in conjunction with their audit.

The Treasurer has procedures for the investment process that are consistent with this policy and are statutorily compliant. Procedures include safekeeping, master repurchase agreements, wire transfer agreements, collateral and depository agreements, banking service contracts and other investment and banking related activities. Such procedures include explicit delegation of authority to personnel responsible for investment transactions.

The Treasurer shall designate the Assistant Treasurer-Tax Collector as a liaison/deputy in the event circumstances require timely action and the County Treasurer is not present. No investment personnel may engage in an investment transaction except as provided under terms of this policy and the procedures established by the County Treasurer. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of Treasury personnel.

The Treasurer will maintain a system of internal controls. Whenever possible those controls will be maintained through the use of computer automation and generally accepted means for subdivision of duties. Internal controls are designed with the intended purpose of preventing or minimizing loss of public money.

A system of internal controls is maintained to address the following issues but is not limited to these issues:
1) Separation of transaction authority from accounting and record keeping.
2) Third- Party custodial safekeeping.
3) Clear delegations of authority.
4) Written confirmations from appropriate parties.
5) Guidelines for attempting to prevent losses, and appropriate remedial action in the event of loss.
6) Provisions for legal compliance monitoring.
7) Provisions for ongoing monitoring and auditing of internal controls.

COMPETITIVE BIDDING

All transactions will be made through the use of competitive bids whenever possible. At least two (2) competitive bids will be solicited for each transaction. If the solicitation of two bids is not feasible or practical, the reason will be stated in the transaction documentation. Exceptions to the use of competitive bids may include, but are not limited to the following:

1. Market circumstances where time constraints would make the bid process impractical.
2. Investments possessing distinctive characteristics.
3. Overnight deposits where time constraints may not accommodate the bid process.
4. Transactions in which investments are actively traded and priced by market information services such as Telerate and Bloomberg, where current market price can be readily determined.

REPORTING

California Government Code § 53646 require the following regarding reporting:

The Treasurer shall annually render a Statement of Investment Policy to the Oversight Committee and to the Board of Supervisors. The Treasurer shall render quarterly an Investment Report to the County Executive Officer, the County Auditor, Board of Supervisors and Oversight Committee within 30 days following the end of the quarter covered by the report.

As required by Government Code § 53646, the quarterly report will include:

1. A ledger of daily transactions for the quarter;

2. A list of holdings as of the last day of the quarter which notes:
   a. Type of Investment
   b. Issuer
   c. Date of Maturity
   d. Par Amount
   e. Book Value
   f. Market Value at Quarter-end (and Source of Value);

3. A statement of compliance with the Statement of Investment Policy or an explanation of any variance.

4. A statement of the pool's ability to meet the expenditure requirements for the next six months or an explanation of why the pool cannot meet the expenditure requirements.

A monthly transaction report will be made available to the legislative body per Government Code § 53607.

As deemed appropriate, the Treasurer or the TOC may issue additional statistical or narrative reports.

MARKED-TO-MARKET

Marked-to-Market is the requirement of the AICPA's pronouncement GASB 31 which dictates that portfolios disclose the Fair Market Value of investments on a given date. Fair Market Value can be determined by an independent agency. The cost of an independent agency is significant, and we have determined that the portfolio valuation will be marked-to-market using our custodian's fair market valuation rather than incurring an additional vendor cost. Our Custodian utilizes several market pricing services, including Merrill Lynch, Bloomberg, and others.

INTEREST APPORTIONMENT

Historically, Interest Apportionment was calculated using the cash basis method of accounting. Effective July 1, 1999, the Interest Apportionment changed from the cash basis to the modified accrual basis method of accounting. All interest earnings, amortization earnings, and coupon payments are deposited into Trust Fund # 2070 Treasurer's Interest. A modified journal entry is processed to recognize the accrued interest and amortization for the quarter. Departmental treasury costs are recovered quarterly based on actual treasury expenditures. After all expenditures are netted against earnings, the net revenues are distributed to the Pool Participants through the following Interest Apportionment process.

At end of month, the Auditor-Controller's department requests Central Square report Average Daily Cash Balances and Central Square report Interest Apportionment Control Report.

The Central Square Average Daily Cash Balances shows each fund's cumulative balance, number of days the fund had a balance, and average balance for each fund. The cumulative balance is computed by adding the daily balances of the fund. The average balance is the cumulative balance divided by the number of days the fund had a balance.

The Central Square Interest Apportionment Control Report shows the Apportionment Total which was posted to each fund. The Apportionment Total is calculated as follows:

(1) First, the system determines the fund's percent of the pool by using the following figures calculated on Central Square report Average Daily Cash Balance:
Cumulative balance for the fund divided by the total cumulative balance of all funds.

(2) Next, the fund's percent of the pool is multiplied times the Net Revenues. The result is the fund's Interest Apportionment for the quarter.

VOLUNTARY DEPOSITORS

A voluntary depositor is any local agency who has applied for and been granted participation in the county investment pool. The local agency's treasurer or other official responsible for their funds has determined that they have excess funds which are not required for immediate use. Once the excess funds are identified, the local agency's legislative or governing body must adopt a resolution that authorizes the investment of the funds pursuant to Government Code § 53684, and with the consent of the County Treasurer, deposit the excess funds in the county treasury for the purpose of investment by the County Treasurer pursuant to Government Code § 53601 or 53635. The resolution shall specify that the local agency acknowledges and is willing to be bound by the withdrawal provisions of Government Code § 27136, and that administrative charges will be deducted by the Treasurer as permitted by Government Code § 53684(b) and 27013. The Treasurer shall approve or disapprove such agency's request in writing.

ALLOWABLE VOLUNTARY DEPOSITORS TERMS AND CONDITIONS

Deposits by voluntary depositors who have the right to withdraw funds increase the cashflow volatility of the Treasury. This increase in cashflow volatility makes accurate cashflow forecasting more difficult. Thus, deposits by voluntary depositors increase the risk to the remaining depositors prompting the Treasurer to sell investments prior to maturity to meet the unanticipated withdrawal demands of voluntary depositors. The increase in risk associated with the deposits of voluntary depositors is recognized by rating agencies, auditors and other financial overseers and is a consideration in the credit evaluations and oversight comments provided to all depositors.

By approval of the Treasurer, the deposit of funds from voluntary depositors may be accepted under the following criteria:

1. The legislative or governing body of the voluntary depositor shall pass a resolution authorizing the investment of funds into the Merced County Treasury.
2. The legislative or governing body of the voluntary depositor shall include in its resolution all terms and conditions as determined by the County Treasurer, Involuntary depositors (depositors required to deposit into the Treasury) who are required to deposit operating and other funds in the Treasury may from time to time have a limited amount of funds which are discretionary as to deposit requirements (such as proceeds from the issuance of debt), which are not required to be deposited into the County Treasury.

The discretionary funds (funds not required to be deposited into the Treasury) of involuntary depositors will be accepted for deposit into the Treasury. Joint power authorities may also place deposits in the Treasury. When a majority of the JPA’s membership is comprised of depositors domiciled in the County, the funds of the JPA may be invested in the Treasury.

WITHDRAWAL OF FUNDS

Withdrawals for claims and accounts payable are to be made by auditor’s warrant. Various forms of electronic transfer can be used to make withdrawals for the purpose of payroll, bond and note related transactions and to transfer investment funds.

The Treasurer's Investment Policy establishes guidelines for unusual or unexpected withdrawal of cash and provides for adequate liquidity to cover day-to-day operations of pool depositors. On occasion, depositors have a need of withdrawals that exceed those normally associated with operations. It is essential that all agencies inform the Treasurer of anticipated withdrawals in excess of $2,000,000 as far in advance as possible. To accommodate such withdrawals, the Treasurer-Tax Collector’s Office has established written notification requirements as set forth below to allow for adjustments to the liquidity position of the Portfolio.

The notification required is as follows:
Withdrawals of up to $2,000,000 - 24 hours
Withdrawals of $2,000,001 and more - 72 hours

Failure to adhere to these requirements may result in payment being delayed by the Treasurer-Tax Collector's office.

Pursuant to CA Government Code § 27136, prior written notice is required for withdrawals from the county treasury pool for the purpose of investing or depositing funds outside of the county treasury. The written notice may be submitted via email or fax, with original request to follow. The Treasurer will evaluate each proposal to ensure that the request will not adversely affect the interest of the other depositors in the Treasury. Should the Treasurer determine that a withdrawal for the purpose of investing or depositing funds (including reinvestment of note proceeds) outside of the county treasury would adversely affect the interest of other depositors in the pool, the Treasurer may utilize either: the provisions of Government Code § 53684 to require 30 days written notice prior to any withdrawals or honor the withdrawal at the current market value of the portfolio. Approval of the withdrawal does not constitute approval or endorsement of the investment.

BUSINESS CONTINUITY PLAN

Merced County is located in a severe flood plain as determined by the California Office of Emergency Services. Due to the concern that mission critical functions cannot be performed, the Merced County Treasury has established a Continuity of Operations Plan (COOP) for conducting Treasury business. In the event the primary place of business is inaccessible, please refer to the Merced County COOP Plan.

Located within the Treasury department is one (1) separate and secure workstation used for the sole purpose of accessing Wells Fargo CEO web portal for wire transfers. All other information is located on the County server.

In the event we are unable to conduct normal business operations, authorized personnel shall activate the Merced County Treasury's Continuity of Operations Plan (COOP) using three (3) secure laptops at remote locations. These secure laptops are programmed to access the Wells Fargo CEO web portal and a secure cloud portal using Microsoft OneDrive for Business only, to perform the mission critical functions.

Ongoing testing of the Merced County Treasury's COOP is performed to ensure preparedness should an emergency occur.

The Plan provides for continuity of mission critical functions of the Treasury to be initiated within 0-12 hours of an event.

Mission critical functions for the Treasury have been identified as follows:

1. Project daily cash flow and ensure sufficient liquidity to meet the needs of the pool participants.
2. Reconcile daily cash with bank.
3. Reconcile daily cash to Central Square General Ledger.
4. Reconcile daily checkbook.
5. Prepare bank deposit.
6. Evaluate Positive Pay and make decision to honor or reject.
7. Initiate wires and transfer funds as required.
8. Review and approve initiated funds wires.
9. Monitor investment portfolio and make changes as required.

In all cases, the safety of Treasury personnel is paramount. In no event will the alternate locations or processes be employed if doing so will endanger any person at any time.

AUTHORIZED INVESTMENTS & DIVERSIFICATION

Pursuant to CA Government Code § 27000 - Prudence definition,
§ 53600 - Local agency definition, § 53601 - Authorized investments
(See Appendix 1 for complete investment listing)

The Treasurer has established the following self-imposed restrictions which are stricter than the statutory requirement to ensure diversification is maintained in the portfolio. The diversification is critical to reduce risks associated with investment concentration, quality and duration. The portfolio's approved Weighted Average Maturity (WAM) is not to exceed 730 days with no more than 10% held in one issuer's name. Cashflow projections, fed fund targets and other opportunities are continuously evaluated to define the strategy for the portfolio.

Government Code § 53601 INVESTMENT TYPES & RESTRICTIONS*			TREASURER IMPOSED
TYPE	**MAXIMUM TERM**	**MAXIMUM %**	**RESTRICTIONS**
(a) Local Agency Bonds	5 years	No limit	30%
(b) USTN, Bonds, Bills,...	5 years	No limit	50%
(c) Reg'd State Wts, TN Bonds	5 years	No limit	30%
(e) Local Agency Bonds, Notes,..	5 years	No limit	75%
(f) Agency Obligations...Federal Agency/ GSE	5 years	No limit	75%
(g) Bankers Acceptances	180 days	40%; limited to 30% in one specific bank	25%; limited to10% in one specific bank
(h) Commercial Paper	270 days	40%; limited to 10% in one single corp.issuer	30%; limited to 10% in one single corp.issuer
(i) Certificates of Deposits	5 years	30%	30%
(j) Repurchase Agreements *	1 years	20%	20%
(k) Corp. Notes (MTNs) *	5 years	30%	30%
(q) Supranationals –Int'l Bk for Recons & Devel (IBRD), Int'l Fin Corp (IFC) or Inter-American Dev Bk (IADB)	5 years	30%	30%
LAIF **	not specified	75MM	75MM or 25%
Managed Pool Accounts (CAMP)	not specified	No limit	25%

Due to fluctuations in the portfolio's balance, compliance testing is applicable on the day of purchase.

* THE COUNTY TREASURER WILL NOT PURCHASE reverse repurchase agreements, strips or zero interest accrual investments~~,~~ with the exception of any exposure in money markets purchased for the portfolio.

** The County has authority over two LAIF accounts; a general pool and a Merced County Office of Education account.

AUTHORIZED BROKERS/DEALERS & DEPOSITORIES

Brokers, Dealers and Banks approved for transacting business with the Merced County Treasurer*'s* office must complete a detailed questionnaire and provide audited financial statement, references and requested financial institution information. A review and approval is required before any investment services can be considered. On-going evaluations are completed on all approved broker/dealer/depositories relationships on a regular basis as deemed necessary. A current list is maintained in the Treasury and available upon request.

1. Institutions designated as primary dealers by the Federal Reserve Bank of New York, or

2. Banks identified as one of the top 100 banks in the world, or

3. Banks, brokers or dealers whose transactions are guaranteed by one ofthe top 100 banks in the world, or

4. Banks, brokers or dealers whose parent company is one of the top 100 banks in the world.

6. Prohibited from making Political Contributions to County officials.

6. All authorized brokers of the County certify that they have reviewed the California Government Code § 53600 et seq. and the County's Investment Policy and that all securities offered to the Merced County *Treasury* will comply with the provisions of the Code and Investment Policy.

7. The Treasurer has posted the "Independent Registered Municipal Advisor Exemption Notice" on the webpage at www.mercedtaxcollector.org underthe Treasury tab.

REVIEW AND ANALYSIS OF PROSPECTIVE INVESTMENTS

Whenever possible, investment vehicles shall be selected according to specific needs and portfolio guidelines, as well as economic and market conditions. Due to the complexity of the various investment instruments available and uncertainty of market conditions, the Treasurer may seek professional advice in making investment decisions in order to optimize investment selections.

The portfolio is managed in accordance with Statement No. 40 of the Government Accounting Standards Board for Deposit and Investment Risk Disclosure. The investments shall be diversified by limiting investments to avoid concentration in specific issuer or business sector; limiting investment in securities that have higher credit or liquidity risks; investing in varying maturities; and continuously investing in overnight repurchase agreements, money markets, and the California Local Agency Investment Fund (LAIF).

PUBLIC INQUIRY

The County Treasurer's portfolio and related transactions are a matter of Public Record. Any member of the public may receive a copy of the portfolio or Investment Policy by requesting a copy at the Treasurer's Office. The Treasurer may charge a fee for the copy, as prescribed in our fee ordinance No.1968.

MERCED COUNTY TREASURER

LISTING OF
INVESTMENT TERMINOLOGY

ACCRUED INTEREST: The amount of interest that is earned, but unpaid since the last interest payment date.

AGENCY: Securities issued by government-sponsored corporations such as Federal Home Loan Banks (FHLB) or Federal Land Banks (FLB.) Agency securities are exempt from Securities and Exchange Commission (SEC) registration requirements.

AMERICAN CALL: Bonds may be called at any time following the first call or lockout period.

AMORTIZATION: Accounting procedure that gradually reduces the cost value of a limited life or intangible asset through periodic charges to income. It is a common practice to amortize any premium over par value paid in the purchase of bond investments or any discount under par value recognized in the purchase of bond investments.

ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR): The official annual report for the County. It includes five combined statements for each individual fund necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed statistical section.

ASKED PRICE: The price at which securities are offered from a seller.

ASSET BACKED SECURITIES (ABS): Securities collateralized with consumer receivables, such as automobile loans, credit card receivables, or home equity loans, which are owned by the issuer, but placed with a trustee for the benefit of the investor.

BANKER'S ACCEPTANCE (BA): Time draft drawn on and accepted by a bank [for up to 6 months], the customary means of effecting payment for merchandise sold in import-export transactions and a source of financing used extensively in international trade. These are time drafts in which a bank "accepts" as its financial responsibility to pay the principal at maturity even if the importer does not. In essence, these are bank obligations collateralized by goods being shipped between an exporter and an importer. With the credit strength of a bank behind it, the banker's acceptance usually qualifies as a MONEY MARKET instrument. The liability assumed by the bank is called its acceptance liability.

BANKER NOTE (BN): Similar to Commercial Paper (debt instrument issued by the Bank's holding company), but the Bank Note is issued directly by the Bank and not the holding company. BNs represent the highest senior debt issued by the bank, second only to Certificate of Deposit holders; highly negotiable and liquid; an allowable and accepted institutional investment form.

BASIS POINT: When a yield is expressed as 7.32%, the digits to the right of the decimal point are known as basis points. One basis point equals 1/100 of one percent. Example: 0.25% is twenty-five basis points. Basis points are used more often to describe changes in yields on bonds, notes and other fixed-income securities.

BENCHMARK: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BERMUDA CALL: Bonds may only be called on a pre-determined schedule of call dates. Monthly, Quarterly, Annually etc.

BID PRICE: The price at which a buyer offers to buy a security.

BOND: A long-term debt instrument in which the investor lends money to the bond issuer, who agrees to pay a stated rate of interest over a specified period of time. Very simply, a bond is a promissory note which is traded in the financial markets. The investor's position is that of lender.

BOND RATING: A rating selected from a scale which indicates the relative likelihood of default.

BOOK ENTRY: The system, maintained by the Federal Reserve, by which most money market securities are "delivered" to an investor's custodian bank. The Federal Reserve maintains a computerized record of the ownership of these securities and records any changes in ownership corresponding to payments made over the Federal Reserve wire (delivery versus payment). These securities do not receive physical certificates.

BOOK VALUE: The original cost of the investment, plus accrued interest and amortization of any premium or discount.

BROKER: A broker brings buyers and sellers together and is compensated for his/her service.

CALL OPTION: A contract which allows the holder to buy a specified quantity of an asset at a specified price on or within a specified date.

CALLABLE BONDS: Bonds which may be redeemed by the issuing company prior to the maturity date.

CANARY CALL: Bonds may be called during an open call period, if not called on the last date, then they become non callable to maturity.

CAPITAL GAIN/LOSS: The profit or loss realized from the sale of a capital asset.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate. Large-denomination CD's are typically negotiable.

COLLATERAL: Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement or securities pledged by a financial institution to secure deposits of public moneys. Repurchase agreements are required and must be executed with approved broker-dealers, collateralized with either: (1) U.S. Treasuries or Agencies with a market value of 102% for collateral marked to market daily; or (2) money market instruments which are on the approved list of the County and which meet the qualifications of the Policy with a market value of 102%.

COMMERCIAL PAPER (CP): Short-term obligations with maturities ranging from 2 to 270 days issued by banks, corporations, and other borrowers to investors with temporarily idle cash. Such instruments are unsecured and usually discounted, although some are interest-bearing. Investors (actually lenders, since commercial paper is a form of debt) like the flexibility and safety of an instrument that is issued only by top-rated concerns and is nearly always backed by bank lines of credit. Both Moody and Standard & Poor assign ratings to commercial paper.

COUPON OR COUPON RATE: The rate at which a bond pays interest. Stated as a percentage of par and computed out to a dollar amount. Example: A note with a coupon of 6% pays $30,000 interest per million dollars of par every six months, or $60,000 annually.

CURRENT YIELD: The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

CUSTODIAN: A bank or other financial institution that keeps custody of stock certificates and other assets.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE: A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT (DVP): Delivery of securities with a simultaneous exchange of money for the securities.

DERIVATIVE: A security whose interest rate of principal amount may vary and is determined by a market index or a combination of market indexes.

DISCOUNT: The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as Treasury bills and bankers acceptances, are known as discount securities. They sell at a discount from par, and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for the full face value of the investment.

DIVERSIFICATION: An investment strategy designed to spread the risk in a portfolio by dividing investments among different sectors, industries and companies.

DOLLAR-WEIGHTED AVERAGE MATURITY: A calculation that expresses the “average maturity” of an investment portfolio using each investment’s maturity weighted by size of that investment.

EUROPEAN CALL: Bonds may only be called on one pre-determined date.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to $100,000 per deposit.

FED FUNDS: The settlement is to be consummated with funds on deposit at the Federal Reserve Bank; and thus available the same day. All government securities are traded on Fed Funds; also referred to as “same day funds”.

FEDERAL FUNDS RATE: Interest rate at which banks lend federal funds to each other.

FEDERAL HOME LOAN BANKS (FHLB): Government sponsored wholesale banks that lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder owned corporation.

FEDERAL OPEN MARKET COMMITTEE (FOMC): This committee sets Federal Reserve guidelines regarding purchases and sales of government securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: A U.S. centralized banking system which has supervisory powers over the 12 Federal Reserve banks and about 6,000 member banks.

FIXED-INCOME SECURITIES: Securities which return a fixed income over a specified period.

FLOATING RATE NOTE: A debt security whose interest rate is reset periodically (monthly, quarterly, annually) and is based on a market index (e.g. Treasury bills, LIBOR, ect.).

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, saving and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FmHA mortgages. The term "pass-throughs" is often used to describe Ginnie Maes.

GOVERNMENT-SPONSORED ENTERPRISES (GSE): Government sponsored obligations, participation, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

INTEREST: The amount earned while owning a debt security, generally calculated as a percentage of the principal amount.

LIQUIDITY: The speed and ease with which an investment can be converted to cash.

LOCAL AGENCY: County, city, city and county, including a charter city or county, school district, community college district, public district, county board of education, county superintendent of schools, or any public or municipal corporation.

MARKET: Refers to the place, physical or electronic, that investment transactions take place. The New York Stock Exchange (NYSE) is a recognized exchange (stock market) with a physical location in New York. The Chicago Board of Trade (CBT) is a recognized exchange (commodities market) with a physical location in Chicago. The "over-the-counter" market is an electronic and phone system used to trade investments which are not traded on recognized exchanges. Bond and money market investments (fixed income securities) are traded on the "over-the-counter" market.

MARKET RISK: The risk that changes in overall market conditions or interest rate may adversely affect current market prices.

MARK-TO-MARKET: The market valuation for every security in a portfolio used in determining Net Asset Value (NAV).

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A required written contract covering all future transactions between the parties to repurchase agreements that establish 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 (see Collateral).

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MEDIUM TERM NOTE (MTN): Debt securities issued by a corporation or depository institution with a maturity ranging from nine months to five years. The term "medium-term notes" refers to the time it takes for an obligation to mature, and includes other corporate debt securities originally issued for maturities longer than five years, but which have now fallen within the five year maturity range. MTNs issued by banks are also called "bank notes."

MONEY MARKET: The market in which short term debt instruments (Treasury bills, discount notes, commercial paper, bankers' acceptances, etc..) are issued and traded.

MONEY MARKET MUTUAL FUNDS: An investment company that pools money from investors and invests in a variety of short-term money market instruments. The Net Asset Value (NAV) of these funds should remain at $1.00; however, it is not guaranteed.

MUNICIPAL DEBT: Issued by public entities to meet capital needs.

NATIONALLY RECOGNIZED RATING SERVICES: Firms that review the creditworthiness of the issuers of debt securities, and express their opinion in the form of letter ratings (e.g. AAA, AA, A, BBB, etc.) The primary rating agencies include Standard & Poor's Corporation; Moody's Investor Services, Inc.; Fitch Investors Service; Duff & Phelps Investment Service; Thompson Bank Watch and International Bank Credit Analyst.

NEGOTIABLE CERTIFICATE OF DEPOSIT (CD): Large-dollar-amount, short-term certificate of deposit. Such certificates are issued by large banks and bought mainly by corporations and institutional investors. They are payable either to the bearer or to the order of the depositor, and, being NEGOTIABLE, they enjoy an active SECONDARY MARKET, where they trade in round lots of $5 million.

NET ASSET VALUE (NAV): A per-share valuation of a mutual fund based on total assets minus total liabilities.

NON CALLABLE: Bond that is exempt from any kind of redemption for a stated time period. Also known as a Bullet Bond.

OFFER PRICE: The price asked by a seller of securities.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy.

PAR VALUE: The amount of principal which must be paid at maturity; also referred to as the face amount of a bond, normally quoted in $1,000 increments per bond.

PHYSICAL DELIVERY: The delivery of an investment to a custodian bank in the form of a certificate and/or supporting documents evidencing the investment (as opposed to "book entry" delivery).

PLAIN VANILLA: Non-derivative investments which are not leveraged and whose interest rates do not change.

PORTFOLIO: A group of securities held by an investor.

PREMIUM: The difference between the par value of a bond and the market value of the bond, when the market value is above par.

PRICE: The percentage of par at which a security is bought and sold. Corporate debt is traded in denominations of 100th of a percent. Government debt is traded in denominations of 32nds of a percent.

PRICE RISK: The risk that the price of a bond sold prior to maturity will be less than the price at which the bond was originally purchased.

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.

PRIME RATE: The interest rate banks charge the biggest borrowers with the best credit ratings.

PRINCIPAL: The face value or par value of an investment.

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

PSA MASTER REPURCHASE AGREEMENT: A required written contract covering all future transactions between the authorized bank and the Treasurer to repurchase agreements that establish each party's rights in the transactions (see Collateral & Repurchase Agreement).

QUALIFIED INSTITUTIONAL BUYER: A qualified institutional buyer (QIB) is a class of investor that can safely be assumed to be a sophisticated investor and hence does not require the regulatory protection that the Securities Act's registration provisions give to investors. In broad terms, QIBS are institutional investors that own or manage on a discretionary basis at least $100 million worth of securities. The SEC allows only QIBs to trade Rule 144A securities, which are certain securities deemed to be restricted or control securities, such as private placement securities for example. On Aug. 26, 2020, the SEC adopted amendments to the QIB and accredited investor definitions that broadened the list of entities eligible adding, governmental agencies.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

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.

RECEIVABLE-BACKED SECURITIES: Securities collateralized with consumer receivables, such as automobile loans, credit card receivables, or home equity loans, which are owned by the issuer, but placed with a trustee for the benefit of the investor.

RECEIVABLE PASS-THROUGH CERTIFICATE: A debt obligation that is backed by a portfolio of receivables, normally issued by a bank of financial institution. The interest and principal of the obligation is paid out of the cash flow generated by the receivables portfolio.

REGISTERED STATE WARRANT: A short-term obligation of a state governmental body issued in anticipation of revenue.

REINVESTMENT RISK: The risk that coupon payments (or other payments received) cannot be reinvested at the same rate as the initial investment.

REPURCHASE AGREEMENT (RP OR REPO): The purchase of securities, on a temporary basis, with the seller's simultaneous agreement to repurchase the securities at a later date at a specified price that includes interest for the buyer's holding period. In essence, this is a collateralized investment whereby the security "buyer" lends the "seller" money for the period of the agreement.

REVENUE ANTICIPATION NOTES OR RANs: Notes issued for thirteen months or less which are used to finance cashflow in anticipation of future tax revenue. Used by agencies having cashflow gaps between revenues and expenses that requires short-term interim financing. Also see Tax Anticipation Notes (TANs) and Tax and Revenue Anticipation Notes (TRANs).

RULE G-37 OF THE MUNICIPAL SECURITIES RULEMAKING BOARD: Federal regulations to sever any connection between the making of political contributions and the awarding of municipal securities business.

SAFEKEEPING: The holding of securities in a segregated account by a custody agent or trustee. Transactions are escrowed through these accounts by the custody agent or trustee. Safekeeping services are typically provided by banks and other financial institutions.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES & EXCHANGE COMMISSION (SEC): The federal agency responsible for supervising and regulating the securities industry.

SETTLEMENT DATE: The date on which the purchase or sale of securities is executed. For example, in a purchase transaction, the day securities are physically delivered or wired to the buyer in exchange for cash is the settlement date.

SUPRANATIONALS: International institutions that provide development financing, advisory services and/or other financial services to their member countries to achieve overall goal of improving living standards through sustainable economic growth. Key features are Triple-A rated, 0% risk weighting with Basle II and III, Financial strength based on diversified, sovereign shareholders, conservative risk management, quality loan portfolio (preferred creditor status), substantial liquidity and consistent profitability strong capitalization.

STRUCTURED NOTES: Notes issued by Government Sponsored Enterprises (FHLB, FNMA, SLMA, etc..) and Corporations that have imbedded options (e.g., call features, step-up coupons) 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.

TAX ANTICIPATION NOTES OR TANs: Notes issued for thirteen months or less which are used to finance cashflow in anticipation of future tax revenue. Commonly used by California local governments whose primary revenues are property taxes which are collected in December and April. Also see Revenue Anticipation Notes (RANs) and Tax and Revenue Anticipation Notes (TRANs).

TAX AND REVENUE ANTICIPATION NOTES OR TRANs: Notes issued for thirteen months or less. They are a combination of Tax Anticipation Notes (TANs) and Revenue Anticipation Notes (RANs). Also see Revenue Anticipation Notes (RANs) and Tax Anticipation Notes (TANs).

TRADE DATE: The date and time corresponding to an investor's commitment to buy or sell a security.

TREASURIES: Securities issued by the U.S. Treasury and backed by the FULL FAITH & CREDIT of the United States. Treasuries are considered to have no credit risk, and are the benchmark for interest rates on all other securities in the U.S. and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds. The income from Treasury securities is exempt from state and local, but not federal taxes.

TREASURY BILLS: Non-interest bearing discount securities with maturities under one year issued by the U.S. Treasury to finance the national debt.

TREASURY NOTES (USTN): Interest-bearing obligations issued by the U.S. Treasury with maturities ranging from two to ten years from the date of issue.

TREASURY BONDS: Interest-bearing obligations issued by the U.S. Treasury with maturities that range from ten to thirty years from date of issue.

YANKEE BANK: A foreign bank with operations in the U.S. Bonds issued by these banks are called Yankee bonds.

YIELD: The annual rate of return on a debt investment computed as though held to maturity expressed in %.

YIELD TO MATURITY (YTM): The rate of return earned on an investment considering all cashflows and timing factors: interest earnings, discounts, and premiums above par.

ZERO-COUPON BONDS/U.S. TREASURY STRIPS: A bond which represents ownership of a single coupon or principal payment due on a U.S. Treasury bond. “Zero” or “strips” mature at face value at a specified date in the future and make no payments until that date. They always sell at a discount from face value.

AUTHORIZED INVESTMENT – APPENDIX 1

CALIFORNIA GOVERNMENT CODE - GOV

TITLE 5. LOCAL AGENCIES [50001 - 57607]

(Title 5 added by Stats. 1949, Ch. 81.)

DIVISION 2. CITIES, COUNTIES, AND OTHER AGENCIES [53000 - 55821]

(Division 2 added by Stats. 1949, Ch. 81.)

PART 1. POWERS AND DUTIES COMMON TO CITIES, COUNTIES, AND OTHER AGENCIES [53000 - 54999.7]

(Part 1 added by Stats. 1949, Ch. 81.)

CHAPTER 4. Financial Affairs [53600 - 53997]

(Chapter 4 added by Stats. 1949, Ch. 81.)

ARTICLE 1. Investment of Surplus [53600 - 53610]

(Article 1 added by Stats. 1949, Ch. 81.)

53601.

This section shall apply to a local agency that is a city, a district, or other local agency that does not pool money in deposits or investments with other local agencies, other than local agencies that have the same governing body. However, Section 53635 shall apply to all local agencies that pool money in deposits or investments with other local agencies that have separate governing bodies. The legislative body of a local agency having moneys in a sinking fund or moneys in its treasury not required for the immediate needs of the local agency may invest any portion of the moneys that it deems wise or expedient in those investments set forth below. A local agency purchasing or obtaining any securities prescribed in this section, in a negotiable, bearer, registered, or nonregistered format, shall require delivery of the securities to the local agency, including those purchased for the agency by financial advisers, consultants, or managers using the agency's funds, by book entry, physical delivery, or by third-party custodial agreement. The transfer of securities to the counterparty bank's customer book entry account may be used for book entry delivery.

For purposes of this section, "counterparty" means the other party to the transaction. A counterparty bank's trust department or separate safekeeping department may be used for the physical delivery of the security if the security is held in the name of the local agency. Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase. For purposes of compliance with this section, an investment's term or remaining maturity shall be measured from the settlement date to final maturity. A security purchased in accordance with this section shall not have a forward settlement date exceeding 45 days from the time of investment. Where this section does not specify a limitation on the term or remaining maturity at the time of the investment, no investment shall be made in any security, other than a security underlying a repurchase or reverse repurchase agreement or securities lending agreement authorized by this section, that at the time of the investment has a term remaining to maturity in excess of five years, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment:

(a) Bonds issued by the local agency, 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.

(b) 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.

(c) 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.

(d) 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.

(e) Bonds, notes, warrants, or other evidences 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.

(f) 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.

(g) Bankers' acceptances otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank. Purchases of bankers' acceptances shall not exceed 180 days' maturity or 40 percent of the agency's moneys that may be invested pursuant to this section. However, no more than 30 percent of the agency's moneys may be invested in the bankers' acceptances of any one commercial bank pursuant to this section.

This subdivision does not preclude a municipal utility district from investing moneys in its treasury in a manner authorized by the Municipal Utility District Act (Division 6 (commencing with Section 11501) of the Public Utilities Code).

(h) Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or (2):

(1) The entity meets the following criteria:

(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 category of "A" or its equivalent or higher by an NRSRO.

(2) The entity meets the following criteria:

(A) Is organized within the United States as a special purpose corporation, trust, or limited liability company.

(B) Has programwide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond.

(C) Has commercial paper that is rated "A-1" or higher, or the equivalent, by an NRSRO.

Eligible commercial paper shall have a maximum maturity of 270 days or less. Local agencies, other than counties or a city and county, may invest no more than 25 percent of their moneys in eligible commercial paper. A local agency, other than a county or a city and a county, may invest no more than 10 percent of its total investment assets in the commercial paper and the medium-term notes of any single issuer. Counties or a city and county may invest in commercial paper pursuant to the concentration limits in subdivision (a) of Section 53635.

(i) Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section. For purposes of this section, negotiable certificates of deposit do not come within Article 2 (commencing with Section 53630), except that the amount so invested shall be subject to the limitations of Section 53638. The legislative body of a local agency and the treasurer or other official of the local agency having legal custody of the moneys are prohibited from investing local agency funds, or funds in the custody of the local agency, in negotiable certificates of deposit issued by a state or federal credit union if a member of the legislative body of the local agency, or a person with investment decisionmaking authority in the administrative office manager's office, budget office, auditor-controller's office, or treasurer's office of the local agency also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

(j) (1) Investments in repurchase agreements or reverse repurchase agreements or securities lending agreements of securities authorized by this section, as long as the agreements are subject to this subdivision, including the delivery requirements specified in this section.

(2) Investments in repurchase agreements may be made, on an investment authorized in this section, when the term of the agreement does not exceed one year. The market value of securities that underlie a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against those securities and the value shall be adjusted no less than quarterly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day.

(3) Reverse repurchase agreements or securities lending agreements may be utilized only when all of the following conditions are met:

(A) The security to be sold using a reverse repurchase agreement or securities lending agreement has been owned and fully paid for by the local agency for a minimum of 30 days prior to sale.

(B) The total of all reverse repurchase agreements and securities lending agreements on investments owned by the local agency does not exceed 20 percent of the base value of the portfolio.

(C) The agreement does not exceed a term of 92 days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

(D) Funds obtained or funds within the pool of an equivalent amount to that obtained from selling a security to a counterparty using a reverse repurchase agreement or securities lending agreement shall not be used to purchase another security with a maturity longer than 92 days from the initial settlement date of the reverse repurchase agreement or securities lending agreement, unless the reverse repurchase agreement or securities lending agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

(4) (A) Investments in reverse repurchase agreements, securities lending agreements, or similar investments in which the local agency sells securities prior to purchase with a simultaneous agreement to repurchase the security may be made only upon prior approval of the governing body of the local agency and shall be made only with primary dealers of the Federal Reserve Bank of New York or with a nationally or state-chartered bank that has or has had a significant banking relationship with a local agency.

(B) For purposes of this chapter, "significant banking relationship" means any of the following activities of a bank:

(i) Involvement in the creation, sale, purchase, or retirement of a local agency's bonds, warrants, notes, or other evidence of indebtedness.

(ii) Financing of a local agency's activities.

(iii) Acceptance of a local agency's securities or funds as deposits.

(5) (A) "Repurchase agreement" means a purchase of securities by the local agency pursuant to an agreement by which the counterparty seller will repurchase the securities on or before a specified date and for a specified amount and the counterparty will deliver the underlying securities to the local agency by book entry, physical delivery, or by third-party custodial agreement. The transfer of underlying securities to the counterparty bank's customer book-entry account may be used for book-entry delivery.

(B) "Securities," for purposes of repurchase under this subdivision, means securities of the same issuer, description, issue date, and maturity.

(C) "Reverse repurchase agreement" means a sale of securities by the local agency pursuant to an agreement by which the local agency will repurchase the securities on or before a specified date and includes other comparable agreements.

(D) "Securities lending agreement" means an agreement under which a local agency agrees to transfer securities to a borrower who, in turn, agrees to provide collateral to the local agency. During the term of the agreement, both the securities and the collateral are held by a third party. At the conclusion of the agreement, the securities are transferred back to the local agency in return for the collateral.

(E) For purposes of this section, the base value of the local agency's pool portfolio shall be that dollar amount obtained by totaling all cash balances placed in the pool by all pool participants, excluding any amounts obtained through selling securities by way of reverse repurchase agreements, securities lending agreements, or other similar borrowing methods.

(F) For purposes of this section, the spread is the difference between the cost of funds obtained using the reverse repurchase agreement and the earnings obtained on the reinvestment of the funds.

(k) Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated in a rating category of "A" or its equivalent or better by an NRSRO. Purchases of medium-term notes shall not include other instruments authorized by this section and shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section. A local agency, other than a county or a city and a county, may invest no more than 10 percent of its total investment assets in the commercial paper and the medium- term notes of any single issuer.

(l) (1) Shares of beneficial interest issued by diversified management companies that invest in the securities and obligations as authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (q), inclusive, and that comply with the investment restrictions of this article and Article 2 (commencing with Section 53630). However, notwithstanding these restrictions, a counterparty to a reverse repurchase agreement or securities lending agreement is not required to be a primary dealer of the Federal Reserve Bank of New York if the company's board of directors finds that the counterparty presents a minimal risk of default, and the value of the securities underlying a repurchase agreement or securities lending agreement may be 100 percent of the sales price if the securities are marked to market daily.

(2) Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.).

(3) If investment is in shares issued pursuant to paragraph (1), the company shall have met either of the following criteria:

(A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.

(B) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (q), inclusive, and with assets under management in excess of five hundred million dollars ($500,000,000).

(4) If investment is in shares issued pursuant to paragraph (2), the company shall have met either of the following criteria:

(A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.

(B) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars ($500,000,000).

(5) The purchase price of shares of beneficial interest purchased pursuant to this subdivision shall not include commission that the companies may charge and shall not exceed 20 percent of the agency's moneys that may be invested pursuant to this section. However, no more than 10 percent of the agency's funds may be invested in shares of beneficial interest of any one mutual fund pursuant to paragraph (1).

(m) Moneys held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are no specific statutory provisions, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.

(n) Notes, bonds, or other obligations that are at all times secured by a valid first priority security interest in securities of the types listed by Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by Section 53652 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted.

(o) (1) A mortgage passthrough security, collateralized mortgage obligation, mortgage- backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond.

(2) For securities eligible for investment under this subdivision (b) or (f), the following limitations apply:

(A) The security shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and have a maximum remaining maturity of five years or less.

(B) Purchase of securities authorized by this paragraph shall not exceed 20 percent of the agency's surplus moneys that may be invested pursuant to this section.

(p) Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (r), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

(1) The adviser is registered or exempt from registration with the Securities and Exchange Commission.

(2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q), inclusive.

(3) The adviser has assets under management in excess of five hundred million dollars ($500,000,000).

(q) United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section.

(r) Commercial paper, debt securities, or other obligations of a public bank, as defined in Section 57600.

This section shall become operative on January 1, 2026.

(Amended (as amended by Stats. 2022, Ch. 427, Sec.9) by Stats. 2023, Ch. 187, Sec. 6. (SB 882) Effective January 1, 2024. Section operative January 1, 2026, by its own provisions.)

MERCED COUNTY TREASURY INVESTMENT REPORT

For the

Quarter Ending December 31, 2024

Contents

Report of Quarter Ending December 31, 2024

PORTFOLIO REVIEW
FOR THE QUARTER ENDING December 31, 2024

Portfolio Composition:

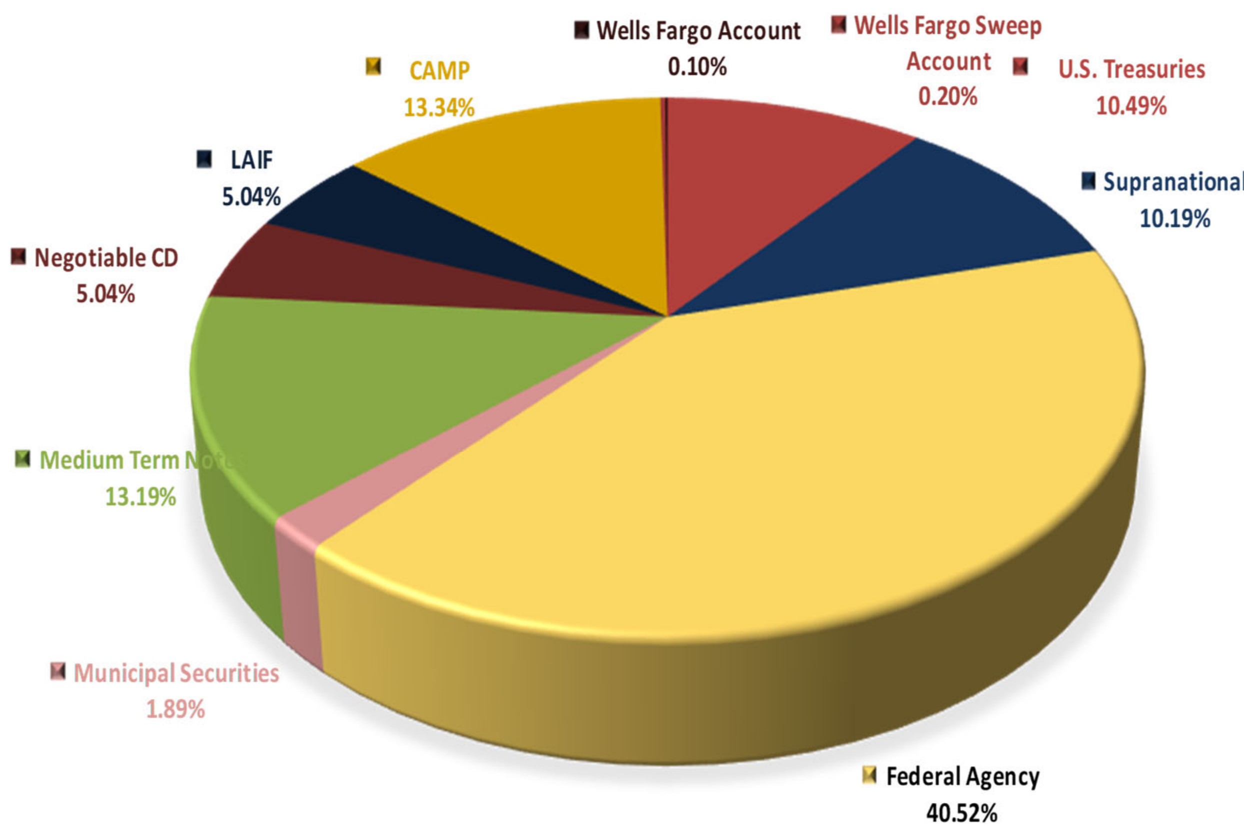
Book Value of Assets Held	$2,181,493,020
Market Value of Assets Held	$2,162,402,318
Assets Maturing Within 90 Days	621,155,148
Percentage of Market to Book Value	99.12%
Weighted Average Maturity	571 days

Return on Assets:

Total Earning Quarter Ended	$18,759,146
Total Earning Fiscal YTD	$37,798,642
Rate of Return December	3.64%
Rate of Return QTR	3.68%
Rate of Return YTD	3.70%

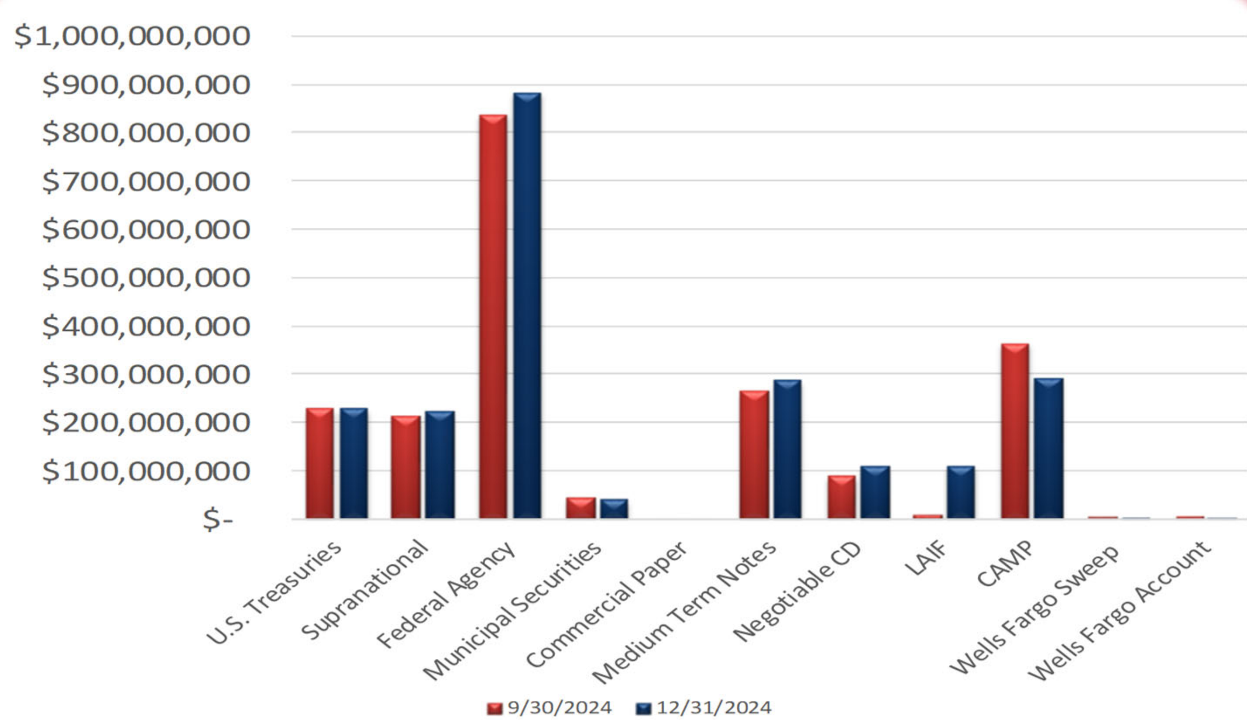
INVESTMENT POOL
Allocation by Security Type Percentage
December 31, 2024

INVESTMENTS	9/30/2024	12/31/2024	% Change
U.S. Treasuries	11.07%	10.49%	(0.58%)
Supranational	10.30%	10.19%	(0.11%)
Federal Agency	40.60%	40.52%	(0.08%)
Municipal Securities	2.16%	1.89%	(0.27%)
Commercial Paper	0.00%	0.00%	0.00%
Medium Term Notes	12.85%	13.19%	0.34%
Negotiable CD	4.36%	5.04%	0.68%
LAIF	0.48%	5.04%	4.56%
CAMP	17.61%	13.34%	(4.27%)
Wells Fargo Sweep	0.34%	0.20%	(0.14%)
Wells Fargo Account	0.23%	0.10%	(0.13%)
Total	100.00%	100.00%	



INVESTMENT POOL
Allocation by Security Type Book Value
December 31, 2024

INVESTMENTS	9/30/2024	12/31/2024	CHANGE
U.S. Treasuries	$ 228,521,756	$ 228,753,210	$ 231,454
Supranational	212,694,958	222,194,899	9,499,941
Federal Agency	838,551,520	884,036,136	45,484,616
Municipal Securities	44,582,917	41,273,981	(3,308,936)
Commercial Paper	-	-	-
Medium Term Notes	265,333,763	287,822,646	22,488,883
Negotiable CD	90,000,000	110,000,000	20,000,000
LAIF	10,000,000	110,000,000	100,000,000
CAMP	363,558,329	291,088,436	(72,469,893)
Wells Fargo Sweep	4,775,867	4,075,330	(700,537)
Wells Fargo Account	6,922,701	2,248,382	(4,674,319)
Total Book Value	$ 2,064,941,811	$2,181,493,020	$ 116,551,209



INVESTMENT POOL
Distribution by Maturity Par Value
December 31, 2024

Maturity	Par Amount	Par %
Overnight	$ 407,412,148	19%
1-90 days	213,743,000	10%
91-365 days	417,690,000	19%
1Yr - 2Yr	413,140,000	19%
2Yr - 3Yr	207,390,000	9%
3Yr - 4Yr	272,450,000	12%
4Yr - 5Yr	258,945,000	12%
Total Par Value	$ 2,190,770,148	100.00%

MERCED COUNTY TREASURY
Summary by Type
December 31, 2024

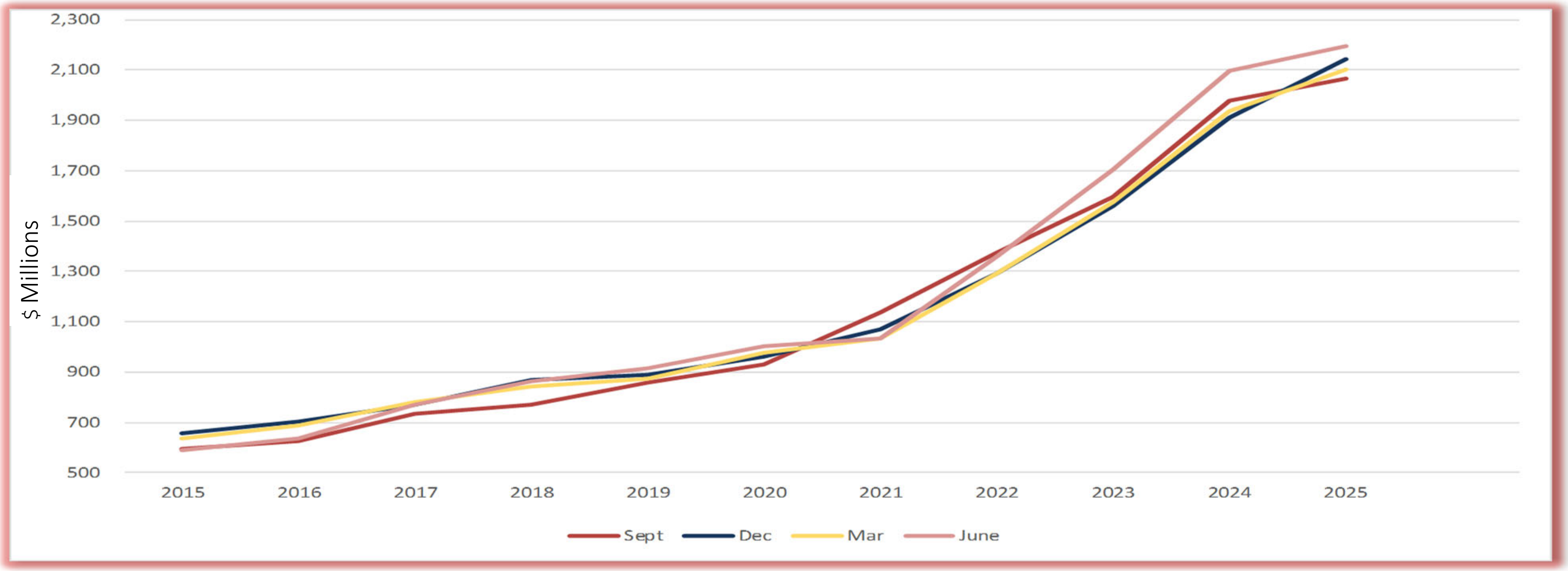
Investments	Number of Investments	Par Value	Book Value	Percent of Portfolio	Treasury Imposed Compliance % Allowed *	Government Code § 53601 Restrictions	In Compliance
Treasury Coupon Securities	19	$230,000,000	$228,753,210	10.49%	50.00%	No Limit	YES
Supranational - IBRD, IFC, IADB	16	225,000,000	222,194,899	10.19%	30.00%	30.00%	YES
Federal Agency /GSE	66	886,285,000	884,036,136	40.52%	75.00%	No Limit	YES
Municipal Bonds	6	41,550,000	41,273,981	1.89%	75.00%	No Limit	YES
Medium Term Notes	30	290,523,000	287,822,646	13.19%	30.00%	30.00%	YES
Commercial Paper	0	_	_	0.00%	40.00%	40.00%	YES
Negotiable CD	5	110,000,000	110,000,000	5.04%	30.00%	30.00%	YES
LAIF	2	110,000,000	110,000,000	5.04%	25.00%	75MM	YES
CAMP	1	291,088,436	291,088,436	13.34%	25.00%	No Limit	YES
Wells Fargo Sweep	1	4,075,330	4,075,330	0.20%	25.00%	No Limit	YES
Wells Fargo Bank	1	2,248,382	2,248,382	0.10%	_	No Limit	YES
	147	$ 2,190,770,148	$ 2,181,493,020	100.00%			

MERCED COUNTY
TREASURER-TAX COLLECTOR
Karen D. Adams, CPA

*Compliance percentage is calculated at the time the investment is purchased, as percentages change daily due to fluctuating amounts in overnight accounts.

Investment Pool

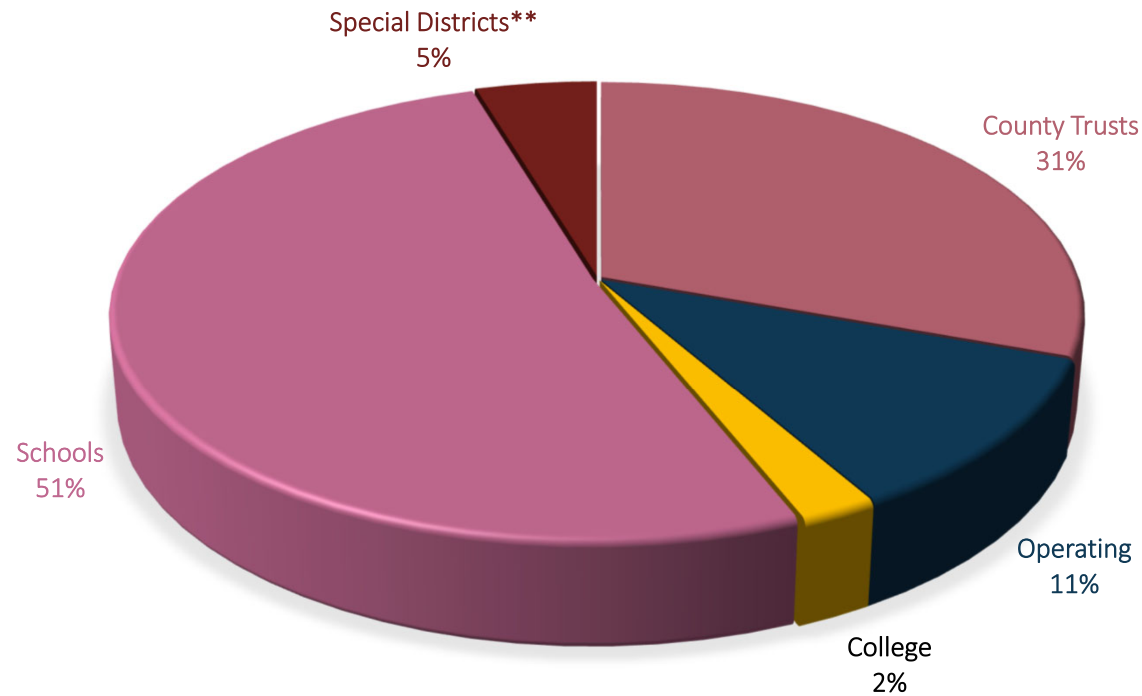
Historic Quarter End Book Values
FY 2015 to 2025



Fiscal Year	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
Sept	594	625	734	769	859	932	1,138	1,373	1,598	1,980	2,064
Dec	701	770	866	889	961	1,069	1,291	1,560	1,910	2,144	2,181
Mar	687	780	844	876	976	1,036	1,289	1,574	1,934	2,099	
June	634	771	862	915	1,004	1,036	1,360	1,706	2,098	2,195	

Merced County Treasury
Pool Participants
December 31, 2024

Fund	$	%
County Trusts	$643,823,417	31%
Operating	234,716,703	11%
College	48,008,894	2%
Schools	1,084,733,798	51%
Special Districts**	98,576,236	5%
*Total Pool	$2,109,859,048	100%



MERCED COUNTY
TREASURER-TAX COLLECTOR
Karen D. Adams, CPA

* Auditor- Controller GL - Fund Cash Balance Report less Outstanding
** Special Districts & Court Trust Funds

MERCED COUNTY TREASURY
Portfolio Management
Portfolio Summary
December 31, 2024

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Treasury Coupon Securities	230,000,000.00	223,588,200.00	228,753,209.95	10.49	1,582	484	1.636	1.659
Supranational - IBRD, IFC, IADB	225,000,000.00	220,339,250.00	222,194,898.81	10.19	1,358	774	3.892	3.946
Federal Agency Coupon Securities	886,285,000.00	877,114,057.20	884,036,136.04	40.52	1,456	826	3.670	3.721
Municipal Bonds	41,550,000.00	40,873,178.50	41,273,980.95	1.89	1,711	901	2.947	2.988
Medium Term Notes	290,523,000.00	283,006,742.42	287,822,645.81	13.19	1,319	636	3.562	3.611
Negotiable CDs	110,000,000.00	110,068,741.45	110,000,000.00	5.04	331	117	5.284	5.357
Managed Pool Accounts	405,163,766.10	405,163,766.10	405,163,766.10	18.57	1	1	4.632	4.697
Passbook/Checking Accounts	2,248,382.00	2,248,382.00	2,248,382.00	0.10	1	1	1.627	1.650
Investments	**2,190,770,148.10**	**2,162,402,317.67**	**2,181,493,019.66**	**100.00%**	**1,117**	**571**	**3.709**	**3.761**
Cash and Accrued Interest								
Accrued Interest at Purchase		489,695.00	489,695.00					
Subtotal		489,695.00	489,695.00					
Total Cash and Investments	**2,190,770,148.10**	**2,162,892,012.67**	**2,181,982,714.66**		**1,117**	**571**	**3.709**	**3.761**

Total Earnings	December 31 Month Ending	Fiscal Year To Date
Current Year	6,455,465.65	37,798,642.03
Average Daily Balance	**2,085,909,363.09**	**2,025,488,741.89**
Effective Rate of Return	**3.64%**	**3.70%**

I hereby certify that this report includes all investments in the investment pool and is in accordance with the investment policy. I further certify that the investments meet the County's cash flow needs for the next six months.

1/22/2025

KAREN D. ADAMS, CPA, TREASURER

MERCED COUNTY TREASURY
Portfolio Management
Portfolio Details - Investments
December 31, 2024

CUSIP	Investment #	Issuer	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Treasury Coupon Securities											
912828Z52	2544	US Treasury Notes	05/05/2022	10,000,000.00	9,976,500.00	9,987,579.53	1.375	AAA	2.962	30	01/31/2025
912828J27	2522	US Treasury Notes	01/06/2022	10,000,000.00	9,971,500.00	10,011,202.96	2.000	AAA	1.072	45	02/15/2025
912828ZT0	2464	US Treasury Notes	05/11/2021	10,000,000.00	9,837,700.00	9,987,339.64	0.250	AAA	0.562	150	05/31/2025
912828ZW3	2447	US Treasury Notes	01/12/2021	10,000,000.00	9,808,700.00	9,991,458.97	0.250	AAA	0.425	180	06/30/2025
912828ZW3	2491	US Treasury Notes	09/03/2021	20,000,000.00	19,617,400.00	19,968,570.92	0.250	AAA	0.573	180	06/30/2025
91282CAB7	2446	US Treasury Notes	01/12/2021	10,000,000.00	9,772,600.00	9,989,281.68	0.250	AAA	0.437	211	07/31/2025
91282CAB7	2450	US Treasury Notes	02/18/2021	10,000,000.00	9,772,600.00	9,988,276.20	0.250	AAA	0.455	211	07/31/2025
91282CAB7	2502	US Treasury Notes	11/17/2021	10,000,000.00	9,772,600.00	9,954,033.95	0.250	AAA	1.063	211	07/31/2025
91282CAB7	2521	US Treasury Notes	01/06/2022	10,000,000.00	9,772,600.00	9,947,520.94	0.250	AAA	1.179	211	07/31/2025
91282CBH3	2451	US Treasury Notes	02/18/2021	10,000,000.00	9,594,900.00	9,981,310.28	0.375	AAA	0.550	395	01/31/2026
91282CBQ3	2453	US Treasury Notes	03/31/2021	10,000,000.00	9,580,500.00	9,956,551.18	0.500	AAA	0.884	423	02/28/2026
9128286F2	2576	US Treasury Notes	11/29/2022	10,000,000.00	9,803,500.00	9,822,794.14	2.500	AAA	4.420	423	02/28/2026
91282CBT7	2454	US Treasury Notes	03/31/2021	10,000,000.00	9,578,100.00	9,981,158.44	0.750	AAA	0.905	454	03/31/2026
91282CCJ8	2472	US Treasury Notes	06/30/2021	10,000,000.00	9,514,500.00	9,998,600.94	0.875	AAA	0.884	545	06/30/2026
91282CCJ8	2515	US Treasury Notes	01/05/2022	10,000,000.00	9,514,500.00	9,934,455.18	0.875	AAA	1.329	545	06/30/2026
91282CCP4	2490	US Treasury Notes	09/03/2021	20,000,000.00	18,900,000.00	19,957,812.50	0.625	AAA	0.761	576	07/31/2026
91282CCP4	2519	US Treasury Notes	01/05/2022	10,000,000.00	9,450,000.00	9,889,928.06	0.625	AAA	1.346	576	07/31/2026
91282CHE4	2629	US Treasury Notes	08/14/2023	20,000,000.00	19,559,400.00	19,592,178.58	3.625	AAA	4.292	1,246	05/31/2028
91282CHK0	2630	US Treasury Notes	08/14/2023	20,000,000.00	19,790,600.00	19,813,155.86	4.000	AAA	4.298	1,276	06/30/2028
		Subtotal		**230,000,000.00**	**223,588,200.00**	**228,753,209.95**			**1.659**	**484**	
Supranational - IBRD, IFC, IADB											
4581X0CM8	2535	Inter-American Development Bk	04/07/2022	10,000,000.00	9,992,400.00	9,998,041.68	2.125	AAA	2.650	14	01/15/2025
4581X0DN5	2657	Inter-American Development Bk	04/12/2024	20,000,000.00	19,606,000.00	19,533,457.84	0.625	AAA	5.150	195	07/15/2025
45950VPJ9	2448	Intl Fin Corp	01/15/2021	10,000,000.00	9,593,700.00	10,000,000.00	0.580	AAA	0.580	379	01/15/2026
45906M2L4	2523	Intl Bnk for Recons & Dev	01/07/2022	10,000,000.00	9,563,900.00	9,915,289.17	0.650	AAA	1.413	419	02/24/2026
4581X0EK0	2622	Inter-American Development Bk	07/06/2023	10,000,000.00	10,014,600.00	10,003,840.62	4.500	AAA	4.472	499	05/15/2026
45906M5C1	2653	Inter-American Development Bk	03/18/2024	20,000,000.00	20,000,000.00	20,000,000.00	4.900	AAA	4.900	533	06/18/2026
4581X0DJ4	2651	Inter-American Development Bk	03/13/2024	20,000,000.00	19,293,600.00	19,278,259.76	2.000	AAA	4.460	568	07/23/2026
4581X0EB0	2526	Inter-American Development Bk	01/13/2022	10,000,000.00	9,443,900.00	9,983,042.00	1.500	AAA	1.755	742	01/13/2027
459058JT1	2601	Intl Bnk for Recons & Dev	04/12/2023	10,000,000.00	9,273,700.00	9,393,075.40	0.850	AAA	3.982	770	02/10/2027
45818WEN2	2605	Inter-American Development Bk	04/13/2023	20,000,000.00	20,050,800.00	20,315,039.23	4.500	AAA	3.720	798	03/10/2027
4581X0EH7	2589	Inter-American Development Bk	01/12/2023	20,000,000.00	19,781,600.00	19,951,147.44	4.000	AAA	4.090	1,106	01/12/2028
45818WEK8	2619	Inter-American Development Bk	06/07/2023	10,000,000.00	9,877,100.00	10,000,000.00	4.375	AAA	4.374	1,149	02/24/2028
45906M4E8	2639	Intl Bnk for Recons & Dev	10/18/2023	20,000,000.00	19,803,800.00	19,657,997.63	4.500	AAA	5.055	1,272	06/26/2028
45950KDD9	2623	Intl Fin Corp	07/13/2023	15,000,000.00	15,059,250.00	14,988,234.00	4.500	AAA	4.525	1,289	07/13/2028
45950KDD9	2625	Intl Fin Corp	07/25/2023	10,000,000.00	10,039,500.00	10,100,308.72	4.500	AAA	4.182	1,289	07/13/2028

MERCED COUNTY TREASURY
Portfolio Management
Portfolio Details - Investments
December 31, 2024

CUSIP	Investment #	Issuer	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Supranational - IBRD, IFC, IADB											
4581X0DX3	2675	Inter-American Development Bk	10/09/2024	10,000,000.00	8,945,400.00	9,077,165.32	1.125	AAA	3.946	1,296	07/20/2028
		Subtotal		**225,000,000.00**	**220,339,250.00**	**222,194,898.81**			**3.946**	**774**	
Federal Agency Coupon Securities											
3130APKM6	2614	Federal Home Loan Bank	05/04/2023	10,000,000.00	9,973,900.00	9,975,163.46	0.780	AA	4.251	27	01/28/2025
3130AUT95	2602	Federal Home Loan Bank	04/11/2023	10,000,000.00	9,997,200.00	10,001,249.32	4.300	AA	4.150	33	02/03/2025
3130AUT95	2654	Federal Home Loan Bank	03/19/2024	20,000,000.00	19,994,400.00	19,985,528.66	4.300	AA	5.137	33	02/03/2025
3137EAEP0	2386	Federal Home Loan Mtg Corp	02/26/2020	10,000,000.00	9,967,500.00	10,003,128.95	1.500	AAA	1.216	42	02/12/2025
3130B06G9	2652	Federal Home Loan Bank	03/12/2024	20,000,000.00	20,012,800.00	20,000,000.00	5.000	AA	4.997	56	02/26/2025
3134GX5Q3	2569	Federal Home Loan Mtg Corp	10/28/2022	15,000,000.00	15,013,350.00	15,000,000.00	4.910	AAA	4.913	58	02/28/2025
3133EPCW3	2598	Federal Farm Credit Bank	03/10/2023	10,000,000.00	10,013,300.00	9,998,917.08	5.000	AAA	5.060	68	03/10/2025
3134GWX35	2421	Federal Home Loan Mtg Corp	09/29/2020	10,000,000.00	9,911,200.00	10,000,000.00	0.450	AA	0.450	86	03/28/2025
3130APVB8	2501	Federal Home Loan Bank	11/22/2021	10,000,000.00	9,869,800.00	10,000,000.00	1.000	AAA	1.000	141	05/22/2025
3130APTT2	2499	Federal Home Loan Bank	11/30/2021	10,000,000.00	9,864,400.00	10,000,000.00	1.000	AAA	1.000	147	05/28/2025
3130AN2Y5	2643	Federal Home Loan Bank	12/06/2023	20,000,000.00	19,706,800.00	19,677,428.95	0.700	AA	4.840	147	05/28/2025
3135G04Z3	2474	Federal National Mortgage Assn	06/30/2021	10,000,000.00	9,832,000.00	9,992,275.82	0.500	AA	0.670	167	06/17/2025
3135G04Z3	2517	Federal National Mortgage Assn	01/05/2022	10,000,000.00	9,832,000.00	9,972,432.24	0.500	AA	1.111	167	06/17/2025
3130APDL6	2613	Federal Home Loan Bank	05/03/2023	10,000,000.00	9,829,000.00	9,845,649.94	0.800	AA	4.074	180	06/30/2025
3134GWXE1	2418	Federal Home Loan Mtg Corp	09/30/2020	10,000,000.00	9,813,800.00	10,000,000.00	0.500	AA	0.500	180	06/30/2025
3137EAEU9	2529	Federal National Mortgage Assn	03/16/2022	10,000,000.00	9,784,100.00	9,912,049.79	0.375	AA	2.020	201	07/21/2025
3130ASN54	2554	Federal Home Loan Bank	07/28/2022	10,000,000.00	9,973,600.00	10,000,000.00	4.000	AA	4.000	208	07/28/2025
3133EMFC1	2433	Federal Farm Credit Bank	10/30/2020	10,000,000.00	9,784,700.00	9,999,391.46	0.530	AA	0.541	209	07/29/2025
3133EMFC1	2434	Federal Farm Credit Bank	11/05/2020	10,000,000.00	9,784,700.00	9,999,389.67	0.530	AA	0.541	209	07/29/2025
3134GWXM3	2419	Federal Home Loan Mtg Corp	09/30/2020	10,000,000.00	9,782,600.00	10,000,000.00	0.510	AA	0.510	210	07/30/2025
3133EL3H5	2407	Federal Farm Credit Bank	08/18/2020	10,000,000.00	9,772,400.00	9,999,076.09	0.570	AA	0.585	223	08/12/2025
3134GWPB6	2404	Federal Home Loan Mtg Corp	08/13/2020	10,000,000.00	9,776,200.00	10,000,000.00	0.650	AA	0.650	224	08/13/2025
3133EL7K4	2420	Federal Farm Credit Bank	09/29/2020	10,000,000.00	9,739,500.00	9,999,714.61	0.550	AA	0.550	258	09/16/2025
3133EMBJ0	2423	Federal Farm Credit Bank	09/29/2020	10,000,000.00	9,727,700.00	9,999,255.56	0.530	AA	0.540	271	09/29/2025
3134GW3X2	2426	Federal Home Loan Mtg Corp	10/27/2020	10,000,000.00	9,705,900.00	10,000,000.00	0.625	AA	0.625	299	10/27/2025
3130ALZM9	2460	Federal Home Loan Bank	04/29/2021	10,000,000.00	9,580,300.00	10,000,000.00	1.030	AA	1.030	483	04/29/2026
3133EMZC9	2465	Federal Farm Credit Bank	05/13/2021	10,000,000.00	9,539,100.00	10,000,000.00	0.875	AA	0.875	497	05/13/2026
3130AVRJ3	2606	Federal Home Loan Bank	04/20/2023	15,000,000.00	14,929,050.00	15,000,000.00	3.950	AA	3.955	504	05/20/2026
3130AN4T4	2506	Federal Home Loan Bank	12/02/2021	10,000,000.00	9,527,800.00	9,957,137.36	0.875	AAA	1.180	527	06/12/2026
3130AWLZ1	2627	Federal Home Loan Bank	08/10/2023	20,000,000.00	20,126,200.00	20,056,382.19	4.750	AA	4.540	527	06/12/2026
3133EPNF8	2621	Federal Farm Credit Bank	06/23/2023	10,000,000.00	10,005,200.00	9,990,148.15	4.820	AA	4.892	538	06/23/2026
3130AQKA0	2525	Federal Home Loan Bank	01/26/2022	15,000,000.00	14,382,450.00	15,000,000.00	1.450	AA	1.450	541	06/26/2026
3130AUH72	2592	Federal Home Loan Bank	01/13/2023	15,000,000.00	14,963,850.00	15,000,000.00	4.125	AA	4.125	558	07/13/2026

MERCED COUNTY TREASURY
Portfolio Management
Portfolio Details - Investments
December 31, 2024

CUSIP	Investment #	Issuer	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Federal Agency Coupon Securities											
3134H1E58	2656	Federal Home Loan Mtg Corp	04/15/2024	20,000,000.00	20,014,400.00	20,000,000.00	5.250	AA	5.250	560	07/15/2026
3133EPQC2	2624	Federal Farm Credit Bank	07/21/2023	10,000,000.00	10,043,200.00	10,012,453.16	4.625	AA	4.538	562	07/17/2026
3130AQCT8	2511	Federal Home Loan Bank	12/17/2021	5,000,000.00	4,776,650.00	5,000,000.00	1.330	AAA	1.330	562	07/17/2026
3130ANMH0	2548	Federal Home Loan Bank	06/03/2022	10,000,000.00	9,470,800.00	9,691,483.59	1.100	AA	3.127	596	08/20/2026
3133ERG62	2680	Federal Farm Credit Bank	12/02/2024	20,000,000.00	19,996,600.00	20,000,000.00	4.450	AAA	4.450	700	12/02/2026
3133ENVT4	2542	Federal Farm Credit Bank	05/05/2022	7,390,000.00	7,220,473.40	7,383,511.14	3.490	AA	3.531	852	05/03/2027
3133EPJP1	2615	Federal Farm Credit Bank	05/12/2023	10,000,000.00	9,849,400.00	9,974,942.78	3.625	AA	3.740	861	05/12/2027
3130AUHG2	2591	Federal Home Loan Bank	01/06/2023	20,000,000.00	19,862,800.00	20,000,000.00	4.010	AA	4.011	887	06/07/2027
3130AUHC1	2593	Federal Home Loan Bank	01/13/2023	15,000,000.00	14,892,300.00	15,000,000.00	4.010	AA	4.010	923	07/13/2027
3133EL4D3	2640	Federal Farm Credit Bank	10/20/2023	5,000,000.00	4,567,900.00	4,495,751.99	0.900	AA	5.170	960	08/19/2027
3133EPUC7	2631	Federal Farm Credit Bank	08/23/2023	10,000,000.00	10,078,100.00	10,011,476.89	4.625	AAA	4.577	964	08/23/2027
3133EPUC7	2635	Federal Farm Credit Bank	08/23/2023	20,000,000.00	20,156,200.00	19,992,727.78	4.625	AAA	4.640	964	08/23/2027
3133EPME2	2620	Federal Farm Credit Bank	06/08/2023	10,000,000.00	9,838,400.00	9,989,169.38	3.875	AAA	3.910	1,254	06/08/2028
3130AWMN7	2632	Federal Home Loan Bank	08/18/2023	20,000,000.00	19,995,600.00	19,914,176.78	4.375	AA	4.515	1,255	06/09/2028
3130B0VL0	2655	Federal Home Loan Bank	04/12/2024	20,000,000.00	20,065,800.00	20,000,000.00	5.300	AAA	5.302	1,287	07/11/2028
3134GYY63	2626	Federal Home Loan Mtg Corp	08/02/2023	9,950,000.00	9,943,632.00	9,885,857.44	5.050	AA	5.257	1,302	07/26/2028
3133EPRN7	2628	Federal Farm Credit Bank	08/10/2023	20,000,000.00	19,939,800.00	19,985,604.03	5.050	AA	5.073	1,304	07/28/2028
3130AYR81	2647	Federal Home Loan Bank	01/30/2024	15,000,000.00	14,962,050.00	15,000,000.00	4.660	AA	4.660	1,304	07/28/2028
3133EPSK2	2633	Federal Farm Credit Bank	08/18/2023	20,000,000.00	19,899,000.00	19,843,233.99	4.250	AAA	4.495	1,314	08/07/2028
3130AYF43	2645	Federal Home Loan Bank	01/09/2024	20,000,000.00	19,897,600.00	20,000,000.00	4.480	AAA	4.480	1,469	01/09/2029
3130B04S5	2649	Federal Home Loan Bank	02/22/2024	13,945,000.00	13,934,401.80	13,945,000.00	5.000	AA	5.000	1,512	02/21/2029
3130B0AM1	2650	Federal Home Loan Bank	02/27/2024	15,000,000.00	14,967,300.00	15,000,000.00	4.900	AA	4.900	1,518	02/27/2029
3133ERFL0	2660	Federal Farm Credit Bank	06/04/2024	20,000,000.00	20,069,000.00	19,991,153.20	5.520	AA	5.531	1,609	05/29/2029
3133ERFL0	2661	Federal Farm Credit Bank	06/06/2024	20,000,000.00	20,069,000.00	20,000,000.00	5.520	AA	5.519	1,609	05/29/2029
3134HAK77	2682	Federal Home Loan Mtg Corp	12/05/2024	20,000,000.00	19,627,000.00	19,822,888.89	4.150	AAA	4.372	1,616	06/05/2029
3130B1TZ0	2666	Federal Home Loan Bank	06/26/2024	20,000,000.00	19,967,800.00	20,000,000.00	4.850	AAA	4.850	1,637	06/26/2029
3134H14H3	2667	Federal Home Loan Mtg Corp	06/27/2024	20,000,000.00	19,981,400.00	19,891,171.38	5.000	AAA	5.139	1,638	06/27/2029
3130B2LA1	2670	Federal Home Loan Bank	09/04/2024	15,000,000.00	14,714,250.00	15,000,000.00	4.100	AAA	4.101	1,640	06/29/2029
3130B3AC7	2676	Federal Home Loan Bank	10/11/2024	15,000,000.00	14,778,000.00	15,000,000.00	4.280	AAA	4.281	1,640	06/29/2029
3130B2YT6	2673	Federal Home Loan Bank	10/02/2024	10,000,000.00	9,799,800.00	10,000,000.00	4.000	AAA	4.001	1,643	07/02/2029
3130B3AA1	2677	Federal Home Loan Bank	10/10/2024	20,000,000.00	19,665,400.00	20,000,000.00	4.260	AAA	4.261	1,651	07/10/2029
3134HARY1	2678	Federal Home Loan Mtg Corp	10/10/2024	10,000,000.00	9,793,400.00	9,928,552.63	4.125	AA	4.302	1,651	07/10/2029
3135GAUJ8	2669	Federal National Mortgage Assn	08/30/2024	10,000,000.00	9,759,800.00	9,912,661.69	4.050	AA	4.260	1,700	08/28/2029
		Subtotal		**886,285,000.00**	**877,114,057.20**	**884,036,136.04**			**3.721**	**826**	

MERCED COUNTY TREASURY
Portfolio Management
Portfolio Details - Investments
December 31, 2024

CUSIP	Investment #	Issuer	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Municipal Bonds											
798153NE8	2413	San Jose Fin Auth Lease Reven	09/24/2020	5,000,000.00	4,932,300.00	5,000,000.00	0.994	AA	0.994	151	06/01/2025
231237N95	2438	Cupertino Union School Distric	11/18/2020	10,550,000.00	10,419,918.50	10,639,326.66	2.100	AA	0.625	212	08/01/2025
13077DQD7	2479	State of California	07/29/2021	1,000,000.00	971,910.00	1,000,000.00	0.862	AA	0.862	304	11/01/2025
977100GZ3	2604	State of Wisconsin	04/13/2023	5,000,000.00	4,749,750.00	4,801,119.34	2.196	AA	4.062	850	05/01/2027
13063D7D4	2636	State of California	10/11/2023	10,000,000.00	10,316,500.00	10,117,653.63	5.500	AA	5.140	1,369	10/01/2028
91412HFG3	2674	University of California	10/09/2024	10,000,000.00	9,482,800.00	9,715,881.32	3.349	AA	4.048	1,642	07/01/2029
		Subtotal		**41,550,000.00**	**40,873,178.50**	**41,273,980.95**			**2.988**	**901**	
Medium Term Notes											
594918BB9	2559	Microsoft Corp	09/09/2022	7,000,000.00	6,985,440.00	6,993,406.89	2.700	AAA	3.570	42	02/12/2025
89236TGT6	2513	Toyota Mtr Credit	12/30/2021	6,743,000.00	6,719,938.94	6,747,307.35	1.800	A	1.240	43	02/13/2025
037833BG4	2581	Apple Inc	12/07/2022	10,000,000.00	9,955,400.00	9,958,169.86	3.200	AA	4.415	132	05/13/2025
46632FSL0	2507	JP Morgan Chase	12/03/2021	10,000,000.00	9,816,900.00	10,000,000.00	1.150	A	1.150	159	06/09/2025
58989V2E3	2603	Met Tower Global Funding	04/12/2023	10,000,000.00	9,959,300.00	9,954,843.28	3.700	AA	4.766	163	06/13/2025
46632FRW7	2463	JP Morgan Chase	04/23/2021	10,000,000.00	9,208,300.00	10,000,000.00	0.820	A	0.820	173	06/23/2025
64952WDQ3	2530	New York Life	03/17/2022	3,152,000.00	3,097,911.68	3,129,233.78	0.950	AA	2.525	174	06/24/2025
89236TKC8	2665	Toyota Mtr Credit	06/21/2024	12,988,000.00	12,943,840.80	12,903,133.45	3.950	A	5.316	180	06/30/2025
02079KAH0	2424	Google Inc	10/01/2020	10,000,000.00	9,761,700.00	9,997,049.94	0.450	AA	0.498	226	08/15/2025
478160CN2	2449	Johnson & Johnson	01/28/2021	10,000,000.00	9,751,700.00	10,002,453.72	0.550	AAA	0.512	243	09/01/2025
037833EB2	2664	Apple Inc	06/10/2024	17,848,000.00	17,149,072.32	17,038,837.04	0.700	AA	5.036	403	02/08/2026
89236TKT1	2618	Toyota Mtr Credit	05/22/2023	10,000,000.00	9,985,400.00	9,978,013.75	4.450	A	4.622	502	05/18/2026
89236TKT1	2663	Toyota Mtr Credit	06/10/2024	8,292,000.00	8,279,893.68	8,219,673.68	4.450	A	5.120	502	05/18/2026
716973AB8	2617	Pfizer	05/22/2023	7,000,000.00	6,990,200.00	6,993,785.40	4.450	A	4.520	503	05/19/2026
46632FSF3	2488	JP Morgan Chase	08/27/2021	20,000,000.00	17,586,600.00	20,000,000.00	1.100	AA	1.100	601	08/25/2026
48130CEW1	2644	JP Morgan Chase	12/08/2023	20,000,000.00	20,139,200.00	20,000,000.00	5.200	A	5.200	706	12/08/2026
24422EWA3	2524	John Deere Cap Corp	01/10/2022	10,000,000.00	9,457,700.00	10,007,174.35	1.700	A	1.663	740	01/11/2027
594918BY9	2586	Microsoft Corp	12/19/2022	10,000,000.00	9,790,400.00	9,861,947.21	3.300	AAA	4.020	766	02/06/2027
037833CJ7	2565	Apple Inc	10/03/2022	5,000,000.00	4,899,350.00	4,894,741.58	3.350	AA	4.460	769	02/09/2027
64952WEQ2	2587	New York Life	12/19/2022	5,000,000.00	4,854,350.00	4,888,511.63	3.250	AA	4.338	826	04/07/2027
64952WEQ2	2590	New York Life	12/19/2022	5,000,000.00	4,854,350.00	4,886,403.10	3.250	AA	4.359	826	04/07/2027
64952WEQ2	2672	New York Life	09/30/2024	5,000,000.00	4,854,350.00	4,932,569.79	3.250	AA	3.880	826	04/07/2027
037833CR9	2585	Apple Inc	12/19/2022	10,000,000.00	9,720,300.00	9,821,457.02	3.200	AA	4.032	860	05/11/2027
594918CQ5	2668	Microsoft Corp	07/02/2024	10,000,000.00	9,783,400.00	9,678,416.93	3.400	AAA	4.820	895	06/15/2027
57629WDL1	2595	Massmutual Global Funding	01/23/2023	15,000,000.00	15,172,950.00	15,280,405.93	5.050	AA	4.335	1,070	12/07/2027
742718FZ7	2616	Procter & Gamble	05/22/2023	8,500,000.00	8,389,755.00	8,498,326.75	3.950	AA	3.959	1,120	01/26/2028
037833EC0	2597	Apple Inc	03/02/2023	9,000,000.00	8,135,640.00	8,140,626.99	1.200	AA	4.682	1,133	02/08/2028
CUSIP	2671	Hilmar USD Note 1A	06/19/2024	3,000,000.00	3,000,000.00	3,000,000.00	4.000		4.000	1,213	04/28/2028

MERCED COUNTY TREASURY
Portfolio Management
Portfolio Details - Investments
December 31, 2024

CUSIP	Investment #	Issuer	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Medium Term Notes											
MOSQ. NOTE 1A	2679	Mosquito Abatement Depot Note	11/04/2024	2,000,000.00	2,000,000.00	2,000,000.00	5.000		5.000	1,322	08/15/2028
89236TMK8	2683	Toyota Mtr Credit	12/06/2024	20,000,000.00	19,763,400.00	20,016,156.39	4.550	A	4.529	1,681	08/09/2029
		Subtotal		**290,523,000.00**	**283,006,742.42**	**287,822,645.81**			**3.611**	**636**	
Negotiable CDs											
53947BW55	2659	Lloyds Bank	04/30/2024	20,000,000.00	20,011,974.80	20,000,000.00	5.550	A-1	5.627	23	01/24/2025
89115DNJ1	2658	Toronto Dominion Bank	04/26/2024	20,000,000.00	20,012,990.60	20,000,000.00	5.520	A-1	5.597	26	01/27/2025
87019WUC7	2648	Swed Bank	02/23/2024	25,000,000.00	25,022,571.00	25,000,000.00	5.280	A-1	5.353	54	02/24/2025
13606K4H6	2662	Canadian Imperial Bank NY	06/10/2024	25,000,000.00	25,094,558.25	25,000,000.00	5.450	A-1	5.526	160	06/10/2025
13606DCS9	2681	Canadian Imperial Bank NY	12/02/2024	20,000,000.00	19,926,646.80	20,000,000.00	4.580	A	4.644	329	11/26/2025
		Subtotal		**110,000,000.00**	**110,068,741.45**	**110,000,000.00**			**5.357**	**117**	
Managed Pool Accounts											
CAMP	1001C	California Asset Mgt Program		291,088,435.56	291,088,435.56	291,088,435.56	4.730	AAA	4.730	1	
LAIF	1001A	Local Agency Investment Fund		55,000,000.00	55,000,000.00	55,000,000.00	4.620		4.620	1	
LAIF	1001B	Local Agency Investment Fund		55,000,000.00	55,000,000.00	55,000,000.00	4.620		4.620	1	
WF SWEEP	WF SWEEP	Wells Fargo Fund Sweep		4,075,330.54	4,075,330.54	4,075,330.54	4.390	AAA	4.390	1	
	Subtotal and Average		**316,483,548.99**	**405,163,766.10**	**405,163,766.10**	**405,163,766.10**			**4.697**	**1**	
Passbook/Checking Accounts											
WF FUND	1001W	Wells Fargo		2,248,382.00	2,248,382.00	2,248,382.00	1.650		1.650	1	
		Subtotal	**2,699,630.50**	**2,248,382.00**	**2,248,382.00**	**2,248,382.00**			**1.650**	**1**	
		Total	**2,085,909,363.09**	**2,190,770,148.10**	**2,162,402,317.67**	**2,181,493,019.66**			**3.761**	**571**	

MERCED COUNTY TREASURY
Purchases Report
Sorted by Purchase Date - Fund
October 1, 2024 - December 31, 2024

CUSIP	Investment #	Sec. Type	Issuer	Original Par Value	Purchase Date	Principal Purchased	Rate at Purchase	Maturity Date	YTM	Ending Book Value
3130B2YT6	2673	FAC	FHLB	10,000,000.00	10/02/2024	10,000,000.00	4.000	07/02/2029	4.001	10,000,000.00
91412HFG3	2674	MUN	CAL UN	10,000,000.00	10/09/2024	9,701,500.00	3.349	07/01/2029	4.048	9,715,881.32
4581X0DX3	2675	MC1	IADB	10,000,000.00	10/09/2024	9,018,000.00	1.125	07/20/2028	3.946	9,077,165.32
3130B3AA1	2677	FAC	FHLB	20,000,000.00	10/10/2024	20,000,000.00	4.260	07/10/2029	4.261	20,000,000.00
3134HARY1	2678	FAC	FMAC	10,000,000.00	10/10/2024	9,925,000.00	4.125	07/10/2029	4.302	9,928,552.63
3130B3AC7	2676	FAC	FHLB	15,000,000.00	10/11/2024	15,000,000.00	4.280	06/29/2029	4.281	15,000,000.00
MOSQ. NOTE 1A	2679	MTN	MAD	2,000,000.00	11/04/2024	2,000,000.00	5.000	08/15/2028	5.000	2,000,000.00
13606DCS9	2681	NCB	CAN BK	20,000,000.00	12/02/2024	20,000,000.00	4.580	11/26/2025	4.580	20,000,000.00
3133ERG62	2680	FAC	FFCB	20,000,000.00	12/02/2024	20,000,000.00	4.450	12/02/2026	4.450	20,000,000.00
3134HAK77	2682	FAC	FHLMC	20,000,000.00	12/05/2024	19,820,000.00	4.150	06/05/2029	4.372	19,822,888.89
89236TMK8	2683	MTN	TOYOTA	20,000,000.00	12/06/2024	20,016,400.00	4.550	08/09/2029	4.529	20,016,156.39
			Total Purchases	**157,000,000.00**		**155,480,900.00**				**155,560,644.55**

MERCED COUNTY TREASURY
Maturity Report
Sorted by Maturity Date
Receipts during October 1, 2024 - December 31, 2024

CUSIP	Investment #	Issuer	Par Value	Maturity Date	Purchase Date	Stated Rate	YTM	Book Value at Maturity	Interest	Maturity Proceeds	Net Income
544290JH3	2471	LOS ALT	10,000,000.00	10/01/2024	06/10/2021	1.000	0.550	10,000,000.00	50,000.00	10,050,000.00	50,000.00
3134GWZR0	2427	FHLMC	10,000,000.00	10/21/2024	10/21/2020	0.400	0.412	10,000,000.00	20,000.00	10,020,000.00	20,000.00
13077DQC9	2480	CALIF	3,000,000.00	11/01/2024	07/29/2021	0.563	0.563	3,000,000.00	8,445.00	3,008,445.00	8,445.00
		Total Maturities	**23,000,000.00**					**23,000,000.00**	**78,445.00**	**23,078,445.00**	**78,445.00**

MERCED COUNTY TREASURY
Sales/Call Report
Sorted by Issuer - Maturity Date
October 1, 2024 - December 31, 2024

CUSIP	Investment #	Issuer	Purchase Date	Redem. Date / Matur. Date	Par Value	Rate at Redem.	Book Value at Redem.	Redemption Principal	Redemption Interest	Total Amount	Net Income
Freddie Mac											
3134H1GM9	2637	FMAC FAC	10/16/2023	10/16/2024 10/16/2028	20,000,000.00	5.300	19,848,000.00	20,000,000.00	530,000.00	20,530,000.00 Call	682,000.00
3134H1GN7	2638	FMAC FAC	10/18/2023	10/18/2024 10/18/2028	20,000,000.00	5.700	20,000,000.00	20,000,000.00	570,000.00	20,570,000.00 Call	570,000.00
				Subtotal	**40,000,000.00**		**39,848,000.00**	**40,000,000.00**	**1,100,000.00**	**41,100,000.00**	**1,252,000.00**
				Total Sales	**40,000,000.00**		**39,848,000.00**	**40,000,000.00**	**1,100,000.00**	**41,100,000.00**	**1,252,000.00**

Investment Pool
Portfolio Review of Five Quarters

Quarter Ending	Dec. 31, 2024	Sep. 30, 2024	Jun. 30, 2024	Mar. 31, 2024	Dec. 31, 2023
Portfolio Composition:					
Book Value of Assets Held	$2,181,493,020	$2,064,941,811	$2,195,540,341	$2,099,983,581	$2,144,487,895
Market Value of Assets Held	$2,162,402,318	$2,056,802,152	$2,160,157,150	$2,061,184,580	$2,108,973,274
Assets Maturing Within 90 Days	$621,155,148	$408,256,897	$556,960,269	$482,291,291	$520,789,550
Percentage of Market to Book Value	99.12%	99.61%	98.39%	98.15%	98.34%
Weighted Average Maturity	571 days	603 days	612 days	614 days	605 Days
Return on Assets:					
Total Earning Quarter Ended	$18,759,146	$19,003,627	$18,983,392	$16,511,237	$15,464,890
Total Earning Fiscal YTD	$37,798,642	$19,003,627	$66,074,954	$46,805,597	$30,119,682
Rate of Return QTR	3.68%	3.78%	3.53%	3.22%	3.08%
Rate of Return YTD	3.70%	3.71%	3.23%	3.11%	3.03%
Rate of Return QTR					
CAMP	4.73%	5.29%	5.43%	5.48%	5.55%
LAIF	4.62%	4.71%	4.55%	4.30%	4.00%

MERCED COUNTY
TREASURER-TAX COLLECTOR
Karen D. Adams, CPA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