

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 12, 2026

NEW ISSUE - FULL BOOK-ENTRY

RATING: Moody's: "Aa2"

See "RATING" herein.

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

\$175,000,000*

COMPTON UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)
General Obligation Bonds
2022 Election, 2026 Series B

\$11,675,000*

COMPTON UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)
2026 General Obligation Refunding Bonds

Dated: Date of Delivery

Due: June 1, as shown on inside front cover

Authority and Purpose. The above-captioned General Obligation Bonds 2022 Election, 2026 Series B (the "Series B Bonds") and the 2026 General Obligation Refunding Bonds (the "Refunding Bonds" and, together with the Series B Bonds, the "Bonds") are being issued by the Compton Unified School District (the "District") pursuant to certain provisions of the California Government Code and two separate resolutions of the Board of Trustees of the District. The Series B Bonds were authorized at an election of the registered voters of the District held on November 8, 2022, which authorized the issuance of \$350,000,000 principal amount of general obligation bonds for the purpose of financing the renovation, construction and improvement of school facilities. The Series B Bonds are the second series of bonds to be issued under the 2022 Authorization (as defined herein). The Refunding Bonds are being issued to refund certain outstanding general obligation bonds and general obligation refunding bonds of the District. See "THE BONDS – Authority for Issuance" herein.

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

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

Payments. The Bonds are dated the date of delivery set forth below and accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each June 1 and December 1 until maturity or earlier redemption, commencing December 1, 2026. Payments of principal of and interest on the Bonds will be paid by U.S. Bank Trust Company, National Association, as agent for the Los Angeles County Treasurer-Tax Collector, Los Angeles, California, the designated paying agent, registrar and transfer agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS - Description of the Bonds."

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

Bond Insurance. The District has applied for bond insurance to guarantee the scheduled payment of principal of and interest on the Bonds, and will decide prior to the sale of the Bonds whether to purchase such insurance.

MATURITY SCHEDULES

(See inside cover)

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

*The Bonds will be offered when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Jones Hall LLP, Bond Counsel to the District, and subject to certain other conditions. Jones Hall LLP is also serving as Disclosure Counsel to the District. Kutak Rock LLP is serving as counsel to the Underwriter. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC, on or about September 3, 2026.**

STIFEL

The date of this Official Statement is _____, 2026.

**Preliminary; subject to change.*

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a 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.

MATURITY SCHEDULES*

COMPTON UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)
General Obligation Bonds
2022 Election, 2026 Series B

Base CUSIP[†]: 204736

\$_____ Serial Bonds

Maturity Date (June 1)	Principal Amount	Interest Rate	Yield	CUSIP[†]
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**\$_____ % Term Bonds maturing June 1, 20__; Yield: ____%;
CUSIP[†]: ____**

[Continued on the next page]

**Preliminary; subject to change.*

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MATURITY SCHEDULES*

[Continued from Previous Page]

COMPTON UNIFIED SCHOOL DISTRICT (Los Angeles County, California) 2026 General Obligation Refunding Bonds

Base CUSIP†: 204736

\$_____ Serial Bonds

Maturity Date (June 1)	Principal Amount	Interest Rate	Yield	CUSIP†
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\$_____ % Term Bonds maturing June 1, 20__; Yield: ____%;
CUSIP†: ____

**Preliminary; subject to change.*

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COMPTON UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)

BOARD OF TRUSTEES

Micah Ali, *President*
Michael Hooper, *Vice President*
Denzell Perry, *Clerk*
Tana McCoy, *Member*
Sandra Moss, *Member*
Alma Taylor, *Member*
Satra Zurita, *Member*

DISTRICT ADMINISTRATION

Darin Brawley, *Superintendent*
Shannon Soto, Ed.D., *Chief Administrative Officer, Business and Administrative Services*

PROFESSIONAL SERVICES

MUNICIPAL ADVISOR

Fieldman, Rolapp & Associates, Inc.
Irvine, California

DISTRICT COUNSEL

Orbach Huff & Henderson LLP
Los Angeles, California

BOND AND DISCLOSURE COUNSEL

Jones Hall LLP
San Mateo, California

UNDERWRITER'S COUNSEL

Kutak Rock LLP
Irvine, California

BOND REGISTRAR, TRANSFER AGENT, PAYING AGENT AND ESCROW AGENT

U.S. Bank Trust Company, National Association,
as agent for the Los Angeles County Treasurer and Tax Collector
Los Angeles, California

VERIFICATION AGENT

Causey Public Finance, LLC
Denver, Colorado

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

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

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

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

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

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

Changes to Offering Prices. 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 pages 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.

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

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

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FISCAL YEAR 2024-25

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AND LOS ANGELES COUNTY

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\$175,000,000*
COMPTON UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)
General Obligation Bonds
2022 Election, 2026 Series B

\$11,675,000*
COMPTON UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)
2026 General Obligation Refunding Bonds

The purpose of this Official Statement, which includes the cover page, inside cover pages and attached appendices, is to set forth certain information concerning the sale and delivery of (i) General Obligation Bonds 2022 Election, 2026 Series B (the “**Series B Bonds**”) and (ii) 2026 General Obligation Refunding Bonds (the “**Refunding Bonds**”) and, together with the Series B Bonds, the “**Bonds**”) by Compton Unified School District (the “**District**”).

INTRODUCTION

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

The District. The District, located in the City of Compton, was established on July 1, 1970 and is comprised of an area of approximately 30 square miles located in Los Angeles County (the “**County**”), State of California (the “**State**”), serving approximately 153,479 residents. The District currently operates 21 elementary schools, five middle schools, three high schools, two early college high schools, one community day school, and three alternative schools. Enrollment in the District is budgeted for approximately 15,547 in fiscal year 2026-27.

There are six independent charter schools operating within the District’s boundaries, with an estimated enrollment of 3,045 students. The District also operates two affiliate charter schools, with an estimated enrollment of approximately 620 students.

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

Purpose of Issue. The proceeds of the Series B Bonds will be used to finance construction of and improvements to facilities of the District, as approved by voters in the District at an election held on November 8, 2022 (the “**Bond Election**”), which authorized a total of \$350,000,000 principal amount of general obligation bonds (the “**2022 Authorization**”), and to pay costs of issuance.

The proceeds of the Refunding Bonds will be used to refinance all or a portion of the District’s outstanding: (i) General Obligation Refunding Bonds, 2002 Election, 2015 Series E (the “**2015 Refunding Bonds**”) and (ii) General Obligation Refunding Bonds, 2002 Election, 2016 Series F (the “**2016 Refunding Bonds**”) and together with the 2015 Refunding Bonds, the “**Refunded Bonds**”), and to pay costs of issuance.

See “THE FINANCING PLAN” herein.

Authority for Issuance of the Bonds. Issuance of the Series B Bonds was approved by more than the requisite 55% of the voters of the District voting at the Bond Election to authorize \$350,000,000 of general obligation bonds, and the Series B Bonds will be issued pursuant to certain

provisions of the California Government Code and a resolution adopted by the Board of Trustees of the District on July 7, 2026 (the “**Series B Bond Resolution**”). See “THE BONDS – Authority for Issuance” herein.

The Refunding Bonds will be issued under the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the “**Refunding Law**”) and under a resolution adopted by the Board of Trustees of the District on July 28, 2026 (the “**Refunding Bond Resolution**” and, together with the Series B Bond Resolution, the “**Bond Resolutions**”). See “THE BONDS - Authority for Issuance.”

Description of the Bonds. The Bonds will be issued as current interest bonds, will be dated their date of delivery (the “**Dated Date**”) and will be issued as fully registered bonds, without coupons, in the denominations of \$5,000 or any integral multiple thereof. The Bonds will mature on June 1 in the years indicated on the inside cover pages hereof. The Bonds will accrue interest from the Dated Date, which is payable semiannually on June 1 and December 1 of each year, commencing December 1, 2026. See “THE BONDS – Description of the Bonds” herein.

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

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

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

The Series B Bonds are the second series of bonds to be issued under the 2022 Authorization. Following the issuance of the Series B Bonds, there will be \$149,695,000* unissued authorization remaining under the 2022 Authorization. See “FINANCIAL INFORMATION - Existing Debt Obligations” in APPENDIX A.

Redemption*. The Bonds are subject to redemption prior to maturity as described herein. The Refunding Bonds are not subject to optional redemption prior to maturity. See “THE BONDS – Redemption.”

Legal Matters. Issuance of the Bonds is subject to the approving opinions of Jones Hall LLP, Bond Counsel, to be delivered in substantially the forms attached hereto as APPENDIX D. Jones Hall LLP will also serve as Disclosure Counsel to the District. Kutak Rock LLP is serving as counsel

* Preliminary; subject to change.

to the Underwriter. Payment of the fees of Bond Counsel, Disclosure Counsel and counsel to the Underwriter is contingent upon issuance of the Bonds.

Bond Insurance. The District has applied for bond insurance to guarantee the scheduled payment of principal of and interest on the Bonds and, if a commitment is issued to insure the Bonds, will determine prior to the sale of the Bonds whether to obtain such insurance. See “BOND INSURANCE.”

Tax Matters. In the opinion of Bond Counsel, interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See “TAX MATTERS” and Appendix D hereto for the forms of Bond Counsel’s opinions to be delivered concurrently with the Bonds.

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

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

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

THE FINANCING PLAN

Series B Bonds

The Series B Bonds are the second series of bonds issued pursuant to the 2022 Authorization. Following the issuance of the Series B Bonds, there will be \$149,695,000* unissued authorization remaining under the 2022 Authorization.

Certain proceeds of the Series B Bonds will be used for the purposes specified in the ballot measure approved by voters in the District on November 8, 2022, the abbreviated text of which appeared on the ballot as follows:

“To fix deteriorating roofs, plumbing, heating, electrical, and other systems, enhance school safety, and construct, reconstruct, renovate, rehabilitate and modernize classrooms, sites and facilities, including media and performing arts centers, technology centers and athletic complexes, shall Compton Unified School District’s measure authorizing \$350,000,000 in bonds at legal rates be adopted, levying \$0.06 per \$100 of assessed valuation (\$21,526,770 annually) while bonds are outstanding, with mandatory audits, citizen oversight, no money for administrator salaries, and all money staying local?”

In addition to the abbreviated statement of the ballot measure, as part of the sample ballot materials, in accordance with the requirements of California law, District voters were presented with a full text of ballot measure, which, among other items, included a project list identifying to District voters the types of projects eligible for funding from proceeds of bonds approved at the Bond Election (the “**Project List**”). The District makes no representation as to the specific application of the proceeds of the Series B Bonds, the completion of any projects listed on the Project List, or whether bonds authorized by the 2022 Authorization will provide sufficient funds to complete any particular project listed in the Project List. The proceeds of the Series B Bonds will also be used to pay related costs of issuance.

Refunding Bonds

The proceeds of the Refunding Bonds will be used to refinance the Refunded Bonds, as identified below, and to pay related costs of issuance.

2015 Refunding Bonds. On April 14, 2015, the District issued its General Obligation Refunding Bonds, 2002 Election, 2015 Series E (the “**2015 Refunding Bonds**”) in the original principal amount of \$5,505,000 for the purpose of refunding certain maturities of the District’s then outstanding General Obligation Bonds, 2002 Election, 2006 Series C, issued on June 8, 2006, in the aggregate principal amount of \$19,999,970.15.

The 2015 Refunding Bonds are subject to optional redemption on June 1, 2024, or any date thereafter, at a price equal to the principal amount thereof, together with interest accrued thereon to the date of redemption, without premium. The 2015 Refunding Bonds are currently outstanding in the aggregate principal amount of \$4,720,000, and are being refunded as shown below.

* Preliminary; subject to change.

Identification of Refunded 2015 Refunding Bonds*

Maturity Date (June 1)	CUSIP†	Principal Amount Redeemed	Redemption Date	Redemption Price
2028 T	204736 DL3	\$1,180,000	12/01/2026	100%
2029	204736 DM1	1,140,000	12/01/2026	100
2030	204736 DN9	1,180,000	12/01/2026	100
2031	204736 DP4	1,220,000	12/01/2026	100
Total	--	\$4,720,000		--

* Preliminary; subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of The American Bankers Association. The District takes no responsibility for the accuracy of the CUSIP data.

T Term Bond.

2016 Refunding Bonds. On November 17, 2016, the District issued its General Obligation Refunding Bonds, 2002 Election, 2016 Series F (the “**2016 Refunding Bonds**”) in the original principal amount of \$7,785,000 for the purpose of refunding certain maturities of the District’s then outstanding General Obligation Bonds, 2002 Election, 2006 Series C, issued on June 8, 2006, in the aggregate principal amount of \$19,999,970.15.

The 2016 Refunding Bonds are subject to optional redemption on June 1, 2026, or any date thereafter, at a price equal to the principal amount thereof, together with interest accrued thereon to the date of redemption, without premium. The 2016 Refunding Bonds are currently outstanding in the aggregate principal amount of \$7,570,000, and are being refunded as shown below.

Identification of Refunded 2016 Refunding Bonds*

Maturity Date (June 1)	CUSIP†	Principal Amount Redeemed	Redemption Date	Redemption Price
2028	204736 EL2	\$1,745,000	10/02/2026	100%
2029	204736 EM0	1,840,000	10/02/2026	100
2030	204736 EN8	1,940,000	10/02/2026	100
2031	204736 EP3	2,045,000	10/02/2026	100
Total	--	\$7,570,000		--

* Preliminary; subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of The American Bankers Association. The District takes no responsibility for the accuracy of the CUSIP data.

The District will deliver the net proceeds of the Refunding Bonds to U.S. Bank Trust Company, National Association, as Escrow Agent (the “**Escrow Agent**”), for deposit in an escrow fund (the “**Escrow Fund**”) established under an Escrow Agreement (the “**Escrow Agreement**”), between the District and the Escrow Agent. The Escrow Agent will invest such funds in certain federal securities (“**Escrow Fund Securities**”), and will apply such funds, with cash, together with interest earnings (if any) on the investment of such funds in Escrow Fund Securities, to pay the redemption price of and interest on the Refunded Bonds on their respective redemption dates.

Sufficiency of the deposits in the Escrow Fund for the foregoing purposes will be verified by Causey Public Finance, LLC, Denver, Colorado (the “**Verification Agent**”). See “**VERIFICATION OF MATHEMATICAL ACCURACY.**” As a result of the deposit of funds with the Escrow Agent on the date of issuance of the Refunding Bonds, the Refunded Bonds will be legally defeased and will

be payable solely from amounts held for that purpose under the Escrow Agreement, and will cease to be secured by *ad valorem* property taxes levied in the District.

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

THE BONDS

Authority for Issuance

The Series B Bonds will be issued under the provisions of 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, and the Series B Bond Resolution. The Refunding Bonds will be issued pursuant to the Refunding Law and the Refunding Bond Resolution.

Description of the Bonds

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

The Bonds shall be issued in the denominations of \$5,000 principal amount each or any integral multiple thereof. Interest on the Bonds is payable semiannually on each June 1 and December 1, commencing December 1, 2026 (each, an “**Interest Payment Date**”). Each Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it will bear interest from such date, (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the fifteenth (15th) day of the month preceding the Interest Payment Date (each, a “**Record Date**”), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to November 15, 2026, in which event it will bear interest from the date of delivery of the Bonds identified on the cover page hereof. Notwithstanding the foregoing, if interest on any Bond is in default at the time of authentication thereof, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Payments of principal of and interest on the Bonds will be paid by U.S. Bank Trust Company, National Association, as agent for the Los Angeles County Treasurer-Tax Collector, Los Angeles, California, as the designated paying agent, registrar and transfer agent (the “**Paying Agent**”) to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Bonds.

Book-Entry Only System

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

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

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

Redemption*

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

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

Optional Redemption – Refunding Bonds. The Refunding Bonds are not subject to optional redemption prior to maturity.

Mandatory Sinking Fund Redemption – Series B Bonds. The Series B Bonds maturing on June 1, 20__ (the “**Series B Term Bonds**”), are subject to mandatory sinking fund redemption on June 1 of each year in accordance with the schedule set forth below. The Series B Term Bonds so called for mandatory sinking fund redemption will be redeemed in the sinking fund payment amounts and on the dates set forth below, without premium, together with interest accrued thereon to the date fixed for redemption.

Series B Term Bonds Maturing June 1, 20__

Redemption Date (June 1)	Sinking Fund Redemption

Mandatory Sinking Fund Redemption – Refunding Bonds. The Refunding Bonds maturing on June 1, 20__ (the “**Refunding Term Bonds**” and, together with the Series B Term Bonds, the “**Term Bonds**”), are subject to mandatory sinking fund redemption on June 1 of each year in accordance with the schedule set forth below. The Refunding Term Bonds so called for

* Preliminary; subject to change.

mandatory sinking fund redemption will be redeemed in the sinking fund payment amounts and on the dates set forth below, without premium, together with interest accrued thereon to the date fixed for redemption.

Refunding Term Bonds Maturing June 1, 20__

Redemption Date (June 1)	Sinking Fund Redemption

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

Notice of Redemption

The Paying Agent shall give notice of the redemption of the Bonds at the expense of the District to be mailed, first class, postage prepaid, at least 20 but not more than 60 days prior to the date fixed for redemption, to the owners of the Bonds designated for redemption. Such notice shall specify: (a) that the Bonds or a designated portion thereof are to be redeemed, (b) the numbers and CUSIP numbers of the Bonds to be redeemed, (c) the date of notice and the date of redemption, (d) the place or places where the redemption will be made, and (e) descriptive information regarding the Bonds including the dated date, interest rate and stated maturity date. Such notice shall further state that on the specified date there shall become due and payable upon each Bond to be redeemed, the portion of the principal amount of such Bond to be redeemed, together with interest accrued to said date, the redemption premium, if any, and that from and after such date interest with respect thereto shall cease to accrue and be payable. Such notice may be a conditional notice of redemption and subject to rescission as set forth below.

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

Partial Redemption of Bonds

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

Effect of Redemption

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

Right to Rescind Notice of Redemption

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

Registration, Transfer and Exchange of Bonds

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

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

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

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

Defeasance and Discharge of Bonds

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

- (a) by paying or causing to be paid the principal or redemption price of and interest on such Bonds, as and when the same become due and payable;
- (b) by irrevocably depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Bond Resolutions) to pay or redeem such Bonds; or
- (c) by delivering such Bonds to the Paying Agent for cancellation by it.

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

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

Upon the deposit, in trust, at or before maturity, of money or securities in the necessary amount (as described above) to pay or redeem any outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), then all liability of the County and the District in respect of such Bond will cease and be completely discharged, except only that thereafter the owner thereof will be entitled only to payment of the principal of and interest on such Bond by the District, and the District will remain liable for such payment, but only out of such money or securities deposited with the Paying Agent for such payment.

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

DEBT SERVICE SCHEDULES

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

**Compton Unified School District
General Obligation Bonds
2022 Election, 2026 Series B
Debt Service Schedule**

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

Refunding Bonds. The following table shows the annual debt service schedule with respect to the Refunding Bonds.

**Compton Unified School District
2026 General Obligation Refunding Bonds
Debt Service Schedule**

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

Combined General Obligation Bonds. The following table shows the combined annual debt service schedule with respect to all outstanding general obligation bonds of the District secured by *ad valorem* property taxes, assuming no optional redemptions. See APPENDIX A – “FINANCIAL INFORMATION – Existing Debt Obligations” for additional information.

COMPTON UNIFIED SCHOOL DISTRICT
Combined General Obligation Bond Debt Service Schedule

Period Ending (June 1)	2002 Election, 2006 Series C	2015 Refunding Bonds ⁽¹⁾	2016 Refunding Bonds ⁽¹⁾	2015 Election, 2019 Series B	Series B Bonds	Refunding Bonds	Total Outstanding Bonds
2027	\$3,250,000.00	\$220,500.00	\$416,350.00	\$9,575,300.00			
2028	--	1,258,312.50	2,161,350.00	9,923,050.00			
2029	--	1,253,625.00	2,160,375.00	10,276,800.00			
2030	--	1,258,000.00	2,159,175.00	10,644,800.00			
2031	--	1,259,650.00	2,157,475.00	11,024,800.00			
2032	--	--	--	11,424,200.00			
2033	--	--	--	11,836,200.00			
2034	--	--	--	12,261,200.00			
2035	--	--	--	12,701,200.00			
2036	--	--	--	13,161,200.00			
2037	--	--	--	13,636,200.00			
2038	--	--	--	14,131,200.00			
2039	--	--	--	14,641,200.00			
2040	--	--	--	15,171,200.00			
2041	--	--	--	15,726,200.00			
2042	--	--	--	16,296,200.00			
2043	--	--	--	16,886,200.00			
2044	--	--	--	17,501,200.00			
2045	--	--	--	18,136,200.00			
2046	--	--	--	18,797,200.00			
2047	--	--	--	19,484,600.00			
2048	--	--	--	20,195,400.00			
2049	--	--	--	20,931,600.00			
2050	--	--	--	--			
2051	--	--	--	--			
2052	--	--	--	--			
2053	--	--	--	--			
Total	\$3,250,000.00	\$5,250,087.50	\$9,054,725.00	\$334,363,350.00			

(1) Expected to be refunded with the proceeds of the Refunding Bonds. See “THE FINANCING PLAN - The Refunding Bonds.”

SOURCES AND USES OF FUNDS

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

<u>Sources of Funds</u>	Series B Bonds	Refunding Bonds
Principal Amount of Bonds		
[Net] Original Issue [Premium]/[Discount]		
Total Sources		
<u>Uses of Funds</u>		
Building Fund		
Escrow Fund		
Debt Service Fund		
Costs of Issuance ⁽¹⁾		
Total Uses		

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

SECURITY FOR THE BONDS

Ad Valorem Taxes

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

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

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

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

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

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

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

Building Fund

Proceeds from the sale of the Series B Bonds, to the extent of the principal amount thereof, will be paid to the County to the credit of the fund created and established in the Series B Bond Resolution and known as the “2022 Election, 2026 Series B Building Fund” (the “**Building Fund**”), which will be accounted for as separate and distinct from all other District funds. The proceeds will be used solely for the purposes for which the Series B Bonds are being issued and for payment of permissible costs of issuance. Any excess proceeds of the Series B Bonds not needed for the authorized purposes for which the Series B Bonds are being issued shall be transferred to the Series B Debt Service Fund (as defined below) and applied to the payment of principal of and interest on the Series B Bonds. If, after payment in full of the Series B Bonds, there remains excess proceeds, any such excess amounts shall be transferred to the general fund of the District. Interest earnings on the investment of monies held in the Building Fund will be retained in the Building Fund.

Debt Service Funds

Series B Bonds Debt Service Fund. Amounts to pay debt service on the Series B Bonds will be held in the fund created and established in the Series B Bond Resolution and known as the “2022 Election, 2026 Series B Debt Service Fund” (the “**Series B Debt Service Fund**”) for the Series B Bonds, which will be established as a separate fund to be maintained distinct from all other funds of the District. All taxes levied by the County for the payment of the principal of and interest on the Series B Bonds will be deposited in the Series B Debt Service Fund by the County promptly upon the receipt. The Series B Debt Service Fund is pledged for the payment of the principal of and interest and premium (if any) on the Series B Bonds when and as the same become due. The County will transfer amounts in the Series B Debt Service Fund to the Paying Agent to the extent necessary to pay the principal of and interest on the Series B Bonds as the same becomes due and payable.

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

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

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

Not a County Obligation

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

PROPERTY TAXATION

Property Tax Collection Procedures

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

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

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

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

taxes in respect of property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent.

Taxation of State-Assessed Utility Property

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

Assessed Valuation

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

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

Assessed Valuation History. The table below shows a history of the District’s assessed valuation, including preliminary estimates for fiscal year 2026-27.

COMPTON UNIFIED SCHOOL DISTRICT Assessed Valuation Fiscal Years 2015-16 through 2026-27

Fiscal Year	Local Secured	Utilities	Unsecured	Total	% Change
2015-16	\$9,238,148,945	\$1,928,158	\$803,048,296	\$10,043,125,399	--%
2016-17	9,807,331,824	1,928,158	800,582,428	10,609,842,410	5.6
2017-18	10,254,529,688	2,923,504	819,323,142	11,076,776,334	4.4
2018-19	10,852,808,500	2,923,504	949,619,355	11,805,351,359	6.6
2019-20	11,583,545,929	2,923,504	927,068,393	12,513,537,826	6.0
2020-21	12,437,037,036	3,235,859	927,173,733	13,367,446,628	6.8
2021-22	12,935,117,465	3,840,472	902,780,571	13,841,738,508	3.5
2022-23	13,879,388,010	3,840,472	986,404,216	14,869,632,698	7.4
2023-24	14,872,500,203	3,840,472	1,052,161,127	15,928,501,802	7.1
2024-25	15,660,957,388	4,306,128	1,031,097,496	16,696,361,012	4.8
2025-26	16,765,011,223	4,637,184	1,144,740,584	17,914,388,991	7.3
2026-27*	17,573,716,106	4,637,184	1,109,975,522	18,688,328,812	4.3

* Preliminary; subject to change.

Source: California Municipal Statistics, Inc.

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

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

On January 7, 2025, the Palisades Fire started in the Pacific Palisades area of Los Angeles County, destroying nearly 7,000 structures and damaging over 1,000 more. Several other fires subsequently broke out in Los Angeles County, destroying and threatening numerous structures, including the Eaton Fire in Altadena, which destroyed more than 9,000 structures and damaged 1,000 more. Although the Palisades Fire was in the same County, no properties within the boundaries of the District were destroyed by the fire.

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

Drought. The State has experienced drought conditions in recent years, including a period of drought followed by record-level precipitation, which resulted in related severe flooding and mudslides in certain regions. As of July 14, 2026, the U.S. Drought Monitor indicates that the State is classified as experiencing mostly abnormally dry no drought conditions, with some moderate drought conditions in the northwest, northeast and southeast parts of the State. The County is currently experiencing no drought conditions.

During 2021, the Governor of the State proclaimed a drought state of emergency for all counties in the State, culminating with an October 19, 2021, proclamation, urging Californians to step up their water conservation efforts. In January 2022, the State Water Board adopted emergency regulations aimed at saving water and raising drought awareness, with prohibitions focused on reducing outdoor water use, enforceable by local agencies and the State Water Board, generally with warning letters, mandatory water use audits, and fines. In January 2023, the State Water Board adopted its first five-year temporary groundwater recharge permit, in addition to adopting new statewide sanitary sewer orders and appointing eleven members to the Advisory Group on Safe Drinking Water Funding. Local agencies can impose and enforce their own drought conservation rules.

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

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

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

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

<u>Jurisdiction:</u>	<u>Assessed Valuation in District</u>	<u>% of District</u>	<u>Assessed Valuation of Jurisdiction</u>	<u>% of Jurisdiction in District</u>
City of Carson	\$2,372,971,120	13.25%	\$22,572,444,076	10.51%
City of Compton	9,946,919,399	55.52	\$9,995,727,461	99.51%
City of Long Beach	3,499,854	0.02	\$82,188,304,804	0.00%
City of Lynwood	114,011,235	0.64	\$5,116,585,397	2.23%
City of Paramount	114,709,952	0.64	\$5,679,992,948	2.02%
Unincorporated Los Angeles County	<u>5,362,277,431</u>	<u>29.93</u>	\$149,571,930,505	3.59%
Total District	\$17,914,388,991	100.00%		
Los Angeles County	\$17,914,388,991	100.00%	\$2,183,758,873,676	0.82%

Source: California Municipal Statistics, Inc.

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

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

	2025-26	% of	No. of	% of
<u>Non-Residential:</u>	<u>Assessed Valuation ⁽¹⁾</u>	<u>Total</u>	<u>Parcels</u>	<u>Total</u>
Commercial	\$1,468,118,429	8.76%	1,326	4.10%
Vacant Commercial	54,248,089	0.32	135	0.42
Industrial	5,438,414,800	32.44	1,165	3.61
Vacant Industrial	79,684,738	0.48	233	0.72
Recreational	137,001,912	0.82	40	0.12
Government/Social/Institutional	116,608,996	0.70	560	1.73
Miscellaneous	<u>56,650,221</u>	<u>0.34</u>	<u>232</u>	<u>0.72</u>
Subtotal Non-Residential	\$7,350,727,185	43.85%	3,691	11.43%
<u>Residential:</u>				
Single Family Residence	\$7,526,546,187	44.89%	24,086	74.56%
Condominium/Townhouse	276,570,209	1.65	741	2.29
Mobile Homes and Lots	9,352,518	0.06	54	0.17
Mobile Home Park	70,078,222	0.42	23	0.07
2-4 Residential Units	1,090,611,843	6.51	2,749	8.51
5+ Residential Units/Apartments	378,785,449	2.26	418	1.29
Vacant Residential	<u>62,339,610</u>	<u>0.37</u>	<u>544</u>	<u>1.68</u>
Subtotal Residential	\$9,414,284,038	56.15%	28,615	88.57%
Total	\$16,765,011,223	100.00%	32,306	100.00%

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

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

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

Single Family Residential	No. of Parcels	2025-26 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
	24,086	\$7,526,546,187	\$312,486	\$273,402

2025-26 Assessed Valuation	No. of Parcels ⁽¹⁾	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
\$0 - \$49,999	1,911	7.934%	7.934%	\$70,943,573	0.943%	0.943%
\$50,000 - \$99,999	1,616	6.709	14.643	111,912,881	1.487	2.429
\$100,000 - \$149,999	1,435	5.958	20.601	184,399,239	2.450	4.879
\$150,000 - \$199,999	2,851	11.837	32.438	506,880,258	6.735	11.614
\$200,000 - \$249,999	3,171	13.165	45.603	710,325,938	9.438	21.052
\$250,000 - \$299,999	2,158	8.960	54.563	591,266,111	7.856	28.907
\$300,000 - \$349,999	1,802	7.482	62.044	582,888,021	7.744	36.652
\$350,000 - \$399,999	1,496	6.211	68.255	561,308,587	7.458	44.110
\$400,000 - \$449,999	1,575	6.539	74.794	669,639,657	8.897	53.007
\$450,000 - \$499,999	1,470	6.103	80.898	697,252,895	9.264	62.270
\$500,000 - \$549,999	1,268	5.264	86.162	665,002,767	8.835	71.106
\$550,000 - \$599,999	1,117	4.638	90.800	642,392,490	8.535	79.641
\$600,000 - \$649,999	872	3.620	94.420	543,901,856	7.226	86.867
\$650,000 - \$699,999	569	2.362	96.782	382,522,399	5.082	91.950
\$700,000 - \$749,999	345	1.432	98.215	249,472,979	3.315	95.264
\$750,000 - \$799,999	217	0.901	99.116	167,687,979	2.228	97.492
\$800,000 - \$849,999	104	0.432	99.547	85,232,883	1.132	98.625
\$850,000 - \$899,999	43	0.179	99.726	37,644,077	0.500	99.125
\$900,000 - \$949,999	23	0.095	99.821	21,217,538	0.282	99.407
\$950,000 - \$999,999	19	0.079	99.900	18,522,804	0.246	99.653
\$1,000,000 and greater	24	0.100	100.000	26,131,255	0.347	100.000
	24,086	100.000%		\$7,526,546,187	100.000%	

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

Reassessments and Appeals of Assessed Value

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

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

Under California law, property owners may apply for a Proposition 8 reduction of their property tax assessment by filing a written application, in form prescribed by the SBE, with the County board of equalization or assessment appeals board. In most cases, the appeal is filed

because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value.

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

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

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

Tax Rates

Below are historical typical tax rates in a typical tax rate area (Tax Rate Area 2800) within the District for fiscal years 2021-22 through 2025-26.

COMPTON UNIFIED SCHOOL DISTRICT
Typical Total Tax Rates per \$100 of Assessed Valuation (TRA 2800)⁽¹⁾
Fiscal Years 2021-22 through 2025-26

	2021-22	2022-23	2023-24	2024-25	2025-26
General Tax Rate	\$1.000000	\$1.000000	\$1.000000	\$1.000000	\$1.000000
City of Compton	.451632	.451632	.451632	.446484	.439147
Compton Unified School District	.132015	.080267	.129522	.123253	.107951
Compton Community College District	.028082	.027544	.049688	.045087	.035010
Metropolitan Water District	.003500	.003500	.003500	.007000	.007000
Total Tax Rate	\$1.615229	\$1.562943	\$1.634342	\$1.621824	\$1.589108

(1) 2025-26 assessed valuation of TRA 2800 is \$4,015,707,048, which is 22.42% of the District's total assessed valuation.
Source: California Municipal Statistics, Inc.

Tax Levies and Delinquencies

The following table shows tax charges, collections and delinquencies for secured property in the District. Because the County does not participate in an Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (commonly known as the “**Teeter Plan**”), secured property taxes actually collected are allocated to political subdivisions for which the County acts as tax-levying or tax-collecting agency, including the District, when the secured property taxes are actually collected.

The tables below show the secured tax charge and delinquency rate for the identified fiscal years, the first for the levy with respect to the one percent general fund apportionment, and the second for the levy for District bonded indebtedness.

COMPTON UNIFIED SCHOOL DISTRICT
Fiscal Years 2019-20 through 2024-25
Secured Tax Charges and Delinquency Rates

Fiscal Year	Secured Tax Charge⁽¹⁾	Amount Delinquent June 30	Percent Delinquent June 30
2019-20	\$25,878,778.43	\$578,140.36	2.23%
2020-21	27,595,420.12	466,175.33	1.69
2021-22	28,498,717.62	443,493.67	1.56
2022-23	30,490,056.46	472,710.51	1.55
2023-24	32,779,216.25	571,887.42	1.74
2024-25	34,486,085.31	858,477.66	2.49

(1) 1% General Fund apportionment. Excludes redevelopment agency impounds.
Source: *California Municipal Statistics, Inc.*

COMPTON UNIFIED SCHOOL DISTRICT
Fiscal Years 2019-20 through 2024-25
Secured Tax Charges and Delinquency Rates

Fiscal Year	Secured Tax Charge⁽¹⁾	Amount Delinquent June 30	Percent Delinquent June 30
2019-20	\$12,955,896.89	\$276,763.69	2.14%
2020-21	14,694,262.66	270,069.47	1.84
2021-22	17,004,033.54	278,831.99	1.64
2022-23	10,981,979.64	175,925.25	1.60
2023-24	19,240,333.15	485,609.72	2.52
2024-25	20,004,829.22	352,863.47	1.76

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

Property tax delinquencies may be impacted by economic and other factors beyond the District's or the County's control, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression could be caused by many factors outside the control of the District, including high interest rates, reduced consumer confidence, reduced real wages or reduced economic activity as a result an outbreak of disease or natural or manmade disaster.

Notwithstanding that the County does not operate a Teeter Plan, the District has participated in an annual program under which it sells its delinquent tax receivables to the California Statewide Delinquent Tax Finance Authority for a premium. The District has participated in this program every year since 2002, and in the most recent year the District received \$402,449.64 under the program.

Top 20 Property Owners

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

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

<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2025-26 Assessed Valuation</u>	<u>% of Total ⁽¹⁾</u>
1. Rexford Industrial	Industrial	\$697,247,757	4.16%
2. Prologis LP	Industrial	553,483,267	3.30
3. Carson Dominguez Properties LP	Industrial	185,411,756	1.11
4. AMB Property LP	Industrial	185,402,852	1.11
5. Watson Partners LP	Industrial	149,481,060	0.89
6. Anschutz So Ca Sports Complex Stubhub Center	Sports Arena	133,628,445	0.80
7. LA Brickyard LLC	Industrial	125,449,563	0.75
8. PR I Dominguez Hills	Industrial	122,061,748	0.73
9. Ralphs Grocery Co.	Industrial	107,560,058	0.64
10. CLPF Gateway Towne Center LP	Shopping Center	97,292,210	0.58
11. Centerpoint 1620 Wilmington LLC	Industrial	87,720,000	0.52
12. ULH Properties Of California LLC	Industrial	77,316,000	0.46
13. Comref So Ca Industrial	Industrial	75,665,181	0.45
14. South Bay Industrials Co. LLC	Industrial	64,602,100	0.39
15. First Industrial LP	Industrial	58,745,432	0.35
16. UB II Santa Fe LLC	Industrial	55,775,901	0.33
17. 17707 Santa Fe LLC	Industrial	52,956,360	0.32
18. Centerpoint 711 Walnut LLC	Industrial	51,765,000	0.31
19. SP V Buckeye MLK I LLC	Apartments	50,300,620	0.30
20. Western States Regional Council of Carpenters	Industrial	48,815,567	0.29
		<u>\$2,980,680,877</u>	<u>17.78%</u>

(1) 2025-26 local secured assessed valuation: \$16,765,011,223.

Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the “**Debt Report**”) prepared by California Municipal Statistics, Inc. for debt issued as of June 1, 2026. The Debt Report is included for general information purposes only. Neither the District nor the Underwriter has reviewed the Debt Report for completeness or accuracy and neither makes any representation in connection therewith.

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

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

2025-26 Assessed Valuation: \$17,914,388,991

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/1/26</u>	
Metropolitan Water District	0.421%	\$67,549	
Compton Community College District	56.642	73,796,478	
Compton Unified School District	100.000	210,889,380	(1)(2)
City of Carson Assessment District No. 2001-1	100.000	10,850,000	
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$295,603,407	
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Los Angeles County General Fund Obligations	0.820%	\$30,812,764	
Los Angeles County Superintendent of Schools Certificates of Participation	0.820	14,958	
Compton Unified School District Certificates of Participation	100.000	17,190,000	
City of Carson Pension Obligation Bonds	10.513	9,596,266	
City of Compton Certificates of Participation	99.512	21,206,007	
Other City General Fund and Pension Obligation Bonds	Various	9,350,369	
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$88,170,364	
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>		\$50,840,089	
COMBINED TOTAL DEBT		\$434,613,860	(3)

Ratios to 2025-26 Assessed Valuation:

DIRECT DEBT (\$210,889,380)	1.18%
Total Overlapping Tax and Assessment Debt	1.65%
COMBINED DIRECT DEBT (\$228,079,380)	1.27%
Combined Total Debt	2.43%

Ratio to Redevelopment Incremental Valuation (\$5,033,053,974):

Total Overlapping Tax Increment Debt	1.01%
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(1) Excludes the Bonds offered for sale hereunder but includes the Refunded Bonds.

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

Source: California Municipal Statistics, Inc.

BOND INSURANCE

The District has applied for bond insurance to guarantee the scheduled payment of principal of and interest on the Bonds and, if a commitment is issued to insure the Bonds, will determine prior to the sale of the Bonds whether to obtain such insurance.

TAX MATTERS

Tax Exemption

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

The 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**") relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

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

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

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for

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

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

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

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

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

Forms of Opinions. A copy of the proposed forms of opinions of Bond Counsel are attached hereto as Appendix D.

VERIFICATION OF MATHEMATICAL ACCURACY

The Verification Agent, upon delivery of the Refunding Bonds, will deliver a report of the mathematical accuracy of certain computations, contained in schedules provided to them on behalf of the District, relating to (a) the sufficiency of the anticipated amount of proceeds of the Refunding Bonds and other funds available to pay upon prior redemption, principal, interest and redemption premium (if any) requirements of the Refunded Bonds described under the heading "THE FINANCING PLAN" and (b) the "yields" on the amount of proceeds held and invested prior to redemption of the Refunded Bonds and on the Refunding Bonds considered by Bond Counsel in connection with the opinion rendered by Bond Counsel that the Refunding Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Tax Code.

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

CERTAIN LEGAL MATTERS

Absence of Litigation

No Litigation Regarding Bonds or Existence of District. There is no action, suit or proceeding known to be pending, or threatened, restraining or enjoining the execution or delivery of the Bond or the existence of the District, or in any way contesting or affecting the validity of the foregoing.

Claims and Lawsuits Against Public School Districts Generally. The District is subject to lawsuits and claims that may arise in the normal course of operating the District. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the financial position or operations of the District. The District may be or may become a party to lawsuits and claims or actions which have arisen in the normal course of operating the District, including with respect to Assembly Bill 218 (“**AB 218**”). Enacted in 2020, AB 218 extended the statute of limitations for survivors of childhood sexual assault to file civil claims and introduced a three-year revival window for previously time-barred cases. The District maintains certain insurance policies which provide coverage under certain circumstances and with respect to certain types of incidents. The District cannot predict what types of claims may arise in the future, including but not limited to claims relating to health issues and pandemics, or claims that may be made available by future legislation.

Compensation of Certain Professionals

Payment of the fees and expenses of Jones Hall LLP, as Bond Counsel and Disclosure Counsel to the District, Fieldman, Rolapp & Associates, Inc., as Municipal Advisor to the District, and Kutak Rock LLP, as counsel to the Underwriter, are contingent upon issuance of the Bonds.

MUNICIPAL ADVISOR

The District has retained Fieldman, Rolapp & Associates, Inc. (the “**Municipal Advisor**”), as municipal advisor in connection with the issuance and sale of the Bonds. The Municipal Advisor is not 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 or any of the other legal documents and, further, the Municipal Advisor does not assume any responsibility for the information, covenants and representations with respect to the federal income tax status of the Bonds, or the possible impact of any current, pending or future actions taken by any legislative or judicial bodies or rating agencies.

CONTINUING DISCLOSURE

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

In the previous five-years, the District failed to timely file (i) its Annual Report and audited financial statements for fiscal year 2021-22, though a notice of failure to file was filed by the required deadline and (ii) its audited financial statements and certain financial information required to be included in its Annual Report for fiscal year 2022-23, though a notice of failure to file was filed by the required deadline. In order to assist it in complying with its undertakings pursuant to the Rule, including the undertaking to be entered into with respect to the Bonds, the District has engaged Fieldman, Rolapp & Associates, Inc., to serve as its dissemination agent.

Neither the County nor any other entity other than the District shall have any obligation or incur any liability with respect to the performance of the District’s duties regarding continuing disclosure. The County has not reviewed, nor is it responsible for, the content of this Official Statement.

RATING

Moody’s Investor Services (“**Moody’s**”) has assigned a rating of “Aa2” to the Bonds. Such rating reflects only the views of Moody’s and an explanation of the significance of such rating may be obtained only from Moody’s. The District has provided certain additional information and materials to Moody’s (some of which does not appear in this Official Statement because it has been considered not material to making an investment decision in the Bonds). There is no assurance that such rating will continue for any given period of time or that the rating 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 a rating may have an adverse effect on the market price of the Bonds.

The District has covenanted in the Continuing Disclosure Certificate to file on EMMA notices of any ratings changes on the Bonds. See “APPENDIX E - FORM OF CONTINUING DISCLOSURE CERTIFICATE” attached hereto. Notwithstanding such covenant, information relating to ratings changes on the Bonds may be publicly available from the rating agency prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change on EMMA. Purchasers of the Bonds are directed to Moody’s and its website and official media outlets for the most current ratings changes with respect to the Bonds after the initial issuance of the Bonds.

UNDERWRITING

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the “Underwriter”).

Series B Bonds. The Underwriter has agreed to purchase the Series B Bonds at a price of \$_____ which is equal to the aggregate principal amount of the Series B Bonds of \$_____, [plus][less] [net] original issue [premium][discount] of \$_____ less an Underwriter’s discount of \$_____.

Refunding Bonds. The Underwriter has agreed to purchase the Refunding Bonds at a price of \$_____ which is equal to the aggregate principal amount of the Refunding Bonds of \$_____, [plus][less] [net] original issue [premium][discount] of \$_____ less an Underwriter’s discount of \$_____.

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

The Underwriter. The Underwriter and its affiliates comprise a full-service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriter and its affiliates may have provided, and may in the future provide, a variety of these services to the District and to persons and entities with relationships with the District, for which they received or will receive customary fees and expenses.

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

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

ADDITIONAL INFORMATION

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

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

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

EXECUTION

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

COMPTON UNIFIED SCHOOL DISTRICT

By: _____
Superintendent

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APPENDIX A

GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT

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

GENERAL INFORMATION

The District, located in the City of Compton, was established on July 1, 1970 and is comprised of an area of approximately 30 square miles located in Los Angeles County (the "**County**"), State of California (the "**State**"), serving approximately 153,479 residents. The District currently operates 21 elementary schools, 5 middle schools, 3 high schools, two early college high schools, one community day school and three alternative schools. Enrollment in the District is budgeted for approximately 15,547 in fiscal year 2026-27.

There are six independent charter schools operating within the District's boundaries, with an estimated enrollment of 3,045 students. The District also operates two affiliate charter schools, with an estimated enrollment of approximately 620 students.

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

Charter Schools

Charter schools are largely independent schools operating as part of the public school system created pursuant to Part 26.8 (beginning with Section 47600) of Division 4 of Title 2 of the State Education Code (the "**Charter School Law**"). A charter school is usually created or organized by a group of teachers, parents and community leaders, or a community-based organization, and the petition for a charter school's creation approved by an existing local public school district, a county board of education, or the State Board of Education.

A charter school is generally exempt from the laws governing school districts, except where specifically noted in the law. The Charter School Law acknowledges that among its intended purposes are: (i) to provide parents and students with expanded choices in the types of educational opportunities that are available within the public school system; (ii) to hold schools accountable for meeting measurable pupil outcomes and provide schools a way to shift from a rule-based to a performance-based system of accountability; and (iii) to provide competition within the public school system to stimulate improvements in all public schools.

District Governance and Administration

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

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Michah Ali	President	March 2028
Michael Hooper	Vice President	March 2028
Denzell Perry	Clerk	June 2030
Tana McCoy	Member	June 2030
Sandra Moss	Member	March 2028
Alma Taylor	Member	June 2030
Satra Zurita	Member	June 2030

Administrative Personnel. The Superintendent of the District, appointed by the Board, is responsible for management of the day-to-day operations and supervises the work of other District administrators. Darin Brawley currently serves as the Superintendent of the District, and Dr. Shannon Soto as the Chief Administrative Officer, Business and Administrative Services.

Employee Relations

For fiscal year 2026-27, the District has budgeted for 932 full-time equivalent (“**FTE**”) certificated employees, 630 FTE classified employees, and 163 FTE management employees. Five unions represent the District employees as shown in the table below.

Employee Group	Bargaining Group	Contract Expiration Date*
Certificated	Compton Education Association	June 30, 2026
	Teamsters	June 30, 2026
Classified	California School Employees Association	June 30, 2026
	Service Employees’ International Union, Local 99	June 30, 2026
	Police Officers’ Association	June 30, 2026

* Employees continue to operate under expired contracts during negotiations.
Source: *Compton Unified School District*.

Recent Enrollment Trends

The following table shows a recent history and budgeted enrollment for the District.

ANNUAL ENROLLMENT⁽¹⁾
Fiscal Years 2020-21 through 2026-27
Compton Unified School District

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>% Change</u>
2020-21	19,179	--%
2021-22	18,211	(5.0)
2022-23	17,437	(4.3)
2023-24	16,738	(4.0)
2024-25	16,436	(1.80)
2025-26	16,280	(0.9)
2026-27 ⁽²⁾	15,547	(4.5)

(1) Does not include charter school enrollment.

(2) Budgeted.

Source: California Department of Education; Compton Unified School District.

FINANCIAL INFORMATION

Education Funding Generally

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

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

- A base grant for each local education agency per unit of average daily attendance ("**ADA**"), which varies with respect to different grade spans and are adjusted upward each year to reflect cost-of-living increases. In addition, grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in grades K-3 and the provision of career technical education in grades 9-12.
- A 20% supplemental grant for English learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.
- An additional concentration grant of up to 65% (which was increased from 50% as part of the State's trailer bill to the 2021-22 State Budget - Assembly Bill 130) of a local education agency's base grant, based on the number of English learners, students from low-income families and foster youth served by the local agency that comprise more than 55% of enrollment.
- An economic recovery target to ensure that almost every local education agency receives at least their pre-recession funding level, adjusted for inflation, at full implementation of the LCFF.

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

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

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

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

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

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

Source: California Department of Education.

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

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

District Accounting Practices

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

group consisting of a separate accounting entity. The major fund classification is the general fund which accounts for all financial resources not requiring a special fund placement. The District's fiscal year begins on July 1 and ends on June 30. For more information on the District's basis of accounting and fund accounting, see Note 1 of APPENDIX B to the Official Statement.

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

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

Financial Statements

General. The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. The District's audited financial statements for fiscal year 2024-25 were prepared by Christy White, Inc., San Diego, California, and are attached to the Official Statement as APPENDIX B. Audited financial statements for the District for prior fiscal years are on file with the District and available for public inspection at the Chief Administrative Officer, Business and Administrative Services. The District has not requested, and the auditor has not provided, any review or update of such financial statements in connection with inclusion in this Official Statement.

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

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

	<u>Audited</u> <u>2020-21</u>	<u>Audited</u> <u>2021-22</u>	<u>Audited</u> <u>2022-23</u>	<u>Audited</u> <u>2023-24</u>	<u>Audited</u> <u>2024-25</u>
Revenues:					
LCFF Sources:	\$235,297,248	\$258,290,336	\$278,737,494	\$284,596,725	\$259,824,909
Federal Revenues	65,303,846	24,663,877	81,230,512	92,112,854	21,060,162
State Revenues	46,253,660	76,396,112	109,918,607	78,323,519	74,703,001
Local Revenues	7,495,302	(3,597,293}	12,747,196	31,058,937	29,931,926
Total Revenues	354,350,056	355,753,032	482,633,809	486,092,035	385,519,998
Expenditures:					
Instruction	168,324,395	165,000,567	202,403,961	206,792,459	234,647,471
Supervision of Instruction	15,049,786	13,967,086	12,179,583	14,842,818	17,970,089
Instructional library, media, technology	1,872,771	1,509,238	1,691,438	1,853,605	1,888,255
School site administration	16,388,849	17,296,379	17,986,014	18,164,201	19,587,139
Home-to-school transportation	2,919,945	6,351,362	3,064,832	7,281,901	6,612,253
Food services	3,363,668	(23,144)	64,588	--	2,373,042
All other pupil services	16,934,109	17,999,344	15,418,796	18,740,875	19,210,628
Data processing	3,069,588	3,429,242	3,550,167	6,410,970	2,583,093
All other general administration	17,145,670	20,123,972	44,454,963	23,997,233	29,331,375
Plant services	45,354,816	33,148,199	37,891,172	53,625,707	47,736,272
Facility acquisition and construction	5,439,906	12,945,544	27,730,471	62,793,996	6,566,382
Ancillary services	1,428,452	1,607,078	2,144,897	3,294,175	2,465,486
Enterprise activities	--	--	--	267,313	--
Other outgo	61,307	77,361	158,740	121,912	163,900
Debt service: principal	2,085,000	2,225,000	2,370,000	2,535,000	2,700,000
Debt service: interest	1,500,374	1,684,530	1,228,707	1,110,706	987,539
Total Expenditures	300,938,636	297,341,758	372,338,329	421,832,871	394,822,924
Excess (Deficiency) of Revenues Over (Under) Expenditures	53,411,420	58,411,27	110,295,480	64,259,164	(9,302,926)
Other Financing Sources (Uses)					
Operating transfers in	600,000	--	--	--	--
Operating transfers out	--	(4,312,834}	--	--	(8,100,000)
Total Other Financing Sources (Uses)	600,000	(4,312,834}	--	--	(8,100,000)
Net change in fund balance	54,011,420	54,098,440	110,295,480	64,259,164	(17,402,926)
Fund Balances July 1	59,867,351	113,878,77	185,202,875	318,442,123	382,701,287
Fund Balances June 30	\$113,878,771	\$167,977,21	\$295,498,355	382,701,287	\$365,298,361

(1) Totals may not foot due to rounding.

Source: Audited financial statements of the District

District Budget and Interim Financial Reporting

Budgeting and Interim Reporting Procedures. State law requires school districts to maintain a balanced budget in each fiscal year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. Under current law, a school district governing board must adopt and file with the county superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the Los Angeles County Superintendent of Schools (the "**County Superintendent**").

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

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

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

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

District's Budget and Interim Certification History. During the past five years, each of the District's adopted budgets have been approved by the County Superintendent and the District has received positive certifications on all of its interim reports, except for its first interim report for 2021-22 which was certified as qualified.

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

COMPTON UNIFIED SCHOOL DISTRICT		
Revenues, Expenditures, and Changes in General Fund Balance		
Fiscal Year 2025-26 (Estimated Actuals)		
Fiscal Year 2026-27 (Adopted Budget)		
	Estimated Actuals 2025-26	Adopted Budget 2026-27
Revenues		
Total LCFF Sources	\$256,245,301	\$270,358,910
Federal Revenues	23,155,913	37,756,570
Other state revenues	72,821,579	65,611,595
Other local revenues	18,908,375	9,165,686
Total Revenues	371,131,168	382,892,761
Expenditures		
Certificated Salaries	134,338,466	134,327,849
Classified Salaries	42,409,145	43,281,994
Employee Benefits	88,243,827	89,561,341
Books and Supplies	22,750,072	22,157,171
Services and Other Operating Expenditures	128,107,616	136,058,091
Capital Outlay	2,502,089	5,338,281
Other Outgo (excluding transfers of indirect costs)	3,111,012	3,167,262
Other Outgo	(520,472)	(536,560)
Total Expenditures	420,941,755	433,355,429
Excess of Revenues Over/(Under) Expenditures	(49,810,587)	(50,462,668)
Other Financing Sources (Uses)		
Operating transfers in	--	--
Operating transfers out	(87,738,584)	--
Other sources	--	--
Contributions	--	--
Total Other Financing Sources (Uses)	(87,738,584)	--
Net change in fund balance	(137,549,171)	(50,462,668)
Fund Balance, July 1	320,836,435	183,287,264
Fund Balance, June 30 ⁽¹⁾	\$183,287,264	\$132,824,596

(1) Fund balances do not reflect all funds included in the District's general fund in the audited financial statements shown above.

Source: Compton Unified School District.

District Reserves. The District's ending fund balance is the accumulation of surpluses from prior years. This fund balance is used to meet the State's minimum required reserve of 3% of expenditures, plus any other allocation or reserve which might be approved as an expenditure by the District in the future. The District maintains, and expects to continue to maintain, an unrestricted reserve which meets the State's minimum requirements.

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

Attendance - LCFF Funding

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

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

Fiscal Year	ADA	LCFF Funding Per ADA
2020-21	19,393	\$12,328
2021-22	16,308	17,778
2022-23	15,760	18,016
2023-24	15,690	18,231
2024-25	15,506	18,207
2025-26 ⁽¹⁾	15,670	16,353
2026-27 ⁽²⁾	15,494	17,449

(1) Estimated actual.

(2) Budgeted.

Source: California Department of Education for fiscal years 2020-21 through 2024-25; Compton Unified School District for fiscal years 2025-26 through 2026-27.

District's Unduplicated Student Count. Under LCFF, school districts are entitled to supplemental funding based on the unduplicated count of targeted students. The District's percentage of unduplicated students is approximately 95% for purposes of calculating supplemental and concentration grant funding under LCFF. Recent federal deportation efforts

may pose a risk to school districts relying on revenue from the LCFF. With the exception of community supported districts, school districts rely heavily on student attendance and enrollment, including Supplemental and Concentration Grant add-ons for serving a high percentage of English language learner and low-income students. If undocumented students, or students who have parents or caretakers that are undocumented or have been granted temporary status, face deportation, districts may experience a decrease in student enrollment or ADA. The District cannot predict potential changes to enrollment or attendance in response to such deportation efforts.

Revenue Sources

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

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

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

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

Under LCFF, a school district whose property tax revenues exceed its funding under the LCFF is entitled to keep its local property tax revenues which exceed its LCFF funding, maintaining its status as a Basic Aid District, now referred to as a "Community Supported District." For school districts that were Basic Aid prior to implementation of the LCFF, such districts are entitled to retain their status as Community Supported and keep their full local property tax revenue entitlement, provided that the per-pupil funding targets under LCFF, including economic recovery targets, are met or exceeded by local property tax revenues. The threshold for Community Supported status under the LCFF, however, is higher than under the prior funding formula, resulting in some districts falling out of Community Supported status as the result of the implementation of the LCFF. The District is not a Community Supported District. Accountability measures contained in the LCFF must be implemented by all districts, including Community Supported Districts.

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

Since Donald Trump was sworn in as President in January 2025, the federal government has announced possible cuts to federal funding for educational agencies. In addition, President

Trump has signed an executive order aimed at dismantling the federal Department of Education (the “**DOE**”), from which California school districts receive funding aimed at low-income and special needs students.

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

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

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

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

District Retirement Systems

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

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

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

continued and other actuarial assumptions were realized, largely due to significant investment losses.

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

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

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

Source: STRS.

The State also continues to contribute to STRS, and its contribution rate is 8.328% in fiscal year 2026-27.

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

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

Fiscal Year	Amount
2020-21	\$16,826,459
2021-22	17,480,503
2022-23	20,950,623
2023-24	21,545,314
2024-25	22,530,893
2025-26 ⁽¹⁾	18,983,040
2026-27 ⁽²⁾	37,116,328

(1) Estimated actual.

(2) Budgeted

Source: Compton Unified School District.

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

PERS. All full-time and some part-time classified employees participate in PERS, an agent multiple-employer contributory public employee retirement system that acts as a common

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

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

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

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

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

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

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

Fiscal Year	Amount
2020-21	\$7,539,906
2021-22	8,438,810
2022-23	10,072,079
2023-24	11,140,301
2024-25	11,322,116
2025-26 ⁽¹⁾	10,646,735
2026-27 ⁽²⁾	10,646,921

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

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

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

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

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

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

Additional Information - STRS and PERS. Additional information regarding the District's retirement programs is available in Note 11 to the District's audited financial statements attached hereto as APPENDIX B. In addition, both STRS and PERS issue separate comprehensive financial reports that include financial statements and required supplemental information. Copies of such reports may be obtained from STRS and PERS, respectively, as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; and (ii) PERS, 400 Q Street, Sacramento, California 95811.

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

Post-Employment Retirement Benefits

Plan Description. The District's defined postemployment benefits other than pensions ("OPEB") plan, Compton Unified School District Retiree Benefit Plan (the "**Plan**") is described below. The Plan is a single-employer defined benefit plan administered by the District. The District is a participant in a GASB eligible trust, an agent multiple-employer defined benefit postemployment healthcare plan administered by PARS. As of June 30, 2023, the most recent valuation date, membership of the Plan consisted of 356 retirees receiving benefits and 1,761 active Plan members.

Contributions. The contribution requirements of the Plan members and the District are established and may be amended by the District, the District's bargaining units, and unrepresented groups. Voluntary contributions are based on projected pay-as-you-go financing requirements as determined annually through agreements with the District, bargaining units, and unrepresented groups. There were no actuarially determined contribution, nor any contribution requirement established by statute or contract. For the measurement period of June 30, 2025, the District contributed \$7,795,911, \$795,911 of which was contributed for the payment of benefits.

Actuarial Assumptions and Other Inputs. The District's net OPEB liability as of June 30, 2025 of \$7,015,084 was determined by an actuarial valuation as of June 30, 2023. The following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified: inflation 2.50%, salary increases 2.75%, and healthcare cost trend rates 4.00%. Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2021 CalPERS Mortality for Miscellaneous and School Employees for classified employees.

Discount Rate. The discount rate of 6.00% was based on the Bond Buyer 20-Bond General Obligation Index.

Changes in the Net OPEB Liability. The following table shows the changes in total OPEB liability, as shown in the audit for fiscal year ended June 30, 2025.

Total OPEB Liability	<u>June 30, 2025</u>
Service cost	\$996,068
Interest on total OPEB liability	1,984,640
Benefit payments	(795,911)
Net changes	<u>2,184,797</u>
Total OPEB liability - beginning	<u>32,977,249</u>
Total OPEB liability - ending	\$35,162,046
 Plan fiduciary net position	
Contributions - employer	\$7,795,911
Net investment income	3,256,967
Benefit payments	(795,911)
Administrative expenses	(104,800)
Net changes	<u>10,152,167</u>
Plan fiduciary net position - beginning	<u>17,994,795</u>
Plan fiduciary net position - ending	\$28,146,962
 District's net OPEB liability - ending	 <u>\$7,015,084</u>

Source: Compton Unified School District.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB. For the fiscal year ended June 30, 2025, the District recognized OPEB expense of \$(3,462,317) for the Plan.

For more information regarding the District Plan, benefits, investment information and assumptions used in its most recent actuarial study, see Note 10 of APPENDIX B to the Official Statement.

Insurance – Joint Powers Agreement

The District participates in two joint ventures under joint powers agreements (“JPAs”); the Southern California Regional Liability Excess Fund, and the Schools’ Excess Liability Fund. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

The JPAs have budgeting and financial reporting requirements independent of member units, and their financial statements are not presented in these financial statements. However, fund transactions between the JPAs and the District are included in these statements. The audited financial statements are generally available from the respective entities.

Disclaimer Regarding Cyber Risks

The District, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the District may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the District’s systems for the purposes of misappropriating assets or information or

causing operational disruption or damage, or demanding ransom for restored access to files or information. No assurance can be given that the District's current efforts to manage cyber threats and security will, in all cases, be successful.

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

Existing Debt Obligations

General Obligation Bonds. The District has other series of general obligation and refunding general obligation bonds currently outstanding, as summarized in the following table. See also "DEBT SERVICE SCHEDULES" in the body of this Official Statement for the annual debt service requirements of the District's outstanding bonds.

GENERAL OBLIGATION BONDS Compton Unified School District

Dated Date	Series	Outstanding as of July 1, 2026
06/08/2006	2002 Election, 2006 Series C	\$833,300
04/14/2015	2015 Refunding Bonds*	4,720,000
11/17/2016	2016 Refunding Bonds*	7,570,000
08/29/2019	2015 Election, 2019 Series B	197,766,080
	Total	<u>\$210,889,380</u>

* Expected to be refunded, in part, with proceeds of the Refunding Bonds.
Source: Compton Unified School District.

Certificates of Participation. On June 1, 2007, the District issued Series B Certificates of Participation to \$25,000,000 payable in annual installments from June 1, 2008 through June 1, 2027. Interest rates range from 3.6 to 5.0 percent, payable beginning December 1, 2007. The agreement is between the District and the County Schools Regionalized Business Services Corporation with the Bank of New York as trustee. Amounts on deposit in the Project Fund shall be applied to finance the modernization and rehabilitation of approximately 28 different schools on sites within the boundaries of Compton Unified School District.

In April 2015, the District issued \$20,135,000 in Certificates of Participation to refund on a current basis all outstanding 2004 Certificates of Participation amounting to \$6,535,000 and partially refund on an advance basis \$15,305,000 of outstanding 2007 Certificates of Participation. Deferred charges on refunding of \$176,188 remain to be amortized. This refunding reduced total debt service payments by \$1,505,796 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,222,771.

On October 31, 2019, the District issued 2019 Series A Certificates of Participation to \$17,960,000 payable in annual installments from June 1, 2020 through June 1, 2039. Interest rates range from 3.0 to 5.0 percent, payable semiannually on June 1 and December 1 of each year. The agreement is between the District and the Los Angeles County Schools Regionalized Business Services Corporation with the Bank of New York as trustee. Amounts on deposit in the

Project Fund shall be used to finance the construction or installation of capital improvement projects and/or equipment.

The annual requirements to amortize all certificates of participation outstanding at June 30, 2025 were as follows:

Year Ending June 30	Principal	Interest	Total
2026	\$2,075,000	\$855,000	\$2,930,000
2027	2,235,000	751,250	2,986,250
2028	635,000	639,500	1,274,500
2029	725,000	607,750	1,332,750
2030	820,000	571,500	1,391,500
2031-2035	5,765,000	2,171,200	7,936,200
2036-2039	7,010,000	731,400	7,741,400
Total	\$19,265,000	\$6,327,600	\$25,592,600

Source: Compton Unified School District

Compensated Absences. Compensated absences (unpaid employee vacation) for the District at June 30, 2025, amounted to \$18,425,564.

Investment of District Funds

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

Effect of State Budget on Revenues

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

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

STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

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

State Funding of Education Generally

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

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

The State Budget Process

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

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

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

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

Resources Relating to State Budgets

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

- www.treasurer.ca.gov: The California State Treasurer internet home page, under the link to “Bond Finance” and sub-heading “-Public Finance Division”, includes links to recent State official statements and various State financial documents which includes information regarding State budgets and finances.
- www.dof.ca.gov: The California Department of Finance’s (the “**DOF**”) internet home page, under the link to “California Budget”, includes the text of proposed and adopted State Budgets.
- www.lao.ca.gov: The LAO’s internet home page includes a link to “-The Budget” which includes analyses and commentary on fiscal outlooks.

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

The 2026-27 State Budget

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

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

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

The State budget for fiscal year 2025-26 included numerous spending measures that, at the time, were projected to result in almost \$12 billion in ongoing savings. The 2026-27 State

Budget includes three additional revenue measures that are intended to solidify the State's fiscal structure:

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

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

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

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

Proposition 98 Minimum Guarantee. The 2026-27 State Budget reflects updated estimates of General Fund revenues, which result in adjustments to the Proposition 98 minimum guarantee. The revised minimum guarantee for TK-14 schools is estimated at \$124.9 billion for fiscal year 2024-25, \$125.3 billion for fiscal year 2025-26, and \$128.1 billion for fiscal year 2026-27, an increase of approximately \$29.2 billion over the three-year period relative to the 2024-25 Budget Act. The minimum guarantee remains in a "Test 1" for all three years, meaning it equals roughly 40% of General Fund revenues plus local property tax revenues, without adjustment for enrollment declines. The Proposition 98 calculation also requires an \$8.3 billion maintenance factor payment in fiscal year 2024-

25, fully retiring the Proposition 98 maintenance factor balance. The 2026-27 State Budget maintains a \$3.9 billion settle-up amount in fiscal year 2025-26 to be repaid to TK-14 schools in the 2027 Budget Act if fiscal year 2025-26 revenues hold at current levels, and fully pays the \$1.9 billion settle-up owed for fiscal year 2024-25.

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

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

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

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

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

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

Community Schools. The 2026-27 State Budget provides \$1 billion ongoing Proposition 98 General Fund to expand the community schools model, plus \$50 million for middle/high school redesign, \$15 million and \$13 million for State and regional

transformational assistance centers, and \$6 million for the Transforming Together behavioral health initiative. It also includes intent language to provide \$20 million ongoing beginning in fiscal year 2030-31 for county offices of education coordination services.

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

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

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

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

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

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

Disclaimer Regarding State Budgets

The execution of State budgets may be affected by numerous factors, including but not limited to: (i) shifts in costs from the federal government to the State, (ii) national, State and international economic conditions, (iii) litigation risks, (iv) rising health care costs and/or other

unfunded liabilities, such as pension or OPEB, and (v) numerous other factors, all or any of which could cause the revenue and spending projections included in such budgets to be unattainable. The District cannot predict the impact that the 2026-27 State Budget or subsequent State budgets, or future changes (if any) in the budget due to shifts in the economy or other factors, will have on its own finances and operations. However, the Bonds described herein are secured by *ad valorem* property taxes levied and collected on taxable property in the District, without limit as to rate or amount, and are not secured by a pledge of revenues of the District or its general fund.

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

Legal Challenges to State Funding of Education

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

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

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

Constitutionally Required Funding of Education

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

Article XIII A of the California Constitution

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

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

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

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

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

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

Article XIII B of the California Constitution

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

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

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

certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

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

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

Unitary Property

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

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

On November 2, 2010, Proposition 26 was approved by State voters, which amended Article XIIC to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and

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

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

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

Proposition 98

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

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

surplus. The maximum amount of excess tax revenues which could be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Proposition 111

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

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

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

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

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

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

School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues (the "**first test**") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIII B by reference to *per capita* personal income) and enrollment (the "**second test**"). Under Proposition 111, schools will receive the

greater of (1) the first test, (2) the second test, or (3) a third test, which will replace the second test in any year when growth in *per capita* State general fund revenues from the prior year is less than the annual growth in California per capita personal income (the “**third test**”). Under the third test, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and *per capita* State general fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test will become a “credit” to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

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

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

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amended the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Under Proposition 1A, beginning, in 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain

conditions are met, including: (i) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (ii) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amended the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

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

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

Proposition 30 and Proposition 55

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

The revenues generated from the temporary tax increases will be included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. See “Proposition 98” and “Proposition 111” above. From an accounting

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

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

Proposition 2

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

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

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

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

Proposition 19

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

Proposition 2 (2024)

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

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

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

Future Initiatives

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

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APPENDIX B

**COMPTON UNIFIED SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2024-25**

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COMPTON UNIFIED SCHOOL DISTRICT

AUDIT REPORT
JUNE 30, 2025



COMPTON UNIFIED SCHOOL DISTRICT
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FINANCIAL SECTION

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTSIndependent Auditors' Report

Governing Board
Compton Unified School District
Compton, California

Report on the Audit of the Financial Statements***Opinions***

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

In our opinion, the 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 Compton Unified School District, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Compton 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.

Emphasis of Matter***Change in Accounting Principle***

As described in Note 1 to the financial statements, the Compton Unified School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

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.

Responsibilities of Management for the Financial Statements (continued)

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Compton 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Compton 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 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 required supplementary information, such as management's discussion and analysis, budgetary comparison information, schedule of changes in net OPEB liability and related ratios, schedules of proportionate share of net pension liability, and schedules of district contributions for pensions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Compton Unified School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2026 on our consideration of the Compton 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 Compton 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 Compton Unified School District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Christy White, Inc". The signature is fluid and cursive.

San Diego, California
January 29, 2026

COMPTON UNIFIED SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

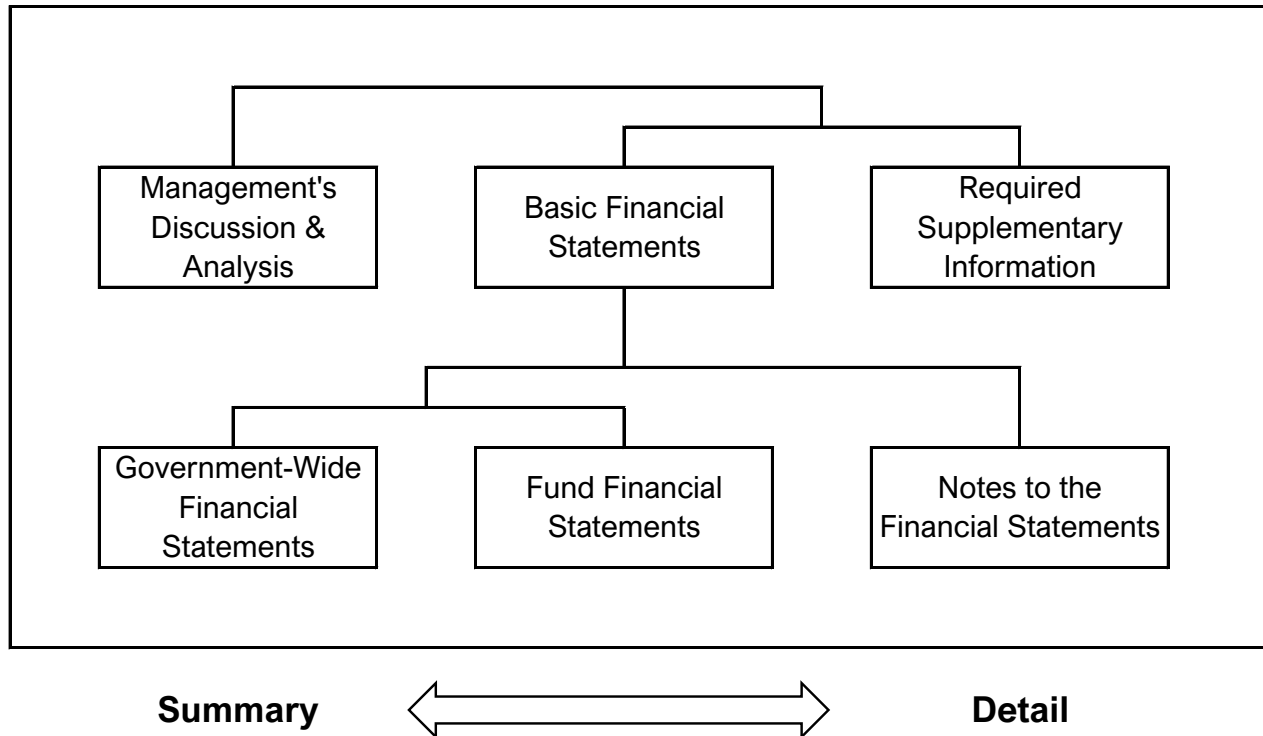
Our discussion and analysis of Compton Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2025. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position was \$670,611,222 at June 30, 2025. This was an increase of \$46,817,061 from the prior year, after restatement.
- Overall revenues were \$464,886,892 which exceeded expenses of \$418,069,831.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financial Section



**COMPTON UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

OVERVIEW OF FINANCIAL STATEMENTS (continued)

Components of the Financial Section (continued)

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- ▶ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
- ▶ **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
 - ▶ **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.
 - ▶ **Proprietary Funds** report services for which the District charges customers a fee. Like the government-wide statements, they provide both long- and short-term financial information.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Local control formula funding and federal and state grants finance most of these activities.

**COMPTON UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was \$670,611,222 at June 30, 2025, as reflected in the table below. Of this amount, \$61,130,667 was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities		
	2025	2024	Net Change
ASSETS			
Current and other assets	\$ 526,438,437	\$ 583,348,761	\$ (56,910,324)
Capital assets	715,817,058	623,440,679	92,376,379
Total Assets	1,242,255,495	1,206,789,440	35,466,055
DEFERRED OUTFLOWS OF RESOURCES	66,695,730	71,664,786	(4,969,056)
LIABILITIES			
Current liabilities	123,516,366	95,375,726	28,140,640
Long-term liabilities	465,770,862	502,472,840	(36,701,978)
Total Liabilities	589,287,228	597,848,566	(8,561,338)
DEFERRED INFLOWS OF RESOURCES	49,052,775	46,176,256	2,876,519
NET POSITION			
Net investment in capital assets	479,226,291	424,088,492	55,137,799
Restricted	130,254,264	191,265,120	(61,010,856)
Unrestricted	61,130,667	19,075,792	42,054,875
Total Net Position	\$ 670,611,222	\$ 634,429,404	\$ 36,181,818

**COMPTON UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

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

	Governmental Activities		
	2025	2024	Net Change
REVENUES			
Program revenues			
Charges for services	\$ 728,750	\$ 1,511,724	\$ (782,974)
Operating grants and contributions	106,136,455	190,588,715	(84,452,260)
Capital grants and contributions	17,608,992	-	17,608,992
General revenues			
Property taxes	74,077,057	71,637,218	2,439,839
Unrestricted federal and state aid	236,518,411	241,354,813	(4,836,402)
Other	29,817,227	34,063,565	(4,246,338)
Total Revenues	464,886,892	539,156,035	(74,269,143)
EXPENSES			
Instruction	218,370,221	191,884,824	26,485,397
Instruction-related services	35,988,916	33,762,250	2,226,666
Pupil services	41,629,045	42,205,628	(576,583)
General administration	31,866,081	29,942,044	1,924,037
Plant services	63,541,021	43,175,829	20,365,192
Ancillary services	2,690,672	3,571,717	(881,045)
Debt service	9,646,381	9,290,498	355,883
Other outgo	163,900	121,912	41,988
Depreciation	14,173,594	7,973,591	6,200,003
Enterprise activities	-	264,103	(264,103)
Total Expenses	418,069,831	362,192,396	55,877,435
Change in net position	46,817,061	176,963,639	(130,146,578)
Net Position - Beginning, as Restated*	623,794,161	457,465,765	166,328,396
Net Position - Ending	\$ 670,611,222	\$ 634,429,404	\$ 36,181,818

*Beginning net position was restated for the 2025 year only.

**COMPTON UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

The cost of all our governmental activities this year was \$418,069,831 but the net cost of services was only \$293,595,634. The amount that our taxpayers ultimately financed for these activities through taxes was only \$74,077,057 because the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

	Net Cost of Services	
	2025	2024
Instruction	\$ 127,304,003	\$ 49,971,745
Instruction-related services	26,486,356	26,097,066
Pupil services	21,658,955	17,429,661
General administration	29,384,474	20,014,776
Plant services	62,389,528	36,841,220
Ancillary services	2,388,443	2,087,385
Debt service	9,646,381	9,290,498
Transfers to other agencies	163,900	121,912
Depreciation	14,173,594	7,973,591
Enterprise activities	-	264,103
Total	\$ 293,595,634	\$ 170,091,957

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$426,378,446, which is less than last year's ending balance of \$486,462,609. The District's General Fund had \$9,302,926 less in operating revenues than expenditures for the year ended June 30, 2025. The District's Building Fund had \$70,629,447 less in operating revenues than expenditures for the year ended June 30, 2025.

CURRENT YEAR BUDGET 2024-2025

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a periodic basis to reflect changes to both revenues and expenditures that become known during the year. In addition, the Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the District's financial projections and current budget based on State and local financial information.

**COMPTON UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2024-2025 the District had invested \$715,817,058 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2025	2024	Net Change
CAPITAL ASSETS			
Land	\$ 18,339,184	\$ 18,339,184	\$ -
Construction in progress	305,008,124	212,803,704	92,204,420
Land improvements	68,535,345	65,916,765	2,618,580
Buildings & improvements	543,608,026	535,533,284	8,074,742
Furniture & equipment	40,454,032	36,801,801	3,652,231
Less: Accumulated depreciation	(260,127,653)	(245,954,059)	(14,173,594)
Total	\$ 715,817,058	\$ 623,440,679	\$ 92,376,379

Long-Term Liabilities

At year-end, the District had \$465,770,862 in long-term liabilities, a decrease of 9.23% from last year's restated balance – as shown in the table below. More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.

	Governmental Activities		
	2025	2024	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	\$ 258,484,579	\$ 254,600,019	\$ 3,884,560
Total certificates of participation	21,479,876	24,546,153	(3,066,277)
Compensated absences*	18,425,564	12,944,362	5,481,202
Net OPEB liability	7,015,084	14,982,454	(7,967,370)
Net pension liability	186,561,946	215,545,366	(28,983,420)
Less: current portion of long-term liabilities	(26,196,187)	(9,510,271)	(16,685,916)
Total	\$ 465,770,862	\$ 513,108,083	\$ (47,337,221)

**Compensated Absences for 2024 was restated in order to record the District's compensated absences in accordance with GASB Statement No. 101 which supersedes GASB Statement No. 16 for the year ended June 30, 2025.*

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Several economic and fiscal factors could influence the District's financial condition in the coming year, including continued enrollment declines, uncertain Federal and State revenues, high pension obligations, and a cooling California economy.

**COMPTON UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

Long-Term Declining Enrollment

California's K–12 system continues to experience enrollment decline. Statewide enrollment fell another 0.5% in 2024–25 to about 5.8 million students, roughly 420,000 fewer than a decade ago. The Department of Finance projects an additional 586,000-student decline by 2033–34. Lower birth rates, high housing costs, and out-migration are key drivers, along with growing competition from charter and private schools. Because many costs—such as staffing and facilities—cannot easily adjust, revenue loss from declining Average Daily Attendance (ADA) creates structural fiscal challenges that require multi-year planning.

Revenue Uncertainties

- **Status of Proposition 98:** The 2025–26 State Budget sets the Proposition 98 guarantee at \$114.6 billion, slightly below earlier projections. To maintain K–12 funding commitments amid weaker tax receipts, the State relied on reserve drawdowns, internal borrowing, and limited deferrals. The outlook remains fragile since Proposition 98 revenues are highly sensitive to income-tax and capital-gains fluctuations. A market slowdown could trigger future adjustments. The Legislative Analyst's Office urges districts to budget cautiously and preserve flexibility given ongoing volatility.
- **Federal Funding Uncertainties:** Federal funding for K–12 education remains uncertain heading into 2025–26. Several large federal programs—including Title I, Title II, IDEA, and after-school and enrichment grants—face potential reductions or delays under current federal budget proposals and continuing appropriations negotiations. The U.S. Department of Education has also paused or delayed disbursement of certain previously approved formula and competitive grants, creating short-term cash-flow and planning challenges for districts. Analyses by nonpartisan agencies such as the Congressional Budget Office and the Learning Policy Institute note that up to \$5–6 billion in K-12 formula funds nationwide remain at risk of reduction or deferral if congressional appropriations are not finalized. While districts are expected to continue receiving baseline allocations during temporary funding resolutions, long-term federal support levels for education could decline modestly in real terms, requiring districts to plan for possible funding interruptions or reductions in future years.

Pension Liabilities and Employer Rates

The District participates in CalSTRS and CalPERS, both of which remain underfunded and continue to exert upward pressure on budgets. For 2025–26, the CalSTRS employer rate is 19.10%, and the CalPERS Schools Pool rate is 26.81%. These elevated rates—well above pre-2014 levels—will likely persist through the decade as both systems address unfunded liabilities. Districts must continue to account for escalating pension costs in long-range projections.

Economic and Market Conditions

California's economy has cooled following its post-pandemic rebound. High interest rates, weaker venture investment, and commercial-real-estate softness have slowed growth, especially in tech-dependent regions. The UCLA Anderson Forecast (Fall 2025) expects subdued growth into 2026, with unemployment near 5%. Inflation has eased, but interest-rate uncertainty continues to constrain housing and business investment.

Because the State's tax base depends heavily on capital-gains income, stock-market volatility remains a major risk to General Fund and Proposition 98 revenues. Fiscal advisors therefore recommend that districts maintain prudent reserves and avoid long-term commitments based on one-time revenue gains.

Summary

Declining enrollment, volatile revenues, persistent pension costs, and broader economic uncertainty all contribute to a challenging fiscal environment for California school districts. The District's 2025–26 budget reflects these conditions through conservative revenue assumptions, strong reserves, and continued monitoring of State fiscal trends.

**COMPTON UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Business Office, Compton Unified School District, 501 South Santa Fe Avenue, Compton, CA 90221.

COMPTON UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
ASSETS	
Cash and investments	\$ 492,094,548
Accounts receivable	34,152,884
Inventory	191,005
Capital assets, not depreciated	323,347,308
Capital assets, net of accumulated depreciation	392,469,750
Total Assets	1,242,255,495
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	58,857,027
Deferred outflows related to OPEB	7,448,761
Deferred amount on refunding	389,942
Total Deferred Outflows of Resources	66,695,730
LIABILITIES	
Accrued liabilities	71,044,447
Unearned revenue	22,424,456
Claims liabilities	3,851,276
Long-term liabilities, current portion	26,196,187
Long-term liabilities, non-current portion	465,770,862
Total Liabilities	589,287,228
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	31,848,225
Deferred inflows related to OPEB	17,204,550
Total Deferred Inflows of Resources	49,052,775
NET POSITION	
Net investment in capital assets	479,226,291
Restricted:	
Capital projects	15,479,135
Debt service	5,203,788
Educational programs	102,279,545
Food service	7,086,992
Associated student body	204,804
Unrestricted	61,130,667
Total Net Position	\$ 670,611,222

The accompanying notes are an integral part of these financial statements.

**COMPTON UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

Function/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES					
Instruction	\$ 218,370,221	\$ 472,926	\$ 72,984,300	\$ 17,608,992	\$ (127,304,003)
Instruction-related services					
Instructional supervision and administration	16,149,213	9,184	6,285,198	-	(9,854,831)
Instructional library, media, and technology	1,805,879	-	12,127	-	(1,793,752)
School site administration	18,033,824	171,929	3,024,122	-	(14,837,773)
Pupil services					
Home-to-school transportation	6,607,680	-	70	-	(6,607,610)
Food services	17,916,561	-	15,824,852	-	(2,091,709)
All other pupil services	17,104,804	-	4,145,168	-	(12,959,636)
General administration					
Centralized data processing	2,461,109	-	-	-	(2,461,109)
All other general administration	29,404,972	57,518	2,424,089	-	(26,923,365)
Plant services	63,541,021	17,193	1,134,300	-	(62,389,528)
Ancillary services	2,690,672	-	302,229	-	(2,388,443)
Interest on long-term debt	9,646,381	-	-	-	(9,646,381)
Other outgo	163,900	-	-	-	(163,900)
Depreciation (unallocated)	14,173,594	-	-	-	(14,173,594)
Total Governmental Activities	\$ 418,069,831	\$ 728,750	\$ 106,136,455	\$ 17,608,992	(293,595,634)
General revenues					
Taxes and subventions					
Property taxes, levied for general purposes					49,830,430
Property taxes, levied for debt service					21,526,199
Property taxes, levied for other specific purposes					2,720,428
Federal and state aid not restricted for specific purposes					236,518,411
Interest and investment earnings					25,301,559
Miscellaneous					4,515,668
Subtotal, General Revenue					340,412,695
CHANGE IN NET POSITION					46,817,061
Net Position - Beginning, as Restated					623,794,161
Net Position - Ending					\$ 670,611,222

The accompanying notes are an integral part of these financial statements.

**COMPTON UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2025**

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 411,722,582	\$ 29,277,012	\$ 43,644,151	\$ 484,643,745
Accounts receivable	31,293,845	243,364	2,539,287	34,076,496
Stores inventory	126,684	-	64,321	191,005
Total Assets	\$ 443,143,111	\$ 29,520,376	\$ 46,247,759	\$ 518,911,246
LIABILITIES				
Accrued liabilities	\$ 61,991,281	\$ 4,380,692	\$ 3,736,371	\$ 70,108,344
Unearned revenue	15,853,469	-	6,570,987	22,424,456
Total Liabilities	77,844,750	4,380,692	10,307,358	92,532,800
FUND BALANCES				
Nonspendable	276,684	-	64,321	341,005
Restricted	96,601,160	25,139,684	34,234,361	155,975,205
Committed	-	-	1,641,719	1,641,719
Unassigned	268,420,517	-	-	268,420,517
Total Fund Balances	365,298,361	25,139,684	35,940,401	426,378,446
Total Liabilities and Fund Balances	\$ 443,143,111	\$ 29,520,376	\$ 46,247,759	\$ 518,911,246

The accompanying notes are an integral part of these financial statements.

COMPTON UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET
POSITION
JUNE 30, 2025

Total Fund Balance - Governmental Funds **\$ 426,378,446**

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:

Capital assets	\$ 975,944,711	
Accumulated depreciation	<u>(260,127,653)</u>	715,817,058

Deferred amount on refunding:

In governmental funds, the net effect of refunding bonds is recognized when debt is issued, whereas this amount is deferred and amortized in the government-wide financial statements:

389,942

Unmatured interest on long-term debt:

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 that it is incurred. The additional liability for unmatrued interest owing at the end of the period was:

(581,257)

Long-term liabilities:

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 relating to governmental activities consist of:

Total general obligation bonds	\$ 258,484,579	
Total certificates of participation	21,479,876	
Compensated absences	18,425,564	
Net OPEB liability	7,015,084	
Net pension liability	<u>186,561,946</u>	(491,967,049)

Deferred outflows and inflows of resources relating to pensions:

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred outflows of resources related to pensions	\$ 58,857,027	
Deferred inflows of resources related to pensions	<u>(31,848,225)</u>	27,008,802

(continued on the next page)

COMPTON UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET
POSITION, continued
JUNE 30, 2025

Deferred outflows and inflows of resources relating to OPEB:

In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.

Deferred outflows of resources related to OPEB	\$ 7,448,761	
Deferred inflows of resources related to OPEB	<u>(17,204,550)</u>	(9,755,789)

Internal service funds:

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets, deferred outflows of resources, liabilities, and deferred inflows of resources of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is:

3,321,069

Total Net Position - Governmental Activities

\$ 670,611,222

**COMPTON UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025**

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
LCFF sources	\$ 259,824,909	\$ -	\$ 22,500,000	\$ 282,324,909
Federal sources	21,060,162	-	13,961,767	35,021,929
Other state sources	74,703,001	-	26,375,595	101,078,596
Other local sources	29,931,926	4,156,773	27,153,626	61,242,325
Total Revenues	385,519,998	4,156,773	89,990,988	479,667,759
EXPENDITURES				
Current				
Instruction	234,647,471	-	5,683,746	240,331,217
Instruction-related services				
Instructional supervision and administration	17,970,089	-	591,883	18,561,972
Instructional library, media, and technology	1,888,255	-	-	1,888,255
School site administration	19,587,139	-	489,740	20,076,879
Pupil services				
Home-to-school transportation	6,612,253	-	-	6,612,253
Food services	2,373,042	-	15,906,408	18,279,450
All other pupil services	19,210,628	-	-	19,210,628
General administration				
Centralized data processing	2,583,093	-	-	2,583,093
All other general administration	29,331,375	-	571,898	29,903,273
Plant services	47,736,272	-	16,691,373	64,427,645
Facilities acquisition and construction	6,566,382	74,481,723	25,199,540	106,247,645
Ancillary services	2,465,486	-	301,072	2,766,558
Transfers to other agencies	163,900	-	-	163,900
Debt service				
Principal	2,700,000	-	21,936,483	24,636,483
Interest and other	987,539	304,497	8,671,386	9,963,422
Total Expenditures	394,822,924	74,786,220	96,043,529	565,652,673
Excess (Deficiency) of Revenues Over Expenditures	(9,302,926)	(70,629,447)	(6,052,541)	(85,984,914)
Other Financing Sources (Uses)				
Transfers in	-	8,100,000	-	8,100,000
Other sources	-	25,305,000	595,751	25,900,751
Transfers out	(8,100,000)	-	-	(8,100,000)
Net Financing Sources (Uses)	(8,100,000)	33,405,000	595,751	25,900,751
NET CHANGE IN FUND BALANCE	(17,402,926)	(37,224,447)	(5,456,790)	(60,084,163)
Fund Balance - Beginning	382,701,287	62,364,131	41,397,191	486,462,609
Fund Balance - Ending	\$ 365,298,361	\$ 25,139,684	\$ 35,940,401	\$ 426,378,446

The accompanying notes are an integral part of these financial statements.

**COMPTON UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

Net Change in Fund Balances - Governmental Funds \$ (60,084,163)

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Capital outlay:

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are 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:	\$	106,549,973	
Depreciation expense:		(14,173,594)	92,376,379

Debt service:

In governmental funds, repayments 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:

26,630,000

Debt proceeds:

In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were:

(25,900,751)

Deferred amounts on refunding:

In governmental funds, deferred amounts on refunding are recognized in the period they are incurred. In the government-wide statements, the deferred amounts on refunding are amortized over the life of the debt. The net effect of the deferred amounts on refunding during the period was:

(120,778)

Unmatured interest on long-term debt:

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 it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:

(8,166)

Accreted interest on long-term debt:

In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period.

(2,918,445)

(continued on the next page)

**COMPTON UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, continued
FOR THE YEAR ENDED JUNE 30, 2025**

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was: (5,481,202)

Postemployment benefits other than pensions (OPEB):

In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was: 10,958,427

Pensions:

In governmental funds, pension costs are recognized when employer contributions are made. In the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was: 18,267,566

Amortization of debt issuance premium or discount:

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is: 1,370,913

Internal Service Funds:

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was: (8,272,719)

Change in Net Position of Governmental Activities

\$ 46,817,061

COMPTON UNIFIED SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities Internal Service Fund
ASSETS	
Current assets	
Cash and investments	\$ 7,450,803
Accounts receivable	76,388
Total Assets	7,527,191
LIABILITIES	
Current liabilities	
Accrued liabilities	354,846
Total current liabilities	354,846
Non-current liabilities	
Claims liabilities	3,851,276
Total non-current liabilities	3,851,276
Total Liabilities	4,206,122
NET POSITION	
Unrestricted	3,321,069
Total Net Position	\$ 3,321,069

The accompanying notes are an integral part of these financial statements.

**COMPTON UNIFIED SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2025**

	Governmental Activities Internal Service Fund
OPERATING REVENUES	
Other local revenues	\$ 7,202
Total operating revenues	<u>7,202</u>
OPERATING EXPENSES	
Salaries and benefits	50,597
Supplies and materials	773
Professional services	8,937,615
Total operating expenses	<u>8,988,985</u>
Operating income/(loss)	<u>(8,981,783)</u>
NON-OPERATING REVENUES/(EXPENSES)	
Interest income	709,064
Total non-operating revenues/(expenses)	<u>709,064</u>
CHANGE IN NET POSITION	(8,272,719)
Net Position - Beginning	11,593,788
Net Position - Ending	<u>\$ 3,321,069</u>

The accompanying notes are an integral part of these financial statements.

**COMPTON UNIFIED SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025**

	Governmental Activities Internal Service Fund
Cash flows from operating activities	
Cash received from user charges	\$ 85,957
Cash payments for payroll, insurance, and operating costs	(9,477,597)
Net cash provided by (used for) operating activities	(9,391,640)
Cash flows from investing activities	
Interest received	709,064
Net cash provided by (used for) investing activities	709,064
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(8,682,576)
 CASH AND CASH EQUIVALENTS	
Beginning of year	16,133,379
End of year	\$ 7,450,803
 Reconciliation of operating income (loss) to cash provided by (used for) operating activities	
Operating income/(loss)	\$ (8,981,783)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Changes in assets and liabilities:	
(Increase) decrease in accounts receivables	78,755
Increase (decrease) in accrued liabilities	(488,612)
Net cash provided by (used for) operating activities	\$ (9,391,640)

The accompanying notes are an integral part of these financial statements.

**COMPTON UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Compton Unified School District (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 generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

The District operates under a locally elected Board form of government and provides educational services to grades K-12 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

B. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has no such component units.

C. Basis of Presentation

Government-Wide Statements. The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District.

COMPTON UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Fund Financial Statements. The fund financial statements provide information about the District's funds, including its proprietary funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the District, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting.

Major Governmental Funds

General Fund: The General Fund is the main operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of the District's activities are reported in the General Fund unless there is a compelling reason to account for an activity in another fund. A District may have only one General Fund.

Building Fund: This fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code Section 15146*) and may not be used for any purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code Section 17462*) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code Section 41003*).

Non-Major Governmental Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following special revenue funds:

Student Activity Fund: This fund may be used to account for student body activities that do not meet the fiduciary criteria established in GASB Statement No. 84.

Adult Education Fund: This fund is used to account separately for federal, state, and local revenues for adult education programs. Money in this fund shall be expended for adult education purposes only. Moneys received for programs other than adult education shall not be expended for adult education (*Education Code Sections 52616[b]* and *52501.5[a]*).

COMPTON UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

Special Revenue Funds (continued)

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs. All moneys received by the District for, or from the operation of, child development services covered under the Child Care and Development Services Act (*Education Code Section 8200 et seq.*) shall be deposited into this fund. The moneys may be used only for expenditures for the operation of child development programs. The costs incurred in the maintenance and operation of child development services shall be paid from this fund, with accounting to reflect specific funding sources (*Education Code Section 8328*).

Cafeteria Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code Sections 38090–38093*). The Cafeteria Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code Sections 38091 and 38100*).

Deferred Maintenance Fund: This fund is used to account separately for state apportionments and the District's contributions for deferred maintenance purposes (*Education Code Sections 17582–17587*). In addition, whenever the state funds provided pursuant to *Education Code Sections 17584 and 17585* (apportionments from the State Allocation Board) are insufficient to fully match the local funds deposited in this fund, the governing board of a school district may transfer the excess local funds deposited in this fund to any other expenditure classifications in other funds of the District (*Education Code Sections 17582 and 17583*).

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

Capital Facilities Fund: This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code Sections 17620–17626*). The authority for these levies may be county/city ordinances (*Government Code Sections 65970–65981*) or private agreements between the District and the developer. Interest earned in the Capital Facilities Fund is restricted to that fund (*Government Code Section 66006*).

State School Building Lease-Purchase Fund: This fund is used primarily to account separately for state apportionments for the reconstruction, remodeling, or replacing of existing school buildings or the acquisition of new school sites and buildings, as provided in the Leroy F. Greene State School Building Lease-Purchase Law of 1976 (*Education Code Section 17000 et seq.*).

COMPTON UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

Capital Project Funds (continued):

County School Facilities Fund: This fund is established pursuant to *Education Code Section 17070.43* to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), or the 2004 State School Facilities Fund (Proposition 55) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code Section 17070 et seq.*).

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of General Fund moneys for capital outlay purposes (*Education Code Section 42840*).

Debt Service Funds: Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued for the District (*Education Code Sections 15125–15262*). The board of supervisors of the county issues the bonds. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the District. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the District. The county auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller.

Tax Override Fund: This fund is used for the repayment of voted indebtedness (other than Bond Interest and Redemption Fund repayments) to be financed from ad valorem tax levies. An example is a public school building loan repayment.

Proprietary Funds

Internal Service Funds: Internal service funds are created principally to render services to other organizational units of the District on a cost-reimbursement basis. These funds are designed to be self-supporting with the intent of full recovery of costs, including some measure of the cost of capital assets, through user fees and charges.

Self-Insurance Fund: Self-insurance funds are used to separate moneys received for self-insurance activities from other operating funds of the District. Separate funds may be established for each type of self-insurance activity, such as workers' compensation, health and welfare, and deductible property loss (*Education Code Section 17566*).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus

Government-Wide and Proprietary Fund Financial Statements

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The net position should be reported as restricted when constraints placed on its use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities results from special revenue funds and the restrictions on their use.

Proprietary funds distinguish operating revenues and expenses from non operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges to other funds for self insurance costs. Operating expenses for internal service funds include the costs of insurance premiums and claims related to self-insurance.

Governmental Funds

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Governmental funds use the modified accrual basis of accounting.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded 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. Generally, "available" means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursements grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year.

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 for which the taxes are levied. Revenue from the 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.

COMPTON UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also 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.

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position

Cash and Cash Equivalents

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments

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

Inventories

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time the individual inventory items are requisitioned. Inventories are valued at historical cost and consist of expendable supplies held for consumption.

Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

COMPTON UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Capital Assets (continued)

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of \$15,000. The District does not own any infrastructure as defined in GASB Statement No. 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	20-50 years
Furniture and Equipment	5-20 years
Vehicles	8 years

Interfund Balances

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

Compensated Absences

In accordance with GASB Statement No. 101, *Compensated Absences*, accumulated unpaid employee vacation and sick leave benefits are accrued as a liability in the government-wide financial statements as the benefits are earned, provided they accumulate and are more likely than not to be used or paid. The measurement of this liability includes estimated salary amounts and the employer's share of related taxes and benefits, as applicable, that are directly related to these compensated absences.

For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are recorded in the fund from which the employees who have accumulated leave are paid. For accumulated sick leave benefits, a liability is recognized for the portion that employees have earned and that are more likely than not to be used or paid. The District's policy for sick leave recognition aligns with this criterion, accruing the liability based on historical usage patterns and other relevant factors.

COMPTON UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Accrued Liabilities and Long-Term Obligations

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

Gains and losses related to changes in net OPEB liability are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

Premiums and Discounts

In the government-wide and proprietary fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

Deferred Outflows/Deferred Inflows of Resources

In addition to assets, the District will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the District will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

COMPTON UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

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 defined benefit pension plans (the Plans) of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

Restricted - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

Assigned - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body, and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

Unassigned - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

COMPTON UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Fund Balance (continued)

Unassigned (continued)

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

F. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental activities columns of the statement of activities.

G. Estimates

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

H. Budgetary Data

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

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

I. Property Tax

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

COMPTON UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023. The District has implemented this Statement as of June 30, 2025.

GASB Statement No. 102 – In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. This statement is effective for periods beginning after June 15, 2024. The District has implemented this Statement as of June 30, 2025.

GASB Statement No. 103 – In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. 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. The statement is effective for periods beginning after June 15, 2025. The District has not yet determined the impact on the financial statements.

GASB Statement No. 104 – In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The statement is effective for periods beginning after June 15, 2025. The District has not yet determined the impact on the financial statements.

COMPTON UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Funds	Internal Service Fund	Governmental Activities
Investment in county treasury	\$ 488,911,597	\$ 6,768,822	\$ 495,680,419
Fair value adjustment	(12,013,810)	(168,019)	(12,181,829)
Cash on hand and in banks	204,804	-	204,804
Cash with fiscal agent	7,391,154	850,000	8,241,154
Cash in revolving fund	150,000	-	150,000
Total	\$ 484,643,745	\$ 7,450,803	\$ 492,094,548

B. Policies and Practices

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

Investment in County Treasury – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The Los Angeles County Treasurer's pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County's investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District's investment in the pool is based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Cash with Fiscal Agent – Cash with fiscal agent consists of monies held with Union Bank for workers' compensation and cash balances maintained with BNY Mellon related to its Certificates of Participation.

COMPTON UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 2 – CASH AND INVESTMENTS (continued)

C. General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

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

D. 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. The District maintains a pooled investment with the County Treasury with a fair value of approximately \$483,498,590. The average weighted maturity for this pool is 556 days.

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated.

COMPTON UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 2 – CASH AND INVESTMENTS (continued)

F. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2025, the District's bank balance of \$7,994,074 was exposed to custodial credit risk.

G. Fair Value

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Los Angeles County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

The District's fair value measurements at June 30, 2025 were as follows:

	<u>Uncategorized</u>
Investment in county treasury	\$ 483,498,590
Total	<u>\$ 483,498,590</u>

COMPTON UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 3 – ACCOUNTS RECEIVABLE

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

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Governmental Activities
Federal Government					
Categorical aid	\$ 17,555,453	\$ -	\$ 1,620,991	\$ -	\$ 19,176,444
State Government					
Categorical aid	8,266,680	-	410,788	-	8,677,468
Lottery	1,155,793	-	-	-	1,155,793
Local Government					
Other local sources	4,315,919	243,364	507,508	76,388	5,143,179
Total	\$ 31,293,845	\$ 243,364	\$ 2,539,287	\$ 76,388	\$ 34,152,884

NOTE 4 – CAPITAL ASSETS

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

	Balance July 01, 2024	Additions	Deletions	Balance June 30, 2025
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 18,339,184	\$ -	\$ -	\$ 18,339,184
Construction in progress	212,803,704	92,204,420	-	305,008,124
Total capital assets not being depreciated	231,142,888	92,204,420	-	323,347,308
Capital assets being depreciated				
Land improvements	65,916,765	2,618,580	-	68,535,345
Buildings & improvements	535,533,284	8,074,742	-	543,608,026
Furniture & equipment	36,801,801	3,652,231	-	40,454,032
Total capital assets being depreciated	638,251,850	14,345,553	-	652,597,403
Less: Accumulated depreciation				
Land improvements	20,075,590	1,911,697	-	21,987,287
Buildings & improvements	198,555,594	10,929,592	-	209,485,186
Furniture & equipment	27,322,875	1,332,305	-	28,655,180
Total accumulated depreciation	245,954,059	14,173,594	-	260,127,653
Total capital assets being depreciated, net	392,297,791	171,959	-	392,469,750
Governmental Activities				
Capital Assets, net	\$ 623,440,679	\$ 92,376,379	\$ -	\$ 715,817,058

NOTE 5 – INTERFUND TRANSACTIONS

Interfund transfers for the year ended June 30, 2025 consisted of the General Fund transferring \$8,100,000 to the Building Fund for costs incurred.

COMPTON UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2025 consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	District-Wide	Governmental Activities
Payroll	\$ 38,122,847	\$ -	\$ 1,434,586	\$ 34,268	\$ -	\$ 39,591,701
Construction	-	4,380,692	1,373	-	-	4,382,065
Vendors payable	23,868,434	-	2,300,412	320,578	-	26,489,424
Unmatured interest	-	-	-	-	581,257	581,257
Total	\$ 61,991,281	\$ 4,380,692	\$ 3,736,371	\$ 354,846	\$ 581,257	\$ 71,044,447

NOTE 7 – UNEARNED REVENUE

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

	General Fund	Non-Major Governmental Funds	Governmental Activities
Federal sources	\$ 14,186,549	\$ 136,926	\$ 14,323,475
State categorical sources	1,666,920	6,434,061	8,100,981
Total	\$ 15,853,469	\$ 6,570,987	\$ 22,424,456

NOTE 8 – LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2025 consisted of the following:

	Restated Balance July 01, 2024	Additions	Deductions	Balance June 30, 2025	Balance Due In One Year
Governmental Activities					
General obligation bonds	\$ 221,194,503	\$ 25,305,000	\$ 21,936,483	\$ 224,563,020	\$ 13,673,644
Unamortized premium	16,564,087	595,751	1,014,350	16,145,488	1,067,870
Unamortized discount	(77,705)	-	(9,714)	(67,991)	(9,714)
Accreted interest	16,919,134	2,918,445	1,993,517	17,844,062	2,056,356
Total general obligation bonds	254,600,019	28,819,196	24,934,636	258,484,579	16,788,156
Certificates of participation	21,965,000	-	2,700,000	19,265,000	2,075,000
Unamortized premium	2,581,153	-	366,277	2,214,876	366,279
Total certificates of participation	24,546,153	-	3,066,277	21,479,876	2,441,279
Compensated absences*	12,944,362	5,481,202	-	18,425,564	6,966,752
Net OPEB liability	14,982,454	-	7,967,370	7,015,084	-
Net pension liability	215,545,366	-	28,983,420	186,561,946	-
Total	\$ 522,618,354	\$ 34,300,398	\$ 64,951,703	\$ 491,967,049	\$ 26,196,187

*The change in the compensated absences liability is presented as a net change.

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments on certificates of participation are made in the General Fund.

COMPTON UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 8 – LONG-TERM LIABILITIES (continued)

A. Compensated Absences

Beginning restated total unpaid employee compensated absences was \$12,944,362 and increased by a net amount of \$5,481,202 during the year ended June 30, 2025. The ending compensated absences at June 30, 2025 amounted to \$18,425,564. This amount is included as part of long-term liabilities in the government-wide financial statements.

B. Certificates of Participation

On June 1, 2007, the District issued Series B Certificates of Participation to \$25,000,000 payable in annual installments from June 1, 2008 through June 1, 2027. Interest rates range from 3.6 to 5.0 percent, payable beginning December 1, 2007. The agreement is between the District and the County Schools Regionalized Business Services Corporation with the Bank of New York as trustee. Amounts on deposit in the Project Fund shall be applied to finance the modernization and rehabilitation of approximately 28 different schools on sites within the boundaries of Compton Unified School District.

In April 2015, the District issued \$20,135,000 in Certificates of Participation to refund on a current basis all outstanding 2004 Certificates of Participation amounting to \$6,535,000, and partially refund on an advance basis \$15,305,000 of outstanding 2007 Certificates of Participation. Deferred charges on refunding of \$176,188 remain to be amortized. This refunding reduced total debt service payments by \$1,505,796 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,222,771.

On October 31, 2019, the District issued 2019 Series A Certificates of Participation to \$17,960,000 payable in annual installments from June 1, 2020 through June 1, 2039. Interest rates range from 3.0 to 5.0 percent, payable semiannually on June 1 and December 1 of each year. The agreement is between the District and the Los Angeles County Schools Regionalized Business Services Corporation with the Bank of New York as trustee. Amounts on deposit in the Project Fund shall be used to finance the construction or installation of capital improvement projects and/or equipment.

The annual requirements to amortize all certificates of participation outstanding at June 30, 2025 were as follows:

Year Ended June 30,	Principal	Interest	Total
2026	\$ 2,075,000	\$ 855,000	\$ 2,930,000
2027	2,235,000	751,250	2,986,250
2028	635,000	639,500	1,274,500
2029	725,000	607,750	1,332,750
2030	820,000	571,500	1,391,500
2031 - 2035	5,765,000	2,171,200	7,936,200
2036 - 2039	7,010,000	731,400	7,741,400
Total	\$ 19,265,000	\$ 6,327,600	\$ 25,592,600

COMPTON UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 8 – LONG-TERM LIABILITIES (continued)

C. General Obligation Bonds

In June 2006, the District issued \$19,999,970 in General Obligation Series C Bonds and \$50,789,740 in General Obligation Series D Bonds to finance the acquisition and improvement of various capital facilities of the District, advance refund on a current basis all outstanding Certificates of Participation Series B amounting to \$19,380,000, and partially refund \$34,445,000 of outstanding 2002 Series A general obligation bonds and \$14,955,000 of outstanding 2002 Series B general obligation bonds.

In March 2015, the District issued \$5,505,000 of Series E refunding bonds to advance refund a portion of the Series C bonds. This refunding reduced total debt service payments by \$999,276 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$811,455. Deferred charges on refunding of \$123,508 remain to be amortized. As of June 30, 2025, the principal balance on the defeased debt was fully paid.

On October 26, 2016, the District issued 2002 Election, 2016 Series F General Obligation Refunding Bonds in the amount of \$7,785,000. The bonds were issued to current refund and defease all of the District's outstanding General Obligation Bonds, 2002 Election, 2006 Series C and to pay costs of issuance. The bonds accrue interest between 2% and 5.5% per annum from the date of the issuance and are payable semi-annually on June 1 and December 1 of each year through June 2031. Deferred charges on refunding of \$90,246 remain to be amortized. As of June 30, 2025, the principal balance on the defeased debt was fully paid.

On August 29, 2019, the District issued 2015 Election, Series B General Obligation Bonds in the amount of \$229,996,080. The issuance consisted of \$69,405,000 in current interest serial bonds, \$87,155,000 in current interest term bonds, and \$73,436,080 in capital appreciation serial bonds. The bonds accrue interest between 0.92% and 4.00% per annum from the date of the issuance and are payable semi-annually on June 1 and December 1 of each year through June 2049.

On October 3, 2024, the District issued 2022 Election, 2024 Series A General Obligation Bonds in the amount of \$25,305,000. The issuance consisted entirely of current interest bonds. The bonds accrue interest of 5.00% per annum from the date of the issuance and are payable semi-annually on June 1 and December 1 of each year through June 2026.

Debt service payments are made from property tax levy authorized by the voters. The annual requirements to amortize outstanding general obligation bonds are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	\$ 13,673,644	\$ 8,176,444	\$ 21,850,088
2027	5,548,300	7,913,850	13,462,150
2028	8,080,000	5,262,713	13,342,713
2029	8,820,000	4,870,800	13,690,800
2030	9,620,000	4,441,975	14,061,975
2031 - 2035	35,883,310	27,170,854	63,054,164
2036 - 2040	30,582,366	39,769,196	70,351,562
2041 - 2045	40,050,400	44,495,600	84,546,000
2046 - 2049	72,305,000	7,103,800	79,408,800
Accretion	17,844,062	(17,844,062)	-
Total	\$ 242,407,082	\$ 131,361,170	\$ 373,768,252

COMPTON UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 8 – LONG-TERM LIABILITIES (continued)

D. Other Postemployment Benefits

The District's beginning net OPEB liability was \$14,982,454 and decreased by \$7,967,370 during the year ended June 30, 2025. The ending net OPEB liability at June 30, 2025 was \$7,015,084. See Note 10 for additional information regarding the net OPEB liability.

E. Net Pension Liability

The District's beginning net pension liability was \$215,545,366 and decreased by \$28,983,420 during the year ended June 30, 2025. The ending net pension liability at June 30, 2025 was \$186,561,946. See Note 11 for additional information regarding the net pension liability.

NOTE 9 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2025:

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable				
Revolving cash	\$ 150,000	\$ -	\$ -	\$ 150,000
Stores inventory	126,684	-	64,321	191,005
Total nonspendable	276,684	-	64,321	341,005
Restricted				
Educational programs	96,601,160	-	5,678,385	102,279,545
Food service	-	-	7,086,992	7,086,992
Associated student body	-	-	204,804	204,804
Capital projects	-	25,139,684	15,479,135	40,618,819
Debt service	-	-	5,785,045	5,785,045
Total restricted	96,601,160	25,139,684	34,234,361	155,975,205
Committed				
Deferred maintenance	-	-	1,641,719	1,641,719
Total committed	-	-	1,641,719	1,641,719
Unassigned	268,420,517	-	-	268,420,517
Total	\$ 365,298,361	\$ 25,139,684	\$ 35,940,401	\$ 426,378,446

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than 3 percent of General Fund expenditures and other financing uses.

COMPTON UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

The Compton Unified School District's defined benefit OPEB plan, Compton Unified School District Retiree Benefit Plan (the Plan) is described below. The Plan is a single-employer defined benefit plan administered by the District. The District is a participant in a GASB eligible trust, an agent multiple-employer defined benefit post-employment healthcare plan administered by PARS.

B. Benefits Provided

The eligibility requirements and benefits provided by the Plan as follows.

	Certificated	Classified	Management	Teamsters
Benefit types provided	Medical	Medical	Medical	Medical
Duration of Benefits	Lifetime	Lifetime	Lifetime	To age 68
Required Service	10 years	20 years	20 years	20 years
Minimum Age	55	60*	60*	60*
Dependent Coverage	Yes	No	No	No
		50% of retiree-only premium until age 65.	50% of retiree-only premium until age 65.	50% of retiree-only premium until age 65.
	Lifetime PEMHCA minimum employer contribution	Lifetime PEMHCA minimum employer contribution	Lifetime PEMHCA minimum employer contribution	\$500 per year until age 68 for Medicare supplemental plan
District Cap				
*55 with 30 years of service.				

C. Contributions

The contribution requirements of the Plan members and the District are established and may be amended by the District, the District's bargaining units, and unrepresented groups. Voluntary contributions are based on projected pay-as-you-go financing requirements as determined annually through agreements with the District, bargaining units, and unrepresented groups. There were no actuarially determined contribution, nor any contribution requirement established by statute or contract. For the measurement period of June 30, 2025, the District contributed \$7,795,911, \$795,911 of which was contributed for the payment of benefits.

D. Plan Membership

Membership of the Plan consisted of the following:

	<u>Number of participants</u>
Inactive employees receiving benefits	356
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	1,761
Total number of participants**	2,117

*Information not provided

**As of the June 30, 2023 valuation date

COMPTON UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

E. Net OPEB Liability

The components of the net OPEB liability of the District at June 30, 2025, were as follows:

Total OPEB liability	\$ 35,162,046
Plan fiduciary net position	<u>(28,146,962)</u>
District's net OPEB liability	<u>\$ 7,015,084</u>
Plan fiduciary net position as a percentage of total OPEB liability	80.05%

F. Actuarial Assumptions and Other Inputs

The net OPEB liability as of June 30, 2025 was determined by an actuarial valuation as of June 30, 2023 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Economic assumptions:

Inflation	2.50%	Discount rate	6.00%
Salary increases	2.75%	Health care trend rate	4.00%

Non-economic assumptions:

Mortality:

Certificated	2020 CalSTRS Mortality
Classified	2021 CalPERS Mortality for Miscellaneous and Schools Employees

Retirement rates:

Certificated	Hired 2012 and earlier: 2020 CalSTRS 2.0%@60 Rates Hired 2013 and later: 2020 CalSTRS 2.0%@62 Rates
Classified/CSEA/ Management/ Teamsters	Hired 2012 and earlier: 2021 CalPERS 2.0%@55 Rates for Schools Employees Hired 2013 and later: 2021 CalPERS 2.0%@62 Rates for Schools Employees

The actuarial assumptions used in the June 30, 2023 valuation were based on a review of plan experience.

The discount rate was based on the Bond Buyer 20 Bond Index. The actuary assumed contributions would be sufficient to fully fund the obligation over a period not to exceed twenty-nine years.

The long-term expected rate of return on OPEB plan investment was determined using a rolling period of time for all asset classes in combination to appropriately reflect correlation between asset classes. That means that the average returns for any asset class do not necessarily reflect the averages over time individually but reflect the return for the asset class for the portfolio average.

Asset Class	Percentage of Portfolio	Assumed Gross Return
All US Domestic Stock	60.00%	7.25%
Long-term Corporate Bonds	40.00%	4.25%

COMPTON UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

G. Changes in Net OPEB Liability

	<u>June 30, 2025</u>
Total OPEB Liability	
Service cost	\$ 996,068
Interest on total OPEB liability	1,984,640
Benefits payments	<u>(795,911)</u>
Net change in total OPEB liability	2,184,797
Total OPEB liability - beginning	<u>32,977,249</u>
Total OPEB liability - ending (a)	<u>\$ 35,162,046</u>
 Plan fiduciary net position	
Contributions - employer	\$ 7,795,911
Net investment income	3,256,967
Benefit payments	(795,911)
Administrative expenses	<u>(104,800)</u>
Net change in plan fiduciary net position	10,152,167
Plan fiduciary net position - beginning	<u>17,994,795</u>
Plan fiduciary net position - ending (b)	<u>\$ 28,146,962</u>
 District's net OPEB liability - ending (a) - (b)	<u>\$ 7,015,084</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 80.05%
 Covered-employee payroll	 \$ 159,819,042
 District's net OPEB liability (asset) as a percentage of covered-employee payroll	 4.39%

H. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

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

	1% Decrease	Valuation Discount Rate	1% Increase
	(5.00%)	(6.00%)	(7.00%)
Net OPEB liability	\$ 11,518,835	\$ 7,015,084	\$ 3,243,729

COMPTON UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

I. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the Compton Unified School District, as well as what the District's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	1% Decrease (3.00%)	Healthcare Cost Trend Rate (4.00%)	1% Increase (5.00%)
Net OPEB liability	\$ 2,240,090	\$ 7,015,084	\$ 12,920,221

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

For the year ended June 30, 2025, the Compton Unified School District recognized OPEB expense of \$(3,462,317). At June 30, 2025, the Compton Unified School District reported deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	\$ -	\$ 570,557
Differences between expected and actual experience	-	13,657,281
Changes in assumptions	1,057,766	2,976,712
District contributions subsequent to the measurement date	6,390,995	-
Total	\$ 7,448,761	\$ 17,204,550

The \$6,390,995 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2026	\$ 267,893	\$ 2,722,784
2027	125,378	2,227,863
2028	125,378	3,058,813
2029	125,378	2,923,327
2030	125,378	2,529,231
Thereafter	288,361	3,742,532
Total	\$ 1,057,766	\$ 17,204,550

COMPTON UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 11 – PENSION PLANS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

	Net pension liability	Deferred outflows related to pensions	Deferred inflows related to pensions	Pension expense
CalSTRS Pension	\$ 113,497,078	\$ 36,956,362	\$ 24,019,422	\$ 8,155,275
CalPERS Pension	73,064,868	21,900,665	7,828,803	7,430,168
Total	\$ 186,561,946	\$ 58,857,027	\$ 31,848,225	\$ 15,585,443

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate annual comprehensive financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, P.O. Box 15275, Sacramento, CA 95851-0275.

Benefits Provided

The CalSTRS defined benefit plan has two benefit formulas:

1. CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.
2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

COMPTON UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2025, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2025 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$22,530,893 for the year ended June 30, 2025.

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$10,514,623 to CalSTRS.

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

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

District's proportionate share of the net pension liability	\$ 113,497,078
State's proportionate share of the net pension liability associated with the District	52,073,649
Total	\$ 165,570,727

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2023 and rolling forward the total pension liability to June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2024, the District's proportion was 0.169 percent, which was a decrease of 0.011 percent from its proportion measured as of June 30, 2023.

COMPTON UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

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

For the year ended June 30, 2025, the District recognized pension expense of \$8,155,275. In addition, the District recognized pension expense and revenue of \$(4,975,308) for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 457,956
Differences between expected and actual experience	12,837,981	4,963,163
Changes in assumptions	496,823	7,751,457
Changes in proportion and differences between District contributions and proportionate share of contributions	1,090,665	10,846,846
District contributions subsequent to the measurement date	22,530,893	-
Total	<u>\$ 36,956,362</u>	<u>\$ 24,019,422</u>

The \$22,530,893 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2026	\$ 2,942,669	\$ 13,265,292
2027	2,942,668	(3,959,604)
2028	2,694,257	5,726,758
2029	2,694,258	4,105,906
2030	2,416,521	3,584,938
2031	735,096	1,296,132
Total	<u>\$ 14,425,469</u>	<u>\$ 24,019,422</u>

COMPTON UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Rate of Return*	7.10%
Wage Growth	3.50%

* Net of investment expenses, but gross of administrative expenses.

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2021 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2017 through June 30, 2022.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2024 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2024, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return*
Public Equity	38%	5.25%
Real Estate	15%	4.05%
Private Equity	14%	6.75%
Fixed Income	14%	2.45%
Risk Mitigating Strategies	10%	2.25%
Inflation Sensitive	7%	3.65%
Cash/Liquidity	2%	0.05%
	100%	

*Real return is net of assumed 2.75% inflation.

COMPTON UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, 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 (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	\$ 201,874,163	\$ 113,497,078	\$ 39,698,545

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

COMPTON UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (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 death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate annual comprehensive financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, CA 95811.

Benefits Provided

The benefits for the defined benefit plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

Contributions

Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 8.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2025 was 27.05% of annual payroll. Contributions to the plan from the District were \$11,322,116 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of \$73,064,868 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2023 and rolling forward the total pension liability to June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2024, the District's proportion was 0.204 percent, which was a decrease of 0.013 percent from its proportion measured as of June 30, 2023.

COMPTON UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees’ Retirement System (CalPERS) (continued)

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

For the year ended June 30, 2025, the District recognized pension expense of \$7,430,168. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 2,838,148	\$ -
Differences between expected and actual experience	6,125,421	522,923
Changes in assumptions	1,614,980	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	7,305,880
District contributions subsequent to the measurement date	11,322,116	-
Total	<u>\$ 21,900,665</u>	<u>\$ 7,828,803</u>

The \$11,322,116 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2026	\$ 4,065,526	\$ 5,717,750
2027	6,696,394	2,111,053
2028	714,663	-
2029	(898,034)	-
Total	<u>\$ 10,578,549</u>	<u>\$ 7,828,803</u>

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Discount Rate	6.90%
Salary Increases	Varies by Entry Age and Service

COMPTON UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees’ Retirement System (CalPERS) (continued)

Actuarial Assumptions (continued)

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS’ membership data for all funds. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 80% of scale MP 2020.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from 2000 through 2019.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+-years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects 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 geometric rates of return are net of administrative expenses.

Asset Class	Assumed Asset Allocation	Real Return Years 1 – 10*
Global Equity – cap-weighted	30.0%	4.54%
Global Equity – non-cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed securities	5.0%	0.50%
Investment grade corporates	10.0%	1.56%
High yield	5.0%	2.27%
Emerging market debt	5.0%	2.48%
Private debt	5.0%	3.57%
Real assets	15.0%	3.21%
Leverage	(5.0)%	(0.59)%
	<u>100.0%</u>	

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

COMPTON UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees’ Retirement System (CalPERS) (continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS’ website.

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

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, 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 (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability	\$ 108,538,471	\$ 73,064,868	\$ 43,760,848

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Grants

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

B. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2025.

C. Construction Commitments

As of June 30, 2025, the District had commitments with respect to unfinished capital projects of \$53,121,202.

COMPTON UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District participates in two joint ventures under joint powers agreements (JPAs); the Southern California Regional Liability Excess Fund (SCR), and the Schools' Excess Liability Fund (SELF). The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

The JPAs have budgeting and financial reporting requirements independent of member units, and their financial statements are not presented in these financial statements. However, fund transactions between the JPAs and the District are included in these statements. The audited financial statements are generally available from the respective entities.

NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. Refunded Debt

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the District recognized deferred outflows or inflows of resources in the District-wide financial statements. The deferred outflow of resources pertains to the difference in the carrying value of the refunded debt and its reacquisition price (deferred amount on refunding). Previous financial reporting standards require this to be presented as part of the District's long-term debt. This deferred outflow of resources is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the new debt, whichever is shorter. At June 30, 2025, the deferred amount on refunding was \$389,942.

B. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 11. At June 30, 2025, total deferred outflows related to pensions was \$58,857,027 and total deferred inflows related to pensions was \$31,848,225.

C. Other Postemployment Benefits

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 10. At June 30, 2025, total deferred outflows related to other postemployment benefits was \$7,448,761 and total deferred inflows related to other postemployment benefits was \$17,204,550.

COMPTON UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 15 – RESTATEMENT OF NET POSITION

The beginning net position of the Governmental Activities has been restated due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. GASB 101 establishes recognition and measurement guidance for liabilities related to compensated absences, requiring that the liability be recognized when leave is attributable to services already rendered and it is probable that the leave will be used or paid. This standard supersedes certain provisions of GASB Statement No. 16.

The cumulative effect of applying GASB 101 required a restatement of the beginning net position, as follows:

	Governmental Activities
Net Position - Beginning, as Previously Reported	\$ 634,429,404
Restatement	<u>(10,635,243)</u>
Net Position - Beginning, as Restated	<u>\$ 623,794,161</u>

REQUIRED SUPPLEMENTARY INFORMATION

**COMPTON UNIFIED SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual*	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
LCFF sources	\$ 269,827,862	\$ 271,800,238	\$ 282,324,909	\$ 10,524,671
Federal sources	21,835,115	34,564,204	21,060,162	(13,504,042)
Other state sources	64,985,955	65,533,623	75,465,610	9,931,987
Other local sources	4,305,141	11,476,952	31,037,453	19,560,501
Total Revenues	360,954,073	383,375,017	409,888,134	26,513,117
EXPENDITURES				
Certificated salaries	117,081,660	121,309,665	118,615,284	2,694,381
Classified salaries	40,300,161	39,536,363	38,334,768	1,201,595
Employee benefits	78,175,813	83,365,389	79,631,251	3,734,138
Books and supplies	13,041,024	38,053,852	32,937,059	5,116,793
Services and other operating expenditures	108,778,488	131,169,521	113,264,358	17,905,163
Capital outlay	5,570,198	12,305,471	9,523,272	2,782,199
Other outgo				
Excluding transfers of indirect costs	4,277,106	3,865,000	3,851,439	13,561
Transfers of indirect costs	(481,669)	(591,670)	(571,898)	(19,772)
Total Expenditures	366,742,781	429,013,591	395,585,533	33,428,058
Excess (Deficiency) of Revenues				
Over Expenditures	(5,788,708)	(45,638,574)	14,302,601	59,941,175
Other Financing Sources (Uses)				
Transfers out	(35,814,954)	(85,137,009)	(77,987,633)	7,149,376
Net Financing Sources (Uses)	(35,814,954)	(85,137,009)	(77,987,633)	7,149,376
NET CHANGE IN FUND BALANCE	(41,603,662)	(130,775,583)	(63,685,032)	67,090,551
Fund Balance - Beginning	355,775,180	382,594,483	382,594,483	-
Fund Balance - Ending	\$ 314,171,518	\$ 251,818,900	\$ 318,909,451	\$ 67,090,551

* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the following reasons:

- The amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances include the financial activity of the Special Reserve Fund for Other Than Capital Outlay Projects with the implementation of GASB Statement No. 54.
- The amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances include the financial activity of the Private-Purpose Trust Fund, in accordance with the implementation of GASB Statement No. 84.

COMPTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2025

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability								
Service cost	\$ 996,068	\$ 1,434,839	\$ 1,396,437	\$ 1,563,552	\$ 1,518,012	\$ 1,707,514	\$ 3,113,634	\$ 3,414,597
Interest on total OPEB liability	1,984,640	2,655,064	2,490,407	3,031,448	2,921,525	2,721,352	1,988,611	1,683,118
Difference between expected and actual experience	-	(15,132,869)	-	(2,760,376)	(380,419)	(955,961)	-	-
Changes of assumptions	-	1,166,007	-	(5,358,088)	-	997,623	(19,260,112)	(4,529,038)
Benefits payments	(795,911)	(1,358,884)	(964,649)	(2,083,042)	(1,162,191)	(1,258,985)	(856,223)	(815,657)
Net change in total OPEB liability	2,184,797	(11,235,843)	2,922,195	(5,606,506)	2,896,927	3,211,543	(15,014,090)	(246,980)
Total OPEB liability - beginning	32,977,249	44,213,092	41,290,897	46,897,403	44,000,476	40,788,933	55,803,023	56,050,003
Total OPEB liability - ending (a)	\$ 35,162,046	\$ 32,977,249	\$ 44,213,092	\$ 41,290,897	\$ 46,897,403	\$ 44,000,476	\$ 40,788,933	\$ 55,803,023
Plan fiduciary net position								
Contributions - employer	\$ 7,795,911	\$ 1,358,884	\$ 964,649	\$ 9,168,867	\$ 7,085,825	\$ 3,661,610	\$ 1,856,223	\$ -
Net investment income	3,256,967	1,659,962	(3,244,234)	2,673,330	688,329	59,636	(972)	-
Benefit payments	(795,911)	(1,358,884)	(964,649)	(2,083,042)	(1,162,191)	(1,258,985)	(856,223)	-
Administrative expenses	(104,800)	(81,185)	(88,278)	(59,666)	(21,114)	(2,473)	(624)	-
Net change in plan fiduciary net position	10,152,167	1,578,777	(3,332,512)	9,699,489	6,590,849	2,459,788	998,404	-
Plan fiduciary net position - beginning	17,994,795	16,416,018	19,748,530	10,049,041	3,458,192	998,404	-	-
Plan fiduciary net position - ending (b)	\$ 28,146,962	\$ 17,994,795	\$ 16,416,018	\$ 19,748,530	\$ 10,049,041	\$ 3,458,192	\$ 998,404	\$ -
District's net OPEB liability - ending (a) - (b)	\$ 7,015,084	\$ 14,982,454	\$ 27,797,074	\$ 21,542,367	\$ 36,848,362	\$ 40,542,284	\$ 39,790,529	\$ 55,803,023
Plan fiduciary net position as a percentage of the total OPEB liability	80.05%	54.57%	37.13%	47.83%	21.43%	7.86%	2.45%	0.00%
Covered-employee payroll	\$ 159,819,042	\$ 154,557,942	\$ 149,389,871	\$ 151,994,493	\$ 148,404,786	\$ 108,830,673	\$ 132,662,000	\$ 132,662,000
District's net OPEB liability (asset) as a percentage of covered-employee payroll	4.39%	9.69%	18.61%	14.17%	24.83%	37.25%	29.99%	42.06%

See accompanying note to required supplementary information.

**COMPTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS FOR OPEB
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Actuarially determined contributions*	\$ 4,721,307	\$ 5,280,135
Contributions in relation to the actuarially determined contribution	(7,085,825)	(3,661,610)
Contribution deficiency/(excess)	<u>\$ (2,364,518)</u>	<u>\$ 1,618,525</u>
 Covered-employee payroll	 \$ 148,404,786	 \$ 151,994,493
 Contributions as a percentage of covered- employee payroll	 4.77%	 2.41%

*For 2018, 2019, 2022, 2023, 2024, and 2025, there were no actuarially determined contributions.

**COMPTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2025**

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
District's proportion of the net pension liability	0.169%	0.180%	0.178%	0.195%	0.204%	0.199%	0.194%	0.199%	0.215%	0.276%
District's proportionate share of the net pension liability	\$ 113,497,078	\$ 137,163,106	\$ 123,976,697	\$ 88,786,209	\$ 197,427,655	\$ 179,342,674	\$ 178,226,404	\$ 183,615,185	\$ 173,838,458	\$ 186,073,187
State's proportionate share of the net pension liability associated with the District	52,073,649	65,719,889	62,087,893	44,674,707	101,773,156	97,844,192	102,043,452	108,626,078	98,977,703	98,411,941
Total	\$ 165,570,727	\$ 202,882,995	\$ 186,064,590	\$ 133,460,916	\$ 299,200,811	\$ 277,186,866	\$ 280,269,856	\$ 292,241,263	\$ 272,816,161	\$ 284,485,128
District's covered payroll	\$ 112,802,691	\$ 109,689,126	\$ 106,057,921	\$ 112,524,941	\$ 115,963,582	\$ 112,903,709	\$ 114,084,710	\$ 106,263,179	\$ 111,062,465	\$ 113,774,202
District's proportionate share of the net pension liability as a percentage of its covered payroll	100.62%	125.05%	116.90%	78.90%	170.25%	158.85%	156.22%	172.79%	156.52%	163.55%
Plan fiduciary net position as a percentage of the total pension liability	83.55%	80.62%	81.20%	87.21%	71.82%	72.56%	70.99%	69.46%	70.04%	74.02%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

COMPTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
FOR THE YEAR ENDED JUNE 30, 2025

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
District's proportion of the net pension liability	0.204%	0.217%	0.226%	0.246%	0.268%	0.281%	0.294%	0.297%	0.315%	0.340%
District's proportionate share of the net pension liability	\$ 73,064,868	\$ 78,382,260	\$ 77,891,203	\$ 50,104,561	\$ 82,364,024	\$ 81,785,910	\$ 78,290,659	\$ 70,997,380	\$ 62,131,945	\$ 50,161,465
District's covered payroll	\$ 41,755,251	\$ 39,700,745	\$ 39,069,645	\$ 39,469,552	\$ 42,570,167	\$ 43,265,225	\$ 44,717,548	\$ 42,733,687	\$ 42,944,375	\$ 43,326,807
District's proportionate share of the net pension liability as a percentage of its covered payroll	174.98%	197.43%	199.37%	126.94%	193.48%	189.03%	175.08%	166.14%	144.68%	115.77%
Plan fiduciary net position as a percentage of the total pension liability	72.29%	69.96%	69.76%	80.97%	70.00%	70.05%	70.85%	71.87%	73.90%	79.43%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

**COMPTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Contractually required contribution	\$ 22,530,893	\$ 21,545,314	\$ 20,950,623	\$ 17,480,503	\$ 16,826,459	\$ 19,854,626	\$ 17,901,646	\$ 15,922,435	\$ 11,699,892	\$ 11,666,292
Contributions in relation to the contractually required contribution*	(22,530,893)	(21,545,314)	(20,950,623)	(17,480,503)	(16,826,459)	(19,854,626)	(17,901,646)	(15,922,435)	(11,699,892)	(11,666,292)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 117,962,791	\$ 112,802,691	\$ 109,689,126	\$ 106,057,921	\$ 112,524,941	\$ 115,963,582	\$ 112,903,709	\$ 114,084,710	\$ 106,263,179	\$ 111,062,465
Contributions as a percentage of covered payroll	19.10%	19.10%	19.10%	16.48%	14.95%	17.12%	15.86%	13.96%	11.01%	10.50%

*Amounts do not include on-behalf contributions

See accompanying note to required supplementary information.

**COMPTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Contractually required contribution	\$ 11,322,116	\$ 11,140,301	\$ 10,072,079	\$ 8,438,810	\$ 7,539,906	\$ 8,139,278	\$ 7,325,023	\$ 6,348,967	\$ 5,543,200	\$ 4,966,156
Contributions in relation to the contractually required contribution*	(11,322,116)	(11,140,301)	(10,072,079)	(8,438,810)	(7,539,906)	(8,139,278)	(7,325,023)	(6,348,967)	(5,543,200)	(4,966,156)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 41,856,251	\$ 41,755,251	\$ 39,700,745	\$ 39,069,645	\$ 39,469,552	\$ 42,570,167	\$ 43,265,225	\$ 44,717,548	\$ 42,733,687	\$ 42,944,375
Contributions as a percentage of covered payroll	27.05%	26.68%	25.37%	21.60%	19.10%	19.12%	16.93%	14.20%	12.97%	11.56%

*Amounts do not include on-behalf contributions

**COMPTON UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

This schedule is 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 schedule presents 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 Net OPEB Liability and Related Ratios

This 10-year schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable. The schedule presents the sources of change in the net OPEB liability, and the components of the net OPEB liability and related ratios, including the net OPEB liability as a percentage of covered-employee payroll.

Changes in Benefit Terms

There were no changes in benefit terms since the previous measurement for OPEB.

Changes in Assumptions

There were no changes in assumptions since the previous measurement for OPEB.

Schedule of the District Contributions for OPEB

This 10-year schedule presents information on the District's actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable.

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

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuations for CalSTRS or CalPERS.

Changes in Assumptions

There were no changes in economic assumptions since the previous valuations for CalSTRS or CalPERS.

**COMPTON UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Schedule of District Contributions

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered payroll.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2025, the District incurred no excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code.

SUPPLEMENTARY INFORMATION

**COMPTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 12,064,466
Comprehensive Support and Improvement for LEAs	84.010	15438	124,357
Subtotal Title I, Part A			<u>12,188,823</u>
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	1,177,953
Title III			
Title III, English Learner Student Program	84.365	14346	324,053
Title III, Immigrant Education Program	84.365	15146	11,745
Subtotal Title III			<u>335,798</u>
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	814,517
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14349	1,517,672
Department of Rehabilitation: Workability II, Transitions Partnership Program	84.126	10006	130,519
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	3,468,481
IDEA Preschool Capacity Building, Part B, Sec 619	84.173A	13839	30,511
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	486,554
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	190,630
Subtotal Special Education Cluster			<u>4,176,176</u>
IDEA Early Intervention Grants, Part C	84.181	23761	174,749
Strengthening Career and Technical Education for the 21st Century (Perkins V)	84.048	14894	322,907
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants:			
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425	15547	332,513
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425	15559	2,500
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	409,651
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425	15620	22,276
American Rescue Plan - Homeless Children and Youth II (ARP HYC II) Program	84.425	15566	221,048
Subtotal Education Stabilization Fund Discretionary Grants			<u>987,988</u>
Total U. S. Department of Education			<u>21,827,102</u>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster			
School Breakfast Program - Basic	10.553	13525	783,415
School Breakfast Program - Needy	10.553	13526	3,259,559
National School Lunch Program	10.555	13391	8,086,941
USDA Commodities	10.555	*	729,986
Summer Food Service Program for Children	10.559	13004	16,126
Subtotal Child Nutrition Cluster			<u>12,876,027</u>
<i>Passed through California Department of Social Services:</i>			
Child and Adult Care Food Program (CACFP)			
CACFP Claims - Centers and Family Day Care	10.558	13393	1,085,740
Total U. S. Department of Agriculture			<u>13,961,767</u>
Total Federal Expenditures			<u>\$ 35,788,869</u>

* - Pass-Through Entity Identifying Number not available or not applicable

**COMPTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2025**

	Second Period Report	Annual Report
SCHOOL DISTRICT		
TK/K through Third		
Regular ADA	4,776.51	4,841.55
Extended Year Special Education	0.73	0.73
Special Education - Nonpublic Schools	1.99	3.03
Extended Year Special Education - Nonpublic Schools	0.30	0.30
Total TK/K through Third	<u>4,779.53</u>	<u>4,845.61</u>
Fourth through Sixth		
Regular ADA	3,718.73	3,715.14
Extended Year Special Education	2.06	2.06
Special Education - Nonpublic Schools	1.82	2.64
Extended Year Special Education - Nonpublic Schools	0.10	0.10
Total Fourth through Sixth	<u>3,722.71</u>	<u>3,719.94</u>
Seventh through Eighth		
Regular ADA	2,563.25	2,565.55
Extended Year Special Education	1.90	1.90
Special Education - Nonpublic Schools	6.16	9.95
Extended Year Special Education - Nonpublic Schools	0.59	0.59
Community Day School	14.73	21.60
Total Seventh through Eighth	<u>2,586.63</u>	<u>2,599.59</u>
Ninth through Twelfth		
Regular ADA	4,352.93	4,286.23
Extended Year Special Education	3.37	3.37
Special Education - Nonpublic Schools	14.56	23.70
Extended Year Special Education - Nonpublic Schools	1.06	1.06
Community Day School	20.13	26.73
Total Ninth through Twelfth	<u>4,392.05</u>	<u>4,341.09</u>
TOTAL SCHOOL DISTRICT	<u>15,480.92</u>	<u>15,506.23</u>

**COMPTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2025**

Grade Level	Minutes Requirement	Actual Instructional Minutes	Credited Minutes Per the Approved Form J-13A*	Total Minutes Offered	Required Number of Days	Actual Number of Days	Credited Days Per the Approved Form J-13A*	Total Days Offered	Status
Kindergarten	36,000	62,460	720	63,180	180	178	2	180	Complied
Grade 1	50,400	62,460	720	63,180	180	178	2	180	Complied
Grade 2	50,400	62,460	720	63,180	180	178	2	180	Complied
Grade 3	50,400	62,460	720	63,180	180	178	2	180	Complied
Grade 4	54,000	62,460	720	63,180	180	178	2	180	Complied
Grade 5	54,000	62,460	720	63,180	180	178	2	180	Complied
Grade 6	54,000	62,460	720	63,180	180	178	2	180	Complied
Grade 7	54,000	62,460	720	63,180	180	178	2	180	Complied
Grade 8	54,000	62,460	720	63,180	180	178	2	180	Complied
Grade 9	64,800	65,445	750	66,195	180	178	2	180	Complied
Grade 10	64,800	65,445	750	66,195	180	178	2	180	Complied
Grade 11	64,800	65,445	750	66,195	180	178	2	180	Complied
Grade 12	64,800	65,445	750	66,195	180	178	2	180	Complied

*The District received an approved Form J-13A for the number of instructional days and the number of instructional minutes indicated above.

**COMPTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

	2026 (Budget)	2025	2024	2023
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 358,735,918	\$ 409,888,134	\$ 487,542,198	\$ 374,908,529
Expenditures And Other Financing Uses	447,289,098	473,573,166	435,165,192	361,990,095
Net change in Fund Balance	\$ (88,553,180)	\$ (63,685,032)	\$ 52,377,006	\$ 12,918,434
Ending Fund Balance	\$ 230,356,271	\$ 318,909,451	\$ 370,725,070	\$ 323,139,709
Available Reserves*	\$ 153,155,404	\$ 268,420,517	\$ 231,918,966	\$ 10,859,703
Available Reserves As A Percentage Of Outgo	34.24%	56.68%	53.29%	3.00%
Long-term Liabilities	\$ 465,770,862	\$ 491,967,049	\$ 511,983,111	\$ 517,762,838
Average Daily Attendance At P-2	14,776	15,481	15,632	15,905

The General Fund balance has decreased by \$4,230,258 over the past two years. The fiscal year 2025-26 budget projects a further decrease of \$88,553,180. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years but anticipates incurring an operating deficit during the 2025-26 fiscal year. Total long-term obligations have decreased by \$25,795,789 over the past two years.

Average daily attendance has decreased by 424 ADA over the past two years. An anticipated decrease of 705 ADA is expected during the 2025-26 fiscal year.

*Available reserves consist of all unassigned fund balance within the General Fund.

**Actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Other Than Capital Outlay Projects and Private-Purpose Trust Fund, in accordance with the implementation of GASB Statements No. 54 and No. 84.

COMPTON UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Special Reserve Fund for Other Than Capital Outlay Projects
June 30, 2025, annual financial and budget report fund balance	\$ 318,909,451	\$ 46,289,578
Adjustments and reclassifications:		
Increase (decrease) in total fund balances:		
Fund balance transfer (GASB 54)	46,388,910	(46,289,578)
Net adjustments and reclassifications	46,388,910	(46,289,578)
June 30, 2025, audited financial statement fund balance	<u>\$ 365,298,361</u>	<u>\$ -</u>

	Private-Purpose Trust Fund
June 30, 2025, annual financial and budget report net position	\$ 99,332
Adjustments and reclassifications:	
Increase (decrease) in total net position:	
Net position transfer (GASB 84)	(99,332)
Net adjustments and reclassifications	(99,332)
June 30, 2025, audited financial statement net position	<u>\$ -</u>

See accompanying note to supplementary information.

**COMPTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2025**

Charter #	Charter School	Status	Included in Audit Report
1996	KIPP Compton Community	Active	No
1990	Animo Compton Charter	Active	No
1952	Ingenium Clarion Charter Middle	Closed	No
1772	Today's Fresh Start-Compton	Active	No
1827	ISANA Achemar Academy	Active	No
1062	Barack Obama Charter	Active	No
0963	Lifeline Education Charter	Active	No

See accompanying note to supplementary information.

COMPTON UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2025

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified 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* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The following schedule provides reconciliation between revenues reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2025 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2025.

	AL	
	Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 35,021,929
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425	332,513
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425	2,500
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	409,651
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425	<u>22,276</u>
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		<u>\$35,788,869</u>

The District has not elected to use the de minimis indirect cost rate of up to 15 percent.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with article 8 (commencing with section 46200) of chapter 2 of part 26 of the *Education Code*.

COMPTON UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION, continued
JUNE 30, 2025

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Schedule of Financial Trends and Analysis

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Charter Schools

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

OTHER INFORMATION

COMPTON UNIFIED SCHOOL DISTRICT
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2025

The Compton Unified School District was established on July 1, 1970 and is comprised of an area of approximately 30 square miles located in Los Angeles County. There were no changes in the boundaries of the District during the current year. The District is operating 21 elementary schools, 7 middle schools, 3 high schools, one early college high school, one adult school, and three alternative schools.

GOVERNING BOARD

Member	Office	Term Expires
Micah Ali	President	2028
Satra Zurita	Vice President	2026
Alma Taylor Pleasant	Clerk	2026
Ayanna Davis, Ed.D.	Legislative Representative	2026
Denzell Perry	LA County Trustees Association	2026
Michael Hooper	Member	2028
Sandra Moss	Member	2028

DISTRICT ADMINISTRATORS

Darin Brawley, Ed.D., *Superintendent*
Shannon Soto, Ed.D., *Chief Admin Officer of Business Services*
William Wu, JD, *Chief of School Police*
Tony Burrus, *Chief Technology Officer*
Nathaniel Holt, *Chief Facilities Officer*
Mario Marcos, *Chief Academic Officer, Educational Services*
Carlos Moran, *Executive Director of Human Resources*
Helen Rodriguez, Ed.D., *Executive Director of Special Education*
Ramon Rigobero, Ed.D., *Senior Director of Pupil Services*
Jorge Torres, Ed.D., *Senior Director, College & Career Ready*
Michele Dawson, *Senior Director of Educational Technology*
Ja Maiia Bond, *Senior Director of Special Programs*
Jennifer Graziano, Ed.D., *Senior Director of English Language Learners*
Jennifer Moon, Ed.D., *Senior Director of Elementary Education*
Telma Bayona, *Director of Early Childhood Education*

OTHER INDEPENDENT AUDITORS' REPORTS

**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 Auditors' Report

Governing Board
Compton Unified School District
Compton, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Compton Unified School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Compton Unified School District's basic financial statements, and have issued our report thereon dated January 29, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Compton 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 Compton Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Compton 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 Compton 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.

A handwritten signature in blue ink that reads "Christy White, Inc". The signature is written in a cursive, flowing style.

San Diego, California
January 29, 2026

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**Independent Auditors' Report

Governing Board
Compton Unified School District
Compton, California

Report on Compliance for Each Major Federal Program***Opinion on Each Major Federal Program***

We have audited Compton 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 Compton Unified School District's major federal programs for the year ended June 30, 2025. Compton Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Compton 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 audit opinion on compliance for each major federal program. Our audit does not provide a legal determination of Compton 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 the laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Compton Unified School District's federal programs.

Auditor's Responsibilities for the Audit for 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 Compton 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance 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. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user of the report on compliance about Compton Unified School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Compton Unified School District's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Compton 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 Compton 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.

Report on Internal Control Over Compliance (continued)

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.

A handwritten signature in blue ink that reads "Christy White, Inc". The signature is cursive and fluid.

San Diego, California
January 29, 2026

**REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER
COMPLIANCE FOR STATE PROGRAMS**Independent Auditors' Report

Governing Board
Compton Unified School District
Compton, California

Report on State Compliance***Opinion on State Compliance***

We have audited Compton Unified School District's compliance with the requirements specified in the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to Compton Unified School District's state program requirements as identified in the table in the Auditor's Responsibilities for the Audit of State Compliance section of our report for the year ended June 30, 2025.

In our opinion, Compton Unified School District complied, in all material respects, with the laws and regulations of the applicable laws and regulations of the applicable state programs for the year ended June 30, 2025.

Basis for Opinion on State Compliance

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

We are required to be independent of Compton 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. Our audit does not provide a legal determination of Compton 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 the laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Compton Unified School District's state programs.

Auditor's Responsibilities for the Audit of State Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the state compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Compton 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 generally accepted auditing standards, *Government Auditing Standards*, and the K-12 Audit Guide will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Compton Unified School District's compliance with the requirements of the applicable state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the K-12 Audit Guide, 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 Compton Unified School District's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of Compton 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 K-12 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of Compton Unified School District's internal control over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine Compton Unified School District's compliance with the state laws and regulations applicable to the following items:

PROGRAM NAME	PROCEDURES PERFORMED
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools or Programs	Not Applicable
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes

Auditor's Responsibilities for the Audit of State Compliance (continued)

PROGRAM NAME	PROCEDURES PERFORMED
School Districts, County Offices of Education, and Charter Schools	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Kindergarten Continuance	Yes
Charter Schools	
Attendance; for charter schools	Not Applicable
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as Findings #2025-001 and #2025-002. Our opinion on state compliance is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Compton Unified School District's response to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Compton Unified School 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 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 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 State Compliance section 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 K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Christy White, Inc". The signature is written in a cursive, flowing style.

San Diego, California
January 29, 2026

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**COMPTON UNIFIED SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2025**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	<u>No</u>
Identification of major programs:	

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.425, 84.425U</u>	<u>Education Stabilization Fund Discretionary Grants</u>
<u>84.367</u>	<u>Title II, Part A, Supporting Effective Instruction Local Grants</u>
<u>10.553, 10.555, 10.559</u>	<u>Child Nutrition Cluster</u>
<u>10.558</u>	<u>Child and Adult Care Food Program</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,073,666</u>
Auditee qualified as low-risk auditee?	<u>No</u>

STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Any audit findings disclosed that are required to be reported in accordance with 2024-25 Guide for Annual Audits of California K-12 Local Education Agencies ?	<u>Yes</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**COMPTON UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

FIVE DIGIT CODE

20000
30000

AB 3627 FINDING TYPE

Inventory of Equipment
Internal Control

There were no financial statement findings for the year ended June 30, 2025.

**COMPTON UNIFIED SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

FIVE DIGIT CODE

50000

AB 3627 FINDING TYPE

Federal Compliance

There were no federal award findings or questioned costs for the year ended June 30, 2025.

**COMPTON UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

FIVE DIGIT CODE

10000
40000
42000
43000
60000
61000
62000
70000
71000
72000

AB 3627 FINDING TYPE

Attendance
State Compliance
Charter School Facilities Programs
Apprenticeship: Related and Supplemental Instruction
Miscellaneous
Classroom Teacher Salaries
Local Control Accountability Plan
Instructional Materials
Teacher Misassignments
School Accountability Report Card

FINDING #2025-001: CLASSROOM TEACHER SALARIES (61000)

Criteria: As set forth in California Education Code section 41372, a unified school district should expend a minimum of 55% of the District's current expenses of education towards salaries of classroom teachers.

Condition: In the 2024-25 fiscal year, the District did not meet the minimum percentage requirement of 55%. The District only spent 50.16% on classroom teacher salaries in the 2024-25 fiscal year.

Effect: The District's current expense of education for the year ended June 30, 2025 was \$288,900,643 and the total salaries and benefits for classroom teachers was \$144,917,325. The District was below the minimum required percentage of 55% by 4.84% which calculates out to a deficiency of \$13,982,791.

Cause: The District did not meet the 55% minimum classroom teacher salary expenditure requirement due to the impact of one-time COVID relief funding, which increased total current expenses of education without a corresponding increase in classroom teacher salary expenditures.

Questioned Costs: The questioned costs are the deficiency of \$13,982,791.

Repeat Finding: Yes, this is a repeat finding.

Recommendation: We recommend that in the future, the District monitor their expenses towards salaries of classroom teachers against their total expenses to be sure that they meet the 55% minimum requirement. Additionally, the District should work with their County Office of Education to request a waiver from the California Department of Education.

Corrective Action Plan: The District will implement enhanced budget monitoring procedures to regularly track classroom teacher salary expenditures as a percentage of total current expenses of education throughout the fiscal year. Budget projections will be reviewed quarterly to identify potential shortfalls early and allow for timely corrective adjustments.

The District will coordinate with the County Office of Education to evaluate eligibility for, and if appropriate, submit a request for a waiver to the California Department of Education related to the impact of one-time funding sources.

**COMPTON UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

FINDING #2025-002: INSTRUCTIONAL MATERIALS (70000)

Criteria: Per Education Code Section 60119, the public hearing for instructional materials must occur on or before the end of the eighth week from the first day pupils attended school for that year.

Condition: The District's public hearing for instructional materials occurred on October 15, 2024, which is after the eighth week from the first day of school year.

Cause: Changes in personnel during the beginning of the school year contributed to the instructional materials public hearing being held after the required deadline.

Effect: The District is not in compliance with California Education Code Section 60119.

Questioned Costs: Funding for this program has ended, thus there are no questioned costs related to instructional materials.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that the District comply with Education Code Section 60119 in the future and ensure that the public hearing for instructional materials occurs on or before the end of the eighth week from the first day pupils attended school for that year.

Corrective Action Plan: The District will establish and maintain an annual compliance calendar that includes statutory deadlines for required public hearings, including Education Code Section 60119, to ensure timely scheduling regardless of personnel changes.

**COMPTON UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

FINDING #2024-001: YEAR-END CLOSING PROCEDURES (30000) (MATERIAL WEAKNESS)

Criteria: Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Additionally, the District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition: During the course of our engagement, we identified material misstatements of balances presented within the District's General Fund, Non-Major Adult Education Fund, Non-Major Child Development Fund, and Non-Major Cafeteria Fund, as reported on the 2023-2024 unaudited financial statements. The District erroneously accrued unspent purchase orders of over \$12 million.

Effect: The effect of the errors resulted in misstatements that were not detected or prevented by the District's internal controls. Audit adjusting entries were required to correct accounts payable and expense items.

Cause: The District did not have adequate review processes in place related to the preparation of the District's year-end financial statements, which includes the review of all relevant transactions to determine their proper reporting amounts and period.

Repeat Finding: Yes, this is a repeat finding.

Recommendation: The District should exercise care during its year-end closing process. The District should implement a process to review all balances during its year-end closing process to determine the proper cut-off period for all revenues and expenditures and the associated assets and liabilities.

Corrective Action Plan: Compton USD will act with diligence and care. Under the new Director of Fiscal Services, a process has been implemented by assigning specific areas of responsibility along with associated timelines. A comprehensive year-end closing manual outlining detailed step-by-step procedures, including timelines, required documentation, and responsible personnel, has also been implemented. Fiscal staff members are monitored and reviewed at indicated intervals to ensure accuracy and compliance. Conduct mandatory training sessions for finance team members on year-end closing procedures, emphasizing accuracy, compliance, and timely execution. By implementing the above corrective actions, we aim to address the material weakness in year-end closing procedures, ensuring accurate financial reporting, timely reconciliations, and compliance with regulatory requirements.

Current Status: Implemented.

**COMPTON UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

FINDING #2024-002: EDUCATION STABILIZATION FUNDS – EQUIPMENT AND OTHER CAPITAL EXPENDITURES (50000)

Program Name: Elementary and Secondary School Emergency Relief II (ESSER II) Fund

Assistance Listing Number: 84.425

Pass-Through Agency: California Department of Education (CDE)

Federal Agency: U.S. Department of Education

Criteria: Consistent with 2 CFR section 200.311 (real property), section 200.313 (equipment), and section 200.439 (equipment and other capital expenditures) ESF funds may be used to purchase equipment. Capital expenditures for general and special purpose equipment purchases are subject to prior approval by ED or the pass-through entity.

Condition: Through testing of a representative sample of ESF expenditures, we noted that the equipment expenditures with Data Impressions in the amount totaling \$617,023, did not appear to be pre-approved by the California Department of Education (CDE).

Context: The condition was identified through the testing of ESF expenditures.

Cause: District oversight.

Effect: The funds spent on these purchases may be subject to review by or return to the awarding agency.

Questioned Costs: \$617,023.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that the District obtain prior approval from CDE for all capital purchases from the Education Stabilization Fund in excess of \$5,000.

Views of Responsible Officials: See Corrective Action Plan on following page.

Current Status: Implemented.

Grade Span	Second Period	Annual Report	Derived Value of	
	Report ADA (Over)/Under Statement	ADA (Over)/Under Statement	ADA	Questioned Cost
Kindergarten through third	1.03	0.75	\$ 15,710.47	\$ 16,182
Fourth through sixth	0.48	0.35	\$ 14,445.14	\$ 6,934
Seventh through eighth	0.56	0.41	\$ 14,872.65	\$ 8,329
Ninth through twelfth	2.77	2.02	\$ 17,684.50	\$ 48,986
	4.84	3.53		\$ 80,430

**COMPTON UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

FINDING #2024-003: INDEPENDENT STUDY (10000) (continued)

Corrective Action Plan: Compton USD will act with diligence and care. Under the new Director of Fiscal Services, a process has been implemented by assigning specific areas of responsibility along with associated timelines. Fiscal staff members are monitored and reviewed at indicated intervals to ensure accuracy and compliance. Conduct mandatory training sessions for all staff involved in independent study processes. Topics will include compliance requirements, timeline management, and securing signatures promptly. By implementing these corrective actions, we aim to address the identified deficiencies, ensure compliance with Education Code Section 51747(g)(9)(F), and prevent future funding losses related to independent study attendance.

Current Status: Implemented.

FINDING #2024-004: CLASSROOM TEACHER SALARIES (61000)

Criteria: As set forth in California Education Code section 41372, a unified school district should expend a minimum of 55% of the District's current expenses of education towards salaries of classroom teachers.

Condition: In the 2023-24 fiscal year, the District did not meet the minimum percentage requirement of 55%. The District only spent 45.70% on classroom teacher salaries in the 2023-24 fiscal year.

Effect: The District's current expense of education for the year ended June 30, 2024 was \$320,089,333 and the total salaries and benefits for classroom teachers was \$146,286,147. The District was below the minimum required percentage of 55% by 9.30% which calculates out to a deficiency of \$29,768,308.

Cause: The deficiency amount was due to the one-time COVID relief funding received.

Questioned Costs: The questioned costs are the deficiency of \$29,768,308.

Repeat Finding: Yes, this is a repeat finding.

Recommendation: We recommend that in the future, the District monitor their expenses towards salaries of classroom teachers against their total expenses to be sure that they meet the 55% minimum requirement. Additionally, the District should work with their County Office of Education to request a waiver from the California Department of Education.

**COMPTON UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

FINDING #2024-004: CLASSROOM TEACHER SALARIES (61000) (continued)

Corrective Action Plan: Compton USD will act with diligence and care. Under the new Director of Fiscal Services, Prioritize adjustments for recurring expenses that align with ongoing salary obligations. The District will address the deficiency by reallocating funds, optimizing budget planning, and developing sustainable financial practices to comply with Education Code Section 41372. These corrective actions will ensure that 55% of current educational expenses are allocated toward classroom teacher salaries. Fiscal staff members are monitored and reviewed at indicated intervals to ensure accuracy and compliance.

Current Status: Not implemented, see Finding #2025-001.

APPENDIX C

ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT THE CITY OF COMPTON AND LOS ANGELES COUNTY

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

General Information

The City. The City was incorporated on May 1, 1888, under the laws of the State of California (the “State”), and enjoys all the rights and privileges applicable to a charter city. Known as the Hub City because of its location in nearly the exact geographical center of the County, the City is one of the oldest cities in the County and the eighth to incorporate. The City is governed by an elected Mayor and City Council.

The County. Located along the southern coast of the State, the County covers about 4,083 square miles. It measures approximately 75 miles from north to south and 70 miles from east to west. The County includes Santa Catalina and San Clemente Islands and is bordered by the Pacific Ocean and Ventura, San Bernardino and Orange Counties.

Almost half of the County is mountainous and some 14% is a coastal plain known as the Los Angeles Basin. The low Santa Monica mountains and Hollywood Hills run east and west and form the northern boundary of the Basin and the southern boundary of the San Fernando Valley. The San Fernando Valley terminates at the base of the San Gabriel Mountains whose highest peak is over 10,000 feet. Beyond this mountain range the rest of the County is a semi-dry plateau, the beginning of the vast Mojave Desert.

According to the Los Angeles County Regional Planning Commission, the 86 incorporated cities in the County cover about 1,344 square miles or 27% of the total area of the County. About 16% of the land in the County is devoted to residential use and over two thirds of the land is open space and vacant.

Population

The following table shows population estimates for the City, the County and the State for the past five years.

CITY OF COMPTON, COUNTY OF LOS ANGELES, AND STATE OF CALIFORNIA POPULATION ESTIMATES

Area	2022	2023	2024	2025	2026
City of Compton	94,410	94,451	94,283	94,182	93,937
Los Angeles County	9,861,671	9,864,220	9,882,296	9,900,914	9,837,286
State of California	39,159,480	39,167,274	39,446,835	39,646,907	39,592,978

Source: State of California, Department of Finance, as of January 1.

Employment and Industry

The seasonally adjusted unemployment rate in the County decreased over the month to 5.4% in June 2026 from a revised rate of 5.5% in May 2026 and was below the rate of 5.7% a year ago. Civilian employment decreased by 18,000 to 4,779,000 in June 2026, while unemployment decreased 5,000 over the month to 275,000. The civilian labor force decreased by 23,000 over the month to 5,054,000 in June 2026. All the above figures are seasonally adjusted. The unadjusted unemployment rate for the County was 5.3% in June 2026.

The State's seasonally adjusted unemployment rate was 5.2% in June 2026, 5.3% in May 2026, and 5.5% a year ago in June 2025. The comparable estimates for the nation were 4.2% in June 2026, 4.3% in May 2026, and 4.1% a year ago.

LOS ANGELES-LONG BEACH-GLENDALE METROPOLITAN DISTRICT (LOS ANGELES COUNTY) Annual Average Civilian Labor Force, Employment and Unemployment, Employment by Industry (March 2025 Benchmark)

	2021	2022	2023	2024	2025
Civilian Labor Force ⁽¹⁾	5,019,900	5,036,800	5,064,700	5,106,400	5,098,800
Employment	4,569,800	4,786,000	4,808,300	4,812,400	4,810,600
Unemployment	450,100	250,800	256,500	294,000	288,200
Unemployment Rate	9.0%	5.0%	5.1%	5.8%	5.6%
<u>Wage and Salary Employment:</u> ⁽²⁾					
Agriculture	4,600	4,800	4,700	4,700	4,200
Mining and Logging	1,600	1,700	1,700	1,700	1,700
Construction	149,000	151,300	151,200	151,600	146,500
Manufacturing	313,100	321,700	318,400	312,600	303,300
Wholesale Trade	202,600	204,400	200,100	194,800	189,200
Retail Trade	396,100	405,500	404,800	398,800	393,600
Trans., Warehousing, Utilities	215,200	223,600	217,900	218,500	216,500
Information	208,800	234,900	193,100	189,600	177,000
Financial and Insurance	129,000	126,600	122,200	118,500	116,900
Real Estate, Rental & Leasing	84,100	89,200	88,300	89,200	86,600
Professional and Business Services	631,300	667,400	657,200	657,400	660,200
Educational and Health Services	843,900	870,600	919,000	967,000	1,007,100
Leisure and Hospitality	434,200	512,400	534,100	537,500	533,100
Other Services	135,700	153,000	157,400	159,000	158,000
Federal Government	47,700	47,100	47,600	48,400	46,500
State Government	90,700	95,400	98,900	104,700	103,100
Local Government	421,900	427,500	436,600	448,500	453,600
Total All Industries ⁽³⁾	4,309,700	4,536,900	4,553,200	4,602,500	4,596,900

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

Largest Employers

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

LOS ANGELES COUNTY Major Employers As of August 2026

Employer Name	Location	Industry
Aerospace Corp	El Segundo	Aerospace Industries (mfrs)
California Institute of Tech	Pasadena	Associations
Cedars-Sinai Health System	West Hollywood	Health Care Management
County-Los Angeles Fire Dept	Commerce	Non-Profit Organizations
Infineon Technologies Americas	El Segundo	Semiconductor Devices (mfrs)
Kaiser Permanente Los Angeles	Los Angeles	Hospitals
Live Nation	Los Angeles	Entertainment Bureaus
Long Beach City Hall	Long Beach	City Hall
Longshore Dispatch	Wilmington	Labor Organizations
Los Angeles County Fire Dept	Acton	Fire Departments
Los Angeles County Fire Dept	Los Angeles	Fire Departments
Los Angeles County Sheriff	Monterey Park	Government Offices-County
Los Angeles Dept-Water-Power	Los Angeles	Electric & Other Services-Combined
Los Angeles Intl Airport-Lax	Los Angeles	Airports
Los Angeles Medical Ctr	Los Angeles	Pathologists
Los Angeles Police Dept	Los Angeles	Police Departments
PIH Health	Whittier	Health Care Management
Security Industry Specialist	Culver City	Security Systems Consultants
Six Flags Magic Mountain	Valencia	Amusement & Theme Parks
Sony Pictures Entrtn Inc	Culver City	Motion Picture Producers & Studios
TELEVISION CITY	Los Angeles	Television Stations & Broadcasting Co
UCLA Community Based Learning	Los Angeles	Junior-Community College-Tech Institutes
Vision X	Los Angeles	Call Centers
Walt Disney Co	Burbank	Amusement & Theme Parks
Water Garden Management	Santa Monica	Office Buildings & Parks

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2026 2nd Edition.

Commercial Activity

Summaries of historic taxable sales within the City and the County during the past five years for which data are available are shown in the following tables.

Total taxable sales during calendar year 2025 in the City were reported to be \$894,421,638, a 1.26% decrease from the total taxable sales of \$905,809,643 reported during calendar year 2024.

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

Year	Retail Stores		Total Outlets	
	Permits on July 1	Taxable Transactions	Permits on July 1	Taxable Transactions
2021	1,508	\$831,822	2,483	\$1,036,928
2022	1,541	721,916	2,497	921,524
2023	1,346	699,555	2,224	918,380
2024	1,285	686,425	2,147	905,810
2025	1,290	670,027	2,145	894,422

Source: State Department of Tax and Fee Administration.

Total taxable sales during calendar year 2025 in the County were reported to be \$204,460,032,341, a 0.66% decrease from the total taxable sales of \$205,810,068,735 reported during calendar year 2024.

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

Year	Retail Stores		Total Outlets	
	Permits on July 1	Taxable Transactions	Permits on July 1	Taxable Transactions
2021	208,412	\$139,000,373	349,061	\$192,524,203
2022	210,441	150,622,624	354,092	213,716,609
2023	202,366	146,164,088	342,582	208,502,835
2024	202,854	143,821,035	344,742	205,810,069
2025	202,997	143,259,151	348,980	204,460,032

Source: State Department of Tax and Fee Administration.

Effective Buying Income

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

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

**CITY OF COMPTON, LOS ANGELES COUNTY,
STATE OF CALIFORNIA, AND UNITED STATES
Estimated Effective Buying Income
Calendar Years 2022 through 2026**

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2022	City of Compton	\$1,572,027	\$57,553
	Los Angeles County	327,445,237	71,404
	California	1,452,426,153	77,058
	United States	11,208,582,541	64,448
2023	City of Compton	\$1,661,788	\$59,548
	Los Angeles County	332,188,114	71,057
	California	1,461,799,662	77,175
	United States	11,454,846,397	65,326
2024	City of Compton	\$1,713,221	\$62,994
	Los Angeles County	342,046,555	74,246
	California	1,510,708,521	80,973
	United States	11,987,185,826	67,876
2025	City of Compton	\$1,802,773	\$65,071
	Los Angeles County	351,923,537	75,103
	California	1,557,429,767	82,725
	United States	12,525,577,707	69,687
2026	City of Compton	\$2,094,212	\$72,980
	Los Angeles County	398,695,554	83,737
	California	1,730,654,738	90,403
	United States	13,932,177,817	75,433

Source: Claritas, LLC.

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APPENDIX D
PROPOSED FORMS OF OPINIONS OF BOND COUNSEL
Series B Bonds

[LETTERHEAD OF JONES HALL LLP]

[Closing Date]

Board of Trustees
Compton Unified School District
501 S. Santa Fe Avenue
Compton, California 90221

OPINION: \$_____ Compton Unified School District
 General Obligation Bonds 2022 Election, 2026 Series B

Members of the Board of Trustees:

We have acted as bond counsel to the Compton Unified School District (the "District") in connection with the issuance by the District of the bonds captioned above (the "Bonds"), under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution adopted by the Board of Trustees of the District (the "Board") on July 7, 2026 (the "Bond Resolution"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

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

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

1. The District is duly established and validly existing as a school district with the power to issue the Bonds and to perform its obligations under the Bond Resolution.
2. The Bond Resolution has been duly adopted by the Board and constitutes a valid and binding obligation of the District, enforceable against the District in accordance with its terms.
3. The Bonds have been duly issued and sold by the District and are valid and binding general obligations of the District, and the Board of Supervisors of the County of Los Angeles is

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

4. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. The opinions set forth in the preceding sentences are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended, relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

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

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

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

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

Respectfully submitted,

Refunding Bonds

[LETTERHEAD OF JONES HALL LLP]

[Closing Date]

Board of Trustees
Compton Unified School District
501 S. Santa Fe Avenue
Compton, California 90221

OPINION: \$_____ Compton Unified School District
 2026 General Obligation Refunding Bonds

Members of the Board of Trustees:

We have acted as bond counsel to the Compton Unified School District (the "District") in connection with the issuance by the District of the bonds captioned above, dated the date hereof (the "Bonds"), under the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Sections 53550 and 58580 of such Code (the "Act"), and a resolution of the Board of Trustees of the District (the "Board") adopted on July 28, 2026 (the "Bond Resolution"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

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

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

1. The District is duly established and validly existing as a school district with the power to issue the Bonds and to perform its obligations under the Bond Resolution.
2. The Bond Resolution has been duly adopted by the Board and constitutes a valid and binding obligation of the District, enforceable against the District in accordance with its terms.
3. The Bonds have been duly issued and sold by the District and are valid and binding general obligations of the District, and the Board of Supervisors of the County of Los Angeles is obligated to levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation as to rate or amount.
4. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. The opinions set

forth in the preceding sentences are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended, relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

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

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

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

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

Respectfully submitted,

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$ _____
COMPTON UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)
General Obligation Bonds
2022 Election, 2026 Series B

\$ _____
COMPTON UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)
2026 General Obligation Refunding Bonds

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “**Disclosure Certificate**”) is executed and delivered by the Compton Unified School District (the “**District**”) in connection with the execution and delivery of the above-captioned bonds (the “**Bonds**”). The Bonds are being executed and delivered pursuant to resolutions adopted by the Board of Trustees of the District (together, the “**Resolutions**”). U.S. Bank Trust Company, National Association, as agent for the Los Angeles County Treasurer-Tax Collector, Los Angeles, California, is initially acting as paying agent for the Bonds (the “**Paying Agent**”).

The District hereby covenants and agrees as follows:

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

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

“*Annual Report*” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4.

“*Annual Report Date*” means the date not later than nine months after the end of each fiscal year of the District.

“*Dissemination Agent*” means, initially, Fieldman, Rolapp & Associates, Inc., or any successor Dissemination Agent designated in writing by the District and which has filed with the District and the Paying Agent a written acceptance of such designation.

“*Listed Events*” means any of the events listed in Section 5(a).

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

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

“Paying Agent” means U.S. Bank Trust Company, National Association, as agent for the Los Angeles County Treasurer-Tax Collector, Los Angeles, California, or any successor thereto.

“Participating Underwriter” means Stifel, Nicolaus & Company, Incorporated, the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2027, with the report for the 2025-26 fiscal year, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 business days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 business days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) notice to the MSRB in a timely manner, in an electronic format, as prescribed by the MSRB.

(c) With respect to each Annual Report, the Dissemination Agent shall:

- (i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and
- (ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

(a) The District's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the following information with respect to the most recently completed fiscal year or, if available at the time of filing, the then-current fiscal year:

(i) Assessed value of taxable property in the jurisdiction of the District;

(ii) property tax levies, collections and delinquencies;

(iii) Assessed valuation of the properties of the top 20 secured property taxpayers in the District;

(iv) The District's most recently adopted Budget or approved interim report with budgeted figures, which is available at the time of filing the Annual Report;

(c) It shall be sufficient for purposes of Section 4 hereof if the District provides annual financial information by specific reference to documents (i) available to the public on the MSRB website (currently, www.emma.msrb.org) or (ii) filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference. The provisions of this Section 5(c) shall not apply to notices of Listed Events pursuant to Section 6 hereof.

(d) The descriptions of financial information and operating data to be included in the Annual Report contained in Section 5(b) above are of general categories or types of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, or due to changes in accounting practices, legislative or organizational changes, a statement to that effect shall be provided in lieu of such information. Comparable information shall be provided if available.

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the District.
- (13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material.
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(e) For purposes of Section 5(a)(15) and (16), “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Fieldman, Rolapp & Associates, Inc. Any Dissemination Agent may resign by providing 30 days’ written notice to the District and the Paying Agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the 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 pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the 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.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent will have no duty or obligation to review any

information provided to it by the District hereunder, and shall not be deemed to be acting in any fiduciary capacity for the District, the Bondholders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: _____, 2026

COMPTON UNIFIED SCHOOL DISTRICT

By: _____
Name: _____
Title: _____

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APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the District nor the Paying Agent take any responsibility for the information contained in this Section.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (in this Appendix, the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned

subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting

rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from District or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

10. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

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

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APPENDIX G

**LOS ANGELES COUNTY INVESTMENT POLICY
AND INVESTMENT REPORT**

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ELIZABETH BUENROSTRO GINSBERG
TREASURER AND TAX COLLECTOR

COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 437
Los Angeles, California 90012
Telephone: (213) 974-2101 Fax: (213) 626-1812
ttc.lacounty.gov and propertytax.lacounty.gov

Board of Supervisors

HILDA L. SOLIS
First District

HOLLY J. MITCHELL
Second District

LINDSEY P. HORVATH
Third District

JANICE HAHN
Fourth District

KATHRYN BARGER
Fifth District

May 12, 2026

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

18 May 12, 2026

Edward Yen
EDWARD YEN
EXECUTIVE OFFICER

ADOPTION OF UPDATED TREASURER AND TAX COLLECTOR INVESTMENT POLICY (ALL DISTRICTS) (3-VOTES)

SUBJECT

Adoption of updated Treasurer and Tax Collector Investment Policy.

IT IS RECOMMENDED THAT THE BOARD:

1. Adopt the attached updated Treasurer and Tax Collector Investment Policy (Investment Policy).
2. Find that the updated Investment Policy supersedes the version of the Investment Policy previously attached to the Board letter dated March 17, 2026 approving the Treasurer and Tax Collector Investment Policy.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On March 17, 2026, the Board approved the Treasurer and Tax Collector Investment Policy (Investment Policy). Following that action, it was determined that the attachment to the Board letter reflected last year's Investment Policy rather than the updated version described therein.

The attached updated Investment Policy reflects the intended current Investment Policy, including the updated maximum maturity for prime quality commercial paper from 270 days up to 397 days, and the annual update to the limitation calculation for intermediate-term, medium-term, and long-term holdings (Attachment III).

Investment Policy.

Implementation of Strategic Plan Goals

The recommended action supports County Strategic Plan North Star 3, Realize tomorrow's government today; Focus Area Goal G, Internal Controls and Processes; Strategy ii. Manage and Maximize County Assets.

FISCAL IMPACT/FINANCING

The investment of surplus County funds and funds of other depositors allows these funds to earn a return which is credited to the depositor, net of administrative expenses.

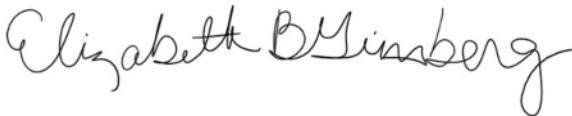
FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Government Code Section 53646 permits the Treasurer to render annually to your Board a statement of Investment Policy, to be reviewed and approved at a public meeting. This Government Code Section also requires that any change in the Investment Policy be submitted to your Board for review and approval at a public meeting.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact on current services.

Respectfully submitted,



ELIZABETH BUENROSTRO GINSBERG

Treasurer and Tax Collector

EBG:LP:DJJ:CW:bp

Enclosures

c: Interim Chief Executive Officer
Executive Officer, Board of Supervisors
Auditor-Controller
County Counsel

**COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR
INVESTMENT POLICY**

Authority to Invest

Pursuant to Government Code Section 27000.1 and Los Angeles County Code 2.52.025, the Los Angeles County Board of Supervisors has delegated to the Treasurer the authority to invest and reinvest the funds of the County and the funds of other depositors in the County Treasury.

Fundamental Investment Policy

The Treasurer, a trustee, is inherently a fiduciary and subject to the prudent investor standard. Accordingly, when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing investments, the investment decisions SHALL be made with the care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity would use with like aims.

All investments SHALL be governed by the Government Code and comply with the specific limitations set forth within this Investment Policy. Periodically, it may be necessary and prudent to make investment decisions beyond the limitations set forth in the Investment Policy that are otherwise permissible by California Government Code. In these special circumstances, ONLY the Treasurer is permitted to give written approval to operate outside the limitations set forth within this Investment Policy.

Pooled Surplus Investment Portfolio

The Treasurer SHALL establish and maintain a Pooled Surplus Investment (PSI) portfolio. The PSI portfolio SHALL be used to provide safe, liquid investment opportunities for pooled surplus funds deposited into the County Treasury.

The investment policies of the PSI portfolio SHALL be directed by and based on three prioritized objectives. The primary objective SHALL be to ensure the safety of principal. The secondary objective SHALL be to meet the liquidity needs of the PSI participants, which might be reasonably anticipated. The third objective SHALL be to achieve a return on funds invested, without undue compromise of the first two objectives.

PSI revenue/loss distribution SHALL be shared on a pro-rata basis with the PSI participants. PSI revenue/loss distribution will be performed monthly, net of administrative costs authorized by Government Code Section 27013 which includes employee salaries and benefits and services and supplies, for investing, depositing or handling funds, and the distribution of interest income, based on the PSI participants' average daily fund balance as recorded on the Auditor-Controller's accounting records. Administrative costs SHALL be deducted from the monthly PSI revenue/loss distribution on the basis of one-twelfth of the budgeted costs and adjusted periodically to actual costs.

Investments purchased with the intent to be held to maturity SHALL be accounted for in the Non-Trading partition of the PSI portfolio. Investments purchased with the intent to be sold prior to maturity SHALL be accounted for in the Trading partition of the PSI portfolio. The investments in the Trading partition SHALL NOT exceed \$500 million without specific written approval of the Treasurer.

In the event that a decision is made to transfer a given security from one partition to another, it MAY be transferred at cost; however, the difference between the market value, exclusive of accrued interest, at the time of transfer and the purchase price, exclusive of accrued interest, SHALL be computed and disclosed as unrealized profit or loss.

All PSI investments SHALL be categorized according to the period of time from settlement date to maturity date as follows:

- SHORT-TERM investments are for periods of up to ONE YEAR.
- INTERMEDIATE-TERM investments are for periods of ONE YEAR to THREE YEARS.
- MEDIUM-TERM investments are for periods of over THREE YEARS to FIVE YEARS.
- LONG-TERM investments are for periods of over FIVE YEARS.

PSI investments SHALL be limited to the short-term category except that the Investment Office of the Treasurer's Office MAY make PSI investments in accordance with the limitations imposed in Attachments I, II, III, and IV (all of which are attached hereto and incorporated by this reference.)

The weighted average maturity target of the PSI portfolio is a range between 1.0 and 4.0 years. For purposes of maturity classification, the maturity date SHALL be the nominal maturity date or the unconditional put option date, if one exists.

The total PSI portfolio investments with maturities in excess of one year SHALL NOT exceed 75% of the last 24 months' average total cash and investments, after adjustments, as indicated in Attachment III.

Business Continuity Plan

The Treasurer's Business Continuity Plan (BCP) serves to sustain the performance of mission-critical Treasury functions in the event of a local or widespread emergency. The BCP includes written guidelines to perform critical Treasury functions, contact

information for key personnel, authorized bank representatives and broker/dealers. The Treasurer's Office implemented its BCP in 2007.

Liquidity of PSI Investments

Short-term liquidity SHALL further be maintained and adjusted monthly so that sufficient anticipated cash is available to fully meet unanticipated withdrawals of discretionary deposits, adjusted for longer-term commitments, within 90 days.

Such liquidity SHALL be monitored where, at the beginning of each month, the par value for maturities in the next 90 days plus projected PSI deposits for 90 days, divided by the projected PSI withdrawals for 90 days plus discretionary PSI deposits, is equal to or greater than one.

The liquidation of investments is not required solely because the discretionary liquidity withdrawal ratio is less than one; however, investments SHALL be limited to a maximum maturity of 30 days until such time as the discretionary liquidity withdrawal ratio is equal to or greater than one.

The sale of any PSI instrument purchased in accordance with established policies is not required solely because an institution's credit rating is lowered after the purchase of the instrument.

Specific Purpose Investment Portfolio

The Treasurer SHALL maintain a Specific Purpose Investment (SPI) portfolio to manage specific investment objectives of the SPI participants. Specific investments may be made with the approval of the requesting entity's governing body and the approval of the Treasurer. Revenue/loss distribution of the SPI portfolio SHALL be credited to the specific entity for which the investment was made. The Treasurer reserves the right to establish and charge the requesting entity fees for maintaining the entity's SPI portfolio.

Investments SHALL be limited to the short-term category, as defined above in the previous section for PSI investments, except when requested by a depositing entity and with the approval of the Treasurer, a longer term investment MAY be specifically made and held in the SPI portfolio.

The sale of any SPI instrument purchased in accordance with established policies is not required solely because an institution's credit rating is lowered after the purchase of the instrument.

Execution, Delivery, and Monitoring of Investments

The Treasurer SHALL designate, in writing, personnel authorized to execute investment transactions.

All transactions SHALL be executed on a delivery versus payment basis.

The Treasurer or their authorized designees, in purchasing or obtaining any securities in a negotiable, bearer, registered, or nonregistered format, requires delivery of the securities to the Treasurer or designated custodial institution, by book entry, physical delivery, or by third party custodial agreement.

All investment transactions made by the Investment Office SHALL be reviewed by the Internal Controls Branch to assure compliance with this Investment Policy.

Reporting Requirements

The Treasurer SHALL provide the Board of Supervisors with a monthly report consisting of, but not limited to, the following:

- All investments detailing each by type, issuer, date of maturity, par value, historical cost, market value and the source of the market valuation.
- Month-end bank balances for accounts under the control of the Treasurer.
- A description of funds, investments, or programs that are under the management of contracted parties, including lending programs for the Treasurer.
- A description of all investment exceptions, if any, to the Investment Policy.
- A statement denoting the ability of the PSI portfolio to meet the anticipated cash requirements for the participants for the next six months.

Discretionary Treasury Deposits and Withdrawal of Funds

At the sole discretion of the Treasurer, PSI deposits may be accepted from local agencies not required to deposit their funds with the Los Angeles County Treasurer, pursuant to Government Code Section 53684.

At the time such deposits are made, the Treasurer may require the depositing entity to provide annual cash flow projections or an anticipated withdrawal schedule for deposits in excess of \$1 million. Such projections may be adjusted periodically as prescribed by the Treasurer but in no event less than semi-annually.

In accordance with Government Code Section 27136, all requests for withdrawal of such funds, for the purpose of investing or depositing these funds elsewhere SHALL be evaluated, prior to approving or disapproving the request, to ensure that the proposed withdrawal will not adversely affect the principal deposits of the other PSI participants.

If it is determined that the proposed withdrawal will negatively impact the principal deposits of the other PSI participants, the Treasurer may delay such withdrawals until the impact can be mitigated.

Broker/Dealers Section

Broker/Dealers SHALL be limited to primary government dealers as designated by the Federal Reserve Bank or institutions meeting one of the following:

- A. Broker/Dealers with minimum capitalization of \$500 million and who meet all five of the below listed criteria:
 - 1. Be licensed by the State as a Broker/Dealer, as defined in Section 25004 of the Corporations Code, or a member of a Federally regulated securities exchange and;
 - 2. Be a member of the Financial Industry Regulatory Authority and;
 - 3. Be registered with the Securities and Exchange Commission and;
 - 4. Have been in operation for more than five years; and
 - 5. Have a minimum annual trading volume of \$100 billion in money market instruments or \$500 billion in United States (U.S.) Treasuries and Agencies.
- B. Emerging firms that meet all of the following:
 - 1. Be licensed by the State as a Broker/Dealer, as defined in Section 25004 of the Corporations Code, or a member of a Federally regulated securities exchange and;
 - 2. Maintain office(s) in California and;
 - 3. Maintain a minimum capitalization of \$250,000 and, at the time of application, have a maximum capitalization of no more than \$10 million.

Commercial Paper and Negotiable Certificates of Deposit may be purchased directly from issuers approved by the Treasurer.

An approved Treasurer Broker/Dealer list SHALL be maintained. Firms SHALL be removed from the approved Broker/Dealer list and trading suspended with firms failing to accurately and timely provide the following information:

- A. Confirmation of daily trade transactions and all open trades in effect at month-end.
- B. Response to auditor requests for confirmation of investment transactions.
- C. Response to the Internal Controls Branch requests for needed information.

Honoraria, Gifts, and Gratuities Limitations

The Treasurer, Chief Deputy Treasurer and Tax Collector and designated Treasurer and Tax Collector employees SHALL be governed by the provision of the State's Political Reform Act, the Los Angeles County Code relating to Lobbyists, and the Los Angeles County Code relating to post government employment of County officials.

Investment Limitations

The Investment Office SHALL NOT invest in inverse floating rate notes, range notes, or interest only strips that are derived from a pool of mortgages.

The Investment Office SHALL NOT invest in any security that could result in zero interest if held to maturity.

For investment transactions in the PSI portfolio, the Investment Office SHALL obtain approval of the Treasurer before recognizing any loss exceeding \$100,000 per transaction, calculated using amortized cost.

Proceeds from the sale of notes or funds set aside for the repayment of notes SHALL NOT be invested for a term that exceeds the term of the notes. Funds from bond proceeds may be invested in accordance with Government Code Section 53601(m), which permits investment according to the statutory provisions governing the issuance of those bonds, or in lieu of any statutory provisions to the contrary, in accordance with the approved financing documents for the issuance.

Consideration of Environmental, Social, and Corporate Governance (ESG) Scores

The Treasurer considers that environmental, social and governance (ESG) factors may financially impact the safety, liquidity and yield of investment opportunities. The Treasurer therefore may pursue pragmatic and cost-effective means to consider such

factors to fulfill the objectives set forth for the PSI Portfolio.

The Treasurer may also seek to further the County's sustainability goals and enhance the transition to a green economy, consistent with the County's Sustainability Plan, Our County, in its investment decisions, as long as such investments achieve substantially equivalent safety, liquidity and yield compared to other investment opportunities.

Permitted Investments

Permitted Investments SHALL be limited to the following:

A. Obligations of the U.S. Government, its agencies and instrumentalities

1. Maximum maturity: None.
2. Maximum total par value: None.
3. Maximum par value per issuer: None.
4. Federal agencies: Additional limits in Section G apply if investments are Floating Rate Instruments.

B. Municipal Obligations from the approved list of municipalities (Attachment IV)

1. Maximum maturity: As limited in Attachment IV.
2. Maximum total par value: 10% of the PSI portfolio.

C. Asset-Backed Securities

1. Maximum maturity: Five years.
2. Maximum total par value: 20% of the PSI portfolio.
3. Maximum par value per issuer: Per limits outlined in Attachment I for issuer's current credit rating.
4. All Asset-Backed securities must be rated in a rating category of "AA" or its equivalent or better rating and the issuer's corporate debt rating must be in a rating category of "A" or its equivalent or better by a Nationally Recognized Statistical Rating Organization (NRSRO).

D. Bankers' Acceptance Domestic and Foreign

1. Maximum maturity: 180 days and limits outlined in Attachment I for issuer's current credit rating.
2. Maximum total par value: 40% of the PSI portfolio.
3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.
4. The aggregate total of Bankers' Acceptances and Negotiable Certificates of Deposits SHALL NOT exceed:
 - a) The total shareholders' equity of depository bank.
 - b) The total net worth of depository bank.

E. Negotiable Certificates of Deposit (CD)

1. Maximum maturity: Three years and limits outlined in Attachment I for issuer's current credit rating.
2. Maximum total par value: Aggregate total of Domestic and Euro CD's are limited to 30% of the PSI portfolio.
3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.
4. Must be issued by:
 - a) National or State-chartered bank, or
 - b) Savings association or Federal association, or
 - c) Federal or State credit union, or
 - d) Federally licensed or State-licensed branch of a foreign bank.
5. Euro CD's:
 - a) Maximum maturity: One year and limits outlined in Attachment I for issuer's current credit rating.

- b) Maximum total par value: 10% of the PSI portfolio.
 - c) Maximum par value per issuer: Per limits outlined in Attachment I for issuer's current credit rating.
 - d) Limited to London branch of National or State-chartered banks.
6. The aggregate total of Bankers Acceptances and Negotiable Certificates of Deposits SHALL NOT exceed:
- a) The total shareholders' equity of depository bank.
 - b) The total net worth of the depository bank.

F. Corporate and Depository Notes

1. Maximum maturity: Three years and limits outlined in Attachment I for the issuer's current credit rating.
2. Maximum total par value: 30% of the PSI portfolio.
3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.
4. Notes MUST be issued by:
 - a) Corporations organized and operating within the U.S.
 - b) Depository institutions licensed by the U.S or any State and operating within the U.S.
5. Additional limits in Section G apply if note is a Floating Rate Note Instrument.

G. Floating Rate Notes

Floating Rate Notes included in this category are defined as any instrument that has a coupon or interest rate that is adjusted periodically due to changes in a base or benchmark rate.

1. Maximum maturity: Seven years, provided that Board of Supervisors' authorization to exceed maturities in excess of five years is in effect, of which a maximum of \$100 million par value may be greater than five years to

maturity.

2. Maximum total par value: 10% of the PSI portfolio.
3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.
4. Benchmarks SHALL be limited to commercially available U.S. dollar denominated indexes.
5. The Investment Office SHALL obtain the prospectus or the issuer term sheet prior to purchase for all Floating Rate Notes and SHALL include the following on the trade ticket:
 - a) Specific basis for the benchmark rate.
 - b) Specific computation for the benchmark rate.
 - c) Specific reset period.
 - d) Notation of any put or call provisions.

H. Commercial Paper

1. Maximum maturity: 397 days and limits outlined in Attachment I for the issuer's current credit rating.
2. Maximum total par value: 40% of the PSI portfolio.
3. Maximum par value per issuer: The lesser of 10% of the PSI portfolio or the limits outlined in Attachment I for the issuer's current credit rating.
4. Credit: Issuing Corporation - Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (a) or paragraph (b):
 - a) The entity meets the following criteria:
 - 1) Is organized and operating in the U.S. as a general corporation.
 - 2) Has total assets in excess of \$500 million.
 - 3) Has debt other than commercial paper, if any, that is rated in a rating

- category of “A” or its equivalent or higher by a NRSRO.
- b) The entity meets the following criteria:
- 1) Is organized in the U.S. as a Limited Liability Company or Special Purpose Corporation.
 - 2) Has program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond.
 - 3) Has commercial paper that is rated “A-1” or higher, or the equivalent, by a NRSRO.

I. Shares of Beneficial Interest

1. Money Market Fund (MMF) - Shares of beneficial interest issued by diversified management companies known as money market mutual funds, registered with the Securities and Exchange Commission in accordance with Section 270.2a-7 of Title 17 of the Code of Federal Regulation. The company SHALL have met either of the following criteria:
 - a) Attained the highest possible rating 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 in Government Code Section 53601 and with assets under management in excess of five hundred million dollars (\$500,000,000).

Maximum total par value: 15% of the PSI portfolio. However, no more than 10% of the PSI may be invested in any one fund.

2. State of California’s Local Agency Investment Fund (LAIF) pursuant to Government Code Section 16429.1.
3. Trust Investments – Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in securities and obligations authorized in Section 53601 (a) to (o) of the Government Code. To be eligible, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:
 - a) The adviser is registered or exempt from registration with the Securities and Exchange Commission.

- b) The adviser has not less than five years of experience investing in the securities and obligations authorized in Section 53601 (a) to (o) of the Government Code.
- c) The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

J. Repurchase Agreement

- 1. Maximum maturity: 30 days.
- 2. Maximum total par value: \$1 billion.
- 3. Maximum par value per dealer: \$500 million.
- 4. Agreements must be in accordance with approved written master repurchase agreement.
- 5. Agreements must be fully secured by obligations of the U.S. Government, its agencies and instrumentalities. The market value of these obligations that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities and the value shall be adjusted no less than monthly. 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% no later than the next business day. If a repurchase agreement matures the next business day after purchase, the repurchase agreement is not out of compliance with this collateralization requirement if the value of the collateral falls below the 102% requirement at the close of business on settlement date.

K. Reverse Repurchase Agreement

- 1. Maximum term: One year.
- 2. Maximum total par value: \$500 million. Maximum par value is limited to a combined total of reverse repurchase agreements and securities lending agreements of 20% of the base value of the portfolio.
- 3. Maximum par value per broker: \$250 million.
- 4. Dealers limited to those primary dealers or those Nationally or State chartered banks that have a significant banking relationship with the County as defined

- in Government Code Section 53601(j)(4)(B) approved specifically by the Treasurer.
5. Agreements SHALL only be made for the purpose of enhancing investment revenue.
 6. Agreements must be in accordance with approved written master repurchase agreement.
 7. Securities eligible to be sold with a simultaneous agreement to repurchase SHALL be limited to obligations of the U.S. Government and its agencies and instrumentalities.
 8. The security to be sold on a reverse repurchase agreement SHALL have been owned and fully paid for by the Treasurer for a minimum of 30 days prior to sale.
 9. The proceeds of the reverse repurchase agreement SHALL be invested in authorized instruments with a maturity less than 92 days unless the agreement includes a codicil guaranteeing a minimum earning or spread to maturity.
 10. The proceeds of the reverse repurchase agreement SHALL be invested in instruments with maturities occurring at or before the maturity of the reverse repurchase agreement.
 11. In no instance SHALL the investment from the proceeds of a reverse repurchase agreement be sold as part of a subsequent reverse repurchase agreement.

L. Forwards, Futures and Options

Forward contracts are customized contracts traded in the Over The Counter Market where the holder of the contract is OBLIGATED to buy or sell a specific amount of an underlying asset at a specific price on a specific future date.

Future contracts are standardized contracts traded on recognized exchanges where the holder of the contract is OBLIGATED to buy or sell a specific amount of an underlying asset at a specific price on a specific future date.

Option contracts are those traded in either the Over The Counter Market or recognized exchanges where the purchaser has the RIGHT but not the obligation to buy or sell a specific amount of an underlying asset at a specific price within a

specific time period.

1. Maximum maturity: 90 days.
2. Maximum aggregate par value: \$100 million.
3. Maximum par value per counterparty: \$50 million. Counterparties for Forward and Option Contracts limited to those on the approved Treasurer and Tax Collector list and must be rated "A" or better from at least one nationally recognized rating agency.
4. The underlying securities SHALL be an obligation of the U.S. Government and its agencies and instrumentalities.
5. Premiums paid to an option seller SHALL be recognized as an option loss at the time the premium is paid and SHALL not exceed \$100,000 for each occurrence or exceed a total of \$250,000 in any one quarter. Premiums received from an option purchase SHALL be recognized as an option gain at the time the premium is received.
6. Complex or hybrid forwards, futures or options defined as agreements combining two or more categories are prohibited unless specific written approval of the Treasurer is obtained PRIOR to entering into the agreement.
7. Open forward, future, and option contracts SHALL be marked to market weekly and a report SHALL be prepared by the Internal Controls Branch.
8. In conjunction with the sale of bonds, the Treasurer MAY authorize exceptions to maturity and par value limits for forwards, futures and options.

M. Interest Rate Swaps

Interest Rate Swaps SHALL be used only in conjunction with the sale of bonds approved by the Board of Supervisors. In accordance with Government Code Section 53534, these agreements SHALL be made only if all bonds are rated in one of the three highest rating categories by two nationally recognized rating agencies and only upon receipt, from any rating agency rating the bonds, of written evidence that the agreement will not adversely affect the rating. Further, the counterparty to such an agreement SHALL be rated "A" or better from at least one nationally recognized rating agency selected by the Treasurer, or the counterparty SHALL provide an irrevocable letter of credit from an institution rated "A" or better from at least one nationally recognized rating agency acceptable to the Treasurer.

N. Securities Lending Agreement

Securities lending agreements are agreements under which the Treasurer agrees to transfer securities to a borrower who, in turn agrees to provide collateral to the Treasurer. 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 Treasurer in return for the collateral.

1. Maximum term: 180 days.
2. Maximum par value: Maximum par value is limited to a combined total of reverse repurchase agreements and securities lending agreements of 20% of the base value of the portfolio.
3. Dealers limited to those primary dealers or those Nationally or State chartered banks that have a significant banking relationship with the County as defined in Government Code Section 53601(j)(4)(B) approved specifically by the Treasurer.
4. Agreements SHALL only be made for the purpose of enhancing investment revenue.
5. Securities eligible to be sold with a simultaneous agreement to repurchase SHALL be limited to obligations of the U.S. Government and its agencies and instrumentalities.
6. The security to be sold on securities lending agreement SHALL have been owned and fully paid for by the Treasurer for a minimum of 30 days prior to sale.
7. The proceeds of the securities lending agreement SHALL be invested in authorized instruments with a maturity less than 92 days unless the agreement includes a codicil guaranteeing a minimum earning or spread to maturity.
8. In no instance SHALL the investment from the proceeds of a securities lending agreement be sold as part of a subsequent reverse repurchase agreement or securities lending agreement.

O. Supranationals

Supranationals are multilateral lending institutions that provide development

financing, advisory services and other financial services to their member countries to promote improved living standards through sustainable economic growth.

Supranational investments are U.S. dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by any of the supranational institutions identified in Government Code Section 53601(q), with a maximum remaining maturity of five years or less, and which are eligible for purchase and sale within the United States. Supranational investments shall be rated in a rating category of "AA" or its equivalent or better by a NRSRO and shall not exceed 30% of the PSI portfolio.

1. Maximum maturity: Five years and limits outlined in Attachment I for issuer's current credit rating.
2. Maximum total par value: 30% of the PSI portfolio.
3. Maximum par value per issuer: Per limits outlined in Attachment I for issuer's current credit rating.

Permitted Investments are also subject to limitation based on the ESG score of individual issuers in comparison to the ESG score of the issuer's business sector, as rated by Sustainalytics. The limitation methodology is shown in Attachment II.

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ATTACHMENT I-a.

**MINIMUM CREDIT RATING
DOMESTIC ISSUERS**

Investment Type	Maximum Maturity	Issuer Rating (1)			Investment Limit
		S&P Global	Moody's Analytics	Fitch Ratings	
Bankers' Acceptance	180 days	A-1/AAA	P-1/Aaa	F1/AAA	\$750MM
		A-1/AA	P-1/Aa	F1/AA	\$600MM
		A-1/A	P-1/A	F1/A	\$450MM, of which 50% may be over 90 days to a maximum of 180 days
Certificates of Deposit	3 years	A-1/AAA	P-1/Aaa	F1/AAA	\$750MM, of which 50% may be over 180
		A-1/AA	P-1/Aa	F1/AA	\$600MM, of which 50% may be over 180
		A-1/A	P-1/A	F1/A	\$450MM, of which 50% may be over 90 days to a maximum of 180 days
Corporate Notes, Asset Backed Securities (ABS) and Floating Rate Notes (FRN)	Corporate: 3 years ABS: 5 years FRN: 5 years (2)	A-1/AAA	P-1/Aaa	F1/AAA	\$750MM, of which 50% may be over 180
		A-1/AA	P-1/Aa	F1/AA	\$600MM, of which 50% may be over 180
		A-1/A	P-1/A	F1/A	\$450MM, of which 50% may be over 90 days to a maximum of 180 days

Notes:

- (1) All issuers must attain the required ratings from at least two of the three Nationally Recognized Statistical Rating Organizations (S&P Global, Moody's Analytics, and Fitch Ratings).
- (2) Seven years, if Board of Supervisors' authorization to exceed maturities in excess of five years is in effect, of which a maximum of \$100 MM (million) par value may be greater than five years to maturity.

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ATTACHMENT I-b.

**MINIMUM CREDIT RATING
FOREIGN ISSUERS**

Investment Type	Maximum Maturity	Issuer Rating (1)			Investment Limit
		S&P Global	Moody's Analytics	Fitch Ratings	
Bankers' Acceptance	180 days	A-1/AAA	P-1/Aaa	F1/AAA	\$600MM
		A-1/AA	P-1/Aa	F1/AA	\$450MM
		A-1/A	P-1/A	F1/A	\$300MM, of which 50% may be over 90 days to a maximum of 180 days.
Certificates of Deposit	3 years	A-1/AAA	P-1/Aaa	F1/AAA	\$600MM, of which 50% may be over 180
		A-1/AA	P-1/Aa	F1/AA	\$450MM, of which 50% may be over 180
		A-1/A	P-1/A	F1/A	\$300MM, of which 50% may be over 90 days to a maximum of 180 days
Corporate Notes, Asset Backed Securities (ABS) and Floating Rate Notes (FRN)	Corporate: 3 years ABS: 5 years FRN: 5 years (2)	A-1/AAA	P-1/Aaa	F1/AAA	\$600MM, of which 50% may be over 180
		A-1/AA	P-1/Aa	F1/AA	\$450MM, of which 50% may be over 180
		A-1/A	P-1/A	F1/A	\$300MM, of which 50% may be over 90 days to a maximum of 180 days

Notes:

- (1) All issuers must attain the required ratings from at least two of the three Nationally Recognized Statistical Rating Organizations (S&P Global, Moody's Analytics, and Fitch Ratings).
- (2) Seven years, if Board of Supervisors' authorization to exceed maturities in excess of five years is in effect, of which a maximum of \$100 MM (million) par value may be greater than five years to maturity.

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Investment Policy
ATTACHMENT I-c.

**MINIMUM CREDIT RATING
SUPRANATIONAL ISSUERS**

Issuer Rating (1)			Investment Limit (2)
S&P Global	Moody's Analytics	Fitch Ratings	
AAA	Aaa	aaa	30% of PSI Portfolio, of which 20% of the PSI Portfolio may be between 2 and 5 years.
AA	Aa	aa	20% of PSI Portfolio, of which 10% of the PSI Portfolio may be between 2 and 5 years.

Notes:

- (1) The issuer must attain the required ratings from at least two of the three Nationally Recognized Statistical Rating Organizations (S&P Global, Moody's Analytics, and Fitch Ratings).
- (2) Maximum combined par value for all issuers is limited to 30% of the PSI portfolio.

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ATTACHMENT I-d.

**MINIMUM CREDIT RATING
COMMERCIAL PAPER**

Maximum Maturity	Issuer Rating (1) (2)			Investment Limit (3)
	S&P Global	Moody's Analytics	Fitch Ratings	
397 days	A-1	P-1	F1	\$1.5 Billion

Notes:

- (1) The issuer must attain the required ratings from at least two of the three Nationally Recognized Statistical Rating Organizations (S&P Global, Moody's Analytics, and Fitch Ratings).
- (2) If an issuer has a long-term rating, it must be rated in a rating category of "A" or its equivalent or higher.
- (3) Maximum combined par value for all issuers is limited to 40% of the PSI portfolio.

**ENVIRONMENTAL, SOCIAL, AND CORPORATE GOVERNANCE (ESG) SCORE
IMPACT ON INVESTMENT LIMITS**

If an issuer's Sustainalytics ESG score is weaker than the median Sustainalytics ESG score of its business sector, investment limits will be subject to the following investment limit reductions:

Score Differential	Percentage Reduction of Investment Limit
≤ 5 points weaker	0%
$5 \leq 10$ points weaker	15%
$10 \leq 20$ points weaker	30%
> 20 points weaker	50%

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ATTACHMENT III

**LIMITATION CALCULATION FOR
INTERMEDIATE-TERM, MEDIUM-TERM AND LONG-TERM HOLDINGS
(Actual \$)**

Average Investment Balance and Available Cash (1)	\$56,898,254,516
Less:	
▪ 50% of Discretionary Deposits (1)	(\$1,835,520,582)
Average Available Balance	\$55,062,733,934
Multiplied by the Percent Available for Investment Over One Year	75%
Equals the Available Balance for Investment Over One Year	\$41,297,050,451
Intermediate-Term (From 1 to 3 Years) ▪ One-third of the Available Balance for Investment	\$13,765,683,484
Medium-Term and Long-Term (Greater Than 3 Years) ▪ Two-thirds of Available Balance for Investment (2)	\$27,531,366,967

(1) 24 Month Average from December 2023 to November 2025.

(2) Any unused portion of the Medium-Term and Long-Term available balance may be used for Intermediate-Term investments.

APPROVED LIST OF MUNICIPAL OBLIGATIONS

1. Any obligation issued or caused to be issued by the County of Los Angeles on its behalf or on behalf of other Los Angeles County affiliates. If on behalf of other Los Angeles County affiliates, the affiliate must have a minimum rating of “A3” (Moody’s Analytics) or “A-” (S&P Global or Fitch Ratings). The maximum maturity is limited to 30 years.
2. Any short- or medium-term obligation issued by the State of California or a California local agency with a minimum Moody’s Analytics rating of “MIG-1” or “A2” or a minimum S&P Global rating of “SP-1” or “A.” Maximum maturity limited to five years.

THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS

The Treasurer and Tax Collector (Treasurer) of Los Angeles County has the delegated authority to invest funds on deposit in the County Treasury (Treasury Pool). As of June 30, 2026, investments in the Treasury Pool were held for local agencies including school districts, community college districts, special districts and discretionary depositors such as cities and independent districts in the following amounts:

<u>Local Agency</u>	<u>Invested Funds (in billions)</u>
County of Los Angeles and Special Districts	\$23.344
Schools and Community Colleges	29.961
Discretionary Participants	<u>3.650</u>
Total	\$56.955

The Treasury Pool participation composition is as follows:

Non-discretionary Participants	93.60%
Discretionary Participants:	
Independent Public Agencies	6.28%
County Bond Proceeds and Repayment Funds	<u>0.12%</u>
Total	100.00%

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer's prior approval. In Los Angeles County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State of California, and by a more restrictive Investment Policy developed by the Treasurer and adopted by the Los Angeles County Board of Supervisors on an annual basis. The Investment Policy adopted on May 12, 2026, reaffirmed the following criteria and order of priority for selecting investments:

1. Safety of Principal
2. Liquidity
3. Return on Investment

The Treasurer prepares a monthly Report of Investments summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted monthly to the Board of Supervisors. According to the Report of Investments dated July 31, 2026, the June 30, 2026, book value of the Treasury Pool was approximately \$56.955 billion, and the corresponding market value was approximately \$55.734 billion.

An internal controls system for monitoring cash accounting and investment practices is in place. The Treasurer's Compliance Auditor, who operates independently from the Investment Officer, reconciles cash and investments to fund balances daily. The Compliance Auditor's staff also reviews each investment trade for accuracy and compliance with the Board adopted Investment Policy. On a quarterly basis, the County's outside independent auditor (External Auditor) reviews the cash and investment reconciliations for completeness and accuracy. Additionally, the External Auditor reviews investment transactions on a quarterly basis for conformance with the approved Investment Policy and annually accounts for all investments.

The following table identifies the types of securities held by the Treasury Pool as of June 30, 2026:

<u>Type of Investment</u>	<u>% of Pool</u>
Certificates of Deposit	4.30
U.S. Government and Agency Obligations	63.43
Bank Acceptances	0.00
Commercial Paper	32.23
Municipal Obligations	0.04
Corporate Notes & Deposit Notes	0.00
Repurchase Agreements	0.00
Asset Backed Instruments	0.00
Other	<u>0.00</u>
	100.00

The Treasury Pool is highly liquid. As of June 30, 2026, approximately 48.00% of the investments mature within 60 days, with an average of 335 days to maturity for the entire portfolio.

