

# PRELIMINARY OFFICIAL STATEMENT DATED APRIL 16, 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."*

**\$14,470,000\***  
**LINCOLN UNIFIED SCHOOL DISTRICT**  
(San Joaquin County, California)  
**2026 General Obligation Refunding Bonds**

**Dated: Date of Delivery**

**Due: August 1, as shown on inside front cover**

**Authority and Purpose.** The above-captioned 2026 General Obligation Refunding Bonds (the "Bonds") are being issued pursuant to certain provisions of the California Government Code and a resolution of the Board of Trustees of the District adopted on February 18, 2026. The Bonds are being issued to refund certain outstanding general obligation bonds of the District, and to pay costs of issuance of the Bonds. See "THE BONDS – Authority for Issuance" and "Purpose of Issue" 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 San Joaquin County (the "County"), as described herein. The Board of Supervisors of 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 February 1 and August 1 until maturity or earlier redemption, commencing August 1, 2026. Payments of principal of and interest on the Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., as the designated paying agent, registrar and transfer agent (the "Paying Agent") to DTC for subsequent disbursement to DTC Participants, which will remit such payments to 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."

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**MATURITY SCHEDULE**  
(See inside cover)

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**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 May 13, 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 jurisdiction in which such offer solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

# MATURITY SCHEDULE

\$14,470,000\*

**LINCOLN UNIFIED SCHOOL DISTRICT**  
(San Joaquin County, California)  
**2026 General Obligation Refunding Bonds**

Base CUSIP†: 533067

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP†</u>
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\$ \_\_\_\_\_ % Term Bond due August 1, 20\_\_; Yield \_\_\_%; CUSIP† \_\_\_\_\_

\* Preliminary; subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. All rights reserved. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc on behalf of The American Bankers Association. CUSIP numbers are provided for convenience of reference only. Neither the District nor the Underwriter take any responsibility for the accuracy of the CUSIP data.

**LINCOLN UNIFIED SCHOOL DISTRICT**  
(San Joaquin County, California)

**BOARD OF TRUSTEES**

*Allyson Aranda, President*  
*Tivoli Walker, Vice President*  
*Bonnie Centers, Trustee*  
*Sandra Chan, Trustee*  
*Brian Holdaway, Trustee*

**DISTRICT ADMINISTRATION**

*Kelly Dextraze, Superintendent*  
*Rebecca Hall, Associate Superintendent of Business Services*

**PROFESSIONAL SERVICES**

**MUNICIPAL ADVISOR**

*Isom Advisors, a Division of Urban Futures, Inc.*  
*Walnut Creek, California*

**BOND COUNSEL AND DISCLOSURE COUNSEL**

*Jones Hall LLP*  
*San Mateo, California*

**UNDERWRITER'S COUNSEL**

*Kutak Rock LLP*  
*Denver, Colorado*

**PAYING AGENT and ESCROW BANK**

*The Bank of New York Mellon Trust Company, N.A.*  
*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.

The Underwriter may offer and sell the Bonds to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

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

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

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

**Website.** The District maintains a website. 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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**\$14,470,000\***  
**LINCOLN UNIFIED SCHOOL DISTRICT**  
**(San Joaquin County, California)**  
**2026 General Obligation Refunding Bonds**

The purpose of this Official Statement, which includes the cover page, inside cover page and attached appendices, is to set forth certain information concerning the sale and delivery of 2026 General Obligation Refunding Bonds (the “**Bonds**”) by Lincoln 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 was established May 23, 1865 and is located in the northwest portion of the City of Stockton in San Joaquin County (the “**County**”), in the State of California (the “**State**”). The District encompasses 7.2 square miles and has a population of approximately 52,224 residents. The District is a unified school district serving grades K-12, and currently operates eight elementary schools, one middle school, one high school, and one alternative high school. Enrollment in the District is approximately 8,322 students for fiscal year 2025-26.

The District began operating a dependent charter school on August 19, 2015, that has approximately 483 students enrolled in fiscal year 2025-26. There is also one independent charter school operating within the boundaries of the District.

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 Stockton and the County.

**Purpose of Issue.** The Bonds are being issued by the District to refund the District’s outstanding General Obligation Bonds Election of 2012, Series C (the “**Prior Bonds**”), and to pay costs of issuance of the Bonds. The Prior Bonds being refunded with proceeds of the Refunding Bonds are referred to herein as the “**Refunded Bonds**.” See “THE REFINANCING PLAN” herein.

**Authority for Issuance of the Bonds.** The 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 February 18, 2026 (the “**Bond Resolution**”). See “THE BONDS - Authority for Issuance.”

**Description of the Bonds.** The Bonds will be issued as current interest bonds. The 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 August 1 in the years indicated on the inside cover page hereof. The Bonds will accrue

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\* Preliminary; subject to change.

interest from the Dated Date, which is payable semiannually on February 1 and August 1 of each year, commencing August 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 Resolution. 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 portion of the District located in the County 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 in the County, without limitation of rate or amount (except with respect to certain personal property which is taxable at limited rates). See “SECURITY FOR THE BONDS - Ad Valorem Taxes.”

**Redemption**<sup>\*</sup>. The Bonds are subject to redemption prior to maturity as described herein. 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 serve as Disclosure Counsel to the District. Kutak Rock LLP is serving as counsel to the Underwriter. Payment of the fees of Bond Counsel, Disclosure Counsel, and Underwriter’s counsel is contingent upon issuance of the Bonds.

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

**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

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<sup>\*</sup> Preliminary; subject to change.

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."

**Concurrent Financing.** The District is currently engaged in the offering of certificates of participation. There is no guarantee that the concurrent financing will be completed.

**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.

*END OF INTRODUCTION*

## THE REFINANCING PLAN

**2012C Bonds.** On August 5, 2015, the District issued its General Obligation Bonds Election of 2012, Series C (the “**2012C Bonds**”) in the aggregate principal amount of \$18,460,000. The 2012C Bonds are subject to optional redemption on or after August 1, 2025, at a redemption price of 100% of the principal amount being redeemed, plus any accrued interest, without premium. The 2012C Bonds are currently outstanding in the principal amount of \$16,660,000.

The Bonds are being issued by the District to refund, on a current basis, certain maturities of the 2012C Bonds, as further identified in the following table.

### LINCOLN UNIFIED SCHOOL DISTRICT Identification of Refunded 2012C Bonds\*

Maturity Date (August 1)	CUSIP†	Principal Amount Redeemed	Redemption Date	Redemption Price
2027	533067 NT7	\$535,000	06/13/2026	100%
2028	533067 NU4	610,000	06/13/2026	100
2029	533067 NV2	680,000	06/13/2026	100
2030	533067 NW0	760,000	06/13/2026	100
2031	533067 NX8	835,000	06/13/2026	100
2032	533067 NY6	925,000	06/13/2026	100
2033	533067 NZ3	1,030,000	06/13/2026	100
2034	533067 PA6	1,140,000	06/13/2026	100
2035	533067 PB4	1,250,000	06/13/2026	100
2039 T	533067 PC2	8,430,000	06/13/2026	100
Total		\$16,195,000		--

### Identification of Unrefunded 2012C Bonds\*

Maturity Date (August 1)	CUSIP†	Principal Amount
2026	533067 NS9	\$465,000
Total		\$465,000

\* Preliminary; subject to change.

† CUSIP Global Services is a registered trademark of American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of American Bankers Association by FactSet Research Systems Inc. Neither the District nor the Underwriter takes any responsibility for the accuracy of the CUSIP data.

T Term Bond.

**Escrow Fund.** The District will deliver a portion of the proceeds of the Bonds to The Bank of New York Mellon Trust Company, N.A., as escrow agent (the “**Escrow Bank**”), for deposit in an escrow fund (the “**Escrow Fund**”) established under an Escrow Agreement (the “**Escrow Agreement**”), entered into by and between the District and the Escrow Bank. The Escrow Bank will hold such proceeds and, on the Redemption Date, will apply such funds to make interest and principal payments on the Refunded Bonds as they become due.

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 “**ESCROW VERIFICATION**” herein. As a result of the deposit of funds with the Escrow Bank on the date of

issuance of the Bonds, the Refunded Bonds will be legally defeased, 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 amounts held by the Escrow Bank in the Escrow Fund are pledged solely to the payment of the Refunded Bonds. The funds deposited in the Escrow Fund will not be available for the payment of debt service with respect to the Bonds.*

## THE BONDS

### Authority for Issuance

The Bonds will be issued under the authority of the Refunding Law and the 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 page hereof. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Bonds. See “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 Bonds is payable semiannually on each February 1 and August 1, commencing August 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 (15<sup>th</sup>) day of the month preceding the Interest Payment Date (each, a “**Record Date**”), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to July 15, 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 The Bank of New York Mellon Trust Company, N.A., as the designated paying agent, registrar and transfer agent (the “**Paying Agent**”) to DTC for subsequent disbursement to DTC Participants which 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.** The Bonds maturing on or before August 1, 20\_\_ are not subject to redemption prior to maturity. The Bonds maturing on or after August 1, 20\_\_ are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity, from any available source of funds, on August 1, 20\_\_, or on any date thereafter, at a price equal to 100% of the principal amount thereof, without premium, together with accrued interest thereon to the redemption date.

**Mandatory Sinking Fund Redemption.** The Bonds maturing on August 1, 20\_\_ and August 1, 20\_\_ (the “**Term Bonds**”), are subject to mandatory sinking fund redemption on or before August 1 in the years and in the amounts in accordance with the schedules set forth below. The Term Bonds so called for mandatory sinking fund redemption shall be redeemed in the sinking fund payments in the amounts and on the dates set forth below, respectively, without premium.

\$ \_\_\_\_\_ **Term Bonds Maturing August 1, 20\_\_**

Redemption Date (August 1)	Sinking Fund Payment
_____	_____

(maturity)

\$ \_\_\_\_\_ **Term Bonds Maturing August 1, 20\_\_**

Redemption Date (August 1)	Sinking Fund Payment
_____	_____

(maturity)

If any such 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.

\* Preliminary; subject to change.

## **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 mail, postage prepaid, at least 20 days 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, 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 such notice nor any defect in any such redemption notice so mailed 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 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 Resolution, other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the redemption date specified in 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 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 Bond Resolution.

Bonds may be exchanged at the principal office of the Paying Agent for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity, together with a request for exchange signed by the owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Any Bond may, in accordance with its terms, but only if (i) the District determines to no longer maintain the book-entry only status of the Bonds, (ii) DTC determines to discontinue providing such services and no successor securities depository is named or (iii) DTC requests the District to deliver Bond certificates to particular DTC Participants, be transferred, upon the books required to be kept pursuant to the provisions of the Bond Resolution, by the person in whose name it is registered, in person or by their 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**

Any or all of the Bonds may be paid by the District in any of the following ways, provided that the District also pays or causes to be paid any other sums payable under the Bond Resolution by the District:

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

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

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

accountant delivered to the District, will provide money sufficient to pay the principal or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal or redemption price and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption is given as provided in the Bond Resolution or provision satisfactory to the Paying Agent is made for the giving of such notice.

Upon the deposit, in trust, at or before maturity, of money or securities in the necessary amount (as described above) to pay or redeem any outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption has been given as provided in the Bond Resolution or provision satisfactory to the Paying Agent has been made for the giving of such notice, then all liability of the 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 as aforesaid for such payment, provided further, however, that the provisions of the Bond Resolution will apply in all events.

**“Federal Securities,”** has the meaning given such term in the Bond Resolution, 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**

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

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

<b>Bond Year Ending (August 1)</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Annual Debt Service</b>
TOTAL			

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

**LINCOLN UNIFIED SCHOOL DISTRICT  
General Obligation Bonds  
Combined Debt Service Schedule**

	<u>2004 Authorization</u>			<u>2012 Authorization</u>				
Year Ending (August 1)	Series 2005, Series 2006B, Series 2007C and Series 2008D	2013 Refunding	2018B* Refunding	Series A and Series A-1 <sup>(1)</sup>	Series C <sup>(2)</sup>	2024 Refunding Bonds	The Bonds	Total Debt Service
2026	\$1,758,043.10	\$2,729,500.00	\$18,646.15	\$497,669.20	\$1,183,275.00	\$1,157,750.00		
2027	4,833,993.60	--	18,492.65	523,291.40	1,230,025.00	1,174,750.00		
2028	5,045,000.00	--	18,339.15	543,449.80	1,278,275.00	1,204,750.00		
2029	5,259,275.00	--	18,201.00	561,270.30	1,328,450.00	1,232,000.00		
2030	5,486,564.70	--	18,047.50	588,826.50	1,374,450.00	1,256,500.00		
2031	5,724,456.20	--	17,894.00	620,854.10	1,422,850.00	1,278,250.00		
2032	5,128,103.80	--	425,578.40	652,617.40	1,479,450.00	1,302,250.00		
2033	3,125,000.00	--	--	868,852.10	1,538,200.00	1,183,250.00		
2034	--	--	--	554,558.20	1,596,700.00	1,488,250.00		
2035	--	--	--	--	1,649,700.00	2,056,250.00		
2036	--	--	--	--	1,232,200.00	2,558,250.00		
2037	--	--	--	--	1,286,400.00	2,641,000.00		
2038	--	--	--	--	2,502,000.00	1,659,000.00		
2039	--	--	--	--	4,482,400.00	--		
Total	\$36,360,436.40	\$2,729,500.00	\$535,198.85	\$5,411,389.00	\$23,584,375.00	\$20,192,250.00		

\* Private placement.

(1) With respect to the Series A-1 Bonds, the District is eligible for a refundable credit from the United States Treasury equal to the lesser of (a) the interest payable on the Series A-1 Bonds, or (b) 70% of the tax credit rate applicable to the Series A-1 Bonds, which is not reflected in the column above.

(2) Certain maturities expected to be refunded with the proceeds of the Bonds. See “THE REFINANCING PLAN” herein.

## 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>	<b>Total</b>
Principal Amount of Bonds	
Original Issue Premium	
<b>Total Sources</b>	_____
<u>Uses of Funds</u>	
Escrow Fund	
Costs of Issuance <sup>(1)</sup>	
<b>Total Uses</b>	_____

*(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, Escrow Bank, the Verification Agent, 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 located in the portion of the District located in the County 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 in the County, without limitation of rate or amount (except with respect to 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 for the Bonds, which is held by the County and which is irrevocably pledged for the payment of principal of and interest on the 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, as applicable, 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 rates 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 respective annual tax rates. See “PROPERTY TAXATION – Assessed Valuations – Factors Relating to Increases/Decreases in Assessed Value.”

## **Debt Service Fund**

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

If, after payment in full of the Bonds, any amounts remain on deposit in the 2026 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 10-year history of the District’s assessed valuation.

**LINCOLN UNIFIED SCHOOL DISTRICT  
Assessed Valuations of All Taxable Property  
Fiscal Years 2016-17 to 2025-26**

<b>Fiscal Year</b>	<b>Local Secured</b>	<b>Utility</b>	<b>Unsecured</b>	<b>Total</b>	<b>% Change</b>
2016-17	\$3,794,020,914	\$0	\$100,104,214	\$3,894,125,128	--%
2017-18	3,998,141,565	0	121,033,646	4,119,175,211	5.8
2018-19	4,144,622,411	0	116,135,776	4,260,758,187	3.4
2019-20	4,304,774,056	0	112,783,172	4,417,557,228	3.7
2020-21	4,483,786,437	0	102,170,963	4,585,957,400	3.8
2021-22	4,666,150,421	0	104,979,490	4,771,129,911	4.0
2022-23	4,934,501,930	0	115,995,361	5,050,497,291	5.9
2023-24	5,167,276,099	0	125,860,974	5,293,137,073	4.8
2024-25	5,351,968,884	0	123,855,113	5,475,823,997	3.5
2025-26	5,537,366,360	0	110,546,628	5,647,912,988	3.1

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.

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 April 7, 2026, the U.S. Drought Monitor indicates that the State is classified as experiencing mostly no drought conditions with some abnormally dry conditions in the northern and southern parts of the State, with the County currently experiencing no drought conditions at this time.

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. As of this date, several vaccines have been provided approval by federal health authorities and are widely available, and both the national emergency and state of emergency have

officially ended, and the World Health Organization declared an end to the COVID-19 global health emergency.

**Assessed Valuation by Jurisdiction.** The table below shows the assessed valuation by jurisdiction of properties within the District for fiscal year 2025-26.

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

<b><u>Jurisdiction:</u></b>	<b><u>Assessed Valuation in School District</u></b>	<b><u>% of School District</u></b>	<b><u>Assessed Valuation of Jurisdiction</u></b>	<b><u>% of Jurisdiction in School District</u></b>
City of Stockton	\$4,870,164,267	86.23%	\$34,136,536,203	14.27%
Unincorporated San Joaquin Co.	<u>777,748,721</u>	<u>13.77</u>	\$26,901,758,484	2.89%
Total District	\$5,647,912,988	100.00%		
San Joaquin County	\$5,647,912,988	100.00%	\$124,648,011,227	4.53%

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, the majority of the District's assessed valuation is represented by residential property.

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

	<b>2025-26</b>	<b>% of</b>	<b>No. of</b>	<b>% of</b>
	<b>Assessed Valuation <sup>(1)</sup></b>	<b>Total</b>	<b>Parcels</b>	<b>Total</b>
<b><u>Non-Residential:</u></b>				
Agricultural/Rural	\$ 17,968,801	0.32%	61	0.44%
Commercial	584,710,979	10.56	536	3.90
Vacant Commercial	5,065,607	0.09	20	0.15
Hotel/Motel	86,943,571	1.57	7	0.05
Industrial	37,023,100	0.67	11	0.08
Recreational	21,809,568	0.39	31	0.23
Government/Social/Institutional	8,545,344	0.15	34	0.25
Miscellaneous	<u>3,275,744</u>	<u>0.06</u>	<u>48</u>	<u>0.35</u>
Subtotal Non-Residential	\$765,342,714	13.82%	748	5.44%
<b><u>Residential:</u></b>				
Single Family Residence	\$4,015,419,929	72.51%	11,147	81.08%
Condominium/Townhouse	210,291,892	3.80	1,054	7.67
Mobile Home	328,371	0.01	2	0.01
2-4 Residential Units	190,813,542	3.45	622	4.52
5+ Residential Units/Apartments	349,159,382	6.31	101	0.73
Vacant Residential	<u>6,010,530</u>	<u>0.11</u>	<u>74</u>	<u>0.54</u>
Subtotal Residential	\$4,772,023,646	86.18%	13,000	94.56%
<b>Total</b>	<b>\$5,537,366,360</b>	<b>100.00%</b>	<b>13,748</b>	<b>100.00%</b>

(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.

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

	<u>No. of Parcels</u>	<u>2025-26 Assessed Valuation</u>	<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>
Single Family Residential	11,147	\$4,015,419,929	\$360,224	\$321,362

<u>2025-26 Assessed Valuation</u>	<u>No. of Parcels <sup>(1)</sup></u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$0 - \$49,999	20	0.179%	0.179%	\$ 585,157	0.015%	0.015%
\$50,000 - \$99,999	684	6.136	6.316	55,032,343	1.371	1.385
\$100,000 - \$149,999	1,021	9.159	15.475	127,087,080	3.165	4.550
\$150,000 - \$199,999	1,070	9.599	25.074	187,554,160	4.671	9.221
\$200,000 - \$249,999	1,152	10.335	35.409	259,917,025	6.473	15.694
\$250,000 - \$299,999	1,161	10.415	45.824	318,787,805	7.939	23.633
\$300,000 - \$349,999	1,133	10.164	55.988	368,599,637	9.180	32.813
\$350,000 - \$399,999	1,061	9.518	65.506	397,549,577	9.901	42.713
\$400,000 - \$449,999	959	8.603	74.110	406,710,545	10.129	52.842
\$450,000 - \$499,999	726	6.513	80.623	343,787,535	8.562	61.404
\$500,000 - \$549,999	553	4.961	85.584	289,756,304	7.216	68.620
\$550,000 - \$599,999	379	3.400	88.984	217,426,657	5.415	74.034
\$600,000 - \$649,999	260	2.332	91.316	162,039,204	4.035	78.070
\$650,000 - \$699,999	189	1.696	93.012	127,232,934	3.169	81.238
\$700,000 - \$749,999	163	1.462	94.474	118,258,552	2.945	84.184
\$750,000 - \$799,999	127	1.139	95.613	98,080,051	2.443	86.626
\$800,000 - \$849,999	104	0.933	96.546	85,833,155	2.138	88.764
\$850,000 - \$899,999	78	0.700	97.246	68,171,950	1.698	90.462
\$900,000 - \$949,999	57	0.511	97.757	52,613,848	1.310	91.772
\$950,000 - \$999,999	38	0.341	98.098	37,087,916	0.924	92.695
\$1,000,000 and greater	<u>212</u>	<u>1.902</u>	100.000	<u>293,308,494</u>	<u>7.305</u>	100.000
	11,147	100.000%		\$4,015,419,929	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 applicable 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 applicable 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 applicable 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 the District in a typical tax rate area for fiscal years 2021-22 through 2025-26.

**LINCOLN UNIFIED SCHOOL DISTRICT**  
**Typical Total Tax Rates Per \$100 of Assessed Valuation**  
**(Tax Rate Area 3-258)<sup>(1)</sup>**  
**Fiscal Years 2021-22 through 2025-26**

	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>
General Tax Rate	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000
Lincoln Unified School District	.0992	.0944	.0903	.0776	.0666
San Joaquin Delta CCD	.0163	.0144	.0135	.0122	.0110
San Joaquin Delta CCD SFID No. 1	--	--	--	--	.0146
<b>Total Tax Rate</b>	<b>\$1.1155</b>	<b>\$1.1088</b>	<b>\$1.1038</b>	<b>\$1.0898</b>	<b>\$1.0922</b>

(1) 2025-26 assessed valuation of TRA 3-258 is \$1,620,856,785, which is 28.7% of the District's total assessed valuation.  
Source: California Municipal Statistics, Inc.

## Tax Levies and Delinquencies

The Board of Supervisors of the County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “**Teeter Plan**”), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, each entity levying property taxes in the County may draw on the amount of uncollected secured taxes credited to its fund, in the same manner as if the amount credited had been collected. The District participates in the Teeter Plan, and thus receives 100% of secured property taxes levied in exchange for foregoing any interest and penalties collected on delinquent taxes. Currently, the County includes the District’s general obligation bond levies in its Teeter Plan.

So long as the Teeter Plan remains in effect and the County continues to include the District in the Teeter Plan, the District’s receipt of revenues with respect to the levy of *ad valorem* property taxes will not be dependent upon actual collections of the *ad valorem* property taxes by the County. However, under the statute creating the Teeter Plan, the Board of Supervisors could under certain circumstances terminate the Teeter Plan in its entirety and, in addition, the Board of Supervisors could terminate the Teeter Plan with respect to the District if the delinquency rate for all *ad valorem* property taxes levied within the District in any year exceeds 3%.

Notwithstanding the above, the table below shows secured tax charge and delinquency rates for fiscal years 2017-18 through 2024-25.

### LINCOLN UNIFIED SCHOOL DISTRICT Fiscal Years 2017-18 through 2024-25 Secured Tax Charges and Delinquency Rates

Fiscal Year	Secured Tax Charge <sup>(1)</sup>	Amount Delinquent June 30	Percent Delinquent June 30
2017-18	\$4,504,233.24	\$42,432.03	0.94%
2018-19	4,567,785.07	39,342.27	0.86
2019-20	4,725,850.64	56,483.78	1.20
2020-21	4,788,096.60	63,628.16	1.33
2021-22	4,645,650.35	53,840.07	1.16
2022-23	4,582,715.89	63,719.76	1.39
2023-24	6,813,015.75	69,037.27	1.01
2024-25	4,158,215.75	79,163.20	1.90

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

## 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.

### LINCOLN 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 <sup>(1)</sup></u>
1.	Redwood Property Investors III LLC	Apartments	\$ 36,090,138	0.65%
2.	Lincoln Properties Ltd.	Shopping Center	31,862,755	0.58
3.	Venetian Bridges Stockton LLC	Apartments	29,470,330	0.53
4.	Save Mart Portfolio Owner NLP CA LLC	Supermarket	27,271,180	0.49
5.	Brookside Crossing LLC	Apartments	22,422,439	0.40
6.	Pellarin Enterprises	Office Building	21,612,168	0.39
7.	Patmon Abbey Point LP	Apartments	20,079,339	0.36
8.	Stockton Hospitality LP	Hotel/Motel	19,397,049	0.35
9.	VA7 Stockton LLC	Apartments	19,202,512	0.35
10.	GIGU Inc.	Shopping Center	18,852,470	0.34
11.	Manchester Ave. LP	Apartments	16,857,581	0.30
12.	Pacific Stockton Suites LLC	Hotel/Motel	16,820,094	0.30
13.	SNH FM Financing LLC	Assisted Living Facility	16,601,899	0.30
14.	Golden Opportunity Investments LP	Apartments	16,539,781	0.30
15.	Oakridge Center	Industrial	15,997,130	0.29
16.	Soch LLC	Hotel/Motel	15,115,260	0.27
17.	4GV Properties LLC	Office Building	13,945,217	0.25
18.	C. Thompson Family LP	Commercial	13,288,184	0.24
19.	Brookside March Office Invest LLC	Office Building	13,084,922	0.24
20.	Pacific Stockton Hotel LLC	Hotel/Motel	<u>12,924,260</u>	<u>0.23</u>
			<u>\$397,434,708</u>	<u>7.18%</u>

(1) 2025-26 Local secured assessed valuation: \$5,537,366,360.

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 March 1, 2026. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

**LINCOLN UNIFIED SCHOOL DISTRICT  
Statement of Direct and Overlapping Bonded Debt  
(Debt Issued as of March 1, 2026)**

**2025-26 Assessed Valuation:** \$5,647,912,988

<u><b>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</b></u>	<u><b>% Applicable</b></u>	<u><b>Debt 3/1/26</b></u>	
San Joaquin Delta Community College District	4.205%	\$ 5,605,055	
San Joaquin Delta Community College District SFID No. 1	4.462	1,829,420	
<b>Lincoln Unified School District</b>	<b>100.000</b>	<b>47,294,139</b>	(1)
Lincoln Unified School District Community Facilities District No. 1	100.000	8,569,419	
San Joaquin Area Flood Control Levee Construction Assessment District	0.31328	<u>8,483,622</u>	
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$71,781,655</b>	
<u><b>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</b></u>			
San Joaquin County General Fund Obligations	4.531%	\$ 1,670,580	
<b>Lincoln Unified School District Certificates of Participation</b>	<b>100.000</b>	<b>5,340,000</b>	
City of Stockton Pension Obligation Bonds	14.267	<u>7,425,636</u>	
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<b>\$14,436,216</b>	
<u><b>OVERLAPPING TAX INCREMENT DEBT:</b></u>		\$3,989,610	
<b>COMBINED TOTAL DEBT</b>		<b>\$90,207,481</b>	(2)

**Ratios to 2025-26 Assessed Valuation:**

<b>Direct Debt (\$47,294,139)</b> .....	<b>0.84%</b>
Total Direct and Overlapping Tax and Assessment Debt .....	1.27%
<b>Combined Direct Debt (\$52,634,139)</b> .....	<b>0.93%</b>
Combined Total Debt .....	1.60%

**Ratios to Redevelopment Incremental Valuation (\$247,622,607):**

Total Overlapping Tax Increment Debt .....	1.61%
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(1) Excludes the Bonds offered for sale hereunder; includes Refunded Bonds to be refunded.

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

Source: California Municipal Statistics, Inc.

## 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.

**Form of Opinion.** A copy of the proposed form of opinion of Bond Counsel is attached hereto as APPENDIX D.

## **CERTAIN LEGAL MATTERS**

### **Legality for Investment**

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

### **Litigation**

No Litigation Regarding Certificates 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 Bonds, the Escrow Agreement or any other document relating to the Bonds 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, such suits and claims will not have a material adverse affect on the ability of the District to issue the Bonds. The District may be or may become a party to lawsuits and claims which are unrelated to the Bonds or actions taken with respect to the Bonds and 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, Isom Advisors, a Division of Urban Futures, Inc., as municipal advisor to the District, and Kutak Rock LLP, as counsel to the Underwriter, are contingent upon issuance of the Bonds.

## 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**”).

The District has prior undertakings pursuant to the Rule. In the previous five years, the District has not failed to materially comply with its existing continuing disclosure undertakings. The District has engaged Willdan Financial Services, to serve as its dissemination agent with respect to prior undertakings, as well as with respect to the Bonds.

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

## ESCROW VERIFICATION

The Verification Agent, upon delivery of the 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 the sufficiency of the anticipated amount of proceeds of the Bonds and other funds available to pay, when due, the principal, whether at maturity or upon prior redemption, interest and redemption premium requirements of the Refunded Bonds.

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.

## RATING

Moody’s Investors Service (“**Moody’s**”), has assigned a rating of “Aa2” to the Bonds. The District has provided certain additional information and materials to Moody’s (some of which does not appear in this Official Statement to the extent deemed not material for investment purposes). Such rating reflects only the view of Moody’s and an explanation of the significance of such rating and outlook may be obtained only from Moody’s. There is no assurance that any credit ratings given to the Bonds will be maintained for any period of time or that the ratings may not be lowered 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 on EMMA. See "APPENDIX E - FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. Notwithstanding such covenant, information relating to rating changes on the Bonds may be publicly available from 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 a 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**").

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

The bond purchase agreement relating to the Bonds, by and between the District and the Underwriter, 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 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 Resolution 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.

**LINCOLN 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 was established May 23, 1865 and is located in the northwest portion of the City of Stockton in San Joaquin County (the "**County**") in the State of California (the "**State**"). The District encompasses 7.2 square miles and has a population of approximately 52,224 residents. The District is a unified school district serving grades K-12, and currently operates eight elementary schools, one middle school, one high school, and one alternative high school. Enrollment in the District is approximately 8,322 students for fiscal year 2025-26.

The District began operating a dependent charter school on August 19, 2015, that has approximately 483 students enrolled in fiscal year 2025-26. There is also one independent charter school operating within the boundaries of the District.

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 Stockton 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.

**Administration**

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

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Allyson Aranda	President	December 2026
Tivoli Walker	Vice President	December 2026
Bonnie Centers	Trustee	December 2026
Sandra Chan	Trustee	December 2028
Brian Holdaway	Trustee	December 2028

**Administration.** 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. Kelly Dextraze currently serves as Superintendent of the District, and Rebecca Hall serves as the Associate Superintendent of Business Services.

**Employee Relations**

For fiscal year 2025-26, the District has 487.7 certificated full-time equivalent (“FTE”) employees, 440.6 classified FTE employees, and 79.0 management/supervisor/confidential FTE employees. Two unions represent District employees as shown in the following table.

**BARGAINING UNITS**  
Lincoln Unified School District

<u>Bargaining Unit</u>	<u>Type of Employees Covered</u>	<u>Current Contract Expiration Date</u>
Lincoln Unified Teachers Association	Certificated	June 30, 2027
California School Employee Association	Classified	June 30, 2027

*Source: Lincoln Unified School District.*

## Recent Enrollment Trends

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

### ANNUAL ENROLLMENT <sup>(1)</sup> Fiscal Years 2020-21 through 2025-26 Lincoln Unified School District

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>% Change</u>
2020-21	8,511	--%
2021-22	8,531	0.2
2022-23	8,368	(1.9)
2023-24	8,325	(0.5)
2024-25	8,310	(0.2)
2025-26	8,322	0.1

(1) Does not include charter school enrollment.

fSource: California Department of Education; Lincoln 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 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**

<b>Entitlement Factor</b>	<b>TK/K-3</b>	<b>4-6</b>	<b>7-8</b>	<b>9-12</b>
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.

### **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 June 30, 2025 audited financial statements were prepared by CWDL, Certified Public Accountants, 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 Office of the Associate Superintendent of Business 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) <sup>(1)</sup>**  
**Lincoln 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>
<b>Revenues:</b>					
LCFF Sources:	\$86,623,576	\$90,948,578	\$102,923,888	\$110,521,641	\$112,585,778
Federal Revenues	13,112,574	8,663,477	15,624,890	15,679,611	6,477,049
State Revenues	15,617,665	14,555,646	31,821,995	17,730,650	18,579,852
Local Revenues	3,766,484	4,878,823	8,233,083	10,770,118	10,157,745
Total Revenues	<u>119,120,299</u>	<u>119,046,524</u>	<u>158,603,856</u>	<u>154,702,020</u>	<u>147,800,424</u>
<b>Expenditures:</b>					
Instruction	65,691,139	66,786,683	73,724,771	80,604,344	91,638,059
Supervision of Instruction	1,162,023	894,586	967,345	1,092,806	1,143,987
Instructional library, media, technology	1,026,621	814,947	953,008	1,177,335	1,274,503
School site administration	6,169,479	6,272,339	7,182,695	7,712,136	7,815,196
Home-to-school transportation	1,184,544	1,550,550	1,905,981	3,136,846	3,204,126
Food services	786,833	112,230	302,048	1,71,084	348,628
All other pupil services	7,647,845	8,760,618	10,980,939	14,483,068	17,326,191
Data processing	1,904,846	2,084,753	2,368,470	2,567,968	2,840,522
All other general administration	3,422,482	3,439,170	4,260,314	4,717,109	4,958,101
Plant services	11,620,892	13,281,218	15,705,906	17,130,256	18,720,021
Facilities acquisition and maintenance	851,967	718,007	1,919,999	3,311,497	787,458
Ancillary services	--	819,127	872,435	1,017,057	1,159,672
Community services	--	35,436	41,986	5,8737	36,003
Transfers to other agencies	1,963,591	2,084,414	2,781,425	2,636,733	2,434,613
Debt service-principal	--	--	--	--	22,760
Debt service-interest and other	--	--	--	--	21,860
Total Expenditures	<u>103,865,671 <sup>(2)</sup></u>	<u>107,654,078</u>	<u>123,967,322</u>	<u>139,816,976</u>	<u>153,731,700</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,254,628	11,392,446	34,636,534	14,885,044	(5,931,276)
<b>Other Financing Sources (Uses)</b>					
Operating transfers in	--	--	500,000	6,688,926	--
Operating transfers out <sup>(3)</sup>	(2,090,866)	(1,703,614)	(4,513,457)	(16,622,150)	(3,663,471)
Total Other Financing Sources (Uses)	<u>(2,090,866)</u>	<u>(1,703,614)</u>	<u>(4,013,457)</u>	<u>(9,933,224)</u>	<u>(3,663,471)</u>
Net change in fund balance	13,163,762	9,688,832	30,623,077	4,951,820	(9,594,747)
Fund Balances July 1	28,986,721	42,150,483	51,839,315	82,462,392	87,414,212
Fund Balances June 30	<u>\$42,150,483</u>	<u>\$51,839,315</u>	<u>\$82,462,392</u>	<u>\$87,414,212</u>	<u>\$77,819,465</u>

(1) Columns may not sum to totals due to rounding.

(2) Total expenditure figure as presented in audited financial statements.

(3) Attributed largely to transfers to the OPEB retirement health care savings account.

Source: Lincoln Unified School District Audit Reports.

## District Budget and Interim Financial Reporting

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

Under current law, a school district governing board must adopt and file with the county superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the San Joaquin County Superintendent of Schools (the "**County Superintendent**"). The County Superintendent is independent from and not a part of the organizational structure of the County.

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 Approval/Disapproval and 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.

Copies of the District's budget, interim reports and certifications may be obtained upon request from the District Office at Lincoln Unified School District, 2010 West Swain Road, Stockton, California 95207, Telephone: (209) 953-8700. The District may impose charges for copying, mailing and handling.

**District's General Fund.** The following table shows the general fund figures for the District for fiscal year 2025-26 (adopted budget and second interim projections).

**LINCOLN UNIFIED SCHOOL DISTRICT**  
**Revenues, Expenditures, and Changes in General Fund Balance**  
**Fiscal Year 2025-26 (Adopted Budget and Second Interim Projections)**

	<b>Adopted Budget 2025-26</b>	<b>Second Interim 2025-26</b>
<b>Revenues</b>		
Total LCFF Sources	\$115,108,097	\$117,380,667
Federal Revenues	4,889,148	5,521,364
Other state revenues	15,746,800	21,959,862
Other local revenues	5,570,409	7,820,101
Total Revenues	<u>141,314,254</u>	<u>152,681,994</u>
<b>Expenditures</b>		
Certificated Salaries	64,251,880	63,054,081
Classified Salaries	25,938,930	25,821,530
Employee Benefits	37,116,378	36,535,870
Books and Supplies	8,920,654	12,839,700
Services and Other Operating Expenditures	13,205,323	18,322,006
Capital Outlay	426,153	820,195
Other Outgo (excluding transfers of indirect costs)	2,835,893	2,838,845
Other Outgo	(733,330)	(742,992)
Total Expenditures	<u>151,961,881</u>	<u>159,489,236</u>
Excess of Revenues Over/(Under) Expenditures	(10,647,627)	(6,807,242)
<b>Other Financing Sources (Uses)</b>		
Operating transfers in	--	--
Operating transfers out <sup>(2)</sup>	(3,654,309)	(3,647,945)
Other sources	--	--
Total Other Financing Sources (Uses)	<u>(3,654,309)</u>	<u>(3,647,945)</u>
Net change in fund balance	(14,301,936)	(10,455,187)
Fund Balance, July 1	<u>51,761,073</u>	<u>63,376,044</u>
Fund Balance, June 30 <sup>(1)</sup>	<u>\$37,459,137</u>	<u>\$52,920,857</u>

(1) Budgeted fund balances shown do not include certain funds included in the District's audited financial statements.

(2) Attributed largely to transfers to the OPEB retirement health care savings account.

Source: Lincoln 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.

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 not been triggered for fiscal year 2025-26.

**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 2025-26.

**LINCOLN UNIFIED SCHOOL DISTRICT  
ADA and LCFF Funding  
Fiscal Years 2020-21 through 2025-26**

Fiscal Year	ADA	LCFF Funding Per ADA
2020-21	8,434	\$10,270
2021-22	7,692	11,824
2022-23	7,619	13,509
2023-24	7,712	14,331
2024-25	7,706	14,610
2025-26 <sup>(1)</sup>	7,773	15,101

(1) Second interim projection.  
 Source: California Department of Education for fiscal years 2020-21 through 2023-24; Lincoln Unified School District for fiscal years 2024-25 through 2025-26.

**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 75% 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 42238.03(c) itemizes the local revenues that are subtracted from the base entitlement to determine the amount of the State apportionment of funding. Historically, the more local property taxes a district received, the less State equalization aid it was entitled to.

**Federal Revenues.** The federal government provides funding for several District programs, including special education programs, programs under the 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 funding entitlement under the LCFF 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.

**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, 2025**

<u>Effective Date</u>	<u>Employer Contribution Rate</u>
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

*Source: STRS.*

The State also continues to contribute to STRS, and its contribution rate is 8.328% in fiscal year 2025-26.

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**  
**Lincoln Unified School District**  
**Fiscal Years 2020-21 through 2025-26**

<b>Fiscal Year</b>	<b>Amount</b>
2020-21	\$7,030,371
2021-22	7,616,840
2022-23	9,322,897
2023-24	10,200,501
2024-25	11,050,970
2025-26 <sup>(1)</sup>	15,759,954

(1) Second interim projection  
Source: Lincoln Unified School District.

The STRS defined benefit program continues to have an unfunded actuarial liability estimated at approximately \$88.7 billion, based on a market value of assets, as of June 30, 2024, 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 2025-26**

<b>Fiscal Year</b>	<b>Employer Contribution Rate<sup>(1)</sup></b>
2020-21	20.700%
2021-22	22.910
2022-23	25.370
2023-24	26.680
2024-25	27.050
2025-26	26.810

(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  
Lincoln Unified School District  
Fiscal Years 2020-21 through 2025-26**

<b>Fiscal Year</b>	<b>Amount</b>
2020-21	\$3,479,158
2021-22	4,043,001
2022-23	4,931,853
2023-24	5,952,278
2024-25	6,780,284
2025-26 <sup>(1)</sup>	6,644,157

(1) Second interim projection.  
Source: Lincoln Unified School District.

PERS continues to have an unfunded liability which, on a market value of assets basis, was approximately \$40.8 billion, based on a market value of assets, as of June 30, 2024, 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 13 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](http://www.calstrs.com) and [www.calpers.ca.gov](http://www.calpers.ca.gov), respectively. *The references to these Internet websites are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

## **Other Post-Employment Retirement Benefits**

**Plan Administration.** The Post-Employment Benefits Plan (the "**Plan**") is a single employer defined benefit plan that is used to provide post-employment benefits other than pensions ("**OPEB**") administered by the District. The Plan provides medical, dental and vision insurance benefits to eligible retirees. These benefits are offered as a package through California's Valued Trust ("**CVT**").

Retirees' spouses and eligible dependent children may be covered under the medical/Rx plans; however, the present level of the District caps relative to the premiums results in de facto retiree-only coverage. The same comment holds true for dental and vision coverage. Retirees pay the difference between the total premium and the District cap if they elect to cover dependents under the plan. Membership of the Plan consists of 30 retirees and beneficiaries currently receiving benefits and 857 active plan members.

**Contributions.** The contribution requirements of plan members and the District are established and may be amended by the District, the District's bargaining units and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through agreements between the District, the District's bargaining units and unrepresented groups.

**Actuarial Assumptions and Other Inputs.** The District's net OPEB liability of \$10,595,904 was measured as of June 30, 2025 and was determined by an actuarial valuation as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified: inflation rate 2.50%, discount rate 5.20%, payroll increase 3.00% and healthcare cost trend rates 7.00% for 2025 decreasing to 5.40 for 2029, 5.25% for 2030-2034, 4.60% for 2035-2049, 4.50% for 2050-2064, 4.25% for 2065-2074, and 4.00% for 2075 and later years. The discount rate was based on the Bond Buyer 20-Bond GO Index.

**Changes in OPEB Liability of the District.** The changes in OPEB liability of the District as of June 30, 2025, is shown in the following table:

**CHANGES IN TOTAL OPEB LIABILITY  
Lincoln Unified School District**

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2024	\$13,126,908	\$--	\$13,126,908
Service Cost	667,005	--	667,005
Interest	453,225	--	453,225
Employer Contributions	--	570,781	(570,781)
Difference Between Expected and Actual Experience	(1,568,262)	--	(1,568,262)
Changes of Assumptions	(1,512,191)	--	(1,512,191)
Expected Benefit payments <sup>(1)</sup>	(570,781)	(570,781)	--
Administrative Expenses	--	(5,051)	5,051
Net changes	(2,531,004)	--	(2,531,004)
Balance at June 30, 2025	<u>\$10,595,904</u>	<u>--</u>	<u>\$10,595,904</u>

(1) Includes \$439,773 of pay-as-you-go contributions made from sources outside of trust, plus an implicit subsidy amount of \$131,008.  
Source: Lincoln Unified School District Audit Report.

**OPEB Expense.** For the year ended June 30, 2025, the District recognized an OPEB expense of \$359,915.

For more information regarding the District's OPEB, benefits provided and assumptions used in its most recent actuarial study, see Note 11 of APPENDIX B to the Official Statement.

**Insurance-Joint Powers Agreements**

The District is a member of the San Joaquin County School Workers' Compensation Insurance Group, the San Joaquin County Schools Property and Liability Insurance Group, the San Joaquin County Schools Data Processing Group, the Schools Excess Liability Fund, the Northern California Regional Liability Excess Fund, and the Central Valley Schools Health and Welfare Trust. Such entities are not component units of the District for financial reporting purposes.

For additional information about the District's risk management and memberships in the

public entity risk pools and joint power authorities, see Notes 12 and 15 of the District’s audited financial statements for fiscal year ended June 30, 2025, attached to the Official Statement as APPENDIX B.

**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 several series of 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.

**Summary of Outstanding General Obligation Bond Indebtedness**

<b>Issue</b>	<b>Date Issued</b>	<b>Final Maturity Date</b>	<b>Amount Outstanding April 1, 2026</b>
<b><u>2004 Authorization</u></b>			
Series 2005	02/16/2005	8/1/2029	\$1,969,379
Series 2006B	10/25/2006	8/1/2031	4,407,523
Series 2007C	08/17/2007	8/1/2032	2,000,590
Series 2008D	03/14/2008	8/1/2033	1,581,523
<b><u>2012 Authorization</u></b>			
Series A	02/01/2012	8/1/2037	567,123
Series A-1	02/01/2012	8/1/2037	3,060,000
Series C*	08/05/2015	8/1/2039	16,660,000
<b><u>Refunding Bonds</u></b>			
2013 Refunding	02/01/2013	8/1/2026	2,650,000
2018B Refunding Bonds**	02/28/2018	8/1/2032	446,000
2024 Refunding Bonds	05/07/2024	8/1/2038	13,955,000
<b>Totals</b>	<b>--</b>	<b>--</b>	<b>\$47,297,138</b>

\* Certain maturities expected to be refunded with the proceeds of the Bonds as described herein.  
 \*\*Private placement.

See “DEBT SERVICE SCHEDULES” in the body of this Official Statement for the remaining debt service due on the District’s outstanding general obligation bonds.

**2017 Certificates of Participation.** On January 11, 2017, the District entered into a lease financing transaction, pursuant to which the 2017 Certificates of Participation (the “**2017 Certificates**”) were issued in the aggregate principal amount of \$3,680,000. A portion of the proceeds of the 2017 Certificates were used to refund the previously issued 2005 Certificates of Participation in full. The 2017 Certificates mature in September 2026.

The aggregate annual amounts of payments, comprising interest and principal are set forth in the following table:

**LINCOLN UNIFIED SCHOOL DISTRICT  
2017 Certificates Of Participation  
Lease Payment Schedule**

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$480,000	\$23,750	\$503,750
2027	235,000	5,875	240,875
Total	\$715,000	\$29,625	\$744,625

*Source: Lincoln Unified School District Audited Financial Statement.*

**2019 Certificates of Participation.** On November 7, 2019, the District entered into a lease financing transaction, pursuant to which the 2019 Certificates of Participation (the “**2019 Certificates**”) were issued in the aggregate principal amount of \$6,340,000. The proceeds of the 2019 Certificates were used to finance the acquisition and improvement of the District’s educational facilities. The 2019 Certificates mature in September 2037.

The aggregate annual amounts of payments, comprising interest and principal are set forth in the following table:

**LINCOLN UNIFIED SCHOOL DISTRICT  
2019 Certificates Of Participation  
Lease Payment Schedule**

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$315,000	\$234,650	\$549,650
2027	330,000	221,750	551,750
2028	340,000	208,350	548,350
2029	355,000	192,675	547,675
2030	375,000	174,425	549,425
2031-2035	2,160,000	568,375	2,728,375
2036-2038	1,545,000	94,300	1,639,300
Total	\$5,420,000	\$1,694,525	\$7,114,525

*Source: Lincoln Unified School District Audited Financial Statement.*

**Leases.** The District has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

Future minimum lease payments at June 30, 2025 are set forth in the following table:

**LINCOLN UNIFIED SCHOOL DISTRICT  
Lease Payment Schedule**

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$23,824	\$21,163	\$44,987
2027	24,928	21,933	46,861
2028	26,076	21,169	47,245
2029	27,268	20,371	47,639
2030	28,506	19,536	48,042
2031-2035	162,846	90,079	252,925
2036-2040	201,765	71,062	272,827
2041-2045	150,696	51,598	202,294
2046-2050	150,243	39,376	189,619
2051	32,845	5,027	37,872
Total	\$828,997	\$361,314	\$1,190,311

*Source: Lincoln Unified School District Audited Financial Statement.*

**Compensated Absences.** Compensated absences (unpaid employee vacation) for the District at June 30, 2025, amounted to \$8,883,679.

**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"). None of the District, the Underwriter or 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](http://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](http://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](http://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 2025-26 State Budget

On June 27, 2025, the Governor signed the fiscal year 2025-26 State Budget (the “**2025-26 State Budget**”). Despite continued uncertainty driven by recent federal policy changes, including broad-based tariffs that have slowed economic growth, the 2025-26 State Budget outlines a balanced fiscal plan while maintaining significant reserves.

The 2025-26 State Budget reflects a decrease of \$11.0 billion in General Fund revenues from 2024-25 (\$215.7 billion in 2025-26 compared to \$226.7 billion in 2024-25) primarily due to projected decreases in corporation and personal income tax collections. The 2025-26 State Budget reflects a decrease in General Fund expenditures of \$5.2 billion from 2024-25 (\$228.366 billion in 2025-26 compared to \$233.5 billion in 2024-25) primarily reflecting broad spending decreases for all major spending categories with the exception of expenditures for health and human services, which sees a significant funding increase driven by the expansion of Medi-Cal.

Regarding the State’s reserves and fund balances, the 2025-26 State Budget continues the drawing down of the State’s Budget Stabilization account that began in fiscal year 2024-25 with a withdrawal of \$7.1 billion and completes the drawdown of the Public School System Stabilization Account with a withdrawal of the remaining \$0.4 billion.

The 2025-26 State Budget projects an \$11.8 billion General Fund shortfall after accounting for reserves drawdowns, driven by rising costs due to growth in Medi-Cal and other core State programs. The 2025-26 State Budget addresses the shortfall primarily through spending reductions and structural reforms, while maintaining support for key programs. The specific solutions used to close the budget gap include the following:

- *Medi-Cal Enrollment Freeze* - \$77.9 million reduction in fiscal year 2025-26, increasing to \$3.3 billion by fiscal year 2028-29.

- *Medi-Cal Premium Collection For Certain Adults* – Initial cost of \$30 million in fiscal year 2026-27, shifting to \$675 million in savings in fiscal year 2028-29 due to collection of Medi-Cal premiums from undocumented adults.
- *Medi-Cal Asset Limit Implementation* – \$61.3 million in fiscal year 2025-26, rising to \$827.4 million by fiscal year 2028-29.
- *Programmatic Reductions* – Reductions in rural health clinics, specialty drug coverage, and pharmacy rebates totaling over \$3.5 billion by fiscal year 2028-29.
- *Ongoing Reductions* – \$221.7 million annually beginning in fiscal year 2026-27 for Quality Incentive Payment Program changes.

The 2025-26 State Budget raises an estimated \$7.8 billion in additional resources, including \$1.3 billion from Medi-Cal rate increase in fiscal year 2025-26, \$4.4 billion in loans from the Medical Providers Interim Payment Fund, \$1.5 billion in loans from additional special funds and interfund borrowing, and a \$7.1 billion withdrawal from the Budget Stabilization Account, as authorized by the prior fiscal year.

Additional balancing measures comprise \$1.2 billion in funding shifts primarily related to the costs of CalFIRE operations moving from the General Fund to the Greenhouse Reduction Fund for Forestry and Fire Protection. The 2025-26 State Budget also makes two future commitments (subject to appropriation) totaling \$457.1 million in fiscal year 2027-28, growing to \$163.2 million in fiscal year 2028-29, for California Food Assistance Program expansion and \$338.9 million in fiscal year 2027-28, growing to \$522.1 million in fiscal year 2028-29, for payment to the State's foster care tiered rate structure.

The 2025-26 State Budget projects total resources available in fiscal year 2024-25 of approximately \$268.7 billion, including revenues and transfers of approximately \$226.7 billion and a prior year balance of approximately \$42.0 billion, and total expenditures in fiscal year 2024-25 of approximately \$233.6 billion. The 2025-26 State Budget projects total resources available for fiscal year 2025-26 of approximately \$250.9 billion, inclusive of revenues and transfers of approximately \$215.7 billion and a prior year balance of approximately \$35.1 billion. The 2025-26 State Budget projects total expenditures in fiscal year 2025-26 of approximately \$228.4 billion, inclusive of non-Proposition 98 expenditures of approximately \$147.6 billion and Proposition 98 expenditures of approximately \$80.7 billion. The 2025-26 State Budget projects total reserve balances of \$15.7 billion at the end of fiscal year 2025-26. This includes \$11.2 billion in the State Rainy Day Fund, \$4.5 billion in the State's SFEU, and \$0 in the Proposition 98 Rainy Day Fund. The 2025-26 State Budget includes total funding of \$137.6 billion for all K-12 education programs, including \$80.5 billion from the State's general fund and \$57.1 billion from other funds. The 2025-26 State Budget reflects significant Proposition 98 funding that enables increased support for core programs such as the LCFF, special education, transitional kindergarten, nutrition, and preschool.

Certain budgeted programs and adjustments for K-12 education set forth in the 2025-26 State Budget include:

Proposition 98 Minimum Guarantee. The 2025-26 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 \$98.5 billion for 2023-24, \$119.9 billion for 2024-25, and \$114.6 billion for 2025-26, an increase of approximately \$3.9 billion over the three-year period relative to the 2023-24 State Budget. Because the minimum guarantee for 2024-25 will not be finalized until

the fiscal year is certified in calendar year 2026, the 2025-26 State Budget proactively appropriates the 2024-25 minimum guarantee at \$118 billion, establishing a \$1.9 billion “settle up” to avoid over-appropriation. The 2025-26 State Budget expresses intent to apply any realized settle-up funds toward reducing ongoing TK-14 deferrals and safeguarding core program funding for school districts and community colleges, including funding for growth and cost-of-living adjustments.

The minimum guarantee remains in a Test 2 for 2023-24, though suspended at \$98.5 billion, and shifts to a Test 1 in both 2024-25 and 2025-26. In Test 1 years, the guarantee equals approximately 40 percent of general fund revenues, in addition to local property tax revenues. Under Proposition 98, this calculation is not adjusted for enrollment, which results in increased per-pupil funding. The guarantee is “rebenched” to reflect both the continued implementation of universal TK and property tax backfills resulting from the January 2025 wildfires in San Joaquin County. As a result, the applicable Test 1 percentage increases from 39.2 percent to 39.6 percent of general fund revenues.

Proposition 98 Rainy Day Fund. The 2025-26 State Budget maintains the full withdrawal of the \$8.4 billion balance in the Proposition 98 Rainy Day Fund in fiscal year 2023-24. The May Revision to the 2024-25 State Budget Proposal, released on May 10, 2024, included a mandatory deposit of \$540 million into the Rainy Day Fund. However, revised capital gains revenue projections reduce that deposit to \$455 million in fiscal year 2024-25. A year-over-year decrease in the Proposition 98 minimum guarantee triggers a mandatory withdrawal of \$455 million in fiscal year 2025-26, fully exhausting the remaining fund balance.

Proposition 98 Funding Split. In prior years, 10.93 percent of the general fund amounts rebenched into the Proposition 98 minimum guarantee for transitional kindergarten expansion were allocated to the community colleges budget, consistent with the statutory Proposition 98 funding split. Over the three-year budget window, this resulted in \$492.4 million being directed to community colleges, leaving TK-12 schools without an equivalent amount to support transitional kindergarten expansion. Beginning in fiscal year 2025-26, the 2025-26 State Budget shifts the full amount of transitional kindergarten expansion funding (\$232.9 million) to the TK-12 portion of the Proposition 98 budget.

Local Control Funding Formula. The 2025-26 State Budget includes a 2.3 percent cost-of-living adjustment to LCFF. Combined with population growth adjustments, this results in an additional \$2.1 billion in discretionary funding for local educational agencies (“LEAs”) relative to the 2024-25 State Budget. To fully fund LCFF costs in fiscal year 2025-26, the 2025-26 State Budget withdraws approximately \$405.3 million from the Proposition 98 Rainy Day Fund.

Deferrals. The 2025-26 State Budget fully repays \$246.6 million in TK-12 education deferrals from fiscal year 2024-25. However, in order to maintain principal apportionment levels in 2025-26, the 2025-26 State Budget defers \$1.9 billion in LCFF funding from June 2026 to July 2026.

Universal Transitional Kindergarten. To support full implementation of universal transitional kindergarten by September 1, 2025, the 2025-26 State Budget provides \$2.1 billion in ongoing Proposition 98 general fund resources, inclusive of all prior years’ investments. An additional \$1.2 billion in ongoing Proposition 98 general fund resources is included to reduce the average student-to-adult ratio from 12:1 to 10:1.

Before School, After School, and Summer School. To increase access to the Expanded Learning Opportunities Program, the 2025-26 State Budget provides \$515.1 million in ongoing funds, broadening eligibility from LEAs with a 75 percent unduplicated pupil rate to those with a 55 percent rate. Additionally, \$10.4 million is provided to increase the minimum grant per LEA from \$50,000 to \$100,000.

Literacy Instruction. The 2025-26 State Budget allocates \$480 million to enhance literacy instruction aligned with the English Language Arts/English Language Development Framework for all students.

Teacher Professional Development and Preparation. To support teachers and strengthen the educator pipeline, the 2025-26 State Budget provides \$300 million in one-time Proposition 98 general fund resources for a Student Teacher Stipend Program, which will offer grants to teacher candidates completing student teaching between 2026-27 and 2028-29. An additional \$70 million of one-time Proposition 98 general fund resources supports teacher residency programs, and \$30 million in one-time Proposition 98 general fund resources extends the National Board Certification Incentive Program to encourage placement of certified teachers in high-poverty schools.

Student Support and Professional Development Discretionary Block Grant. The 2025-26 State Budget provides \$1.7 billion in one-time Proposition 98 general fund resources for the Student Support and Professional Development Discretionary Block Grant to assist LEAs with rising costs and advancing statewide priorities.

State Preschool Program. To enhance early childhood education, the 2025-26 State Budget includes approximately \$19.3 million of Proposition 98 general fund resources and \$10.2 million in non-Proposition 98 general fund resources for the California State Preschool Program. It further authorizes the Department of Education to expand State Preschool Program provider contracts for three-year-olds by 10 percent, implement prospective pay, and automate contract payments.

Other Significant Budget Adjustments. The 2025-26 State Budget includes \$378.6 million in one-time Proposition 98 general fund resources for learning recovery initiatives through 2027-28, \$150 million for career technical education and pathways programs pending legislation, and \$145 to improve school meal infrastructure. An additional \$10 million is allocated for school food service workforce requirement and \$5 million for a study of ultra-processed foods offered in State school meals.

Further allocations include \$30 million over three years for Special Olympics programs in Northern and Southern California; \$30 million for the Mathematics Professional Learning Partnership; \$21.9 million in ongoing funding for the SUN Bucks Program, which provides summer nutrition support; and \$20 million to implement the Children and Youth Behavioral Health Initiative's all-payer fee schedule.

The 2025-26 State Budget also provides approximately \$10 million for a pilot program, administered by the California Collaborative of Educational Excellence, to support middle and high school redesign and peer learning. Another \$10 million to the California Department of Education supports the development of a screener to identify multilingual learners in transitional kindergarten and authorizes the State Superintendent of Public Instruction to adopt a screening instrument for children ages 3-4 enrolled in transitional kindergarten classrooms. Finally, \$7.5 million is available through the 2026-27 fiscal year

to offset potential LCFF apportionment reductions caused by the recent exemption of transitional kindergarten students from the English language proficiency assessment.

**LAO Analysis of the 2025-26 State Budget.** The LAO, a nonpartisan State office which provides fiscal and policy information and advice to the State legislature, released its report on the 2025-26 State Budget on October 16, 2025 (the “**2025-26 State Budget Analysis**”). In the 2025-26 State Budget Analysis, the LAO assesses the budget shortfall that was addressed in the 2025-26 State Budget and analyzes the major proposals for K-14 education.

The LAO notes that the State faced a budget shortfall for the third year in a row. The estimated budget shortfall for the fiscal year 2025-26 of \$15.0 billion was smaller compared to deficits of \$55.0 billion in fiscal year 2024-25 and \$27.0 billion in fiscal year 2023-24. Most of the reason that the State faces a budget problem is that the underlying costs of State services continue to outpace the State’s revenue collections. In particular, despite higher revenues in major taxes, about \$4 billion of the budget problem results from new, discretionary General Fund spending in the budget package, as well as some budget actions adopted in a special session. The measures approved in the special session provided funding for (1) response and recovery costs related to the January 2025 Southern California wildfires and (2) activities to address federal government actions impacting the State.

The LAO notes that the 2025-26 State Budget uses various maneuvers to address the budget shortfall, including reserve withdrawals, spending reductions, revenue increases, and borrowing (for example, loaning money from other funds to the General Fund). However, the LAO indicates that the 2025-26 State Budget primarily relies on borrowing to close the gap, which accounts for \$10.0 billion and approximately two-thirds of the total solutions. This borrowing increases the total outstanding budgetary borrowing from \$12.0 billion to \$22.0 billion. The LAO notes that this borrowing is similar to the measures used during the Great Recession. After borrowing, spending-related solutions, including both spending reductions and fund shifts, total \$5.0 billion and represent nearly all of the remaining one-third of the total solutions. Revenue-related solutions, totaling about \$300.0 million, represent the small remainder. The LAO notes that while the State is also making a \$7.1 billion withdrawal from the State Rainy Day Fund in fiscal year 2025-26, this withdrawal was not reflected in the 2025-26 State Budget Analysis because it was authorized in the 2024-25 State Budget.

The LAO explains that while it had previously categorized the Proposition 98 “Settle Up” as a spending delay, it now views this action as borrowing. While the estimate for the Proposition 98 minimum guarantee is up nearly \$4.7 billion from the June 2024 level, the 2025-26 State Budget appropriates just over \$2.7 billion in additional funding for that year. Funding schools and community colleges at this level—\$1.9 billion below the estimate of minimum requirement—provides temporary savings but requires the State to settle up using future revenues. The State will finalize its calculation of this obligation in May 2026. The LAO notes that while the 2025-26 State Budget partially addresses the State’s multi-year deficits, it expects budget deficits to persist. Based on the State’s June 2025 projections and assumptions, annual operating deficits are projected to range from roughly \$15 billion to \$25 billion throughout the outlook period (i.e., 2026-27 through 2028-29), which would need to be addressed by the Legislature. The LAO notes, however, that these multi-year estimates are subject to considerable uncertainty and should be interpreted cautiously.

In summarizing the overall condition of the General Fund budget, the condition of the school and community college budget and State appropriations limits, as estimated by the administration, the LAO notes the following: (1) the State’s reserves total nearly \$16 billion at the end of fiscal year 2025-26, with the state reserve for schools and community colleges fully

withdrawn by the end of fiscal year 2025-26; (2) the State expects revenues from major tax sources to grow 10.0% from fiscal year 2023-24 to fiscal year 2024-25, however the 2025-26 State Budget also projects revenues from said tax sources to decrease by 15.0% from fiscal year 2024-25 to fiscal year 2025-26; and (3) federal funding is expected to remain flat between 2024-25 and 2025-26 but the 2025-26 State Budget projections do not include any potential effects of House Resolution 1: One Big Beautiful Bill Act, which was signed by President Trump on July 4, 2025.

The LAO explains that the 2025-26 State Budget provides \$2.2 billion to cover 2.30% cost-of-living adjustment for existing school and community college programs. For schools, the 2025-26 State Budget also provides an ongoing increase of \$607 million for the Expanded Learning Opportunities Program, funding before and after school activities and summer enrichment. This augmentation will increase the share of districts qualifying for the program's higher "tier 1" funding rate. For community colleges, the 2025-26 State Budget also provides \$140.0 million to cover 2.35% enrollment growth across fiscal years 2024-25 and 2025-26.

The LAO notes that the 2025-26 State Budget provides \$1.7 billion for the Student Support and Professional Development Discretionary Block Grant. Districts can use these funds for any local purpose, but trailer legislation encourages them to prioritize teacher training and professional development, teacher recruitment and retention, career pathways for high school students, and dual enrollment programs. The State will distribute funds on an equal per-pupil basis (about \$312.0 per student). For community colleges, the 2025-26 State Budget provides \$60.0 million for the Student Support Block Grant. Districts can use these funds for a range of student services, including basic needs (such as food, housing, and transportation), financial aid, counseling, and job placement activities. The State will allocate funds based on student headcount and the share of students qualifying for fee waivers or nonresident tuition exemptions, with a minimum grant of \$150,000.00 per college in each district. In addition to these discretionary grants, the 2025-26 State Budget funds several smaller grants for schools related to learning recovery, teacher training and recruitment, school meals, and career technical education. It also funds several smaller grants for community colleges focusing on other student support initiatives and career technical education.

The LAO indicates that the 2025-26 State Budget reduces spending in fiscal year 2025-26 by deferring \$2.3 billion in payments to fiscal year 2026-27. Of this amount, \$1.9 billion pertains to schools. The State will implement the school deferral by shifting a portion of the June 2026 payment to July 2026. The law exempts districts and charter schools that can demonstrate the delay would make them unable to meet their financial obligations. The remaining \$408.0 million in deferrals pertains to community colleges. The purpose of these deferrals is to free up funding for additional one-time and ongoing spending that would otherwise exceed the available Proposition 98 funding in fiscal year 2025-26.

***Additional Information.*** The 2025-26 State Budget Analysis is available on the LAO website at [www.lao.ca.gov](http://www.lao.ca.gov). For the full text of the 2025-26 State Budget, see the California Department of Finance website at [www.dof.ca.gov](http://www.dof.ca.gov) or [www.ebudget.ca.gov](http://www.ebudget.ca.gov). *The references to these Internet websites are shown for reference and convenience only and the information contained on such website is not incorporated by reference into this Official Statement. The information contained on this website may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

## The 2026-27 State Budget Proposal

On January 9, 2026, the Governor submitted the fiscal year 2026-27 state budget proposal to the Legislature (the “**2026-27 State Budget Proposal**”). The 2026-27 State Budget Proposal presents a balanced budget, including a discretionary reserve of \$4.5 billion, but projects a deficit of approximately \$22 billion in fiscal year 2027-28 and additional shortfalls in the two years thereafter. General Fund revenues over the three-year budget window of fiscal years 2024-25 through 2026-27 are projected to be more than \$42 billion higher than was assumed in the 2024-25 State Budget, an increase driven by stronger-than-anticipated stock market performance, higher cash receipts, and an improved economic outlook. However, the proposal cautions that much of this revenue growth is attributable to a relatively small number of technology companies and therefore is subject to significant volatility and unlikely to be sustained indefinitely. The proposal also identifies federal policy changes as a material risk to its revenue projections. In particular, House of Representatives Bill 1 of 2025 is projected to increase General Fund costs by approximately \$1.4 billion in fiscal year 2026-27, largely related to Medi-Cal and CalFresh programs. The 2026-27 State Budget Proposal further notes uncertainty associated with future federal policies affecting tariffs, immigration, inflation, investment activity, labor markets, and overall economic demand.

The 2026-27 State Budget Proposal provides for \$248.3 billion in General Fund expenditures and nearly \$23 billion in combined reserves, including approximately \$14.4 billion in the State’s Proposition 98 Rainy Day Fund, \$4.5 billion in the Special Fund for Economic Uncertainties, and \$4.1 billion in the Public School System Stabilization Account. While balanced for fiscal year 2026-27, the 2026-27 State Budget Proposal anticipates that expenditures will exceed revenues in future years, requiring additional budget actions at the May Revision to maintain a structural balance in the coming years. Key fiscal risk factors include stock market and asset price volatility and declines, particularly among high-income taxpayers, and continued uncertainty in federal policy.

With respect to K-12 education, the 2026-27 State Budget Proposal sets Proposition 98 funding for K-14 education at \$125.5 billion for fiscal year 2026-27, subject to settle-up adjustments. Additionally, the proposal includes an LCFF cost-of-living adjustment of 2.41% and proposes repayment **of approximately \$1.9 billion in previous funding deferrals** to improve school district cash flow. The proposal further reflects continued support for universal transitional kindergarten and ongoing before-, during-, and after-school programming through the Expanded Learning Opportunities Program. The 2026-27 State Budget Proposal also allocates an additional \$215 million to expand the Literacy Coaches and Reading Specialists Grant Program.

Significantly, the 2026-27 State Budget Proposal recommends governance changes to strengthen coordination across California’s education system. Consistent with recommendations in the Legislature’s 2002 report, “California’s Master Plan for Education,” the proposal would amend the Education Code to move oversight authority of the California Department of Education and support of local educational agencies under the State Board of Education, in addition to enhancing the State Superintendent of Public Instruction’s ability to improve alignment and coordination across the bodies setting policy from early childhood through postsecondary education.

The Governor’s May Revision, expected in mid-May 2026, will update the proposal to reflect revised economic conditions, revenue estimates, outlooks and other estimates and assumptions, and may modify or eliminate policy initiatives included in the 2026-27 State Budget Proposal.

For the full text of the 2026-27 State Budget Proposal, see the California Department of Finance website at [www.dof.ca.gov](http://www.dof.ca.gov) or [www.ebudget.ca.gov](http://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.*

**LAO Analysis of the 2026-27 State Budget Proposal.** The LAO released its overview and initial analysis of the 2026-27 State Budget Proposal on January 10, 2026 (the “**2026-27 LAO Analysis**”). The 2026-27 LAO Analysis concludes that, under the Governor’s assumptions, the budget is roughly balanced, reflecting an estimated deficit of approximately \$3 billion. This represents an improvement compared with the LAO’s November Fiscal Outlook, which projected a budget deficit of approximately \$18 billion. The LAO attributes the State’s substantially higher revenue forecast to two factors: first, the proposal does not incorporate the significant risk of a stock market downturn; and second, higher projected revenues are partially offset by increased baseline spending, including constitutionally required expenditures and growing program costs.

The LAO identifies stock market volatility as the most significant risk to the State’s revenue outlook. The analysis notes that several historically reliable indicators suggest equity markets are overheated and at elevated risk of a downturn within the next year or two. A market correction would materially reduce personal income tax revenues and could quickly worsen the State’s fiscal position. The LAO cautions that failing to incorporate this downside risk into the 2026-27 State Budget Proposal places the State on precarious fiscal footing, particularly given that the proposal is only marginally balanced even under optimistic revenue assumptions.

Both the 2026-27 LAO Analysis and the 2026-27 State Budget Proposal project persistent multiyear operating deficits. The LAO estimates that annual deficits could range between approximately \$20 billion to \$35 billion, while the 2026-27 State Budget Proposal projects operating deficits of roughly \$27 billion in 2027-28, \$22 billion in 2028-29, and \$23 billion in 2029-30. The LAO characterizes these deficits as structural rather than cyclical, noting that deficits have persisted despite economic growth and rising revenue in addition to the State already addressing a cumulative \$125 billion in budget problems over recent years. The LAO expresses concern that the State’s fiscal challenges have become chronic and raise significant questions concerning long-term fiscal sustainability.

The LAO acknowledges that the State recognizes the risks associated with revenue volatility and multiyear structural deficits, but concludes that the 2026-27 State Budget Proposal does not materially address either challenge. The LAO recommends that the Legislature explicitly recognize downside revenue risk by adopting the LAO’s more conservative revenue forecast, maintain required reserve deposits, set aside funds associated with delayed settle-up obligations into reserves rather than using them for ongoing commitments, and adopt a multiyear plan to reduce at least half of projected structural deficits through ongoing budget solutions. The LAO cautions that delaying corrective action until further budget cycles increases fiscal risk and limits the Legislature’s ability to implement deliberate and sustainable solutions.

The 2026-27 LAO Analysis is available on the LAO website at [www.lao.ca.gov](http://www.lao.ca.gov). *The reference to this Internet website is shown for reference and convenience only and the information contained on such website is not incorporated by reference into this Official Statement. The information contained on this website may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

**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 2025-26 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 XIII B 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 XIII B 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 XIII C and XIII D 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 XIII C and XIII D (respectively, "**Article XIII C**" and "**Article XIII D**"), 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 XIII C 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 XIII C 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 XIII C 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 (2014)**

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.

**K-12 School Facilities.** 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.

**Community College Facilities.** Proposition 2 (2024) includes \$1.5 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment. In order to receive funding, community college districts must prepare a plan listing their Statewide project priorities. The Governor and State Legislature will select specific projects to fund.

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.

**APPENDIX B**

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

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See what's possible.

**LINCOLN UNIFIED SCHOOL DISTRICT  
OF SAN JOAQUIN COUNTY  
STOCKTON, CALIFORNIA**

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**AUDIT REPORT**  
JUNE 30, 2025

**LINCOLN UNIFIED SCHOOL DISTRICT**  
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**JUNE 30, 2025**

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## INDEPENDENT AUDITORS' REPORT

Governing Board  
Lincoln Unified School District  
Stockton, California

### **Report on Audit of Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, fiduciary activities, each major fund, and the aggregate remaining fund information of the Lincoln Unified School District (the "District") as of and for the year ended June 30, 2025, and the related notes to financial statements, which collectively comprise the 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, fiduciary activities, each major fund, and the aggregate remaining fund information of the 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 (GAAS) 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 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.

#### ***Change in Accounting Principle***

As discussed in Note 1 to the financial statements, the District adopted GASB Statement No. 101, Compensated Absences which required a restatement of net position as of July 1, 2024. 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.

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

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information section as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information section as listed in the Table of Contents, which includes Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

 CWDL, Certified Public Accountants

San Diego, California

December 12, 2025

**LINCOLN UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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This section of Lincoln Unified School District's (the "District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2025. Please read it in conjunction with the District's financial statements, which immediately follow this section.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

**The Financial Statements**

The financial statements presented herein include all of the activities of the District using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

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

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

The *Fund Financial Statements* include statements for each of the three categories of activities: governmental, proprietary and fiduciary. The District does not have any business type activities.

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

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

The primary unit of government is the Lincoln Unified School District. The Community Facility District No. 1 is a component unit of the District. Separate financial statements for the Community Facilities District No. 1 are not prepared.

**LINCOLN UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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**REPORTING THE DISTRICT AS A WHOLE**

**The Statement of Net Position and the Statement of Activities**

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

These two statements report the District's net assets and changes in them. Net assets are the difference between assets and liabilities, one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

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

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

**Governmental Activities** – Most of the District's services are reported in this category. This includes the education of kindergarten through grade twelve students, adult education students, the operation of child development activities, certificates of participation and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State and local grants, as well as general obligation bonds, finance these activities.

**LINCOLN UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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**REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS**

**Fund Financial Statements**

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

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

**Proprietary Funds** – When the District charges users for the service it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position. We use internal service funds (a component of proprietary funds) to report activities that provide supplies and services for the District's other programs and activities – such as the District's Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

**Fiduciary Fund** – Fiduciary funds are used to account for resources held by the District in a trustee or agency capacity for individuals, private organizations, or other governments, and therefore cannot be used to support the District's own programs. Fiduciary activities are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations. The District reports custodial funds (a component of fiduciary funds) to account for assets collected and held on behalf of others. Fiduciary fund financial statements report only the resources held and the related changes in those resources, using the economic resources measurement focus and the accrual basis of accounting.

**LINCOLN UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net Position**

The District's net position was \$56.65 million and \$63.03 million for the fiscal years ended June 30, 2025 and 2024, respectively. Our analysis below focuses on the net position; and the changes in net position; of the District's governmental activities.

	Governmental Activities		
	2025	2024	Net Change
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
Current assets	\$ 122,513,946	\$ 132,594,374	\$ (10,080,428)
Non-current assets	142,035,118	143,967,398	(1,932,280)
Deferred outflows of resources	36,440,143	36,430,000	10,143
Total Assets and Deferred Outflows of Resources	300,989,207	312,991,772	(12,002,565)
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>			
Current liabilities	24,649,796	21,968,835	2,680,961
Non-current liabilities	208,032,429	219,326,238	(11,293,809)
Deferred inflows of resources	11,659,215	8,671,011	2,988,204
Total Liabilities and Deferred Inflows of Resources	244,341,440	249,966,084	(5,624,644)
<b>NET POSITION</b>			
Net investment in capital assets	69,153,840	63,299,547	5,854,293
Restricted	40,442,040	45,136,987	(4,694,947)
Unrestricted	(52,948,113)	(45,410,846)	(7,537,267)
Total Net Position	\$ 56,647,767	\$ 63,025,688	\$ (6,377,921)

The District's unrestricted net position for governmental activities was (\$52.95) million as of June 30, 2025, reflecting the accumulated results of operations over time. The June 30, 2025 unrestricted net position decreased by \$7.54 million as compared to June 30, 2024.

**LINCOLN UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE, continued**

**Changes in Net Position**

The results of the 2024-25 operations for the District as a whole are reported in the Statement of Activities on page 16. Net position decreased by \$6.38 million due to operating activities.

	Governmental Activities		
	2025	2024	Net Change
<b>REVENUES</b>			
Program revenues			
Charges for services	\$ 32,234	\$ 54,056	\$ (21,822)
Operating grants and contributions	38,486,509	45,921,279	(7,434,770)
Capital grants and contributions	141,776	160,128	(18,352)
General revenues			
Property taxes	32,407,422	31,636,386	771,036
Federal and state aid not restricted for specific purposes	100,098,798	98,493,031	1,605,767
Other	7,476,552	6,488,678	987,874
Total Revenues	178,643,291	182,753,558	(4,110,267)
<b>EXPENSES</b>			
Instruction	94,783,847	84,763,742	10,020,105
Instruction-related services	11,006,628	10,853,991	152,637
Pupil services	27,810,083	23,999,686	3,810,397
General administration	9,141,136	8,747,402	393,734
Plant services	18,143,209	15,218,123	2,925,086
Ancillary services	1,463,541	1,327,615	135,926
Community services	36,017	59,100	(23,083)
Enterprise services	1,202,300	926,958	275,342
Interest on long-term debt	4,146,482	8,065,528	(3,919,046)
Other outgo	2,434,613	2,636,733	(202,120)
Depreciation (unallocated)	9,048,589	8,695,285	353,304
Amortization (unallocated)	62,520	62,520	-
Total Expenses	179,278,965	165,356,683	13,922,282
CHANGE IN NET POSITION	(635,674)	17,396,875	(18,032,549)
NET POSITION - BEGINNING	63,025,688	45,628,813	17,396,875
PRIOR PERIOD ADJUSTMENT (NOTE 16)	(5,742,247)	-	(5,742,247)
NET POSITION - ENDING	\$ 56,647,767	\$ 63,025,688	\$ (6,377,921)

**Governmental Activities**

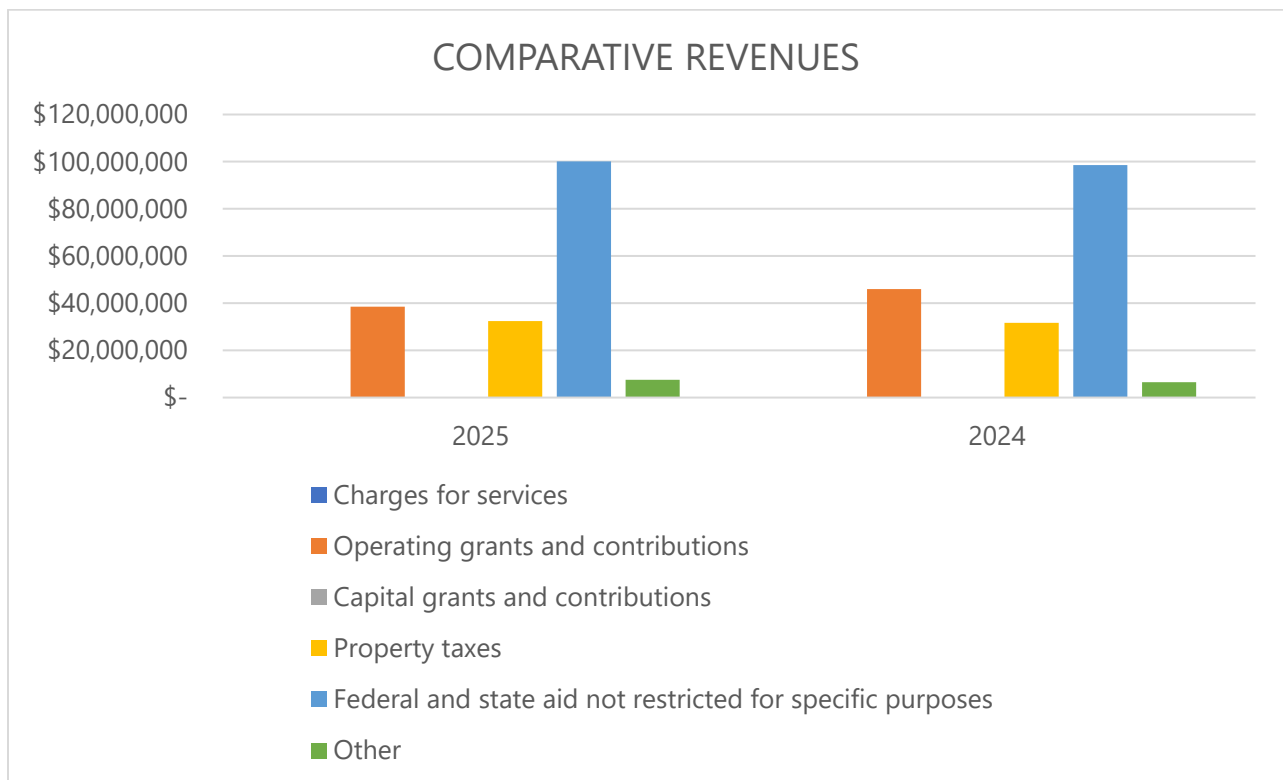
As reported in the Statement of Activities on page 16, the cost of all of our governmental activities for the years ended June 30, 2025 and 2024 were \$179.28 million and \$165.36 million, respectively. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$32.41 million and \$31.64 million, respectively, because the cost was paid by those who benefited from the programs (\$0.03 million and \$0.05 million, respectively) or by other governments and organizations who subsidized certain programs with grants and contributions (\$38.49 million and \$45.92 million respectively). We paid for the remaining "public benefit" portions of our governmental activities with \$100.10 million and \$98.49 million, respectively, from other Federal and State sources, and with other revenues, like interest and general entitlements of \$7.48 million and \$6.49 million, respectively.

**LINCOLN UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE, continued**

**Schedule of Revenues for Governmental Functions**

	2025	Percent of Total	2024	Percent of Total
Program revenues				
Charges for services	\$ 32,234	0.02%	\$ 54,056	0.03%
Operating grants and contributions	38,486,509	21.54%	45,921,279	25.13%
Capital grants and contributions	141,776	0.08%	160,128	0.09%
General revenues				
Property taxes	32,407,422	18.14%	31,636,386	17.31%
Federal and state aid not restricted for specific purposes	100,098,798	56.03%	98,493,031	53.89%
Other	7,476,552	4.19%	6,488,678	3.55%
Total Revenues	\$ 178,643,291	100.00%	\$ 182,753,558	100.00%



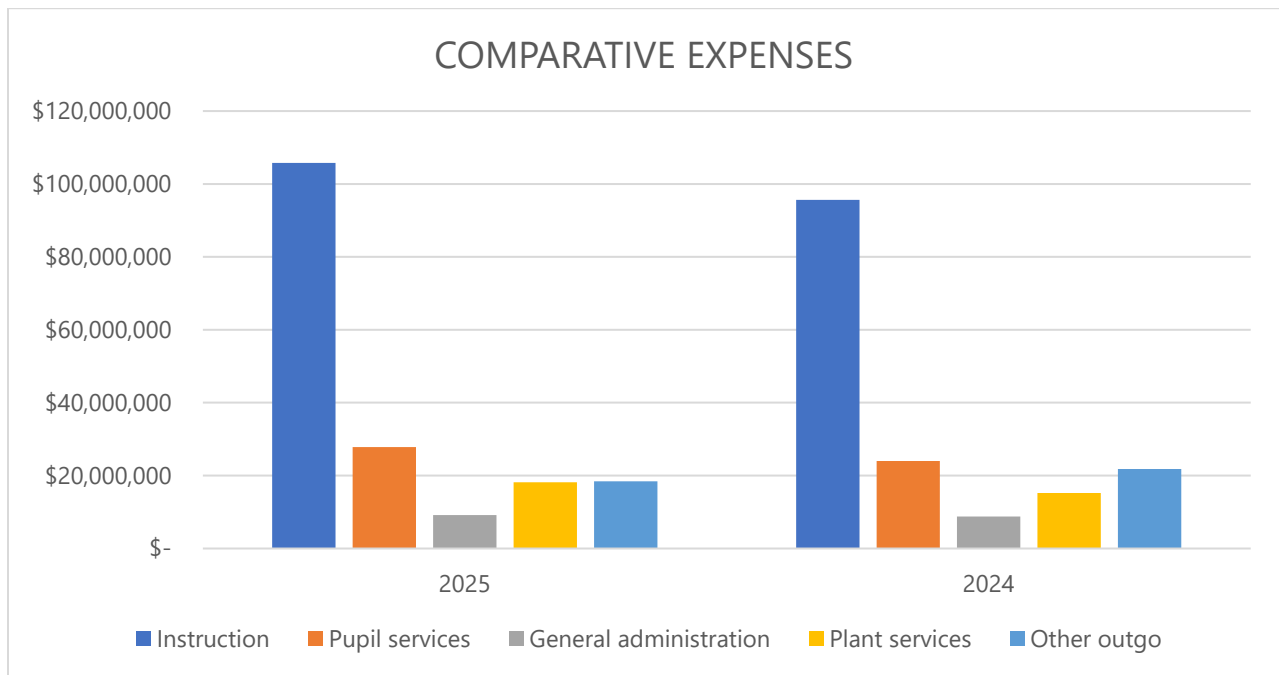
**LINCOLN UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE, continued**

**Schedule of Expenses for Governmental Functions**

	2025	Percent of Total	2024	Percent of Total
Instruction	\$ 105,790,475	59.01%	\$ 95,617,733	57.83%
Pupil services	27,810,083	15.51%	23,999,686	14.51%
General administration	9,141,136	5.10%	8,747,402	5.29%
Plant services	18,143,209	10.12%	15,218,123	9.20%
Other outgo	18,394,062	10.26%	21,773,739	13.17%
Total Expenses	\$ 179,278,965	100.00%	\$ 165,356,683	100.00%



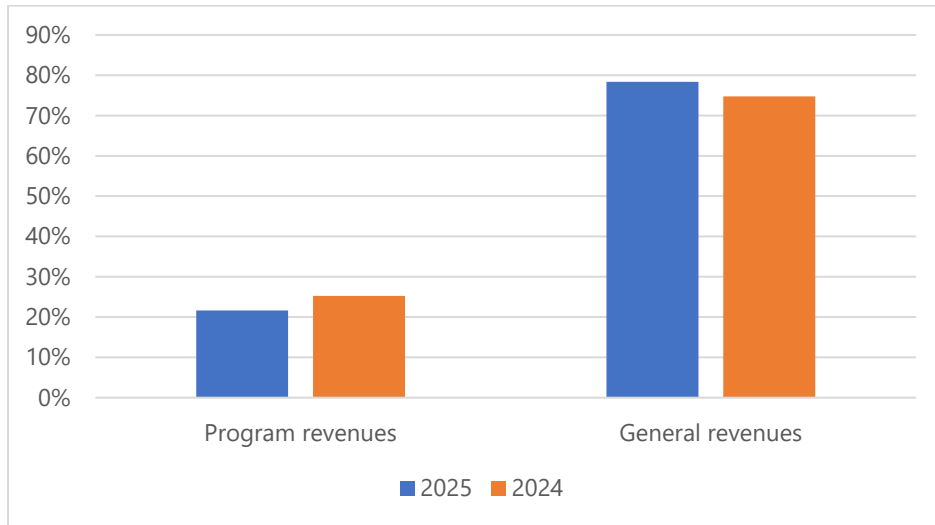
**LINCOLN UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE, continued**

**Schedule of Net Costs**

We have presented the net cost (total cost less revenues generated by the activities) of each of the District's five largest functions – instruction and instruction related, student support services, administration, maintenance and operations, and other. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

	Total Cost of Services		Net Cost of Services	
	2025	2024	2025	2024
Instruction	\$ 105,790,475	\$ 95,617,733	\$ 80,938,749	\$ 67,087,675
Pupil services	27,810,083	23,999,686	18,313,854	11,295,744
General administration	9,141,136	8,747,402	8,121,171	7,374,358
Plant services	18,143,209	15,218,123	17,543,177	14,010,658
Other outgo	18,394,062	21,773,739	15,701,495	19,452,785
<b>Total</b>	<b>\$ 179,278,965</b>	<b>\$ 165,356,683</b>	<b>\$ 140,618,446</b>	<b>\$ 119,221,220</b>



Program revenues financed approximately 22 percent of the total cost of providing the services listed above, while the remaining 78 percent was financed by the general revenues of the District.

**LINCOLN UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As the District completed the years ended June 30, 2025 and 2024, our governmental and proprietary funds reported a combined fund balance of \$109.27 million and \$119.46 million respectively. This is a decrease of \$10.20 million from the prior year.

	Balances and Activity			
	July 01, 2024	Revenues	Expenditures	June 30, 2025
<b>GOVERNMENTAL FUNDS</b>				
General Fund*	\$ 87,414,212	\$ 147,800,424	\$ 157,395,171	\$ 77,819,465
Student Activity Special Revenue Fund	486,377	348,183	309,846	524,714
Adult Education Fund	-	176,498	176,498	-
Deferred Maintenance Fund	7,788,606	3,457,232	5,212,950	6,032,888
Charter School Fund	3,866,677	6,026,788	6,127,292	3,766,173
Child Development Fund	1,437,554	2,862,443	2,562,878	1,737,119
Cafeteria Special Revenue Fund	2,931,518	7,082,486	7,411,036	2,602,968
Capital Facilities Fund	148,410	10,393	77,666	81,137
County School Facilities Fund	3,035,866	141,777	128,862	3,048,781
Capital Project for Blended Component Units Fund	1,920,622	659,972	44,552	2,536,042
Bond Interest and Redemption Fund	6,757,614	7,340,489	6,286,883	7,811,220
Debt Service for Blended Component Units Fund	1,825,774	3,106,586	3,293,874	1,638,486
Total	<u>\$ 117,613,230</u>	<u>\$ 179,013,271</u>	<u>\$ 189,027,508</u>	<u>\$ 107,598,993</u>
<b>PROPRIETARY FUND</b>				
Self-Insurance Fund	<u>\$ 1,847,985</u>	<u>\$ 1,050,853</u>	<u>\$ 1,232,165</u>	<u>\$ 1,666,673</u>

\*The General Fund includes the financial activities of the Fund 20 - Special Reserve Fund for Postemployment Benefits.

**General Fund Budgetary Highlights**

Throughout the year, the District revised its budget to accommodate unexpected changes in revenues and expenditures. The final revision of the 2024-25 budget was completed June 30, 2025. A schedule showing the District's original and final budget figures compared with amounts actually paid and received is provided in our annual report on page 74.

**LINCOLN UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets and Right-to-Use Assets**

At June 30, 2025 and 2024, the District reported \$141.87 million and \$143.77 million, respectively, in capital assets and right-to-use assets, net of accumulated depreciation and amortization. These assets include land, buildings and improvements, and furniture and equipment. The \$1.90 million net decrease in 2025 reflects the combined effect of current-year additions, disposals, and depreciation and amortization expense.

	Governmental Activities		
	2025	2024	Net Change
<b>CAPITAL ASSETS AND RIGHT-TO-USE ASSETS</b>			
Land	\$ 18,141,034	\$ 18,141,034	\$ -
Construction in progress	8,712,639	12,262,586	(3,549,947)
Land improvements	34,289,086	30,766,554	3,522,532
Buildings and improvements	221,513,916	215,203,667	6,310,249
Furniture and equipment	11,271,572	10,342,626	928,946
Accumulated depreciation	(152,655,095)	(143,606,506)	(9,048,589)
Right-to-use assets	937,796	937,796	-
Accumulated amortization	(342,742)	(280,222)	(62,520)
Total Capital Assets and Right-to-Use Assets, Net	\$ 141,868,206	\$ 143,767,535	\$ (1,899,329)

**Long-Term Liabilities**

At June 30, 2025 and 2024, the District had \$112.71 million and \$118.39 million, respectively, in long-term liabilities, a decrease of \$5.68 million. The bonds were issued for construction projects. Long-term liabilities consisted of:

	Governmental Activities		
	2025	2024	Net Change
<b>LONG-TERM LIABILITIES</b>			
General obligation bonds	\$ 51,563,123	\$ 55,833,226	\$ (4,270,103)
Unamortized debt premiums	4,675,678	5,311,437	(635,759)
Accreted interest on bonds*	31,114,546	28,789,744	2,324,802
Community facilities on bonds	9,511,568	11,571,568	(2,060,000)
Certificates of participation (COP)	6,135,000	6,900,000	(765,000)
Lease liability	828,997	851,757	(22,760)
Compensated absences*	8,883,679	9,130,450	(246,771)
Total long-term liabilities	112,712,591	118,388,182	(5,675,591)
Less: long-term liabilities, current portion	(10,473,670)	(8,543,868)	(1,929,802)
Long-term liabilities, non-current portion	\$ 102,238,921	\$ 109,844,314	\$ (7,605,393)

\*2024 balance as restated, see Note 16.

We present more detailed information regarding our long-term liabilities in Note 9 to the financial statements.

**LINCOLN UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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**SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2024-25 ARE NOTED BELOW:**

Lincoln Unified School District has successfully implemented another year of our Local Control and Accountability Plan (LCAP) which was originally adopted in June 2017. We met with stakeholders and developed a comprehensive plan which has been revised annually. Factors bearing on the district will continue to be enrollment and student attendance, which is key to the District's financial projections. The District's attendance has declined in recent years and this trend has continued. In addition, the increase to employer contributions to CalSTRS and CalPERS has continued and is an area of concern. The District has continued to budget for 1:1 technology for grades TK-12.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET ASSUMPTIONS**

The District used the following assumptions in constructing the 2025-26 fiscal budget. The information provided below is current as of July 1, 2025.

The following assumptions are represented in this year's budget.

- The Local Control Funding Formula (LCFF) increased due to a COLA of 2.30% generated an increase in revenues for the 2025-26 fiscal year budget. In addition, our unduplicated percentage increased for a total net increase in revenues of \$2,759,770.
- Salary projections include step and column and anticipated salary increases for all units of \$2,800,390.
- Special Education costs increased due to additional and necessary positions and costs associated with the required return of classes previously served through the SELPA. This includes an addition of two Speech and Language Teachers, an additional Resource teacher and a Transitional Kindergarten Special Day Class teacher. Our total contribution from unrestricted general fund to Special Education increased from \$15,603,972 in 23-24 to \$19,767,364 in the 2025-2026 budget.
- Continued increase of two additional professional development days for all certified staff in 2025-2026, and 2026-2027 funded with one-time learning loss funding.
- The net effect of gains and losses in certificated staffing FTE is an increase of two FTE.
- The reserve for economic uncertainties has been maintained at 3.2%.
- A transfer to Deferred Maintenance of \$2,500,000 to fund two new classrooms at Lincoln High School for summer 2026 construction.
- One-time funding is budgeted to fully expend prior to deadlines.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

The financial report is designed to provide our citizens, taxpayers, 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 District's Associate Superintendent, Business Services, Rebecca Hall, at Lincoln Unified School District, 2010 W. Swain Road, Stockton, California, 95207 or email at [rhall@lusd.net](mailto:rhall@lusd.net).

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## **FINANCIAL SECTION**

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**LINCOLN UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2025**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 113,459,080
Accounts receivable	8,692,657
Inventory	329,258
Lease receivable, current portion	32,951
Total Current Assets	<u>122,513,946</u>
Non-Current Assets	
Lease receivable, non-current portion	166,912
Capital assets, net	141,273,152
Right-to-use assets, net	595,054
Total Non-Current Assets	<u>142,035,118</u>
TOTAL ASSETS	<u>264,549,064</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to OPEB	896,326
Deferred outflows related to pensions	35,543,817
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>36,440,143</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 300,989,207</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accrued liabilities	\$ 12,291,631
Interest payable	902,109
Unearned revenue	982,386
Long-term debt, current portion	10,473,670
Total Current Liabilities	<u>24,649,796</u>
Non-Current Liabilities	
Net pension liability	94,883,398
Net OPEB liability	10,910,110
Long-term debt, non-current portion	102,238,921
Total Non-Current Liabilities	<u>208,032,429</u>
TOTAL LIABILITIES	<u>232,682,225</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to lease receivable	141,175
Deferred inflows related to OPEB	3,722,445
Deferred inflows related to pensions	7,795,595
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>11,659,215</u>
<b>NET POSITION</b>	
Net investment in capital assets	69,153,840
Restricted	
Educational programs	17,624,245
Debt service	9,449,706
Capital projects	6,742,817
Child nutrition	2,486,396
Student activity funds	497,253
Other restrictions	3,641,623
Unrestricted	(52,948,113)
TOTAL NET POSITION	<u>56,647,767</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 300,989,207</u>

The notes to financial statements are an integral part of this statement.

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

Function/Programs	Expenses	Program Revenues			Governmental Activities	Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
<b>Governmental Activities</b>						
Instruction	\$ 94,783,847	\$ 337	\$ 23,124,792	\$ 141,776	\$ (71,516,942)	
Instruction-related services						
Instructional supervision and administration	1,423,797	24	548,279	-	(875,494)	
Instructional library, media, and technology	1,330,307	-	19,135	-	(1,311,172)	
School site administration	8,252,524	16	1,017,367	-	(7,235,141)	
Pupil services						
Home-to-school transportation	3,215,882	-	637,925	-	(2,577,957)	
Food services	7,545,228	22,959	5,817,768	-	(1,704,501)	
All other pupil services	17,048,973	99	3,017,478	-	(14,031,396)	
General administration						
Centralized data processing	2,864,256	3	778	-	(2,863,475)	
All other general administration	6,276,880	750	1,018,434	-	(5,257,696)	
Plant services	18,143,209	139	599,893	-	(17,543,177)	
Ancillary services	1,463,541	573	508,286	-	(954,682)	
Community services	36,017	2	652	-	(35,363)	
Enterprise services	1,202,300	-	-	-	(1,202,300)	
Interest on long-term debt	4,146,482	-	-	-	(4,146,482)	
Other outgo	2,434,613	7,332	2,175,722	-	(251,559)	
Depreciation (unallocated)	9,048,589	-	-	-	(9,048,589)	
Amortization (unallocated)	62,520	-	-	-	(62,520)	
<b>Total</b>	<b>\$ 179,278,965</b>	<b>\$ 32,234</b>	<b>\$ 38,486,509</b>	<b>\$ 141,776</b>	<b>(140,618,446)</b>	
<b>General Revenues</b>						
Taxes and subventions						
Property taxes, levied for general purposes					21,357,606	
Property taxes, levied for debt service					7,137,595	
Property taxes, levied for other specific purposes					3,912,221	
Federal and state aid not restricted for specific purposes					100,098,798	
Interest and investment earnings					4,113,829	
Miscellaneous					2,320,024	
Special and extraordinary items					21,711	
Internal transfers					1,020,988	
<b>Total General Revenues</b>					<b>139,982,772</b>	
<b>CHANGE IN NET POSITION</b>					<b>(635,674)</b>	
<b>NET POSITION - BEGINNING</b>					<b>63,025,688</b>	
<b>PRIOR PERIOD ADJUSTMENTS (NOTE 16)</b>					<b>(5,742,247)</b>	
<b>NET POSITION - ENDING</b>					<b>\$ 56,647,767</b>	

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

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 81,610,177	\$ 30,320,928	\$ 111,931,105
Accounts receivable	6,867,522	1,807,989	8,675,511
Due from other funds	2,476,113	1,795,340	4,271,453
Inventory	185,225	144,033	329,258
Lease receivable	199,863	-	199,863
<b>Total Assets</b>	<b>\$ 91,338,900</b>	<b>\$ 34,068,290</b>	<b>\$ 125,407,190</b>
<b>LIABILITIES</b>			
Accrued liabilities	\$ 11,475,674	\$ 785,210	\$ 12,260,884
Due to other funds	1,183,815	3,239,937	4,423,752
Unearned revenue	718,771	263,615	982,386
<b>Total Liabilities</b>	<b>13,378,260</b>	<b>4,288,762</b>	<b>17,667,022</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to lease receivable	141,175	-	141,175
<b>Total Deferred Inflows of Resources</b>	<b>141,175</b>	<b>-</b>	<b>141,175</b>
<b>FUND BALANCES</b>			
Nonspendable	200,225	144,033	344,258
Restricted	19,625,600	20,816,440	40,442,040
Committed	22,915,000	-	22,915,000
Assigned	14,450,503	8,819,055	23,269,558
Unassigned	20,628,137	-	20,628,137
<b>Total Fund Balances</b>	<b>77,819,465</b>	<b>29,779,528</b>	<b>107,598,993</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 91,338,900</b>	<b>\$ 34,068,290</b>	<b>\$ 125,407,190</b>

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

Total Fund Balances - Governmental Funds \$ 107,598,993

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

Capital assets and right-to-use 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, and right-to-use assets and accumulated amortization:

Capital assets	\$ 293,928,247	
Accumulated depreciation	(152,655,095)	
Right-to-use assets	937,796	
Accumulated amortization	<u>(342,742)</u>	141,868,206

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 unmaturing interest owing at the end of the period was:

(902,109)

Long-term liabilities:

In governmental funds, only current liabilities are reported. In the government-wide statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

General obligation bonds	\$ 51,563,123	
Unamortized debt premiums	4,675,678	
Accreted interest on bonds	31,114,546	
Community facilities on bonds	9,511,568	
Certificates of participation (COP)	6,135,000	
Lease liability	828,997	
Compensated absences	8,883,679	
Net pension liability	94,883,398	
Net OPEB liability	<u>10,910,110</u>	(218,506,099)

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 government-wide the statement of net position, deferred outflows and inflows of resources relating to pensions are reported:

Deferred outflows related to pensions	\$ 35,543,817	
Deferred inflows related to pensions	<u>(7,795,595)</u>	27,748,222

Deferred outflows and inflows of resources relating to other postemployment benefits (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 government-wide statement of net position, deferred outflows and inflows of resources relating to OPEB are reported:

Deferred outflows related to OPEB	\$ 896,326	
Deferred inflows related to OPEB	<u>(3,722,445)</u>	(2,826,119)

Internal service fund:

An internal service fund is used by the District's management to charge the costs of the proprietary and liability insurance programs to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.

	<u>1,666,673</u>
Total Net Position - Governmental Activities	<u>\$ 56,647,767</u>

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

	Formerly Major Fund			Total Governmental Funds
	General Fund	Deferred Maintenance Fund	Non-Major Governmental Funds	
<b>REVENUES</b>				
LCCF sources	\$ 112,585,778	\$ -	\$ 5,577,345	\$ 118,163,123
Federal sources	6,477,049	-	4,446,159	10,923,208
Other state sources	18,579,852	-	5,942,771	24,522,623
Other local sources	10,157,745	-	12,604,089	22,761,834
Total Revenues	<u>147,800,424</u>	<u>-</u>	<u>28,570,364</u>	<u>176,370,788</u>
<b>EXPENDITURES</b>				
Current				
Instruction	91,638,059	-	5,812,268	97,450,327
Instruction-related services				
Instructional supervision and administration	1,143,987	-	318,430	1,462,417
Instructional library, media, and technology	1,274,503	-	65,496	1,339,999
School site administration	7,815,196	-	720,301	8,535,497
Pupil services				
Home-to-school transportation	3,204,126	-	7,878	3,212,004
Food services	348,628	-	7,190,687	7,539,315
All other pupil services	17,326,191	-	186,495	17,512,686
General administration				
Centralized data processing	2,840,522	-	19,866	2,860,388
All other general administration	4,958,101	-	1,593,797	6,551,898
Plant services				
Facilities acquisition and maintenance	18,720,021	-	328,655	19,048,676
Ancillary services	787,458	-	5,497,861	6,285,319
Community services	1,159,672	-	309,846	1,469,518
Transfers to other agencies	36,003	-	-	36,003
Transfers to other agencies	2,434,613	-	-	2,434,613
Debt service				
Principal	22,760	-	7,362,054	7,384,814
Interest and other	21,860	-	2,218,703	2,240,563
Total Expenditures	<u>153,731,700</u>	<u>-</u>	<u>31,632,337</u>	<u>185,364,037</u>
Excess/(Deficiency) of Revenues				
Over Expenditures	<u>(5,931,276)</u>	<u>-</u>	<u>(3,061,973)</u>	<u>(8,993,249)</u>
<b>OTHER FINANCING SOURCES/(USES)</b>				
Transfers in	-	-	2,642,483	2,642,483
Transfers out	(3,663,471)	-	-	(3,663,471)
Other Financing Sources/(Uses), Net	<u>(3,663,471)</u>	<u>-</u>	<u>2,642,483</u>	<u>(1,020,988)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(9,594,747)</u>	<u>-</u>	<u>(419,490)</u>	<u>(10,014,237)</u>
<b>FUND BALANCES - BEGINNING</b>				
Change with financial reporting entity (major to non-major fund)	87,414,212	7,788,606	23,104,581	118,307,399
Error correction	-	(7,788,606)	7,788,606	-
	-	-	(694,169)	(694,169)
<b>FUND BALANCES - BEGINNING, AS RESTATED</b>	<u>87,414,212</u>	<u>-</u>	<u>30,199,018</u>	<u>117,613,230</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 77,819,465</u>	<u>\$ -</u>	<u>\$ 29,779,528</u>	<u>\$ 107,598,993</u>

**LINCOLN 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 \$ (10,014,237)

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 and right-to-use assets are reported as expenditures in the period when the assets are acquired. In the government-wide statement of activities, costs of capital assets and right-to-use assets are allocated over their estimated useful lives and their lease terms as depreciation expense and amortization expense respectively. The difference between capital outlay expenditures and depreciation expense and amortization expense for the period is:

Expenditures for capital outlay	\$ 7,211,780	
Depreciation expense	(9,048,589)	
Amortization expense	(62,520)	(1,899,329)

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:

7,117,863

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:

50,075

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

(2,324,802)

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the government-wide statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was:

246,771

Pensions:

In government 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 actual employer contributions was:

6,050,381

Postemployment benefits other than pensions (OPEB):

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

(316,843)

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

635,759

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

(181,312)

Change in Net Position of Governmental Activities

\$ (635,674)

**LINCOLN UNIFIED SCHOOL DISTRICT  
 PROPRIETARY FUND  
 STATEMENT OF NET POSITION  
 JUNE 30, 2025**

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	Internal Service Fund
	<u>Self-Insurance Fund</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 1,527,975
Accounts receivable	17,146
Due from other funds	152,299
TOTAL ASSETS	<u>\$ 1,697,420</u>
LIABILITIES AND NET POSITION	
Current Liabilities	
Accrued liabilities	<u>\$ 30,747</u>
NET POSITION	
Unrestricted	<u>1,666,673</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,697,420</u>

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

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	Internal Service Fund
	<u>Self-Insurance Fund</u>
OPERATING REVENUES	
Local sources	\$ 29,865
Total Operating Revenues	<u>29,865</u>
OPERATING EXPENSES	
Services and other operating expenses	<u>1,232,165</u>
Total Operating Expenses	<u>1,232,165</u>
Income/(Loss) before Contributions and Transfers	<u>(1,202,300)</u>
CONTRIBUTIONS AND TRANSFERS	
Interfund transfer in	<u>1,020,988</u>
Operating Income/(Loss)	<u>(181,312)</u>
CHANGE IN NET POSITION	(181,312)
NET POSITION - BEGINNING	<u>1,847,985</u>
NET POSITION - ENDING	<u>\$ 1,666,673</u>

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

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	Internal Service Fund
	<u>Self-Insurance Fund</u>
Cash Flows from Operating Activities	
Cash received from grants and customers	\$ 16,537
Cash receipts for operating activities with other funds	2,374,508
Cash payments for other goods and services	<u>(1,201,418)</u>
Net Cash Provided by/(Used in) Operating Activities	<u>1,189,627</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	1,189,627
Cash and Cash Equivalents, Beginning of Year	<u>338,348</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,527,975</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used in) Operating Activities	
Operating Income/(Loss)	<u>\$ (181,312)</u>
Changes in Assets and Liabilities:	
Accounts receivable	(13,328)
Due from other funds	1,353,520
Accrued liabilities	<u>30,747</u>
Total Adjustments	<u>1,370,939</u>
Net Cash Flows From Operating Activities	<u>\$ 1,189,627</u>

**LINCOLN UNIFIED SCHOOL DISTRICT  
 FIDUCIARY FUND  
 STATEMENT OF NET POSITION  
 JUNE 30, 2025**

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	Trust Fund
	Scholarship
	Trust Fund
	<hr/>
ASSETS	
Cash and cash equivalents	\$ 459,347
TOTAL ASSETS	<hr/> 459,347 <hr/>
LIABILITIES	
Due to student groups and other agencies	459,347
TOTAL LIABILITIES	<hr/> \$ 459,347 <hr/>

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

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Reporting Entity**

The Lincoln Unified School District (the "District") was established on May 23, 1865 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades kindergarten through twelve as mandated by the State and/or Federal agencies. The District consists of eight elementary schools, one middle school, one high school, one alternative education high school and a dependent charter school.

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

**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's component units include John McCandless Charter School. For financial reporting purposes, the component units have a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and thus are included in the financial statements of the District.

The District and Community Facilities District No. 1 ("CFD") have a financial and operational relationship which meets the reporting entity definition criteria of the *Codification of Governmental Accounting and Financial Reporting Standards, Section 2100*, for inclusion of CFD as a blended component unit of the District. Therefore, the financial activities of CFD have been included in the financial statements of the District. The following are those aspects of the relationship between the District and CFD which satisfy *Codification of Governmental Accounting and Financial Reporting Standards, Section 2100* criteria:

Manifestations of Oversight

- CFD's Board of Directors were appointed by the District's Board of Trustees.
- CFD has no employees. The District's Superintendent functions as an agent of CFD. Neither individual received additional compensation for work performed in this capacity.
- The District exercises significant influence over operations of CFD as it is anticipated that the District will be the sole lessee of all facilities owned by CFD.

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

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Component Units, continued**

Accounting for Fiscal Matters

- All major financing arrangements, contracts, and other transactions of CFD must have the consent of the District.
- Any deficits incurred by CFD will be reflected in the lease payments of the District. Any surpluses of CFD revert to the District at the end of the lease period.
- It is anticipated that the District's lease payments will be the sole revenue source of CFD.
- The District has assumed a "moral obligation," and potentially a legal obligation, for any debt incurred by CFD.

Scope of Public Service and Financial Presentation

- CFD was created for the sole purpose of financially assisting the District.
- CFD is a non-profit, public benefit corporation incorporated under the laws of the State of California and recorded by the Secretary of State. CFD was formed to provide financing assistance to the District for construction and acquisition of major capital facilities. Upon completion the District intends to occupy all CFD facilities. When CFD's Certificates of Participation have been paid with state reimbursements and the District's developer fees, title of all CFD property will pass to the District for no additional consideration.
- CFD's financial activity is presented in the financial statements as the Debt Service for Blended Component Units Fund. Certificates of Participation issued by CFD are included in the government-wide financial statements.

**Other Related Entities**

**Public Entity Risk Pools and Joint Powers Authorities**

The District is associated with five public entity risk pools and one joint powers authorities. These organizations do not meet the criteria for inclusion as component units of the District. Additional information is presented in Note 15 to the financial statements. These organizations are:

- San Joaquin County Schools Workers' Compensation Insurance Group
- San Joaquin County Schools Property and Liability Insurance Group
- San Joaquin County Schools Data Processing Group
- Schools Association for Excess Liability Fund
- Northern California Regional Liability Excess Fund
- Central Valley Schools Health and Welfare Trust

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

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Basis of Presentation**

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

**Governmental Funds**

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

The following are the District's major and non-major governmental funds.

**Major Governmental Funds**

**General Fund:** The General Fund is the chief operating fund for all Districts. It is used to account for the ordinary operations of a District. All transactions except those required or permitted by law to be in another fund are accounted for in this fund.

The District operates a Special Reserve Fund for Postemployment Benefit. This fund may be used pursuant to *Education Code* Section 42840 to account for amounts has earmarked for the future cost of postemployment benefits but has not contributed irrevocably to a separate trust for the postemployment benefit plan. Amounts accumulated in this fund must be transferred back to the general fund for expenditure (*Education Code* Section 42842).

**Non-Major Governmental Funds**

**Special Revenue Funds:** The Special Revenue Funds are established to account for the proceeds from specific revenue sources (other than trusts or for major capital projects) that are restricted to the financing of particular activities. The District maintains the following special revenue funds:

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

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

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

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Non-Major Governmental Funds, continued**

**Special Revenue Funds, continued**

**Adult Education Fund:** This fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs (*Education Code* Sections 52616 and 52501.5).

**Child Development Fund:** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs (*Education Code* Sections 8200 and 8328).

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

**Deferred Maintenance Fund:** The Deferred Maintenance Fund is used to account separately for State apportionments and the District's contributions for deferred maintenance purposes (*Education Code* Sections 17582-17587) and for items of maintenance approved by the State Allocation Board.

**Capital Projects Funds:** The Capital Projects 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). The District maintains the following capital project funds:

**Capital Facilities Fund:** The Capital Facilities Fund is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).

**County School Facilities Fund:** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), 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.).

**Capital Project for Blended Component Units Fund:** The Capital Project for Blended Component Units Fund is used to account for capital projects financed by Mello-Roos Community Facilities District and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

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

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Non-Major Governmental Funds, continued**

**Debt Service Funds:** The 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:** The Bond Interest and Redemption Fund is used for the payment of bonds issued for a District (*Education Code* Sections 15125-15262).

**Debt Service for Blended Component Units Fund:** The Debt Service for Blended Component Units Fund is used to account for debt service purposes of the Community Facilities District.

**Proprietary Funds:** Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. The District applies all GASB pronouncements, as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Proprietary funds are classified as enterprise or internal service. The District has the following proprietary fund:

**Internal Service Fund:** Internal service funds may be used to account for any activity for which goods or services are provided to other funds of the District in return for a fee to cover the cost of operations. The District operates a property and liability self-insurance fund that is accounted for in an internal service fund.

**Fiduciary Funds:** Fiduciary funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The key distinction between trust and agency is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

**Agency Fund:** Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of result of operations. The District's agency fund accounts for scholarship trust fund.

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

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Basis of Accounting – Measurement Focus**

**Government-Wide Financial Statements:** The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District and its component units.

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identified the extent to which each governmental function is self-financing or draws from the general revenues of the District.

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

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

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

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

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Basis of Accounting – Measurement Focus, continued**

**Fund Financial Statements, continued**

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

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

**Revenues – Exchange and Non-Exchange Transactions:** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 90 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain gains, and other local sources. Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**Unearned Revenue:** Unearned 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 legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Certain grants received before the eligibility requirements are met 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.

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

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Basis of Accounting – Measurement Focus, continued**

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

**Cash and Cash Equivalents**

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

**Investments**

Investments held at June 30, 2025, 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 investment pool are determined by the program sponsor.

**Accounts Receivable**

Accounts receivable include amounts due from the Local Control Fund Formula (LCFF), Federal, State and/or local governments, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of charges for other services. The District does not provide for an allowance for uncollectible accounts as an estimation of amounts that may not be received. Accounts receivable at June 30, 2025 are deemed fully collectible.

**Inventory**

Inventories are recorded using the consumption method, in that inventory acquisitions are initially recorded in inventory (asset) accounts and are charged as expenditures when used. Reported inventories are equally offset by non-spendable fund balance which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets. The District's cafeteria inventory valuation is First-in-First-out (FIFO).

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

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Lease Receivable**

The District's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee's revenue. Any variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

**Right-to-Use Assets**

The District has recorded right-to-use assets as a result of implementing GASB 87. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

**Capital Assets and Depreciation**

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

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated.

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

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 15 years.

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

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Deferred Outflows/Inflows of Resources**

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

**Pensions**

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

**Interfund Balances (Due to/from)**

In the financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**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 governmental funds.

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

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

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Premiums and Discounts**

In the government-wide financial statements and in the proprietary fund type 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 amortized over the life of the bonds using the straight-line method.

**Compensated Absences**

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

GASB Statement No. 101 requires that liabilities for compensated absences be recognized for [1] leave that has not been used and [2] leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if [a] the leave is attributable to services already rendered, [b] the leave accumulates, and [c] the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

Flow Assumption: When determining the amounts due within one year for sick leave, accumulated sick leave as of June 30, 2025 is assumed to be used before future sick leave accruals (i.e. First In, First Out). The amount due within one year for vacation leave is based on the expected accumulated vacation leave to be cashed out upon the end of employment in the following year.

Under applicable California law, credit for unused sick leave is available at retirement. Classified employees retiring after January 1, 1999, receive 0.004 year of CalPERS service credit for each day of unused sick leave. Certificated employees receive CalSTRS service credit for unused sick leave, calculated by dividing unused sick days by the number of base service days required to complete the last school year, if employed full-time. This conversion to service credit is administered by the pension systems and does not create a direct financial liability of the District.

**Postemployment Benefits Other Than Pensions (OPEB)**

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

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

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Fund Balance Reporting**

The District reports fund balance within one of the following categories:

*Nonspendable* such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),

*Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resources providers, or through enabling legislation

*Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District Governing Board (the district's highest level of decision-making authority).

*Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

*Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

*Committed Fund Balance Policy* - For funds that are determined to fall within the "Committed Fund Balance" classification, the Governing Board, as the District's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken, such as a majority vote or resolution. These committed amounts cannot be used for any other purpose unless the Governing Board removes or changes the specific use through the same type of formal action taken to establish the commitment. Governing Board action to commit fund balance needs to occur within the fiscal reporting period, no later than June 30th; however, the amount can be determined with the release of the financial statements.

*Assigned Fund Balance Policy* - Amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. The District delegates the authority to assign amounts to be used for specific purposes to the Chief Business Official for the purpose of reporting these amounts in the financial statements.

*Minimum Fund Balance Policy*- The purpose of the District's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels because of temporary revenue shortfalls or unpredicted one-time expenditures.

The District has adopted a policy to achieve and maintain unrestricted fund balance in the General Fund of 3 percent of total General Fund expenditures, other uses and transfers out at the close of each fiscal year, consistent with the recommended level promulgated by the State of California.

*Order of Fund Balance Spending Policy* - For which amounts in any of the unrestricted fund balance classifications could be used, the District's policy is to apply expenditures in the following order: committed, assigned, and then unassigned.

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

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Fund Balance Reporting, continued**

First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Then any remaining fund balances amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balances for the non-general fund.

**Net Position**

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues include other local sources. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenues and expenses not meeting this definition such as interest revenue are reported as non-operating revenues and expenses.

**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 expenditures/expenses to the funds that initially paid for them are not presented in the financial statements.

**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.

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

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**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 1st 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. For purposes of the budget, on behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

**Property Tax**

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

**Adoption of New Accounting Standards**

The following GASB Pronouncements were adopted by the District during the year ended June 30, 2025:

**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. The financial impact of this Statement is reflected in Notes 9 and 16.

**GASB Statement No. 102** – In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with information about risks related to a government’s vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. A government should disclose in notes to financial statements the information if the following criteria have been met; (a) a concentration or constraint is known to the government prior to the issuance of the financial statements and makes the reporting unit vulnerable to the risk of a substantial impact, (b) an event or events associated with the concentration or constraint that could cause a 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. Management has determined that the adoption of this Statement did not have any material impact on the District’s financial statements.

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

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Upcoming GASB Pronouncements**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the District.

**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. This statement is effective for periods beginning after June 15, 2025.

**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. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*. This Statement also requires additional disclosures for capital assets held for sale. This statement is effective for periods beginning after June 15, 2025.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

**Summary of Cash and Cash Equivalents**

Cash and cash equivalents as of June 30, 2025, are classified in the accompanying financial statements as follows:

	Governmental Funds	Self-Insurance Fund	Governmental Activities	Fiduciary Fund
Cash in county treasury	\$ 111,417,852	\$ 1,527,975	\$ 112,945,827	\$ -
Cash on hand and in banks	498,253	-	498,253	459,347
Cash in revolving fund	15,000	-	15,000	-
Total	\$ 111,931,105	\$ 1,527,975	\$ 113,459,080	\$ 459,347

**Policies and Practices**

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

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

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**NOTE 2 – CASH AND CASH EQUIVALENTS, continued**

**Policies and Practices, continued**

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

**General Authorizations**

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

Authorized Investment Type	Maximum 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%	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

**Authorized Under Debt Agreements**

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California *Government Code*. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years.

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

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**NOTE 2 – CASH AND CASH EQUIVALENTS, continued**

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by primarily investing in the San Joaquin County Investment Pool.

**Fair Value Measurements**

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

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

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, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

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 reasonably 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 San Joaquin 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.

**Weighted Average Maturity**

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the District's portfolio is present in the following schedule:

<u>Investment Type:</u>	<u>Fair Value</u>	<u>Maturity</u>
San Joaquin County Investment Pool	\$ 112,945,827	707 Days

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

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**NOTE 2 – CASH AND CASH EQUIVALENTS, continued**

**Custodial Credit Risk – Deposits**

Custodial credit risk 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. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit).

The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public 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, \$839,305 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agency, but not in the name of the District.

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2025, consisted of intergovernmental grants, entitlements, interest and other local sources. All accounts receivable are considered collectible in full.

	General Fund	Non-Major Governmental Funds	Total Governmental Funds	Self-Insurance Fund	Total Governmental Activities
Federal Government					
Categorical aid	\$ 2,466,549	792,475	\$ 3,259,024	\$ -	\$ 3,259,024
State Government					
Categorical aid	2,006,815	314,907	2,321,722	-	2,321,722
Lottery	608,475	27,876	636,351	-	636,351
LCFF	4,149	-	4,149	-	4,149
Local Government					
Interest	711,386	243,087	954,473	17,146	971,619
Other local sources	1,070,148	429,644	1,499,792	-	1,499,792
Total	\$ 6,867,522	\$ 1,807,989	\$ 8,675,511	\$ 17,146	\$ 8,692,657

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

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**NOTE 4 – LEASE RECEIVABLE AND ARRANGEMENTS**

The District’s lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee’s revenue. Any variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Future deferred inflows on non-cancellable leases at June 30, 2025 are as follows:

Year Ending	June 30	Principal	Interest	Total
2026	\$	32,951	\$ 5,449	\$ 38,400
2027		33,953	4,447	38,400
2028		34,986	3,414	38,400
2029		36,050	2,350	38,400
2030		37,146	1,254	38,400
2031-2032		24,777	623	25,400
Total	\$	199,863	\$ 17,537	\$ 217,400

The District leases space on its campuses to cellular companies. In accordance with GASB 87, the District records lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective lease. The expected receipts are discounted using the District’s incremental borrowing rate. Any variable payments are excluded unless fixed in substance.

During the year ended June 30, 2025, the District recognized revenues related to these lease agreements totaling \$38,400. During the year ended June 30, 2025, the District does not have any lease revenue related to variable receipts that were not previously included in the measurement of the lease receivable.

The general terms of the lease agreements are as follows:

Lease Type	Number of Contracts	Average Rate	Lease Terms	Average Annual Lease Payments
Other - Cell Towers	3	3.00%	09/01/1996 - 05/01/2032	\$ 38,400

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

**NOTE 5 – CAPITAL ASSETS AND RIGHT-TO-USE ASSETS**

Capital assets and right-to-use assets activity for the fiscal year ended June 30, 2025, was as follows

	Balance July 01, 2024	Additions	Deductions	Balance June 30, 2025
Capital Assets not Being Depreciated				
Land	\$ 18,141,034	\$ -	\$ -	\$ 18,141,034
Construction in progress	12,262,586	7,940,173	11,490,120	8,712,639
Total Capital Assets not Being Depreciated	<u>30,403,620</u>	<u>7,940,173</u>	<u>11,490,120</u>	<u>26,853,673</u>
Capital Assets Being Depreciated				
Land improvements	30,766,554	3,522,532	-	34,289,086
Buildings and improvements	215,203,667	6,310,249	-	221,513,916
Furniture and equipment	10,342,626	928,946	-	11,271,572
Total Capital Assets Being Depreciated	<u>256,312,847</u>	<u>10,761,727</u>	<u>-</u>	<u>267,074,574</u>
Total Capital Assets	<u>286,716,467</u>	<u>18,701,900</u>	<u>11,490,120</u>	<u>293,928,247</u>
Less: Accumulated Depreciation				
Land improvements	13,909,744	6,928,164	-	20,837,908
Buildings and improvements	122,858,540	1,478,752	-	124,337,292
Furniture and equipment	6,838,222	641,673	-	7,479,895
Total Accumulated Depreciation	<u>143,606,506</u>	<u>9,048,589</u>	<u>-</u>	<u>152,655,095</u>
Capital Assets, Net	<u>143,109,961</u>	<u>9,653,311</u>	<u>11,490,120</u>	<u>141,273,152</u>
Right-to-use assets				
Leased - others	937,796	-	-	937,796
Total Right-to-Use Assets	<u>937,796</u>	<u>-</u>	<u>-</u>	<u>937,796</u>
Less: Accumulated Amortization				
Leased - others	280,222	62,520	-	342,742
Total Accumulated Amortization	<u>280,222</u>	<u>62,520</u>	<u>-</u>	<u>342,742</u>
Right-to-Use Assets, Net	<u>657,574</u>	<u>(62,520)</u>	<u>-</u>	<u>595,054</u>
Capital Assets and Right-to-Use Assets, Net	<u>\$ 143,767,535</u>	<u>\$ 9,590,791</u>	<u>\$ 11,490,120</u>	<u>\$ 141,868,206</u>

Depreciation and amortization expenses of \$9,048,589 and \$62,520, respectively, were reported as an unallocated expenses within governmental functions.

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

**NOTE 6 – INTERFUND TRANSACTIONS**

**Interfund Receivables/Payables (Due To/Due From)**

Interfund receivable and payable balances for the year ended June 30, 2025 consisted of the following:

Payable Fund	Receivable Fund			
	General Fund	Non-Major Governmental Funds		Total
		Self-Insurance Fund		
General Fund	\$ -	\$ 1,031,516	\$ 152,299	\$ 1,183,815
Non-Major Governmental Funds	2,476,113	763,824	-	3,239,937
Total	\$ 2,476,113	\$ 1,795,340	\$ 152,299	\$ 4,423,752

**Operating Transfers**

Interfund transfers for the year ended June 30, 2025 consisted of the following:

Interfund Transfer Out	Interfund Transfer In		
	Non-Major Governmental Funds		Total
	Self-Insurance Fund		
General Fund	\$ 2,642,483	\$ 1,020,988	\$ 3,663,471
Total	\$ 2,642,483	\$ 1,020,988	\$ 3,663,471

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**NOTE 7 – ACCRUED LIABILITIES**

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

	General Fund	Non-Major	Total	Self-Insurance	Total
		Governmental Funds	Governmental Funds	Fund	Governmental Activities
Payroll and related	\$ 3,351,436	\$ 98,715	\$ 3,450,151	\$ -	\$ 3,450,151
Vendors payable	8,124,238	686,495	8,810,733	30,747	8,841,480
Total	\$ 11,475,674	\$ 785,210	\$ 12,260,884	\$ 30,747	\$ 12,291,631

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

**NOTE 8 – UNEARNED REVENUE**

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

	General Fund	Non-Major Governmental Funds	Total Governmental
Federal Government			
Categorical aid	\$ 11,926	\$ -	\$ 11,926
State Government			
Other state sources	706,845	263,615	970,460
Total	<u>\$ 718,771</u>	<u>\$ 263,615</u>	<u>\$ 982,386</u>

**NOTE 9 – LONG-TERM LIABILITIES**

**Summary**

The changes in the District's long-term liabilities during the year consisted of the following:

	Balance July 01, 2024	Adjustments (Note 17)	Adjusted Balance July 01, 2024	Additions	Deductions	Balance June 30, 2025	Due in One Year
Governmental Activities							
General obligation bonds	\$ 55,833,226	\$ -	\$ 55,833,226	\$ -	\$ 4,270,103	\$ 51,563,123	\$ 4,268,982
Unamortized premiums	5,311,437	-	5,311,437	-	635,759	4,675,678	621,275
Accreted interest on bonds	32,457,629	(3,667,885)	28,789,744	2,591,753	266,951	31,114,546	2,171,685
Community facilities on bonds	11,571,568	-	11,571,568	-	2,060,000	9,511,568	942,148
Certificates of participation (COP)	6,900,000	-	6,900,000	-	765,000	6,135,000	795,000
Lease liability	851,757	-	851,757	-	22,760	828,997	23,824
Compensated absences	414,487	8,715,963	9,130,450	-	246,771	8,883,679	1,650,756
Net pension liability	101,045,816	-	101,045,816	-	6,162,418	94,883,398	-
Net OPEB liability	13,484,186	-	13,484,186	-	2,574,076	10,910,110	-
Total	<u>\$ 227,870,106</u>	<u>\$ 5,048,078</u>	<u>\$ 232,918,184</u>	<u>\$ 2,591,753</u>	<u>\$ 17,003,838</u>	<u>\$ 218,506,099</u>	<u>\$ 10,473,670</u>

Payments on the general obligation bonds are made by the bond interest and redemption fund from local property tax revenues. Payments on the certificates of participation are made by the debt service for blended component units fund. The compensated absences are paid for by the funds for which the employees worked.

**General Obligation Bonds**

The outstanding general obligation bonded debt is as follows:

Series	July 01, 2024	Additions	Deductions	June 30, 2025	Due within one year
Series 2005	\$ 1,969,380	\$ -	\$ -	\$ 1,969,380	\$ -
Series 2006	4,888,292	-	-	4,888,292	480,769
Series 2007	2,256,411	-	126,856	2,129,555	128,966
Series 2008	1,770,019	-	94,247	1,675,772	94,247
Series 2012A	567,124	-	-	567,124	-
Series 2012A1	3,665,000	-	300,000	3,365,000	305,000
Series 2012B	320,000	-	320,000	-	-
Series 2012C	17,420,000	-	350,000	17,070,000	410,000
Series 2013 Refunding	7,295,000	-	2,215,000	5,080,000	2,430,000
Series 2018 Refunding 1	512,000	-	512,000	-	-
Series 2018 Refunding 2	490,000	-	42,000	448,000	5,000
Series 2024 Refunding	14,680,000	-	310,000	14,370,000	415,000
Total	<u>\$ 55,833,226</u>	<u>\$ -</u>	<u>\$ 4,270,103</u>	<u>\$ 51,563,123</u>	<u>\$ 4,268,982</u>

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

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**NOTE 9 – LONG-TERM LIABILITIES, continued**

**General Obligation Bonds, continued**

**Series 2005**

On February 16, 2005, the District issued General Obligation Bonds totaling \$29,999,379. These serial bonds with interest rates from 3.00% to 6.75% were scheduled to mature in varying amounts through August 2029. With the issuance of the 2013 Refunding Bonds, \$22,615,000 of the 2005 bonds outstanding at June 30, 2013 was considered defeased.

Year Ending June 30,	Principal	Accreted Interest	Total
2026	\$ -	\$ -	\$ -
2027	-	-	-
2028	675,343	2,319,657	2,995,000
2029	656,241	2,453,759	3,110,000
2030	637,796	2,592,204	3,230,000
Accretion	5,636,702	(5,636,702)	-
Total	\$ 7,606,082	\$ 1,728,918	\$ 9,335,000

**Series 2006**

On October 25, 2006, the District issued General Obligation Bonds totaling \$12,863,292. These serial bonds with interest rates from 4.00% to 6.82% mature in varying amounts through August 2031.

Year Ending June 30,	Principal	Accreted Interest	Total
2026	\$ 480,769	\$ 669,231	\$ 1,150,000
2027	480,987	729,013	1,210,000
2028	476,053	783,947	1,260,000
2029	473,841	846,159	1,320,000
2030	472,174	912,826	1,385,000
2031-2032	2,504,468	7,290,532	9,795,000
Accretion	7,925,050	(7,925,050)	-
Total	\$ 12,813,342	\$ 3,306,658	\$ 16,120,000

**Series 2007**

On August 17, 2007, the District issued General Obligation Bonds totaling \$4,507,885. These serial bonds with interest rates from 3.95% to 5.72% mature in varying amounts through August 2032.

Year Ending June 30,	Principal	Accreted Interest	Total
2026	\$ 128,966	\$ 176,034	\$ 305,000
2027	130,497	194,503	325,000
2028	133,402	216,598	350,000
2029	133,810	236,190	370,000
2030	135,497	259,503	395,000
2031-2033	1,467,383	4,257,617	5,725,000
Accretion	3,360,059	(3,360,059)	-
Total	\$ 5,489,614	\$ 1,980,386	\$ 7,470,000

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

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**NOTE 9 – LONG-TERM LIABILITIES, continued**

**General Obligation Bonds, continued**

**Series 2008**

On March 14, 2008, the District issued General Obligation Bonds totaling \$2,625,860. These serial bonds mature in varying amounts through February 2033 with interest rates from 5.75% to 6.30%. With this issuance, all Measure P General Obligation Bond funds authorized have been issued.

Year Ending June 30,	Principal	Accreted Interest	Total
2026	\$ 94,247	\$ 118,568	\$ 212,815
2027	94,247	128,797	223,044
2028	92,323	136,670	228,993
2029	94,247	150,753	245,000
2030	89,235	160,040	249,275
2031-2033	1,211,473	2,732,653	3,944,126
Accretion	2,154,207	(2,154,207)	-
Total	\$ 3,829,979	\$ 1,273,274	\$ 5,103,253

**Series 2012A**

On February 1, 2012, the District issued General Obligation Bonds totaling \$9,297,123. These serial bonds with interest rates from 2.50% to 5.39% mature in varying amounts through August 2034.

Series 2012A:

Year Ending June 30,	Principal	Accreted Interest	Total
2026	\$ -	\$ -	\$ -
2027	15,357	14,643	30,000
2028	28,974	31,026	60,000
2029	40,944	49,056	90,000
2030	51,444	68,556	120,000
2031-2035	430,405	794,595	1,225,000
Accretion	529,152	(529,152)	-
Total	\$ 1,096,276	\$ 428,724	\$ 1,525,000

Series 2012A1:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 305,000	\$ 164,742	\$ 469,742
2027	310,000	150,480	460,480
2028	320,000	135,871	455,871
2029	325,000	119,860	444,860
2030	330,000	102,549	432,549
2031-2035	1,775,000	238,795	2,013,795
Total	\$ 3,365,000	\$ 912,297	\$ 4,277,297

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

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**NOTE 9 – LONG-TERM LIABILITIES, continued**

**General Obligation Bonds, continued**

**Series 2012B**

On April 1, 2014, the District issued General Obligation Bonds totaling \$14,000,000. These serial bonds with interest rates from 4.00% to 5.00% mature in varying amounts through August 2038. In FY 2024-25. The final payment of \$320,000 was made during fiscal year 2024-25.

**Series 2013 Refunding**

On February 1, 2013, the District issued \$21,445,000 of General Obligation Refunding Bonds to refund a portion, \$22,615,000, of the District's outstanding Election of 2004, Series 2005 bonds and to pay costs of issuing the Refunding Bonds. The bonds mature in varying amounts through August 2026 with interest rates from 2.0% to 5.0%.

Year Ending June 30,	Principal	Interest	Total
2026	\$ 2,430,000	\$ 140,250	\$ 2,570,250
2027	2,650,000	39,750	2,689,750
Total	\$ 5,080,000	\$ 180,000	\$ 5,260,000

**Series 2012C**

On July 21, 2015, the District issued \$18,460,000 of General Obligation Bonds to finance the acquisition and construction of school facilities project in the District. These Election Bonds of 2012 Series C has an interest rate from 2.00% to 5.00% and matures in varying amounts through August 2039.

Year Ending June 30,	Principal	Interest	Total
2026	\$ 410,000	\$ 728,525	\$ 1,138,525
2027	465,000	706,650	1,171,650
2028	535,000	681,650	1,216,650
2029	610,000	658,363	1,268,363
2030	680,000	631,450	1,311,450
2031-2035	4,690,000	2,614,275	7,304,275
2036-2040	9,680,000	1,272,850	10,952,850
Total	\$ 17,070,000	\$ 7,293,763	\$ 24,363,763

**Series 2018**

On February 28, 2018, the District issued \$6,636,000 of General Obligation Refunding Bonds to refund the outstanding maturities of the Lincoln Unified School District General Obligation Bonds Election of 2004, Series 2006, maturing August 1, 2018 through August 1, 2024, in the aggregate principal amount of \$6,505,000. The Bonds shall mature on August 1, 2032 and bear interest at a rate of 2.56%.

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

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**NOTE 9 – LONG-TERM LIABILITIES, continued**

**General Obligation Bonds, continued**

**Series 2018, continued**

Series 2018 Refunding 1: The final payment of \$512,000 was made during fiscal year 2024-25.

Series 2018 Refunding 2:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 5,000	\$ 13,723	\$ 18,723
2027	5,000	13,569	18,569
2028	5,000	13,416	18,416
2029	4,000	13,262	17,262
2030	5,000	13,124	18,124
2031-2033	424,000	28,981	452,981
Total	\$ 448,000	\$ 96,075	\$ 544,075

**Series 2024 Refunding**

On February 21, 2024, the District issued \$14,680,000 of 2024 General Obligation Refunding Bonds to refinance the District's General Obligation Bonds Election of 2012, Series A, maturing on August 1, 2024 through August 1, 2037, and the District's General Obligation Bonds Election of 2012, Series B, maturing on August 1, 2025 through August 1, 2038, and to pay costs of issuance. The Bonds shall mature on August 1, 2038 and bear interest at a rate of 5.00%.

Year Ending June 30,	Principal	Interest	Total
2026	\$ 415,000	\$ 718,500	\$ 1,133,500
2027	460,000	697,750	1,157,750
2028	500,000	674,750	1,174,750
2029	555,000	649,750	1,204,750
2030	610,000	622,000	1,232,000
2031-2035	3,905,000	2,603,500	6,508,500
2036-2039	7,925,000	989,500	8,914,500
Total	\$ 14,370,000	\$ 6,955,750	\$ 21,325,750

**Community Facilities Bond**

The outstanding Community Facilities bonded debt is as follows:

Community Facilities Bonds	July 1, 2024	Additions	Deductions	June 30, 2025	Due within one year
2005 Special Tax Bond	\$ 6,460,815	\$ -	\$ -	\$ 6,460,815	\$ 722,148
2007 Special Tax Bond	145,753	-	-	145,753	-
2017 Special Tax Bond	4,965,000	-	2,060,000	2,905,000	220,000
Total	\$ 11,571,568	\$ -	\$ 2,060,000	\$ 9,511,568	\$ 942,148

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

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**NOTE 9 – LONG-TERM LIABILITIES, continued**

**Community Facilities Bond, continued**

**2005 Special Tax Bond**

On December 16, 2005, the District issued \$14,995,814 in Special Tax Bonds with interest rates ranging from 3.25% to 5.31%.

Year Ending June 30,	Principal	Interest	Total
2026	\$ 722,148	\$ 1,207,852	\$ 1,930,000
2027	682,815	1,247,185	1,930,000
2028	646,909	1,288,091	1,935,000
2029	609,359	1,320,641	1,930,000
2030	575,159	1,354,841	1,930,000
2031-2035	2,426,856	7,228,144	9,655,000
2036-2037	797,569	3,072,431	3,870,000
Accretion	10,950,110	(10,950,110)	-
Total	\$ 17,410,925	\$ 5,769,075	\$ 23,180,000

**2007 Special Tax Bond**

On September 1, 2007, the District issued \$4,890,753 in Special Tax Bonds with interest rates ranging from 3.95% to 5.72%.

Year Ending June 30,	Principal	Interest	Total
2026	\$ -	\$ -	\$ -
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030	-	-	-
2031-2035	-	-	-
2036-2038	145,753	1,999,247	2,145,000
Accretion	559,266	(559,266)	-
Total	\$ 705,019	\$ 1,439,981	\$ 2,145,000

**2017 Special Tax Bond**

On December 20, 2016, The District issued \$16,615,000 in Special Tax Refunding Bonds with interest rates ranging from 2.00% to 5.00%.

Year Ending June 30,	Principal	Interest	Total
2026	\$ 220,000	\$ 119,319	\$ 339,319
2027	225,000	108,194	333,194
2028	230,000	99,119	329,119
2029	240,000	89,669	329,669
2030	250,000	77,419	327,419
2031-2035	1,425,000	209,854	1,634,854
2036	315,000	6,300	321,300
Total	\$ 2,905,000	\$ 709,874	\$ 3,614,874

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

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**NOTE 9 – LONG-TERM LIABILITIES, continued**

**Certificates of Participation**

The outstanding Certificates of Participation debt is as follows:

Certificates of participation	July 1, 2024	Additions	Deductions	June 30, 2025	Due within one year
2016 COPs	\$ 1,175,000	\$ -	\$ 460,000	\$ 715,000	\$ 480,000
2019 COPs	5,725,000	-	305,000	5,420,000	315,000
Total	\$ 6,900,000	\$ -	\$ 765,000	\$ 6,135,000	\$ 795,000

**2016 COPs**

On December 20, 2016, the District issued Certificates of Participation in the amount of \$3,680,000 with interest rate ranging from 2.00% to 5.00%. The net proceeds of the Certificates will be used to prepay the District's lease payment obligations under a lease agreement dated as of April 1, 2005, fund certain capital facilities of the District and purchase a municipal bond insurance policy and a reserve fund insurance policy for the Certificates, as well as any costs incurred in connection with the execution and delivery of the Certificates.

Year Ending June 30,	Principal	Interest	Total
2026	\$ 480,000	\$ 23,750	\$ 503,750
2027	235,000	5,875	240,875
Total	\$ 715,000	\$ 29,625	\$ 744,625

**2019 COPs**

On November 6, 2019, the District issued Certificates of Participation in the amount of \$6,340,000 with interest rate ranging from 2.00% to 5.00%. The net proceeds of the Certificates will be applied to finance capital facility improvement projects in the District.

Year Ending June 30,	Principal	Interest	Total
2026	\$ 315,000	\$ 234,650	\$ 549,650
2027	330,000	221,750	551,750
2028	340,000	208,350	548,350
2029	355,000	192,675	547,675
2030	375,000	174,425	549,425
2031-2035	2,160,000	568,375	2,728,375
2036-2038	1,545,000	94,300	1,639,300
Total	\$ 5,420,000	\$ 1,694,525	\$ 7,114,525

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

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**NOTE 9 – LONG-TERM LIABILITIES, continued**

**Leases**

The District has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The general terms are as follows:

Lease Type	Number of Contracts	Average Rate	Lease Terms	Average Annual Lease Payments
Parking lots	2	3.00%	7/15/2016 - 06/30/2051	\$ 43,916

Future minimum lease payments on noncancellable leases at June 30, 2025 are as follows:

Year Ending June 30	Principal	Interest	Total
2026	\$ 23,824	\$ 21,163	\$ 44,987
2027	24,928	21,933	46,861
2028	26,076	21,169	47,245
2029	27,268	20,371	47,639
2030	28,506	19,536	48,042
2031-2035	162,846	90,079	252,925
2036-2040	201,765	71,062	272,827
2041-2045	150,696	51,598	202,294
2046-2050	150,243	39,376	189,619
2051	32,845	5,027	37,872
Total	\$ 828,997	\$ 361,314	\$ 1,190,311

**Compensated Absences**

The liability for compensated absences reported in the government-wide financial statements consists of unused vacation and sick leave that is expected to be used in future periods or paid upon termination, in accordance with employee collective bargaining agreements and District policy.

At June 30, 2025, the liability recorded for compensated absences was \$8,883,679.

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

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**NOTE 10 – FUND BALANCES**

Fund balances with reservations and designations are comprised of the following elements:

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable			
Revolving cash	\$ 15,000	\$ -	\$ 15,000
Stores inventory	185,225	144,033	329,258
Total nonspendable	<u>200,225</u>	<u>144,033</u>	<u>344,258</u>
Restricted			
Educational programs	14,926,979	2,697,266	17,624,245
Debt service	-	9,449,706	9,449,706
Capital projects	1,076,857	5,665,960	6,742,817
Child nutrition	-	2,486,396	2,486,396
Student activity funds	-	497,253	497,253
Other restrictions	3,621,764	19,859	3,641,623
Total restricted	<u>19,625,600</u>	<u>20,816,440</u>	<u>40,442,040</u>
Committed			
Other commitments	22,915,000	-	22,915,000
Total committed	<u>22,915,000</u>	<u>-</u>	<u>22,915,000</u>
Assigned			
Deferred maintenance	-	6,032,888	6,032,888
Other postemployment benefits	14,450,503	-	14,450,503
Other assignments	-	2,786,167	2,786,167
Total assigned	<u>14,450,503</u>	<u>8,819,055</u>	<u>23,269,558</u>
Unassigned			
Reserve for economic uncertainties	5,036,644	-	5,036,644
Remaining unassigned	15,591,493	-	15,591,493
Total unassigned	<u>20,628,137</u>	<u>-</u>	<u>20,628,137</u>
Total Fund Balance	<u>\$ 77,819,465</u>	<u>\$ 29,779,528</u>	<u>\$ 107,598,993</u>

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

**NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (RETIREE HEALTH CARE)**

**Net Other Post Employment Benefit (OPEB) Liability/(Asset)**

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

OPEB Plan	Net OPEB Liability/(Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense/(Benefit)
District Plan	\$ 10,595,904	\$ 896,326	\$ 3,722,445	\$ 359,915
MPP Program	314,206	-	-	(43,072)
Total	\$ 10,910,110	\$ 896,326	\$ 3,722,445	\$ 316,843

The details of each plan are as follows:

**District Plan**

**Plan Description and Contribution**

The Postemployment Benefit Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the Lincoln Unified School District. The Plan provides medical, dental and vision insurance benefits to eligible retirees. These benefits are offered as a package through California's Valued Trust (CVT). No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

The contribution requirements of plan members and the District are established and may be amended by the District, the District's bargaining units and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through agreements between the District, the District's bargaining units and unrepresented groups.

**Benefits Provided**

Retirees' spouses and eligible dependent children may be covered under the medical/Rx plans; however, the present level of the District caps relative to the premiums results in de facto retiree-only coverage. The same comment holds true for dental and vision coverage. Retirees pay the difference between the total premium and the District cap if they elect to cover dependents under the plan.

	Certificated	Classified	Management Confidential Supervisory
Benefit types provided	Medical, dental and vision	Medical, dental and vision	Medical, dental and vision
Duration of Benefits	To Age 65	To Age 65	To Age 65
Required Service	10 years*	20 years	10 years*
Minimum Age	55	55	55
Dependent Coverage	Yes	Yes	Yes
District Contribution %	100%	100%	100%
District Cap	\$1,000/month	\$1,000/month	\$1,000/month

\*15 years if hired after July 1, 2007

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

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**NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (RETIREE HEALTH CARE), continued**

**District Plan, continued**

**Employees Covered by Benefit Terms**

At June 30, 2024 valuation date, the following employees were covered by the benefit terms:

	Number of Participants
Inactive Employees Receiving Benefits	30
Active Employees	857
Total	<u>887</u>

**Net OPEB Liability/(Asset)**

The District’s net OPEB liability of \$10,595,904 for the Plan was measured as of June 30, 2025 and was determined by an actuarial valuation as of June 30, 2024. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

**Actuarial Assumptions**

Valuation date	June 30, 2024
Measurement date	June 30, 2025
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry Age, Level Percent of Pay
Inflation rate	2.50%
Discount rate	5.20%
Salary increase	3.00%
Healthcare cost trend rate	7.00 percent for 2025 decreasing to 5.40 percent for 2029, 5.25 percent for 2030-2034, 4.60 percent for 2035-2049, 4.50 percent for 2050-2064, 4.25 percent for 2065-2074, and 4.00 percent for 2075 and later years; Medicare ages: 4.50 percent for 2025-2064, 4.25 percent for 2065-2074, and 4.00 percent for 2075 and later years.
Preretirement Mortality	Certificated - Mortality Rates for active employees from CalSTRS Experience Analysis (2015-2018). Classified - Preretirement Mortality Rates from CalPERS Experience Study (2000-2019).
Postretirement Mortality	Certificated - Mortality Rates for retired members and beneficiaries from CalSTRS Experience Analysis (2015-2018). Classified - Post-retirement Mortality Rates for Healthy Recipients from CalPERS Experience Study (2000-2019).

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

**NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (RETIREE HEALTH CARE), continued**

**District Plan, continued**

The discount rate is based on the Bond Buyer 20-Bond GO Bond Index.

Actuarial assumptions used in the June 30, 2024 valuation were based on a review of plan experience during the period July 1, 2022 to June 30, 2024.

**Changes in the Net OPEB Liability/(Asset)**

	Increase/(Decrease)		
	Total OPEB Liability	Total Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance July 1, 2024	\$ 13,126,908	\$ -	\$ 13,126,908
Changes for the year:			
Service cost	667,005	-	667,005
Interest	453,225	-	453,225
Employer contributions	-	570,781	(570,781)
Difference between expected and actual experience	(1,568,262)	-	(1,568,262)
Changes of assumptions	(1,512,191)	-	(1,512,191)
Expected benefit payments <sup>1</sup>	(570,781)	(570,781)	-
Net change	(2,531,004)	-	(2,531,004)
Balance June 30, 2025	\$ 10,595,904	\$ -	\$ 10,595,904

<sup>1</sup> Includes \$439,773 of pay-as-you-go contributions made from sources outside of trust, plus an implicit subsidy amount of \$131,008.

**Sensitivity of the District's Net OPEB Liability/(Asset) to Changes in the Discount Rate**

The following presents the District's net OPEB liability/(asset) calculated using the discount rate of 5.20%, as well as what the District's net OPEB liability(asset) would be if there were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

	Current		
	1% Decrease (4.20%)	Discount Rate (5.20%)	1% Increase (6.20%)
Net OPEB liability/(asset)	\$11,392,497	\$10,595,904	\$9,843,319

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

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**NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (RETIREE HEALTH CARE), continued**

**District Plan, continued**

**Sensitivity of the District’s Net OPEB Liability/(Asset) to Healthcare Cost Trend Rate**

The following presents the District’s proportionate share of the net OPEB liability/(asset) calculated using assumed trend rates, as well as what the District’s proportionate share of net OPEB liability/(asset) would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease (6.00%)	Current Healthcare Cost Trend Rate (7.00%)	1% Increase (8.00%)
Net OPEB liability/(asset)	\$9,397,610	\$10,595,904	\$12,008,226

**OPEB Expense/(Benefit), and Deferred Outflows and Inflows of Resources Related to OPEB**

For the year ended June 30, 2025, the District recognized OPEB expense of \$359,915. At June 30, 2025, the District reported the following deferred outflows of resources and deferred inflows of resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 212,396	\$ 1,435,843
Change of assumptions	683,930	2,286,602
Total	\$ 896,326	\$ 3,722,445

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense/(benefit) as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ (189,534)
2027	(205,079)
2028	(369,584)
2029	(406,403)
2030	(406,630)
Thereafter	(1,248,889)
Total	\$ (2,826,119)

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

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**NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (RETIREE HEALTH CARE), continued**

**Medicare Premium Payment (MPP) Program**

**Plan Description**

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2024 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

**Benefits Provided**

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

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

**Contributions**

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

**Net OPEB Liability/(Asset) and OPEB Expense/(Benefit)**

At June 30, 2025, the District reported a liability of \$314,206 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability/(asset) was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of June 30, 2023. The District's proportion of the net OPEB liability/(asset) was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement periods ended June 30, 2024, and June 30, 2023, was 0.118 percent for both years, resulting in no change in the proportionate share.

For the year ended June 30, 2025, the District recognized an OPEB benefit of (\$43,072).

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

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**NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (RETIREE HEALTH CARE), continued**

**Medicare Premium Payment (MPP) Program, continued**

**Actuarial Methods and Assumptions**

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

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal
Discount Rate	3.93%
Medicare Part A Premium	
Cost Trend Rate*	5.00%
Medicare Part B Premium	
Cost Trend Rate*	6.50%
Mortality Rate Table*	Derived Using CalSTRS' Membership Data

\*The assumed increases in the Medicare Part A and Part B cost trend rates vary by year; however, the increases are approximately equivalent to a 5.0% and 6.5% increase each year for Medicare Part A and Part B premiums, respectively.

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

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

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

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

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**NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (RETIREE HEALTH CARE), continued**

**Medicare Premium Payment (MPP) Program, continued**

**Discount Rate**

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

**Sensitivity of the District's Proportionate Share of the Net OPEB Liability/(Asset) to Changes in the Discount Rate**

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

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
Net OPEB Liability/(Asset) - MPP Program	\$ 339,021	\$ 314,206	\$ 292,387

**Sensitivity of the District's Proportionate Share of the Net OPEB Liability/(Asset) to Changes in the Medicare Costs Trend Rates**

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

	1% Decrease (4.00% Part A and 5.50% Part B)	Medicare Cost Trend Rate (5.00% Part A and 6.50% Part B)	1% Increase (6.00% Part A and 7.50% Part B)
Net OPEB Liability/(Asset) - MPP Program	\$ 291,078	\$ 314,206	\$ 340,028

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

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**NOTE 12 – RISK MANAGEMENT**

**Property and Liability**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the fiscal year ended June 30, 2025, the District contracted for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

**Workers' Compensation**

For the fiscal year June 30, 2025, the District participated in the San Joaquin County Schools Workers' Compensation Insurance Group, an insurance purchasing pool. The intent of the San Joaquin County Schools Workers' Compensation Insurance Group is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the San Joaquin County Schools Workers' Compensation Insurance Group. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the San Joaquin County Schools Workers' Compensation Insurance Group. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated, and each participant's individual performance is compared to the overall savings percentage. A participant will then either receive money from or be required to contribute to the "equity-pooling fund". This "equity-pooling" arrangement ensures that each participant shares equally in the overall performance of the San Joaquin County Schools Workers' Compensation Insurance Group. Participation in the San Joaquin County Schools Workers' Compensation Insurance Group is limited to districts that can meet the San Joaquin County Schools Workers' Compensation Insurance Group selection criteria.

Insurance Program/Company Name	Type of Coverage	Limits
San Joaquin County W/C JPA (PIPS)	Worker's Compensation	\$1,000,000
Norcal ReLief	General Liability	\$5,000,000 with \$50,000 retention
	Automobile	\$5,000,000 with \$50,000 retention
	Property	\$250,250,000 with \$25,000 retention
	Student Professional Liability	Included with \$50,000 retention

**Employee Medical Benefits**

The District has contracted with the Self Insured Schools of California to provide employee medical and surgical benefits for all employees. The entity is a shared risk pool comprised of school districts throughout the state. Rates are set through an annual calculation process. The District pays a monthly contribution to the entity, which is placed in a common fund from which claim payments are made for all participating Districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

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

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**NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS**

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

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

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 54,271,593	\$ 22,432,815	\$ 6,704,805	\$ 4,920,975
CalPERS	40,611,805	13,111,002	1,090,790	6,859,898
Total	\$ 94,883,398	\$ 35,543,817	\$ 7,795,595	\$ 11,780,873

**California State Teachers' Retirement System (CalSTRS)**

**Plan Description**

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

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

**Benefits Provided**

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

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

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

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**NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**California State Teachers' Retirement System (CalSTRS), continued**

**Benefits Provided, continued**

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

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

	STRP Defined Benefit Plan	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.21%
Required employer contribution rate	19.10%	19.10%
Required state contribution rate	10.83%	10.83%

**Contributions**

The parameters for employer and state contribution rates for the DB Program are set by the California Legislature and the Governor and detailed in the Teachers' Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014 and established a schedule of contribution rate increases shared among members, employers and the state to bring CalSTRS toward full funding by 2046. The contribution rates for each plan for the year ended June 30, 2025, are presented above, and the District's total contributions were \$11,050,970.

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

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

District's proportionate share of the net pension liability	\$	54,271,593
State's proportionate share of the net pension liability associated with the District		24,900,376
Total	\$	<u>79,171,969</u>

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

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**NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**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**

The net pension liability was measured as of June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively was 0.081 percent and 0.080 percent, resulting in an increase of 0.001 percent in the proportionate share.

For the year ended June 30, 2025, the District recognized pension expense of \$4,920,975. In addition, the District recognized pension expense and revenue of \$2,272,503 for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ -	\$ 221,732
Differences between expected and actual experience	6,139,510	2,374,767
Changes in assumptions	237,570	3,706,218
Net changes in proportionate share of net pension liability	5,004,765	402,088
District contributions subsequent to the measurement date	11,050,970	-
Total	<u>\$ 22,432,815</u>	<u>\$ 6,704,805</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ (2,200,733)
2027	6,033,746
2028	639,869
2029	(69,542)
2030	539,898
Thereafter	(266,198)
Total	<u>\$ 4,677,040</u>

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

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**NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**California State Teachers' Retirement System (CalSTRS), continued**

**Actuarial Methods and Assumptions**

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

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Experience study	July 1, 2007, through June 30, 2022
Actuarial cost method	Entry age normal
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%
Payroll growth	3.25%
Postretirement benefit increases	2.00%

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

The long-term investment rate of return assumption was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class/strategy. Expected real rates of return are net of our 2.75% inflation assumption and are derived from best-estimate ranges of 20- to 30-year geometrically linked expected returns. These best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process.

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

Asset Class	Assumed Asset Allocation	Long-term Expected Rate of Return*	Long-term Expected Real Rate of Return**
Public Equity	38%	8.00%	5.25%
Real Estate	15%	6.80%	4.05%
Private Equity	14%	9.50%	6.75%
Fixed Income	14%	5.20%	2.45%
Risk Mitigating Strategies	10%	5.00%	2.25%
Inflation Sensitive	7%	6.40%	3.65%
Cash/Liquidity	2%	2.80%	0.05%
Total	100%		

\*20 to 30 year geometric average.

\*\*Real rates of return are net of assumed 2.75% inflation.

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

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**NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued**

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

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	\$ 96,531,405	\$ 54,271,593	\$ 18,982,896

**California Public Employees Retirement System (CalPERS)**

**Plan Description**

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

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

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

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**NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**California Public Employees Retirement System (CalPERS), continued**

**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member’s final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member’s beneficiary if the member dies while actively employed. An employee’s eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

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

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	27.05%	27.05%

**Contributions**

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the total District contributions were \$6,780,284.

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

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**NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**California Public Employees Retirement System (CalPERS), continued**

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

As of June 30, 2025, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$40,611,805. The net pension liability was measured as of June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively was 0.114 percent and 0.112 percent, resulting in a net increase in the proportionate share of 0.002 percent.

For the year ended June 30, 2025, the District recognized pension expense of \$6,859,898. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ 1,577,534	\$ -
Differences between expected and actual experience	3,404,706	290,657
Changes in assumptions	897,658	-
Net changes in proportionate share of net pension liability	450,820	800,133
District contributions subsequent to the measurement date	6,780,284	-
Total	\$ 13,111,002	\$ 1,090,790

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ 1,779,159
2027	3,532,137
2028	315,083
2029	(386,451)
Total	\$ 5,239,928

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

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**NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**California Public Employees Retirement System (CalPERS), continued**

**Actuarial Methods and Assumptions**

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

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

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

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

Asset Class*	Assumed Asset Allocation	Real Return Years 1 - 10**
Global Equity - cap-weighted	30%	4.54%
Global Equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
Total	100%	

\*An expected inflation of 2.30% used for this period.

\*\*Figures are based on the 2021-22 Asset Liability Management study.

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

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**NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**California Public Employees Retirement System (CalPERS), continued**

**Discount Rate**

The discount rate used to measure the total pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan's net pension liability	\$ 60,329,177	\$ 40,611,805	\$ 24,323,689

**On Behalf Payments**

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$5,027,843. Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

**Social Security**

As established by Federal law, all public sector employees who are not members of their employer’s existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use social security. Contributions made by the District and an employee vest immediately. The District contributes 6.2% of an employee’s gross earnings and employees are required to contribute an additional 6.2% of gross earnings.

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

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**NOTE 14 – COMMITMENTS AND CONTINGENCIES**

**Grants**

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

**Litigation**

The District is involved in various legal 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.

**NOTE 15 – PARTICIPATION IN PUBLIC ENTITY RISK POOLS, JOINT POWER AUTHORITIES AND OTHER RELATED PARTY TRANSACTIONS**

The District is a member of the San Joaquin County School Workers' Compensation Insurance Group, the San Joaquin County Schools Property and Liability Insurance Group public entity risk pools, the San Joaquin County Schools Data Processing Center Joint Power Authorities (JPA), the Northern California Regional Liability Excess Fund, Schools Association for Excess Risk, and the Central Valley Schools Health and Welfare Trust. The relationships between the District, the pools, and the JPA's are such that they 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, transactions between the JPAs and the District are included in these statements. Audited financial statements are available from the respective entities. The District's share of year-end assets, liabilities, or fund equity has not been calculated. Audited financial statements are available from the respective entities.

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

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**NOTE 16 – PRIOR PERIOD ADJUSTMENT**

Beginning net position of governmental activities and beginning fund balances were restated as follows:

	Governmental Funds			
	Governmental Activities	Cafeteria Special Revenue Fund	Deferred Maintenance Fund	Non-Major Governmental Funds
Beginning Balance- previously reported at June 30, 2024	\$ 63,025,688	\$ 3,625,687	\$ 7,788,606	\$ 23,104,581
Change in accounting principle (GASB 101)	(8,715,963)	-	-	-
Change from major to non-major fund (GASB 100)	-	-	(7,788,606)	7,788,606
Correction to accreted interest on bonds	3,667,885	-	-	-
Correction to local revenue	(694,169)	(694,169)	-	(694,169)
Beginning Balance - as restated at June 30, 2024	<u>\$ 57,283,441</u>	<u>\$ 2,931,518</u>	<u>\$ -</u>	<u>\$ 30,199,018</u>

**NOTE 17 – SUBSEQUENT EVENTS**

The District evaluated subsequent events from June 30, 2025 through December 12, 2025, the date the financial statements were issued. The District concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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

	Budgeted Amounts		Actual * (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
<b>REVENUES</b>				
LCFF sources	\$ 110,464,653	\$ 113,094,836	\$ 112,585,778	\$ (509,058)
Federal sources	5,411,026	7,244,509	6,477,049	(767,460)
Other state sources	15,489,365	17,106,124	18,579,852	1,473,728
Other local sources	3,714,353	6,586,963	9,551,223	2,964,260
Total Revenues	135,079,397	144,032,432	147,193,902	3,161,470
<b>EXPENDITURES</b>				
Certificated salaries	58,737,523	60,897,050	60,303,477	593,573
Classified salaries	24,291,630	23,987,574	24,625,443	(637,869)
Employee benefits	36,312,039	33,770,432	33,807,621	(37,189)
Books and supplies	8,437,695	14,967,651	9,730,575	5,237,076
Services and other operating expenditures	11,885,715	17,901,913	20,990,567	(3,088,654)
Capital outlay	1,332,275	3,651,384	2,234,662	1,416,722
Other outgo				
Excluding transfers of indirect costs	2,721,174	2,468,206	2,434,613	33,593
Transfers of indirect costs	(667,034)	(688,522)	(395,258)	(293,264)
Total Expenditures	143,051,017	156,955,688	153,731,700	3,223,988
Excess/(Deficiency) of Revenues Over Expenditures	(7,971,620)	(12,923,256)	(6,537,798)	6,385,458
<b>OTHER FINANCING SOURCES/(USES)</b>				
Transfers out	5,666,548	3,654,309	(3,663,471)	(7,317,780)
Other Financing Sources/(Uses), Net	5,666,548	3,654,309	(3,663,471)	(7,317,780)
NET CHANGE IN FUND BALANCES	(2,305,072)	(9,268,947)	(10,201,269)	(932,322)
FUND BALANCES - BEGINNING	73,570,231	73,570,231	73,570,231	-
FUND BALANCES - ENDING	\$ 71,265,159	\$ 64,301,284	\$ 63,368,962	\$ (932,322)

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

The 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 Fund 20, Special Reserve Fund for Postemployment Benefits Fund, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

**LINCOLN UNIFIED SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS  
FOR THE YEAR ENDED JUNE 30, 2025**

	2025	2024	2023	2022
Total OPEB liability				
Service cost	\$ 667,005	\$ 893,409	\$ 891,982	\$ 856,422
Interest	453,225	501,857	454,346	244,371
Difference between expected and actual experience	(1,568,262)	-	(27,672)	-
Changes of assumptions	(1,512,191)	(105,135)	316,364	(1,548,425)
Benefit payments	(570,781)	(537,500)	(474,050)	(418,638)
Net change in total OPEB liability	(2,531,004)	752,631	1,160,970	(866,270)
Total OPEB liability, beginning of year	13,126,908	12,374,277	11,213,307	12,079,577
Total OPEB liability, end of year (a)	\$ 10,595,904	\$ 13,126,908	\$ 12,374,277	\$ 11,213,307
Plan fiduciary net position				
Employer contributions	\$ 570,781	\$ 537,500	\$ 474,050	\$ 418,638
Expected benefit payments	(570,781)	(537,500)	(474,050)	(418,638)
Fiduciary trust net position, end of year (b)	\$ -	\$ -	\$ -	\$ -
Net OPEB liability/(asset), ending (a) - (b)	\$ 10,595,904	\$ 13,126,908	\$ 12,374,277	\$ 11,213,307
Covered payroll	\$ 75,682,423	\$ 70,012,605	\$ 59,887,072	\$ 56,408,571
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Net OPEB liability/(asset) as a percentage of covered payroll	14.00%	18.75%	20.66%	19.88%
Measurement date	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022

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

**LINCOLN UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 762,008	\$ 657,729	\$ 610,042	\$ 409,823
Interest	283,734	327,796	327,730	283,886
Difference between expected and actual experience	107,886	-	770,288	-
Changes of assumptions	374,656	527,842	613,658	-
Benefit payments	(495,410)	(558,988)	(495,900)	(533,971)
Net change in total OPEB liability	1,032,874	954,379	1,825,818	159,738
Total OPEB liability, beginning of year	11,046,703	10,092,324	8,266,506	8,106,768
Total OPEB liability, end of year (a)	\$ 12,079,577	\$ 11,046,703	\$ 10,092,324	\$ 8,266,506
Plan fiduciary net position				
Employer contributions	\$ 495,410	\$ 558,988	\$ 495,900	\$ 533,971
Expected benefit payments	(495,410)	(558,988)	(495,900)	(533,971)
Fiduciary trust net position, end of year (b)	\$ -	\$ -	\$ -	\$ -
Net OPEB liability/(asset), ending (a) - (b)	\$ 12,079,577	\$ 11,046,703	\$ 10,092,324	\$ 8,266,506
Covered payroll	\$ 66,101,560	\$ 60,441,183	\$ 64,248,231	\$ 58,911,516
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Net OPEB liability/(asset) as a percentage of covered payroll	18.27%	18.28%	15.71%	14.03%
Measurement date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

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

	2025	2024	2023	2022
Actuarially determined contribution	\$ 570,781	\$ 468,095	\$ 374,496	\$ 450,223
Contributions in relations to the actuarially determined contribution	570,781	398,237	351,226	318,404
Contribution deficiency/(excess)	\$ -	\$ 69,858	\$ 23,270	\$ 131,819
Covered-employee payroll	\$ 75,682,423	\$ 70,012,605	\$ 59,887,072	\$ 56,408,571
Contribution as a percentage of covered-employee payroll	0.75%	0.57%	0.59%	0.56%
	2021	2020	2019	2018*
Actuarially determined contribution	\$ 398,973	\$ 478,691	\$ 402,153	\$ -
Contributions in relations to the actuarially determined contribution	380,056	558,988	495,500	533,971
Contribution deficiency/(excess)	\$ 18,917	\$ (80,297)	\$ (93,347)	\$ (533,971)
Covered-employee payroll	\$ 66,101,560	\$ 60,441,183	\$ 64,248,231	\$ 58,911,516
Contribution as a percentage of covered-employee payroll	0.57%	0.92%	0.77%	0.91%

\*An actuarially determined contribution was not calculated.

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

**LINCOLN UNIFIED SCHOOL DISTRICT  
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET) –  
MPP PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2025**

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022
District's proportion of the net OPEB liability/(asset)	0.118%	0.118%	0.111%	0.119%
District's Proportionate Share of the Net OPEB Liability/(Asset)	\$ 314,206	\$ 357,278	\$ 366,477	\$ 374,887
District's Covered-Employee Payroll	N/A*	N/A*	N/A*	N/A*
Plan's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered-Employee Payroll	N/A*	N/A*	N/A*	N/A*
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total OPEB Liability	-1.02%	-0.96%	-0.94%	-0.80%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
District's proportion of the net OPEB liability/(asset)	0.131%	0.119%	0.123%	0.123%
District's Proportionate Share of the Net OPEB Liability/(Asset)	\$ 554,749	\$ 444,150	\$ 469,607	\$ 469,607
District's Covered-Employee Payroll	N/A*	N/A*	N/A*	N/A*
Plan's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered-Employee Payroll	N/A*	N/A*	N/A*	N/A*
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total OPEB Liability	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

\*As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not

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

**LINCOLN UNIFIED SCHOOL DISTRICT  
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2025**

	(Measurement Date)				
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)
CalSTRS					
District's proportion of the net pension liability	0.081%	0.080%	0.074%	0.075%	0.085%
District's proportionate share of the net pension liability	\$ 54,271,593	\$ 60,626,782	\$ 51,516,314	\$ 33,970,390	\$ 82,028,819
State's proportionate share of the net pension liability associated with the District	24,900,376	29,048,521	25,799,521	17,092,938	42,285,524
Total	<u>\$ 79,171,969</u>	<u>\$ 89,675,303</u>	<u>\$ 77,315,835</u>	<u>\$ 51,063,328</u>	<u>\$ 124,314,343</u>
District's covered - employee payroll	\$ 53,405,764	\$ 48,810,979	\$ 45,016,785	\$ 43,531,709	\$ 41,821,600
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	102%	124%	114%	78%	196%
Plan fiduciary net position as a percentage of the total pension liability	84%	81%	81%	87%	72%
	Reporting Fiscal Year (Measurement Date)				
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)
CalPERS					
District's proportion of the net pension liability	0.114%	0.112%	0.115%	0.117%	0.115%
District's proportionate share of the net pension liability	\$ 40,611,805	\$ 40,419,034	\$ 39,630,542	\$ 23,816,603	\$ 35,372,033
District's covered - employee payroll	\$ 22,309,888	\$ 19,439,704	\$ 17,647,320	\$ 16,807,527	\$ 16,616,576
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	182%	208%	225%	142%	213%
Plan fiduciary net position as a percentage of the total pension liability	72%	70%	70%	81%	70%

**LINCOLN UNIFIED SCHOOL DISTRICT  
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2025**

	(Measurement Date)				
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
CaSTRS					
District's proportion of the net pension liability	0.077%	0.078%	0.073%	0.074%	0.082%
District's proportionate share of the net pension liability	\$ 69,694,899	\$ 71,703,849	\$ 67,454,078	\$ 59,697,245	\$ 55,018,091
State's proportionate share of the net pension liability associated with the District	38,023,527	41,055,781	39,905,263	33,984,577	29,098,505
Total	\$ 107,718,426	\$ 112,759,630	\$ 107,359,341	\$ 93,681,822	\$ 84,116,596
District's covered - employee payroll	\$ 45,646,085	\$ 42,132,940	\$ 39,169,193	\$ 38,121,156	\$ 35,506,404
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	153%	170%	172%	157%	155%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%
	Reporting Fiscal Year (Measurement Date)				
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
CaPERS					
District's proportion of the net pension liability	0.117%	0.111%	0.109%	0.108%	0.104%
District's proportionate share of the net pension liability	\$ 34,055,717	\$ 29,660,058	\$ 26,084,150	\$ 21,375,330	\$ 15,315,572
District's covered - employee payroll	\$ 16,276,998	\$ 14,963,807	\$ 13,642,456	\$ 12,961,213	\$ 11,626,661
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	209%	198%	191%	165%	132%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%

**LINCOLN UNIFIED SCHOOL DISTRICT  
SCHEDULE OF CONTRIBUTIONS – PENSIONS  
FOR THE YEAR ENDED JUNE 30, 2025**

CalSTRS	Reporting Fiscal Year				
	2025	2024	2023	2022	2021
Statutorily required contribution	\$ 11,050,970	\$ 10,200,501	\$ 9,322,897	\$ 7,616,840	\$ 7,030,371
District's contributions in relation to the statutorily required contribution	11,050,970	10,200,501	9,322,897	7,616,840	7,030,371
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 57,858,482	\$ 53,405,764	\$ 48,810,979	\$ 45,016,785	\$ 43,531,709
District's contributions as a percentage of covered-employee payroll	19.10%	19.10%	19.10%	16.92%	16.15%

CalPERS	Reporting Fiscal Year				
	2025	2024	2023	2022	2021
Statutorily required contribution	\$ 6,780,284	\$ 5,952,278	\$ 4,931,853	\$ 4,043,001	\$ 3,479,158
District's contributions in relation to the statutorily required contribution	6,780,284	5,952,278	4,931,853	4,043,001	3,479,158
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 25,065,745	\$ 22,309,888	\$ 19,439,704	\$ 17,647,320	\$ 16,616,576
District's contributions as a percentage of covered-employee payroll	27.05%	26.68%	25.37%	22.91%	20.94%

**LINCOLN UNIFIED SCHOOL DISTRICT  
SCHEDULE OF CONTRIBUTIONS – PENSIONS  
FOR THE YEAR ENDED JUNE 30, 2025**

CalSTRS	Reporting Fiscal Year				
	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 7,582,256	\$ 7,431,183	\$ 6,023,590	\$ 4,927,203	\$ 4,083,781
District's contributions in relation to the statutorily required contribution	7,582,256	7,431,183	6,023,590	4,927,203	4,083,781
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 41,821,600	\$ 45,646,085	\$ 42,132,940	\$ 39,169,193	\$ 38,121,156
District's contributions as a percentage of covered-employee payroll	18.13%	16.28%	14.30%	12.58%	10.71%

CalPERS	Reporting Fiscal Year				
	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 3,276,955	\$ 2,939,951	\$ 2,319,233	\$ 1,894,650	\$ 1,530,519
District's contributions in relation to the statutorily required contribution	3,276,955	2,939,951	2,319,233	1,894,650	1,530,519
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 16,276,998	\$ 14,963,807	\$ 14,963,807	\$ 13,642,456	\$ 12,961,213
District's contributions as a percentage of covered-employee payroll	20.13%	19.65%	15.50%	13.89%	11.81%

**LINCOLN UNIFIED SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2025**

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**NOTE 1 – PURPOSE OF SCHEDULES**

**Budgetary Comparison Schedule**

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

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

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations, for the general funds.

**Schedule of Changes in the Net OPEB Liability/(Asset) and Related Ratios**

This schedule presents information on the District's changes in the net OPEB liability/(asset), including beginning and ending balances, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

***Change in Benefit Terms*** - There were no changes in benefit terms since the previous valuation for other postemployment benefits.

***Change of Assumptions*** - The discount rate was changed from 3.97% to 5.20% and the healthcare cost trend rate changed from 5.50% to 7.00% since the previous valuation.

**Schedule of Contributions – OPEB**

This schedule presents information on the District's actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution. In the future, as data becomes available, ten years of information will be presented.

**Schedule of the Proportionate Share of the Net OPEB Liability/(Asset) - MPP Program**

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

***Changes of Assumptions*** - The discount rate changed from 3.65% to 3.93% and the Medicare trend cost rates changed from 4.50% to 5.00% for Medicare Part A and from 5.40% to 6.50% for Medicare Part B since the previous valuation.

**LINCOLN UNIFIED SCHOOL DISTRICT  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE YEAR ENDED JUNE 30, 2025**

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**NOTE 1 – PURPOSE OF SCHEDULES, continued**

**Schedule of the 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-employee 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 valuation for CalSTRS. The required employer contribution rate changed from 26.68% to 27.05% since previous valuation for CalPERS.

**Changes of Assumptions** - Additional factors were considered in the actuarial valuation for CalSTRS namely the payroll growth rate and long-term expected rate of return based on 20 to 30 years geometric average. There were no changes in economic assumptions since previous valuation for CalPERS.

**Schedule of Contributions – Pensions**

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-employee 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-employee payroll.

**NOTE 2 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2025, the District incurred an excess of expenditures over appropriations in General Fund presented in the Budgetary Comparison Schedule by major object code as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Classified salaries	\$ 23,987,574	\$ 24,625,443	\$ 637,869
Employee benefits	\$ 33,770,432	\$ 33,807,621	\$ 37,189
Services and other operating expenditures	\$ 17,901,913	\$ 20,990,567	\$ 3,088,654
Other outgo	\$ 1,779,684	\$ 2,039,355	\$ 259,671
Transfers out	\$ (3,654,309)	\$ 3,663,471	\$ 7,317,780

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## **SUPPLEMENTARY INFORMATION**

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**LINCOLN UNIFIED SCHOOL DISTRICT  
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE  
 JUNE 30, 2025**

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The Lincoln Unified School District, a political subdivision of the State of California, was established on May 23, 1865. All of the District's schools are located in San Joaquin County within 7.2 square miles. There were no changes in the boundaries of the District during the year. The District consists of eight elementary schools, one middle school, one high school, one alternative education high school and a dependent charter school.

GOVERNING BOARD		
Name	Office	Term Expires
Bonnie Centers	President	December 2026
Allyson Aranda	Vice President/Clerk	December 2026
Tivoli Walker	Member	December 2026
Sandra Chan	Member	December 2028
Brian Holdaway	Member	December 2028
Lyeon Chhat & Hollis Langham	Student Member	May 2026

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ADMINISTRATION

Kelly Dextraze  
*Superintendent*

Rebecca Hall  
*Associate Superintendent, Business Services*

Dr. Angela Katzakis  
*Associate Superintendent, Education Services*

Michele Marquez Tatum  
*Associate Superintendent, Human Resources*

**LINCOLN UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Agriculture:</b>			
<i>Passed Through California Department of Education</i>			
Child Nutrition Cluster:			
National School Lunch Program	10.555	13523	\$ 2,985,797
School Breakfast Program	10.553	13525	3,956
School Breakfast Needy	10.553	13526	700,757
National School Lunch Program - Meal Supplements	10.555	13755	131,149
National School Lunch Program Noncash Commodities	10.555	13391	401,294
Supply Chain Assistance (SCA) Funds	10.555	15655	254,488
Summer Food Service Program Operations	10.559	13004	120,106
National School Lunch Program Equipment Assistance Grant	10.579	14906	100,000
Total Child Nutrition Cluster			4,697,547
<b>Total U.S. Department of Agriculture</b>			4,697,547
<b>U.S. Department of Education:</b>			
<i>Passed Through San Joaquin County Special Education Local Plan Area</i>			
Special Education IDEA Cluster:			
IDEA Local Assistance - Private Schools	84.027	10115	13,601
IDEA Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	1,764,544
IDEA Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	103,657
IDEA Preschool Grants, Part B, Sec 619	84.173	13430	25,994
Total Special Education IDEA Cluster			1,907,796
<i>Passed Through California Department of Education</i>			
Education Stabilization Funds:			
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425	15559	910,888
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	179,611
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425U	15621	131,580
Total Education Stabilization Funds			1,222,079
English Language Acquisition Cluster:			
Title III, Immigrant Student Program	84.365	15146	18,291
Title III, English Learner Student Program	84.365	14346	246,208
Total English Language Acquisition Cluster			264,499
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	2,774,579
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894	77,442
Title II, Part A, Supporting Effective Instruction	84.367	14341	233,754
<b>Total U.S. Department of Education</b>			6,480,149
<b>Total Federal Financial Assistance</b>			\$ 11,177,696

**LINCOLN UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AVERAGE DAILY ATTENDANCE  
FOR THE YEAR ENDED JUNE 30, 2025**

	Second Period Report	Annual Report
	Certification No. 314B2696	Certification No. F3DBE47C
Regular ADA		
Transitional Kindergarten through Third	2,140.09	2,144.38
Fourth through Sixth	1,605.95	1,606.20
Seventh and Eighth	1,226.66	1,225.11
Ninth through Twelfth	2,735.23	2,730.27
Total Regular ADA	<u>7,707.93</u>	<u>7,705.96</u>
Extended Year Special Education		
Transitional Kindergarten through Third	-	8.96
Fourth through Sixth	-	2.54
Seventh and Eighth	-	2.60
Ninth through Twelfth	-	4.00
Total Extended Year Special Education	<u>-</u>	<u>18.10</u>
Special Education, Nonpublic, Nonsectarian Schools		
Transitional Kindergarten through Third	1.59	1.76
Fourth through Sixth	2.74	2.96
Seventh and Eighth	2.98	3.22
Ninth through Twelfth	8.96	9.65
Total Special Education, Nonpublic, Nonsectarian Schools	<u>16.27</u>	<u>17.59</u>
Extended Year Special Education - Nonpublic		
Transitional Kindergarten through Third	0.10	0.10
Fourth through Sixth	0.09	0.09
Seventh and Eighth	0.09	0.09
Ninth through Twelfth	0.49	0.49
Total Extended Year Special Education - Nonpublic	<u>0.77</u>	<u>0.77</u>
ADA Totals	<u>7,724.97</u>	<u>7,742.42</u>
	Second Period Report	Annual Report
	Certification No. 571E26A6	Certification No. 82A15664
<b>John McCandless Charter School</b>		
Regular ADA: Classroom Based		
Transitional Kindergarten through Third	190.13	190.90
Fourth through Sixth	128.76	128.66
Seventh and Eighth	87.02	87.29
Total Regular ADA Classroom Based	<u>405.91</u>	<u>406.85</u>

**LINCOLN UNIFIED SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2025**

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**Lincoln Unified School District**

Grade Level	Minutes Requirement	Actual Minutes	Number of Days		Status
			Traditional Calendar		
			Actual Day Offered	Multitrack Calendar	
Kindergarten	36,000	56,850	180	N/A	Complied
Grade 1	50,400	55,200	180	N/A	Complied
Grade 2	50,400	55,200	180	N/A	Complied
Grade 3	50,400	55,200	180	N/A	Complied
Grade 4	54,000	55,530	180	N/A	Complied
Grade 5	54,000	55,530	180	N/A	Complied
Grade 6	54,000	55,530	180	N/A	Complied
Grade 7	54,000	58,290	180	N/A	Complied
Grade 8	54,000	58,290	180	N/A	Complied
Grade 9	64,800	65,298	180	N/A	Complied
Grade 10	64,800	65,298	180	N/A	Complied
Grade 11	64,800	65,298	180	N/A	Complied
Grade 12	64,800	65,298	180	N/A	Complied

**John McCandless Charter School**

Grade Level	Minutes Requirement	Actual Minutes	Number of Days		Status
			Traditional Calendar		
			Actual Day Offered	Multitrack Calendar	
Kindergarten	36,000	56,850	180	N/A	Complied
Grade 1	50,400	63,150	180	N/A	Complied
Grade 2	50,400	53,550	180	N/A	Complied
Grade 3	50,400	53,550	180	N/A	Complied
Grade 4	54,000	65,850	180	N/A	Complied
Grade 5	54,000	65,850	180	N/A	Complied
Grade 6	54,000	56,250	180	N/A	Complied
Grade 7	54,000	58,290	180	N/A	Complied
Grade 8	54,000	58,290	180	N/A	Complied

**LINCOLN UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

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	General Fund	Special Reserve Fund for Postemployment Benefits
June 30, 2025 annual financial and budget report fund balance	\$ 63,368,962	\$ 14,450,503
Adjustments and reclassifications		
Increase/(decrease) in total fund balances		
Fund balance transfer (GASB 54)	14,450,503	(14,450,503)
Net adjustments and reclassifications	14,450,503	(14,450,503)
June 30, 2025 audited financial statements fund balance	\$ 77,819,465	\$ -

**LINCOLN 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	\$ 144,032,432	\$ 147,193,902	\$ 154,267,415	\$ 158,454,276
Expenditures and Other Financing Uses	160,609,997	157,395,171	156,439,126	128,480,779
Net Change in Fund Balances	(16,577,565)	(10,201,269)	(2,171,711)	29,973,497
Ending Fund Balances	\$ 46,791,397	\$ 63,368,962	\$ 73,570,231	\$ 75,741,942
Available Reserves**	\$ 9,544,406	\$ 20,628,137	\$ 25,592,167	\$ 24,230,062
Available Reserves as a Percentage of Outgo	5.9%	13.1%	16.4%	18.9%
Long-term Debt	\$ 208,032,429	\$ 218,506,099	\$ 227,870,106	\$ 218,824,221
Average Daily District Attendance at P-2	7,867	7,725	7,773	7,619

The General Fund balance has decreased by \$12,372,980 over the past two years. The fiscal year 2025-26 budget projects a decrease of \$16,577,565, or 26.16%. For a district this size, the State recommends available reserves of at least 3 percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficits over the past three years and anticipates an additional deficit for the 2025–26 fiscal year. Total long-term debt have decreased by \$318,122 over the past two years.

Average daily attendance has increased by 106 students during this period, with a further increase of 142 ADA projected for the 2025–26 fiscal year.

\* The 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 Postemployment Benefits Fund, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

\*\* Available reserves are the unrestricted amounts in the Stabilization Arrangements, Reserve for Economic Uncertainties, and Unassigned/Unappropriated accounts in the General Fund and Special Reserve Fund for Other Than Capital Outlay Projects.

**LINCOLN UNIFIED SCHOOL DISTRICT  
SCHEDULE OF CHARTER SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2025**

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Charter School	Number	Included in Audit Report
John McCandless Charter School	1732	Yes

**LINCOLN UNIFIED SCHOOL DISTRICT  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2025**

	Special Revenue Funds						Capital Projects Funds			Debt Service Funds		Total Non-Major Governmental Funds
	Student Activity	Charter School	Adult Education	Child	Cafeteria Special	Deferred	Capital Facilities	County School	Capital Project	Bond Interest	Debt Service for	
	Special Revenue Fund	Fund	Fund	Development Fund	Revenue Fund	Maintenance Fund	Fund	Facilities Fund	for Blended Component Units Fund	Redemption Fund	Blended Component Units Fund	
<b>ASSETS</b>												
Cash and cash equivalents	\$ 497,253	\$ 3,763,982	\$ (18,609)	\$ 1,691,005	\$ 1,982,717	\$ 7,447,125	\$ (9,913)	\$ 3,016,136	\$ 2,929,443	\$ 7,811,220	\$ 1,210,569	\$ 30,320,928
Accounts receivable	-	506,503	-	333,968	803,793	83,438	-	32,645	29,069	-	18,573	1,807,989
Due from other funds	-	1,008,627	19,408	-	80	3,563	93,187	-	127,530	-	542,945	1,795,340
Inventory	27,461	-	-	-	116,572	-	-	-	-	-	-	144,033
<b>Total Assets</b>	<b>\$ 524,714</b>	<b>\$ 5,279,112</b>	<b>\$ 799</b>	<b>\$ 2,024,973</b>	<b>\$ 2,903,162</b>	<b>\$ 7,534,126</b>	<b>\$ 83,274</b>	<b>\$ 3,048,781</b>	<b>\$ 3,086,042</b>	<b>\$ 7,811,220</b>	<b>\$ 1,772,087</b>	<b>\$ 34,068,290</b>
<b>LIABILITIES</b>												
Accrued liabilities	\$ -	\$ 89,736	\$ 799	\$ 13,453	\$ 91,449	\$ 574,510	\$ 2,137	\$ -	\$ -	\$ -	\$ 13,126	\$ 785,210
Due to other funds	-	1,420,282	-	13,707	208,745	926,728	-	-	550,000	-	120,475	3,239,937
Unearned revenue	-	2,921	-	260,694	-	-	-	-	-	-	-	263,615
<b>Total Liabilities</b>	<b>-</b>	<b>1,512,939</b>	<b>799</b>	<b>287,854</b>	<b>300,194</b>	<b>1,501,238</b>	<b>2,137</b>	<b>-</b>	<b>550,000</b>	<b>-</b>	<b>133,601</b>	<b>4,288,762</b>
<b>FUND BALANCES</b>												
Nonspendable	27,461	-	-	-	116,572	-	-	-	-	-	-	144,033
Restricted	497,253	980,006	-	1,737,119	2,486,396	-	81,137	3,048,781	2,536,042	7,811,220	1,638,486	20,816,440
Assigned	-	2,786,167	-	-	-	6,032,888	-	-	-	-	-	8,819,055
<b>Total Fund Balances</b>	<b>524,714</b>	<b>3,766,173</b>	<b>-</b>	<b>1,737,119</b>	<b>2,602,968</b>	<b>6,032,888</b>	<b>81,137</b>	<b>3,048,781</b>	<b>2,536,042</b>	<b>7,811,220</b>	<b>1,638,486</b>	<b>29,779,528</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 524,714</b>	<b>\$ 5,279,112</b>	<b>\$ 799</b>	<b>\$ 2,024,973</b>	<b>\$ 2,903,162</b>	<b>\$ 7,534,126</b>	<b>\$ 83,274</b>	<b>\$ 3,048,781</b>	<b>\$ 3,086,042</b>	<b>\$ 7,811,220</b>	<b>\$ 1,772,087</b>	<b>\$ 34,068,290</b>

See note to supplementary information.

**LINCOLN UNIFIED SCHOOL DISTRICT  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2025**

	Special Revenue Funds						Capital Projects Funds			Debt Service Funds		Total Non-Major Governmental Funds
	Student Activity Special Revenue Fund	Charter School Fund	Adult Education Fund	Child Development Fund	Cafeteria Special Revenue Fund	Formerly Major Fund	Capital Facilities Fund	County School Facilities Fund	Capital Project for Blended Component Units Fund	Bond Interest and Redemption Fund	Debt Service for Blended Component Units Fund	
						Deferred Maintenance Fund						
<b>REVENUES</b>												
LCFF sources	\$ -	\$ 4,886,921	\$ -	\$ -	\$ -	\$ 690,424	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,577,345
Federal sources	-	3,100	-	-	4,443,059	-	-	-	-	-	-	4,446,159
Other state sources	-	801,335	157,252	2,393,081	2,557,884	-	-	-	-	33,219	-	5,942,771
Other local sources	348,183	212,195	-	469,362	81,543	266,808	10,393	141,777	659,972	7,307,270	3,106,586	12,604,089
Total Revenues	348,183	5,903,551	157,252	2,862,443	7,082,486	957,232	10,393	141,777	659,972	7,340,489	3,106,586	28,570,364
<b>EXPENDITURES</b>												
Current												
Instruction	-	3,672,862	149,459	1,989,947	-	-	-	-	-	-	-	5,812,268
Instruction-related services												
Instructional supervision and administration	-	-	27,039	291,391	-	-	-	-	-	-	-	318,430
Instructional library, media, and technology	-	65,496	-	-	-	-	-	-	-	-	-	65,496
School site administration	-	591,972	-	128,329	-	-	-	-	-	-	-	720,301
Pupil services												
Home-to-school transportation	-	7,878	-	-	-	-	-	-	-	-	-	7,878
Food services	-	-	-	-	7,190,687	-	-	-	-	-	-	7,190,687
All other pupil services	-	186,495	-	-	-	-	-	-	-	-	-	186,495
General administration												
Centralized data processing	-	19,866	-	-	-	-	-	-	-	-	-	19,866
All other general administration	-	1,231,841	-	153,211	208,745	-	-	-	-	-	-	1,593,797
Plant services	-	272,499	-	-	11,604	-	-	-	44,552	-	-	328,655
Facilities acquisition and maintenance	-	78,383	-	-	-	5,212,950	77,666	128,862	-	-	-	5,497,861
Ancillary services	309,846	-	-	-	-	-	-	-	-	-	-	309,846
Debt service												
Principal	-	-	-	-	-	-	-	-	-	4,537,054	2,825,000	7,362,054
Interest and other	-	-	-	-	-	-	-	-	-	1,749,829	468,874	2,218,703
Total Expenditures	309,846	6,127,292	176,498	2,562,878	7,411,036	5,212,950	77,666	128,862	44,552	6,286,883	3,293,874	31,632,337
Excess/(Deficiency) of Revenues												
Over Expenditures	38,337	(223,741)	(19,246)	299,565	(328,550)	(4,255,718)	(67,273)	12,915	615,420	1,053,606	(187,288)	(3,061,973)
<b>OTHER FINANCING SOURCES/(USES)</b>												
Transfers in	-	123,237	19,246	-	-	2,500,000	-	-	-	-	-	2,642,483
Other Financing Sources/(Uses), Net	-	123,237	19,246	-	-	2,500,000	-	-	-	-	-	2,642,483
NET CHANGE IN FUND BALANCES	38,337	(100,504)	-	299,565	(328,550)	(1,755,718)	(67,273)	12,915	615,420	1,053,606	(187,288)	(419,490)
<b>FUND BALANCES - BEGINNING</b>	486,377	3,866,677	-	1,437,554	3,625,687	-	148,410	3,035,866	1,920,622	6,757,614	1,825,774	23,104,581
Change with financial reporting entity (major to non-major fund)	-	-	-	-	-	7,788,606	-	-	-	-	-	7,788,606
Error correction	-	-	-	-	(694,169)	-	-	-	-	-	-	(694,169)
FUND BALANCES - BEGINNING, AS RESTATED	486,377	3,866,677	-	1,437,554	2,931,518	7,788,606	148,410	3,035,866	1,920,622	6,757,614	1,825,774	30,199,018
FUND BALANCES - ENDING	\$ 524,714	\$ 3,766,173	\$ -	\$ 1,737,119	\$ 2,602,968	\$ 6,032,888	\$ 81,137	\$ 3,048,781	\$ 2,536,042	\$ 7,811,220	\$ 1,638,486	\$ 29,779,528

**LINCOLN UNIFIED SCHOOL DISTRICT  
NOTE TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2025**

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**NOTE 1 – PURPOSES OF SCHEDULES**

**Local Education Agency Organization Structure**

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

**Schedule of Expenditures of Federal Awards**

**Basis of Presentation** – The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the Federal award activity of the District under programs of the federal government for the year ended June 30, 2025. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position/fund balance of the District.

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

**Indirect Cost Rate** – The District has not elected to use the ten percent de minimis cost rate.

**Schedule of Average Daily Attendance**

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

**Schedule of Instructional Time**

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46206.

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

**Reconciliation of Annual Financial and Budget Report with Audited Financial Statements**

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

**LINCOLN UNIFIED SCHOOL DISTRICT  
NOTE TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2025**

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**NOTE 1 – PURPOSES 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.

**Schedule of Charter Schools**

This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools.

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

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

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**OTHER INDEPENDENT AUDITORS' REPORTS**

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Governing Board  
Lincoln Unified School District  
Stockton, 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 Lincoln Unified School District (the "District"), as of and for the year ended June 30, 2025, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 12, 2025.

**Report on Internal Control Over Financial Reporting**

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

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

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 or significant deficiencies. 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 the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*CWDL, Certified Public Accountants*

San Diego, California

December 12, 2025



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Governing Board  
Lincoln Unified School District  
Stockton, California

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Lincoln Unified School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the 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 (GAAS); 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 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 or significant deficiencies, 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.

*CWDL, Certified Public Accountants*

San Diego, California

December 12, 2025



**INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS**

Governing Board  
Lincoln Unified School District  
Stockton, California

**Report on State Compliance**

**Opinion**

We have audited Lincoln Unified School District's (the "District") compliance with the requirements specified in the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the District's state program requirements identified below for the year ended June 30, 2025.

In our opinion, the District complied, in all material respects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2025.

**Basis for Opinion**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above, and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's compliance with the requirements described in the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

**Auditors’ Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District’s compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District’s compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- Obtain an understanding of the District’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District’s compliance with the state laws and regulations applicable to the following items:

<b>PROGRAM NAME</b>	<b>PROCEDURES PERFORMED</b>
Local Education Agencies Other than Charter Schools:	
A. Attendance	Yes
B. Teacher Certification and Misassignments	Yes
C. RESERVED	Not Applicable
D. Independent Study	No
E. Continuation Education	Yes
F. Instructional Time	Yes
G. Instructional Materials	Yes
H. Ratios of Administrative Employees to Teachers	Yes
I. Classroom Teacher Salaries	Yes
J. Early Retirement Incentive	Not Applicable
K. Gann Limit Calculation	Yes
L. School Accountability Report Card	Yes

<b>PROGRAM NAME</b>	<b>PROCEDURES PERFORMED</b>
Local Education Agencies Other than Charter Schools (continued):	
M. Juvenile Court Schools	Not Applicable
N. Middle or Early College High Schools or Programs	Not Applicable
O. K-3 Grade Span Adjustment	Yes
P. RESERVED	Not Applicable
Q. Apprenticeship: Related and Supplemental Instruction	Yes
R. Comprehensive School Safety Plan	Yes
S. District of Choice	Not Applicable
TT. Home to School Transportation Reimbursement	Yes
School Districts, County Offices of Education, and Charter Schools:	
T. Proposition 28 Arts and Music in Schools	Yes
U. After/Before School Education and Safety Program	Yes
V. Proper Expenditure of Education Protection Account Funds	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts	Yes
X. Local Control and Accountability Plan	Yes
Y. Independent Study-Course Based	Not Applicable
Z. Immunizations	Not Applicable
AZ. Educator Effectiveness	Not Applicable
BZ. Expanded Learning Opportunities Grant (ELO-G)	Not Applicable
CZ. Career Technical Education Incentive Grant	Yes
DZ. Expanded Learning Opportunities Program	Yes
EZ. Transitional Kindergarten	Yes
FZ. Kindergarten Continuance	Yes
Charter Schools:	
AA. Attendance	Yes
BB. Mode of Instruction	Yes
CC. Nonclassroom-Based Instruction/Independent Study	Not Applicable
DD. Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
EE. Annual Instructional Minutes - Classroom Based	Yes
FF. Charter School Facility Grant Program	Not Applicable

The term "Not Applicable" is used above to mean either the District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

We did not perform testing for independent study because total reported Average Daily Attendance (ADA) was not material.

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 or 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 on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 or significant deficiencies, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

*CWDL, Certified Public Accountants*

San Diego, California

December 12, 2025

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## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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**LINCOLN UNIFIED SCHOOL DISTRICT  
SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2025**

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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>Assistance Listing Number(s)</u>	<u>Name of Federal Program of Cluster</u>
<u>84.010</u>	<u>Title I Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Internal control over state programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**LINCOLN UNIFIED SCHOOL DISTRICT  
FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2025**

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This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

<u>FIVE DIGIT CODE</u>	<u>AB3627 FINDING TYPES</u>
20000	Inventory of Equipment
30000	Internal Control
60000	Miscellaneous

There were no financial statement findings for the year ended June 30, 2025.

**LINCOLN UNIFIED SCHOOL DISTRICT  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2025**

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This section presents significant deficiencies, material weaknesses, and instances of noncompliance identified during the audit of the financial statements. These matters are reported in accordance with the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as applicable. Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

<u>FIVE DIGIT CODE</u>	<u>AB3627 FINDING TYPES</u>
50000	Federal Compliance

There were no federal award findings or questioned costs for the year ended June 30, 2025.

**LINCOLN UNIFIED SCHOOL DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2025**

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This section identifies significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with GAAS, *Government Auditing Standards*, and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

FIVE DIGIT CODE	AB3627 FINDING TYPES
10000	Attendance
40000	State Compliance
42000	Charter School Facilities Program
43000	Apprenticeship: Related and Supplemental Instruction
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no state award findings or questioned costs for the year ended June 30, 2025.

**LINCOLN UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2025**

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This section presents findings and questioned costs identified in prior year audit related to financial statements, federal awards and state awards.

**FINDING #2024-001: CLASSROOM TEACHERS SALARIES (61000)**

**Criteria**

California *Education Code* (EC) Section 41372 requires a minimum percentage of expenditures be charged for classroom teacher salaries. For elementary school districts, this percentage is 55%. EC Section 41374 provides the District an exemption to this requirement if individual class sessions are maintained below 28 pupils.

**Condition**

During the audit of the Classroom Teacher Salaries, it was noted the District did not meet the minimum "Percentage of Current Cost of Education Expended for Classroom Compensation" and was not exempt under the provisions of EC Section 41374.

**Cause**

Classroom teacher salaries, as a percentage of the applicable total spending, were less than the State requirement.

**Effect**

By not meeting the minimum percentage as established by EC Section 41372, the District is out of compliance with the established regulation and law.

**Questioned Costs**

Current expense of education	\$ 124,742,595
Total classroom salaries and benefits	\$ 65,091,619
Percentage spent by the District	52.18%
Minimum percentage required	55.00%
Deficiency amount	\$ 3,517,742

**Recommendation**

The District can establish specific procedures to ensure that the minimum percentage requirement is met or maintain class sizes at or below 28 students in order to qualify for the exemption provisions outlined in *Education Code* (EC) Section 41374. However, if the District is unable to keep class sizes below 28 and applying this education code during a fiscal year would cause significant financial or operational hardship, the Governing Board may formally request an exemption. This request should be submitted in writing to the County Superintendent of Schools.

To ensure compliance and avoid potential issues, it is recommended that the District proactively collaborate with the San Joaquin County Office of Education to secure an exemption ahead of time, allowing for a smoother process if class size target cannot be maintained. Proactively seeking exemption would enable the District to manage its resources effectively without facing penalties or disruptions during the school year.

**LINCOLN UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2025**

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**FINDING #2024-001: CLASSROOM TEACHERS SALARIES (61000), continued**

**Corrective Action Plan/District Response**

Unfortunately, our minimum percentage of expenditures fell below the required 55%. The contributing factors include a large amount of one-time state and federal funding (and according to best practices to not hire new staff with one-time money), and a significant increase in Special Education costs. In 2022-23 we began experiencing changes in our SELPA funding model, the district was required to take back students and open many new classes. The District has been unable to successfully hire necessary staff for a number of classes to meet the growing demand of Special Education growth within the District. In order to stay within class counts and federal requirements, we have had to contract out for staffing at a significantly higher cost in a number of classrooms. In addition, in 2023-24 the District provided an 8.22% increase to staff, an off-schedule payment and an increase in health benefits beginning July 1, 2024, to \$12,000 annually. As in prior years we have successfully negotiated COLA for all members. Our salaries are in line with neighboring districts.

After the audit report is issued and approved by the board, the District will file a waiver application with the San Joaquin County Office of Education for exemption from the required expenditures for classroom teachers' salaries for 2023-24. In future years we will work with San Joaquin County Office of Education if we believe we cannot make the minimum percentage requirement.

**Current Status**

Implemented.

## APPENDIX C

### ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT THE CITY OF STOCKTON AND SAN JOAQUIN COUNTY

*The following information concerning the City of Stockton (the “City”) and San Joaquin County (the “County”) is included only for the purpose of supplying general information regarding the area of the District. The Certificates are not a debt of the City, the County, the State of California (the “State”) or any of its political subdivisions (other than the District), and neither the City, the County, the State nor any of its political subdivisions (other than the District) is liable therefor.*

#### **General Information**

**The City.** The City is located in California’s San Joaquin Valley and encompasses 55.1 square miles, 78 miles east of the San Francisco Bay area, 345 miles north of Los Angeles and 45 miles south of Sacramento and encompasses 55.1 square miles. The Stockton Metropolitan Statistical Area, which encompasses the entire County, covers approximately 1,400 square miles. The City is a municipal corporation and a charter city, duly organized and existing under the constitution and laws of the State.

The City is located on Interstate Highway 5, the West Coast’s major route from Canada to Mexico. The City’s Crosstown Freeway connects Interstate 5 with State Route 99, the State’s other principal north-south freeway. Other freeway connections provide convenient access to the San Francisco Bay Area and Reno. Thirty-five major transcontinental truck lines and nearly 200 contract carriers serve the City. The City is also served by Greyhound and the San Joaquin Regional Transit District.

**The County.** The County is one of California’s original counties and was created at the time of statehood in 1850. The County covers an area of approximately 1,426 square miles, consisting of 1,391 square miles of land and 35 square miles of water. Captain Charles M. Weber was instrumental in developing the City as the County Seat and as a Port of Entry. Today, ships still deliver cargo to the Port of Stockton by the channel Captain Weber had dug in the 1800s.

The County is adjacent to Stanislaus County to the south and southeast, Alameda and Contra Costa Counties to the west, Sacramento County to the north, Amador County to the northeast, Calaveras County to the east, and a corner of Santa Clara County to the southwest.

**Population**

The following sets forth the City and County population estimates as of January 1 for the years 2021 to 2025.

**CITY OF STOCKTON AND COUNTY OF SAN JOAQUIN  
Population Estimates  
Calendar Years 2021 through 2025**

<b>Area</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Escalon	7,429	7,351	7,273	7,337	7,232
Lathrop	29,565	31,390	34,877	37,102	38,596
Lodi	66,061	66,309	66,314	67,262	67,093
Manteca	84,800	86,836	88,882	92,116	93,733
Mountain House	-	-	-	-	28,795
Ripon	16,126	15,940	15,796	15,966	15,753
<b>Stockton</b>	<b>320,574</b>	<b>321,000</b>	<b>318,906</b>	<b>323,355</b>	<b>320,877</b>
Tracy	93,773	94,789	95,507	97,501	98,215
Balance of County	162,892	160,674	160,141	161,689	135,562
<b>County Total</b>	<b>781,220</b>	<b>784,289</b>	<b>787,696</b>	<b>802,328</b>	<b>805,856</b>

*Source: State Department of Finance estimates (as of January 1).*

**Employment and Industry**

The District is included in the Stockton-Lodi Metropolitan Statistical Area (“MSA”), which includes all of the County. The unemployment rate in the County was 6.4% in December 2025, unchanged from a revised 6.4% in November 2025, and unchanged the year-ago estimate of 6.4%. This compares with an unadjusted unemployment rate of 5.1% for the State and 4.1% for the nation during the same period.

Set forth below is data from 2020 through 2024, reflecting the County's civilian labor force, employment and unemployment.

**STOCKTON-LODI MSA  
(San Joaquin County)  
Annual Average Civilian Labor Force, Employment and Unemployment,  
Employment by Industry  
(March 2024 Benchmark)**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Civilian Labor Force <sup>(1)</sup>	347,200	349,400	356,700	363,400	368,500
Employment	308,800	320,300	338,200	341,600	344,700
Unemployment	38,400	29,100	18,500	21,700	23,800
Unemployment Rate	11.1%	8.3%	5.2%	6.0%	6.5%
<u>Wage and Salary Employment: <sup>(2)</sup></u>					
Agriculture	14,600	14,200	13,800	14,500	14,300
Mining and Logging	100	100	0	0	0
Construction	13,000	13,900	14,900	14,000	14,700
Manufacturing	20,100	21,300	23,000	23,500	23,500
Wholesale Trade	10,600	10,800	11,600	12,300	12,400
Retail Trade	24,600	26,200	27,000	27,100	27,000
Transportation, Warehousing and Utilities	38,800	43,000	48,100	47,300	47,600
Information	1,200	1,200	1,200	1,100	1,000
Finance and Insurance	7,800	8,000	8,200	7,900	7,700
Professional and Business Services	21,300	22,500	24,100	23,100	22,900
Educational and Health Services	37,300	38,000	39,700	42,000	44,800
Leisure and Hospitality	18,500	21,300	24,300	24,500	24,400
Other Services	6,800	7,300	7,900	8,100	8,200
Federal Government	3,300	3,100	3,100	3,000	3,000
State Government	6,800	6,000	5,500	5,100	4,800
Local Government	33,000	32,900	34,000	35,100	37,000
Total, All Industries <sup>(3)</sup>	257,700	269,800	286,200	288,500	293,000

(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) Columns may not state totals due to rounding.

Source: State of California Employment Development Department.

**Major Employers**

The following table lists the major employers within the County, listed in alphabetical order without regard to the number of employees, as of February 2026.

**SAN JOAQUIN COUNTY  
Major Employers  
As of February 2026**

<b><u>Employer Name</u></b>	<b><u>Location</u></b>	<b><u>Industry</u></b>
Amazon Fulfillment Ctr	Stockton	Mail Order Fulfillment Service
Ashley Lane LP	Stockton	Real Estate
Blue Shield of California	Lodi	Insurance
Chevron	Lodi	Service Stations-Gasoline & Oil
Dameron Hospital	Stockton	Hospitals
Foster Care Svc	Stockton	Foster Care
Leprino Foods Co	Tracy	Cheese Processors (mfrs)
Lodi Health Home Health Agency	Lodi	Home Health Service
Medline	Tracy	Physicians & Surgeons Equip & Supls-Whls
NA Chaderjian Youth	Stockton	State Govt-Correctional Institutions
O-G Packing & Cold Storage Co	Stockton	Fruits & Vegetables-Growers & Shippers
Prima Frutta Packing Inc	Linden	Fruit & Produce Packers
Safeway Distribution Ctr	Tracy	Distribution Centers (whls)
San Joaquin County CA Pubc	Stockton	Government Offices-County
San Joaquin County Human Svc	Stockton	Government Offices-County
San Joaquin County Sch	Stockton	School Districts
San Joaquin General Hospital	French Camp	Hospitals
San Joaquin Sheriff's Office	French Camp	Government Offices-County
Sjgov	Stockton	Government Offices-County
St Joseph's Regional Health	Stockton	Health Services
Stockton Police Dept	Stockton	Non-Profit Organizations
Stockton Unified Sch Dist	Stockton	Facilities Management
Stockton Unified School Dist	Stockton	Schools
Walmart Supercenter	Stockton	Department Stores
Waste Management-Lodi Transfer	Lodi	Solid Waste Collection

*Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2026 1st edition.*

The following table lists the principal employers within the City, listed in order of number of employees, as of June 30, 2024.

**CITY OF STOCKTON  
Principal Employers  
As of June 30, 2024**

<b><u>Employer Name</u></b>	<b><u>Number of Employees</u></b>
Amazon	6,040
Stockton Unified School District	5,615
St. Joseph’s Medical Center	3,200
City of Stockton	2,258
San Joaquin County Office of Education	1,964
Pacific Gas and Electric	1,550
University of the Pacific	1,518
Lincoln Unified School District	1,190
Kaiser Permanente	1,065
San Joaquin Delta College	909

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*Source: City of Stockton Annual Comprehensive Financial Report for fiscal year ended June 30, 2024.*

**Commercial Activity**

Summaries of historic taxable sales within the City and the County during the past five years in which data are available are shown in the following tables.

Total taxable sales during the first three quarters of calendar year 2025 in the City were \$4,804,334,418, a 1.52% decrease from the total taxable sales of \$4,878,363,361 reported during the first three quarters of calendar year 2024.

**CITY OF STOCKTON  
Taxable Retail Sales  
Number of Permits and Valuation of Taxable Transactions  
(Dollars in Thousands)**

	<u>Retail Stores</u>		<u>Total All Outlets</u>	
	<u>Number of Permits</u>	<u>Taxable Transactions</u>	<u>Number of Permits</u>	<u>Taxable Transactions</u>
2020	4,797	\$3,530,284	7,411	\$4,760,070
2021	4,729	4,580,588	7,347	6,212,657
2022	4,812	4,610,164	7,443	6,724,541
2023	4,629	4,519,486	7,122	6,573,432
2024	4,668	4,610,480	7,229	6,598,233

*Source: State Department of Tax and Fee Administration.*

Total taxable sales during the first three quarters of calendar year 2025 in the County were \$18,541,920,605, a 2.72% increase over the total taxable sales of \$18,050,158,443 reported during the first three quarters of calendar year 2024.

**SAN JOAQUIN COUNTY  
Taxable Retail Sales  
Number of Permits and Valuation of Taxable Transactions  
(Dollars in Thousands)**

	<u>Retail Stores</u>		<u>Total All Outlets</u>	
	<u>Number of Permits</u>	<u>Taxable Transactions</u>	<u>Number of Permits</u>	<u>Taxable Transactions</u>
2020	11,188	\$10,215,896	18,358	\$15,752,225
2021	10,642	15,153,915	17,665	22,306,576
2022	10,884	15,342,203	18,100	23,625,470
2023	10,632	15,584,742	17,666	23,507,449
2024	10,831	16,862,302	18,099	24,682,773

*Source: State Department of Tax and Fee Administration.*

**Effective Buying Income**

“Effective Buying Income” is defined as personal income less personal tax and nontax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the median household effective buying income for the City, the County, the State and the United States for the period 2022 through 2026.

**CITY OF STOCKTON, SAN JOAQUIN COUNTY,  
STATE OF CALIFORNIA AND THE UNITED STATES  
Median Household Effective Buying Income  
2022 through 2026**

	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
City of Stockton	\$58,964	\$58,873	\$66,096	\$67,157	\$74,453
San Joaquin County	68,971	68,912	76,847	77,622	85,982
California	77,058	77,175	80,973	82,725	90,403
United States	64,448	65,326	67,876	69,687	75,433

*Source: Claritas, LLC.*

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## APPENDIX D

### PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF JONES HALL LLP]

\_\_\_\_\_, 2026

Board of Trustees  
Lincoln Unified School District  
2010 West Swain Road  
Stockton, California 95207

**OPINION:**     \$ \_\_\_\_\_ Lincoln Unified School District  
                  2026 General Obligation Refunding Bonds

Members of the Board of Trustees:

We have acted as bond counsel to the Lincoln Unified School District (the "District") in connection with the issuance by the District of the above-captioned bonds, 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 February 18, 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 a duly created and validly existing unified school district with the power to issue the Bonds pursuant to the Act, and to perform its obligations under the Bond Resolution and the Bonds.
2. The Bond Resolution has been duly adopted by the Board, and constitutes a valid and binding obligation of the District enforceable upon the District in accordance with its terms.
3. The Bonds have been duly authorized, executed and delivered by the District, and are valid and binding general obligations of the District.

4. The Board of Supervisors of San Joaquin County 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.

5. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The 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, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

## APPENDIX E

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$ \_\_\_\_\_  
LINCOLN UNIFIED SCHOOL DISTRICT  
(San Joaquin County, California)  
2026 General Obligation Refunding Bonds

#### CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “**Disclosure Certificate**”) is executed and delivered by the Lincoln 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 a resolution adopted by the Board of Trustees of the District on February 18, 2026 (the “**Resolution**”). The Bank of New York Mellon Trust Company, N.A., is initially the designated paying agent, registrar and transfer agent (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 Securities and Exchange Commission Rule 15c2-12(b)(5).

**Section 2. Definitions.** In addition to the definitions set forth above and in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 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 of this Disclosure Certificate.

“*Annual Report Date*” means the date not later than nine months (currently March 31) after the end of each fiscal year of the District (currently June 30<sup>th</sup>).

“*Dissemination Agent*” means, initially, Willdan Financial Services, 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) of this Disclosure Certificate.

“*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 The Bank of New York Mellon Trust Company, N.A., 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) 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:

- (i) Assessed value of taxable property in the jurisdiction of the District for the most recently completed fiscal year;
- (ii) Assessed valuation of the properties of the top 20 secured property taxpayers in the District for the most recently completed fiscal year;
- (iii) Property tax collection delinquencies for the District for the most recently completed fiscal year, or if not available, for the previous fiscal year, but only if available from the County at the time of filing the Annual Report;
- (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; and
- (v) Such further information, if any, as may be necessary to make the statements made pursuant to (a) and (b) of this Section 4, in the light of the circumstances under which they are made, not misleading.

(c) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

**Section 5. Reporting of Significant Events.**

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.

- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the District.
- (13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional 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 Willdan Financial Services. Any Dissemination Agent may resign by providing 30 days’ written notice to the District and the Paying Agent.

**Section 9. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Resolution for amendments to the Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(b).

**Section 10. Additional Information.** Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**Section 11. Default.** If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

**Section 12. Duties, Immunities and Liabilities of Dissemination Agent.**

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent will have no duty or obligation to review any

information provided to it by the District hereunder, and shall not be deemed to be acting in any fiduciary capacity for the District, the Bondholders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

**Section 13. Beneficiaries.** This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: \_\_\_\_\_, 2026

**LINCOLN 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](http://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**  
**SAN JOAQUIN COUNTY INVESTMENT POLICY AND REPORT**

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## 2026 Investment Policy

Submitted by  
Phonxay Keokham, CPA  
Treasurer-Tax Collector

Approved by the Board of Supervisors on  
November 18, 2025



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## **1.0 INVESTMENT POLICY AND SCOPE**

The Investment Policy establishes the criteria for the prudent investment of pool participants' surplus treasury funds and outlines the policies for maximizing the efficiency of the San Joaquin County (County) cash management system. In addition, the Investment Policy governs the deposit, safekeeping, and investment of all funds under the control of the County Treasurer-Tax Collector (Treasurer), as well as all related transactions and investment activities in accordance with California State Law. It does not apply to bond funds or other affiliated public agency assets that reside outside of the County's Investment Pool.

The Investment Policy shall be reviewed annually by the Treasurer with the Treasury Oversight Committee (Committee). Any modifications made thereto must be approved by the County Board of Supervisors (Board) and adopted by resolution. No person may engage in an investment transaction except as provided under the terms of the Investment Policy. The Treasurer shall establish written Investment Policy procedures.

## **2.0 OBJECTIVE**

The objective of the Investment Policy is to protect the surplus funds of all Investment Pool participants while providing for their cash flow requirements and enhancing their economic status. The County operates its investment program under the "Prudent Investor Standard" set forth by Government Code Section 53600.3. This affords the Treasurer a broad spectrum of investment opportunities provided that the investment is deemed prudent and allowable under California State Law.

The criteria and priority for selecting investments are as follows:

- (a) Safety. Safety of principal is the foremost objective of the County's investment program. The safety and risk associated with an investment refers to the potential loss of principal and/or interest. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the Investment Pool.
- (b) Liquidity. Liquidity refers to the ability to access cash at any time with minimal risk of losing some portion of principal or interest. The Investment Pool will remain sufficiently liquid to enable the County to meet all anticipated operating requirements. Liquidity is an important investment quality considering an unanticipated need for funds may arise.
- (c) Yield. Yield is the potential dollar earnings that an investment can provide and is also referred to as the rate of return. Return on investment is of secondary importance compared to the safety and liquidity objectives referenced above.

## **3.0 DELEGATION OF AUTHORITY**

The Board, as permitted under Government Code Section 53607, delegates the responsibility to invest or reinvest the funds of the County or to sell or exchange securities so purchased to the Treasurer who shall be responsible for all transactions undertaken and shall establish a system of

controls to regulate the activities of subordinate officials and their procedures in the absence of the Treasurer.

#### **4.0 GENERAL CONSTRAINTS**

The following criteria represents the general framework by which the County's Treasury investment program shall be conducted:

- (a) The laws of the State of California and the Prudent Investor Standard shall be the primary standards by which all County Treasury investments are transacted.
- (b) The basic premise underlying the Investment Policy is to ensure that the pooled funds are always safe and readily available.
- (c) Surplus treasury funds are the funds not required to meet the bank's demand on the Treasury to redeem warrants or cover other County disbursement obligations on any given day.
- (d) Surplus treasury fund management and investment transactions are the responsibility of the Treasurer.
- (e) The Treasurer strives to invest all surplus funds in the Investment Pool by anticipating pool participant activities and needs through daily projections and cash flow forecasting.

#### **5.0 CONSTRAINTS SET BY GOVERNMENT CODE**

Government Code Sections 53601 and 53635 impose restrictions on the investments of government entities. All such restrictions are to be adhered to in their entirety. In addition, the Treasurer may impose further restrictions on investments if the Treasurer deems such action appropriate. The following section lists the only authorized investments of the County.

#### **6.0 AUTHORIZED INVESTMENTS**

The Treasurer's authorization to invest is limited to the securities categorized below. All securities must be U.S. dollar denominated. The restrictions specified in Government Code Sections 53601 and 53635 apply unless otherwise stated. Authorized investments are as follows:

- (a) U.S. Treasury Bills, Notes, and Bonds (Maximum of 100%)

U.S. Treasury Bills, Notes, and Bonds for which the full faith and credit of the U.S. are pledged for the payment of principal and interest. There is no percentage limit on the total dollar amount that may be invested in this category.

- (b) State Obligations and California Local Agency Bonds (Maximum of 100%)

Bonds, notes, warrants of the State or department, board, agency, or authority of the State. Bonds, notes, warrants of a local agency within the State or department, board, agency, or

authority of a local agency within the State. There is no percentage limit on the total dollar amount that may be invested in this category.

- (c) Obligations issued by a Federal Agency or a U.S. Government Sponsored Enterprise (GSE) (Maximum of 100%)

Federal Agency or GSE obligation, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or the U.S. government are authorized. There is no percentage limit on the total dollar amount that may be invested in this category.

- (d) Banker's Acceptances (Maximum of 40%)

Bills of Exchange or Time Drafts (Banker's Acceptances). Banker's Acceptances may not exceed 40 percent of the Investment Pool, and no more than 30 percent may be invested in the Banker's Acceptances of one commercial bank. The limit for each issuer may be specified in the Treasurer's "Approved Banker's Acceptance List".

- (e) Commercial Paper (Maximum of 30%)

Commercial Paper is an unsecured, short-term debt instrument issued by a corporation. Commercial Paper must have the highest categories of a nationally recognized statistical rating organization (NRSRO). The maximum maturity is 270 days. The limit for each issuer is specified in the Treasurer's "Commercial Paper Approved List". Commercial Paper may not exceed 30 percent of the Investment Pool.

- (f) Time Deposits (Maximum of 30%)

Certificates of Deposits issued by a nationally or state-chartered bank, savings association, federal association, or state-licensed branch of a foreign bank. The bank must have a branch or office in the County. The bank must have a rating in the highest or second highest categories of an NRSRO. The limit for each issuer is specified in the Treasurer's "Approved Negotiable Certificates of Deposit List." The collateralization level will be 110 percent of market value for Certificate of Deposits. The maximum maturity is one year. Certificate of Deposits may not exceed 30 percent of the Investment Pool.

- (g) Repurchase Agreements (Maximum of 100%)

Term repurchase agreements may be collateralized by either U.S. Treasury securities or by any U.S. Federal Agency security.

Regardless of maturity, repurchase agreements must be collateralized at 102 percent (market value plus accrued interest). Repurchase agreements shall only be made with dealers whose assets exceed \$500 million and having either the highest commercial paper rating, of A or higher rating for the issuer's debt, if any, as provided by a NRSRO. There is no percentage limit on the total dollar amount that may be invested in this category.

All Repurchase Agreements with brokers/dealers will be done through a “Tri-Party Custodian Agreement” that has been approved, in writing, by the Treasurer.

All Repurchase Agreements with commercial banks will be governed by a Public Securities Association (PSA) agreement that has been approved, in writing, by the Treasurer.

(h) Medium Term Notes (Maximum of 30%)

Corporate Debentures (Medium Term Notes) that have a rating in the highest or second highest categories of a NRSRO. Medium Term Notes must be issued by corporations organized and operating within the U.S. The maximum maturity of such issues is three years. Floaters of the above issues are authorized if the maximum maturity does not exceed three years. Medium Term Notes may not exceed 30 percent of the Investment Pool.

(i) Mutual Funds (Maximum of 20%)

Mutual Funds, as defined in Government Code Section 53601, consist only of those investments authorized by the Investment Policy. Mutual Funds may not exceed 20 percent of the Investment Pool. A thorough investigation of the fund is required prior to investing and due diligence must be conducted on an annual basis.

(j) Specific Securities (Maximum per Approval)

Specific securities as specified in the ordinance, resolution, indenture, or agreement for monies pledged to the payment or security of bonds or other indebtedness as governed by Government Code Section 53601(m) must receive written approval from the Treasurer.

(k) Bank Deposits (Maximum of 10%)

Bank Deposits are interest-bearing active deposits in a state or national bank, savings association, or federal association, a state or federal credit union, or a federally insured industrial loan company. These deposits must be properly collateralized at 110 percent in accordance with Government Code Section 53652. Deposits with any one depository may not exceed 10 percent of the Investment Pool.

(l) Joint Powers Authority Programs (Maximum of 30%)

Managed investment pools pursuant to Government Code Section 53601(p) for which shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (q), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. Joint Powers Authority Programs may not exceed 30 percent of the Investment Pool. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets the following criteria:

- (1) The adviser is registered or exempt from registration with the Securities and Exchange Commission.
- (2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q), inclusive.
- (3) The adviser has assets under management in excess of \$500 million.

(m) Supranationals (Maximum of 30%)

U.S. Dollar denominated senior unsecured unsubordinated obligations which are rated in a rating category of “AA” or its equivalent by one NRSRO at time of purchase, issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, and eligible for purchase and sale within the U.S. Supranationals may not exceed 30 percent of the Investment Pool.

(n) Local Agency Investment Fund

Local Agency Investment Fund (LAIF) of the State of California is an investment alternative created pursuant to Government Code Section 16429.1 for California’s local governments and special districts. LAIF purchases securities under the authority of Government Code Section 16430 and 16480.4. The Treasurer may invest up to the maximum amount permitted by LAIF.

## **7.0 DIVERSIFICATION**

It is the policy of the Treasurer to diversify the pooled funds. Investments are diversified to minimize the risk of loss of principal and interest resulting from an overconcentration of assets in a specific maturity, issuer, or type of security. Diversification strategies shall be established by the Treasurer and periodically reviewed.

## **8.0 MATURITY STRUCTURE**

To the extent possible, investments shall be made to match anticipated cash flow requirements. A minimum of 25 percent of the entire Investment Pool shall mature within 60 days to provide sufficient liquidity for expected disbursements. If for any reason the Investment Pool is not in compliance with the minimum maturity percentage, all new investments will be restricted to a maturity of 60 days or less until compliance is restored. No investment shall be made in any security with a maturity greater than five years unless it is approved by the Board.

Annually, the Treasurer must give written approval for authorized staff to purchase securities with a maturity of one year or longer.

## **9.0 DEALER APPROVAL**

All financial institutions and broker/dealers used for the placement of investments must be registered with the Financial Industry Regulatory Authority, licensed by the State of California, and approved by the Treasurer in writing. The creditworthiness of all financial institutions will be reviewed by the Treasurer. The Treasurer will maintain a list of approved financial institutions authorized to provide investment services to the County.

The Treasurer will not approve any broker, brokerage, dealer, or securities firm that has, within the past two years, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the Treasurer, any member of the Board, or any candidate for these offices.

All brokers are provided with the updated Investment Policy on an annual basis.

### **10.0 COMPETITIVE BIDDING**

Bids for any investment shall be taken from a minimum of two banks or broker/dealers. Awards will be made to the highest offer, giving consideration to safety, liquidity, a balanced investment pool, and diversification. If two bids for a similar investment security are unavailable, then the second bid may be for another investment security with a similar maturity.

### **11.0 SWAPS AND TRADES**

Securities may be swapped and traded for other eligible securities after calculating the gain between the buy and sell candidates in the transaction and approval by the Treasurer.

### **12.0 LOSSES**

Generally, losses are acceptable on a sale before maturity and may be taken if reinvested proceeds will prevent the potential of a greater loss, provide increased liquidity, or earn a higher yield. Approval by the Treasurer is required.

### **13.0 SAFEKEEPING**

Securities purchased from broker/dealers shall be held in third party safekeeping by the trust department of the County's bank or other designated third-party custodian and in the County's name. The third-party custodian shall be required to issue a safekeeping statement listing specific instrument, rate, maturity, and other pertinent information. No securities will be held by the broker/dealer from whom they were purchased. Third-party safekeeping arrangements will be approved by the Treasurer-Tax Collector and will be corroborated with a written custodial agreement.

Safekeeping of Repurchase Agreements is stipulated in the section titled "Authorized Investments."

### **14.0 CONFIRMATION**

All investment confirmations are to be reviewed for conformity with the original transaction. Discrepancies are to be reported to the Treasurer.

## **15.0 INTERNAL CONTROLS**

The Treasurer shall establish internal controls to provide reasonable assurance that the investment objectives are met and to ensure that the assets are protected from loss, theft, or misuse. The Treasurer shall also be responsible for ensuring that all investment transactions comply with the Investment Policy and California State Law.

The Treasurer shall establish a process for daily, monthly, quarterly, and annual reviews and the monitoring of investment program activity. Daily, the Treasurer or authorized Treasury personnel shall review the investment activity, as well as corresponding custodial and commercial bank balances and positions for compliance with the Investment Policy and guidelines. The County Auditor-Controller's Office or the contracted external auditor shall conduct an annual audit of the investment program's activities.

## **16.0 PERFORMANCE STANDARDS**

The Investment Pool shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles commensurate with investment risk constraints and cash flow needs.

The Treasurer's investment strategy is both passive and active. Given this strategy, the basis used by the Treasurer to determine whether market yields are being achieved shall be to identify a comparable benchmark to the investment duration. (i.e. 90-day U.S. Treasury Bill, six-month U.S. Treasury Bill, Average Federal Funds Rate). Benchmarks may be modified over time based on changes in market conditions or cash flow requirements.

## **17.0 CREDIT FOR INTEREST EARNINGS**

Interest earnings from the Investment Pool shall be credited to participating entities each quarter by the County Auditor-Controller. The credit is computed based on the average daily cash balance of funds on deposit during the quarter in the County Treasury.

In accordance with Government Code Section 27013, authorized costs of investing, depositing, banking, auditing, reporting or otherwise handling or managing funds will be deducted from the total interest earnings prior to the interest earnings apportionment.

## **18.0 DIRECTED INVESTMENTS**

The Treasurer may allow special directed investments for Tax and Revenue Anticipation Note (TRANs) proceeds or other special purposes. The Treasurer will work with the entity to make a single directed investment. For proceeds between \$10 million and \$50 million, that investment will be in a U.S. Treasury Bill. For proceeds in excess of \$50 million, the investment can be in either a U.S. Treasury Bill or a U.S. Treasury Note. Upon the maturity of the investment, all funds will be deposited into the Investment Pool. Any funds from the TRANs sale, not included in the investment, will be placed in the Investment Pool. The charge for the investment will be \$5,000, which is estimated to cover the actual expenses of the offices of the Treasurer and the County Auditor-

Controller. These expenses may include paying agent, safekeeping, establishing of entity funds, tracking, and recording the investment. The Treasurer may negotiate a different charge if it is cost justified and appropriate. Directed investments will be separate from the Investment Pool.

## **19.0 OUTSIDE AGENCIES**

Local agencies not required to deposit funds with the County may place funds in the Investment Pool with the approval of the Treasurer. All agencies must comply with this Investment Policy. It is anticipated that most funds will be withdrawn from the Investment Pool by a warrant. Wire transfers must be arranged with the Treasurer.

## **20.0 WITHDRAWALS**

The Treasurer requires 24-hour notice on withdrawals of \$1 million to \$10 million, a seven-day notice on withdrawals between \$10 million and \$25 million, and a 30-day notice for amounts exceeding \$25 million. The Treasurer also reserves the right to work with any agency on the timing of a withdrawal exceeding \$10 million if that withdrawal might affect the stability or predictability of cash flow in the County Treasury. The Treasurer may refuse any withdrawal above \$25 million which may negatively impact the stability and predictability of cash flow in the County Treasury. The Treasurer may reduce or waive the required notice.

## **21.0 REPORTING**

The Treasurer shall provide a monthly report to the Board, County Administrator, County Auditor-Controller, and the Committee itemizing all Treasury investments by investment type, institution, date of maturity, amount of investment, rate of interest, and current market value. Securities will be valued based on information from the trustee, broker, custodian, or other sources approved by the Treasurer. The market value for bank deposits, Certificates of Deposit, Repurchase Agreements of less than 30 days, LAIF, and Joint Powers Authority Programs will be at cost. The report will include the weighted average maturity of the investments in the Treasury Pool, and a statement denoting the ability of the local agency to meet its expenditure requirements for the next six months.

## **22.0 COUNTY TREASURY OVERSIGHT COMMITTEE**

The Committee will review and monitor the Investment Policy on an annual basis. The Committee shall require an annual audit to be conducted to determine the County Treasury's compliance with the law and the Investment Policy.

The Committee shall not direct individual investment decisions, select individual investment advisors, brokers, dealers, or impinge on the day-to-day operations of the County Treasury.

A member may not be employed by an entity that has contributed to the campaign of a candidate for the office of local Treasurer or contributed to the campaign of a candidate to be a member of a legislative body of any local agency that has deposited funds in the County Treasury, in the previous three years or during the period that the employee is a member of the Committee (Government Code Section 27132.1).

A member may not directly or indirectly raise money for a candidate for local Treasurer or a member of the governing board of any local agency that has deposited funds in the County Treasury while a member of the Committee (Government Code Section 27132.2).

A member may not secure employment with, or be employed by, bond underwriters, bond counsel, security brokerages or dealers, or financial services firms, with whom the Treasurer is doing business during the period that the person is a member of the Committee or for one year after leaving the Committee (Government Code Section 27132.3).

Committee meetings shall be open to the public and subject to the Ralph M. Brown Act.

### **23.0 INDEMNIFICATION AND PRUDENCE**

The standard of care to be used by the County’s officers or employees in all investment transactions shall be the Prudent Investor Standard (Government Code Section 53600.3), which is expanded as follows:

When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.

The above criteria are established as the standard for professional responsibility and shall be applied in the context of managing the Investment Pool. Investment officers acting in accordance with the Investment Policy shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided that deviations from expectations are reported in a timely fashion, and appropriate action is taken to control adverse developments.

### **24.0 ETHICS AND CONFLICT OF INTEREST**

No officer, employee, or member of the Committee may directly or indirectly accept or solicit from any person, corporation, or group having a business relationship with the Treasurer or Treasury-related functions, any rebate, kickback, or anything of an economic value as a gift, gratuity, or honoraria.

No officer or employee of the Treasurer shall, outside of working hours, engage in any profession, trade, business, or occupation, which is incompatible or involves a conflict of interest with his/her duties as a County officer or employee.

Investment officials shall refrain from personal business activity that may conflict with proper execution and management of the Investment Policy and the investment program or which could impair their ability to make impartial decisions. Investment officials must provide public disclosure required under Government Code Section 87203, et seq.

The Treasurer and designated employees must annually file a Form 700 (Statement of Economic Interest) in accordance with the County's Conflict-of-Interest Code.

## **25.0 BUSINESS CONTINUITY PLAN**

In the event the Treasurer or authorized staff is unable to conduct normal business operations, the Treasurer has an agreement with the custody bank for a daily sweep of surplus funds into an interest-bearing account as well as the ability to transfer additional funds to money market and liquid accounts until normal operations are restored. Treasurer-imposed restrictions pertaining to investment type, investment amount, and investment percentages, as stated in the Investment Policy, will be temporarily suspended to allow for continued operations.

## GLOSSARY

**Accrued Interest:** The amount of interest that is earned but unpaid (not yet received) since the last interest payment date.

**Banker's Acceptance (BA):** A highly-liquid draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

**Broker:** A broker brings buyers and sellers together for a transaction for which the broker receives a commission.

**Certificate of Deposit (CD):** A time deposit with a specific maturity evidenced by a certificate. Large denomination CDs may be marketable.

**Collateral:** Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of public monies.

**Commercial Paper (CP):** The short-term unsecured debt of corporations.

**Credit Risk:** The risk that principal and/or interest on an investment will not be paid in a timely manner due to changes in the condition of the issuer.

**Custodian:** A bank or other financial institution that keeps custody of stock certificates and other assets.

**Dealer:** A dealer, as opposed to a broker, acts as a principal in security transactions buying and selling securities for his own account.

**Discount Note:** Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value.

**Diversification:** Dividing investment funds among a variety of securities offering independent returns to avoid excessive exposure to any one source of risk.

**Government Sponsored Enterprise (GSE):** A type of financial services corporation created by the Federal Government to facilitate borrowing in specific sectors. GSE bonds carry the implicit backing of the Federal Government.

**Interest:** The amount earned while owning a debt security and generally calculated as a percentage of the principal amount.

**Internal Controls:** Rules and procedures designed to ensure the integrity of financial and accounting information, accountability, and that the assets of the entity are protected from loss, theft, or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met.

**Investment Policy:** A concise and clear statement of the objectives and parameters formulated by an investor or investment manager for a portfolio of investment securities.

**Investment Pool:** A portfolio of investments securities with combined funds from more than one entity.

**Joint Powers Agreements (JPA):** Entities created under Government Code Section 6509.7 that allow two or more public agencies to jointly exercise common powers and issue shares of beneficial interest to the participating public agencies and may invest in securities and obligations as described by subdivision (p) of Government Code Section 53601.

**Liquidity:** The speed and ease with which an asset can be converted to cash without substantial loss of value.

**Local Agency:** County, city, city & county, including a chartered city or county, school district, community college district, public district, county board of education, county superintendent of schools, or any public or municipal corporation.

**Local Agency Investment Fund (LAIF):** The LAIF is an investment alternative for California's local government and special districts authorized under Government Code Sections 16429.1. The LAIF is managed by the State Treasurer's Office, with oversight by the Local Agency Investment Advisory Board. All securities in LAIF are purchased under the authority of Government Code Sections 16430 and 16480.4. The State Treasurer's Office receives all securities on a delivery versus payment basis using a third-party custodian. All securities are purchased at market, with market valuation conducted monthly.

**Market Value:** The price at which a security can be traded.

**Master Repurchase Agreement:** A written contract covering all future transactions between the parties to repurchase or reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

**Maturity:** The final date upon which the principal or stated value of a security becomes due and payable.

**Medium Term Notes (MTN):** Debt securities issued by a corporation or depository institution with a maturity ranging from nine months to five years. The term "medium-term notes" refers to the time it takes for an obligation to mature and includes other corporate debt securities originally issued for maturities longer than five years, but which have now fallen within the five year maturity range. MTNs issued by banks are also called "bank notes."

**Money Market:** The market in which short-term debt instruments (Treasury Bills, discount notes, commercial paper, and banker's acceptances) are issued and traded.

**Mutual Funds:** An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments.

**Nationally Recognized Statistical Rating Organization (NRSRO):** Firms that review the creditworthiness of the issuers of debt securities, and express their opinion in the form of letter ratings (e.g. AAA, AA, A, BBB, etc.) The primary rating agencies include Standard & Poor's Corporation, Moody's Investor Services, Inc., and Fitch Investors Service.

**Par:** The amount of principal that must be paid at maturity. Also referred to as the face amount of a bond.

**Price:** The amount of monetary consideration required by a willing seller and a willing buyer to sell an investment on a particular date.

**Prudent Investor Standard:** A standard of responsibility which applies to fiduciaries. In California, the rule is stated as "Investments shall be managed with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of like character and with like aims to accomplish similar purposes."

**Principal:** The face value or par value of an investment.

**Rate of Return:** The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on the bond or the current income return.

**Rating:** Various alphabetical and numerical designations used by institutional investors, Wall Street underwriters, and commercial rating companies use to give relative indications of bond and note creditworthiness.

**Repurchase Agreement (RP or REPO):** The purchase of securities, on a temporary basis, with the seller's simultaneous agreement to repurchase the securities at a later date at a specified price that includes interest for the buyer's holding period. In essence, this is a collateralized investment whereby the security "buyer" lends the "seller" money for the period of the agreement.

**Risk:** The uncertainty of maintaining the principal or interest associated with an investment due to a variety of factors.

**Rule G-37 of the Municipal Securities Rulemaking Board:** Federal regulations to sever any connection between the making of political contributions and the awarding of municipal securities business.

**Safekeeping:** A service to bank customers whereby securities are held for protection by the bank or third-party in the customer's name.

**Safety:** In the context of investing public funds, safety relates to the preservation of principal of an investment in an investment portfolio; local agencies address the concerns of safety by controlling exposure to risks.

**Supranational:** An entity that is formed by two or more central governments with the purpose of promoting economic development for the member countries. Examples include the International Bank for Reconstruction and Development, International Finance Corporation, and the Inter-American Development Bank.

**Swap:** A swap is any financial transaction that involves the simultaneous purchase of a security and the sale of another for the purpose of enhancing an investor's portfolio. Swap transactions of interest to California public investors include portfolio swaps and interest rate swaps.

**Tax and Revenue Anticipation Notes (TRANs):** Notes issued in anticipation of receiving tax proceeds or other revenues at a future date.

**Treasury Bills:** Non-interest-bearing discount securities with maturities under one year issued by the U.S. Treasury to finance the national debt.

**Treasury Bonds:** Interest-bearing obligations issued by the U.S. Treasury with maturities that range from 10 to 30 years from date of issue.

**Treasury Notes:** Interest-bearing obligations of the U.S. Treasury with maturities ranging from two to 10 years from date of issue.

**U.S. Government Agency Securities:** Government sponsored obligations, participation, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or U.S. government-sponsored enterprises.

**U.S. Treasury Securities:** Securities issued by the U.S. Treasury and backed by the full faith and credit of the U.S. Treasuries are considered to have no credit risk and are the benchmark for interest rates on all other securities in the U.S. and overseas. The U.S. Treasury issues both discounted securities and fixed coupon notes and bonds.

**Weighted Average Maturity (WAM):** The average time to maturity of all securities that comprise a portfolio based on the value of each security. WAM is typically expressed in days or years.

**Yield:** The annual rate of return on a debt investment computed as though held to maturity expressed in percentages.



March 2026  
Monthly Investment  
Report



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PHONXAY KEOKHAM, CPA  
 TREASURER-TAX COLLECTOR  
 SAN JOAQUIN COUNTY

Wyman Jeung, CCMT  
 Assistant Treasurer-Tax  
 Collector

Mandy Matta, CCMT  
 Chief Deputy Treasurer-Tax  
 Collector

Jesus Duran, MBA  
 Chief Deputy Treasurer-Tax  
 Collector

April 3, 2026

MARCH 2026 INVESTMENT REPORT

I, Phonxay Keokham, Treasurer-Tax Collector, County of San Joaquin, State of California, do hereby certify under oath that on March 31, 2026, the books of said County stated that there was \$6,070,737,577.28 (SIX BILLION, SEVENTY MILLION, SEVEN HUNDRED THIRTY SEVEN THOUSAND, FIVE HUNDRED SEVENTY SEVEN DOLLARS AND TWENTY EIGHT CENTS) in the Treasury as follows:

Currency	\$	113,447.31
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Summary of Investments (see attachment for details):

Sweep Account	7,890,074.16	
Bank Deposits	300,000,000.00	
Joint Powers Authority Programs	1,423,000,000.00	
Local Agency Investment Fund (LAIF)	75,000,000.00	
Commercial Paper	562,314,330.84	
Municipal Bonds	135,020,195.00	
Medium Term Notes	357,619,342.32	
Supranationals	620,481,017.38	
U.S. Treasuries	89,874,833.76	
Federal Agencies	<u>2,495,273,853.96</u>	
 Total Investments		 6,066,473,647.42
 Bank Balance		
BMO - Closing Ledger Balance		4,150,482.55
BMO - Transactions Pending		-
 Total Treasury Balance	 \$	 6,070,737,577.28

All investments are in compliance with the County's Investment Policy. Market values are based on information from either the trustee, broker, Wall Street Journal, or other sources approved by the Treasurer-Tax Collector. Based on revenue and expenditure projections and information known to the Treasurer-Tax Collector, the Treasury will be able to meet its pool's expenditure requirement for the next six months. The weighted average maturity of the investments within the treasury pool, assuming all callable bonds are held to maturity, is 644 days.

Phonxay Keokham, Treasurer-Tax Collector

**MARCH 2026 INVESTMENT REPORT  
PORTFOLIO STATISTICS**

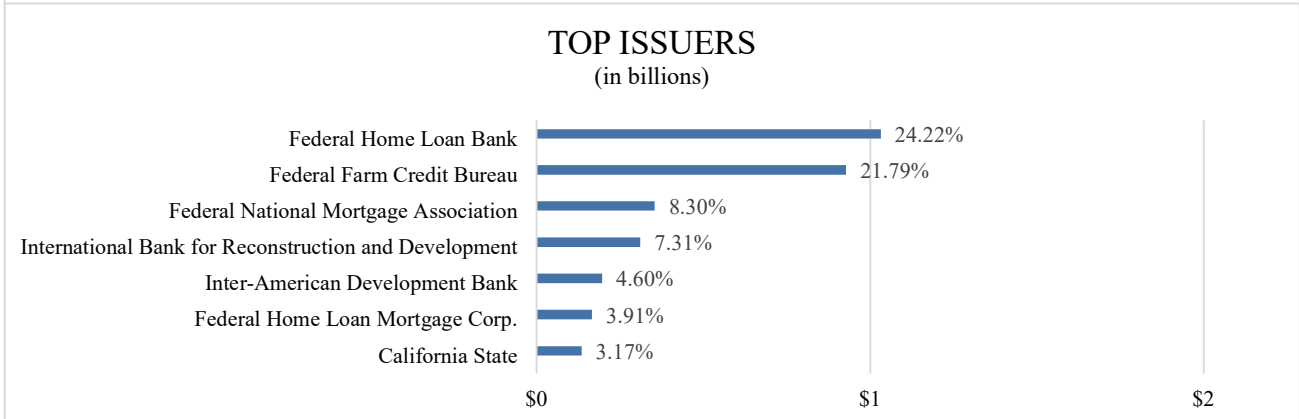
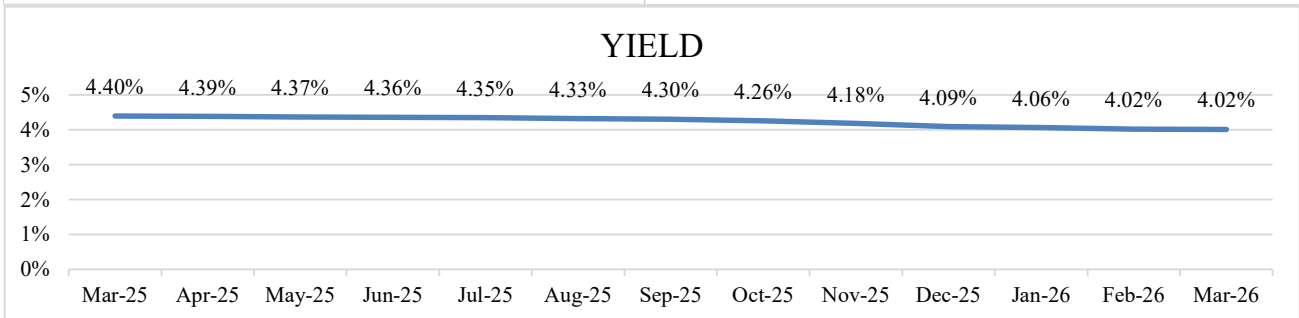
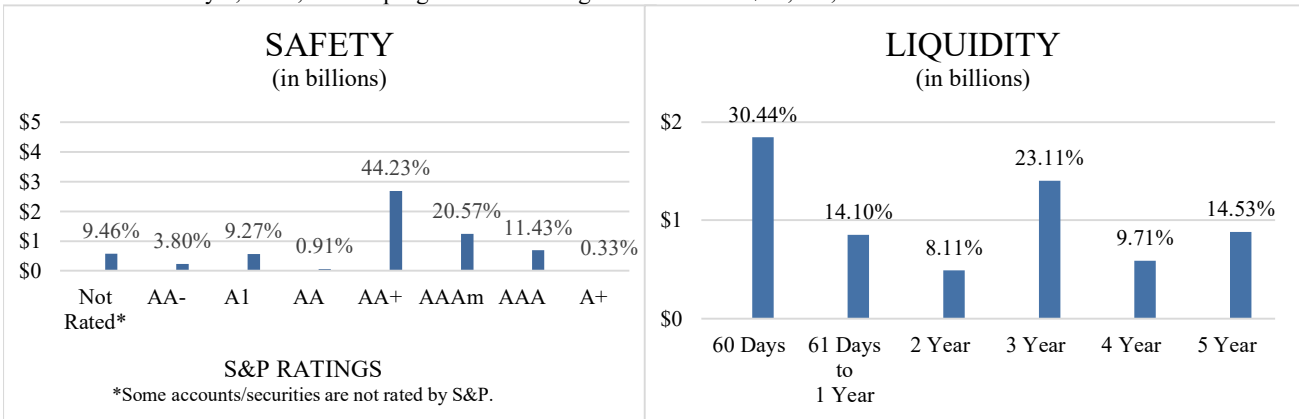
**TOTAL INVESTMENTS**  
**\$6,066,473,647.42**

**WEIGHTED AVERAGE MATURITY**  
**644**

**YIELD**  
**4.02%**

<u>Asset Category</u>	<u>Cost Value</u>	<u>Percentage</u>	<u>Policy Limit</u>	<u>Compliance</u>
Sweep Account	7,890,074.16	0.13%	10%	Yes
Bank Deposits	300,000,000.00	4.95%	10%	Yes
Joint Powers Authority Programs	1,423,000,000.00	23.46%	30%	Yes
Local Agency Investment Fund (LAIF)	75,000,000.00	1.24%	Program Limit*	Yes
Commercial Paper	562,314,330.84	9.27%	30%	Yes
Medium Term Notes	357,619,342.32	5.90%	30%	Yes
Supranationals	620,481,017.38	10.23%	30%	Yes
Municipal Bonds	135,020,195.00	2.23%	100%	Yes
U.S Treasuries	89,874,833.76	1.48%	100%	Yes
Federal Agencies	2,495,273,853.96	41.13%	100%	Yes
<b>Total Investments</b>	<b>\$6,066,473,647.42</b>	<b>100.00%</b>		

\* Effective January 1, 2020, LAIF's program limit for regular accounts is \$75,000,000.00.



San Joaquin County  
**PORTFOLIO HOLDINGS**  
 March 31, 2026

Quantity	Security Identification	Settlement Date	Security	Maturity Date	Rate	Cost Value	Cost Price	Market Value	Accrued Interest	Market Value + Accrued Interest	% of Portfolio	YTM @ Cost	Credit Rating 1	Credit Rating 2
<b>CASH AND EQUIVALENTS</b>														
7,890,074.16	SWEEP3559	3/31/2012	Sweep Account - BMO	N/A	3.520	7,890,074.16	100.00	7,890,074.16		7,890,074.16	0.13	3.520	Not Rated	Not Rated
100,000,000.00	MM0888	2/29/2012	Bank Deposit - BMO	N/A	3.650	100,000,000.00	100.00	100,000,000.00		100,000,000.00	1.64	3.650	Not Rated	Not Rated
200,000,000.00	FS8195	5/25/2022	Bank Deposit - Five Star Bank	N/A	3.871	200,000,000.00	100.00	200,000,000.00		200,000,000.00	3.27	3.871	Not Rated	Not Rated
825,000,000.00	CAMP6088	4/12/2019	Joint Powers Authority Program-CAMP	N/A	3.800	825,000,000.00	100.00	825,000,000.00		825,000,000.00	13.50	3.800	Not Rated	S&P-AAAm
25,000,000.00	CAMPTERM260518	8/18/2025	Joint Powers Authority Program-CAMP	5/18/2026	4.080	25,000,000.00	100.00	25,000,000.00	628,767.12	25,628,767.12	0.41	4.080	Fitch-AAAmmf	Not Rated
25,000,000.00	CAMPTERM260605	1/7/2026	Joint Powers Authority Program-CAMP	6/5/2026	3.700	25,000,000.00	100.00	25,000,000.00	757,739.72	25,757,739.72	0.41	3.700	Fitch-AAAmmf	Not Rated
25,000,000.00	CAMPTERM260630	9/25/2025	Joint Powers Authority Program-CAMP	6/30/2026	3.830	25,000,000.00	100.00	25,000,000.00	490,554.80	25,490,554.80	0.41	3.830	Fitch-AAAmmf	Not Rated
25,000,000.00	CAMPTERM260915	9/17/2025	Joint Powers Authority Program-CAMP	9/15/2026	3.760	25,000,000.00	100.00	25,000,000.00	507,342.46	25,507,342.46	0.41	3.760	Fitch-AAAmmf	Not Rated
25,000,000.00	CAMPTERM261130	12/3/2025	Joint Powers Authority Program-CAMP	11/30/2026	3.780	25,000,000.00	100.00	25,000,000.00	305,506.85	25,305,506.85	0.41	3.780	Fitch-AAAmmf	Not Rated
25,000,000.00	CAMPTERM261231	1/7/2026	Joint Powers Authority Program-CAMP	12/31/2026	3.610	25,000,000.00	100.00	25,000,000.00	222,534.25	25,222,534.25	0.41	3.610	Fitch-AAAmmf	Not Rated
25,000,000.00	CAMPTERM270301	3/4/2026	Joint Powers Authority Program-CAMP	3/1/2027	3.510	25,000,000.00	100.00	25,000,000.00	72,123.29	25,072,123.29	0.41	3.510	Fitch-AAAmmf	Not Rated
80,000,000.00	CALFIT50013-101	12/12/2025	Joint Powers Authority Program-CalFIT	N/A	3.760	80,000,000.00	100.00	80,000,000.00		80,000,000.00	1.31	3.760	Not Rated	S&P-AAAm
343,000,000.00	CALTRUST9600	4/13/2023	Joint Powers Authority Program-CalTrust	N/A	3.770	343,000,000.00	100.00	343,000,000.00		343,000,000.00	5.61	3.770	Not Rated	S&P-AAAm
75,000,000.00	LAIF9000	7/31/1988	LAIF	N/A	3.827	75,000,000.00	100.00	75,000,000.00		75,000,000.00	1.23	3.827	Not Rated	Not Rated
1,805,890,074.16						1,805,890,074.16		1,805,890,074.16	2,984,568.49	1,808,874,642.65	29.56	3.75		
<b>COMMERCIAL PAPER</b>														
50,000,000.00	86563HDT4	10/27/2025	Sumitomo	4/27/2026	3.750	49,052,083.33	98.10	50,000,000.00	0.00	50,000,000.00	0.82	3.822	Moody's-P1	S&P-A1
30,000,000.00	43851UE17	1/14/2026	Honeywell	5/1/2026	3.690	29,670,975.00	98.90	29,901,000.00	0.00	29,901,000.00	0.49	3.731	Moody's-P1	S&P-A1
25,000,000.00	59157UE55	10/9/2025	MetLife	5/5/2026	3.814	24,449,080.71	97.80	25,000,000.00	0.00	25,000,000.00	0.41	3.900	Moody's-P1	S&P-A1
20,000,000.00	43851UE82	1/29/2026	Honeywell	5/8/2026	3.650	19,799,250.00	99.00	19,918,800.00	0.00	19,918,800.00	0.33	3.687	Moody's-P1	S&P-A1
10,000,000.00	59157UF88	11/26/2025	MetLife	6/8/2026	3.800	9,795,222.22	97.95	10,000,000.00	0.00	10,000,000.00	0.16	3.879	Moody's-P1	S&P-A1
25,000,000.00	22533UFJ7	9/24/2025	Credit Agricole	6/18/2026	3.860	24,284,291.67	97.14	24,795,250.00	0.00	24,795,250.00	0.41	3.974	Moody's-P1	S&P-A1
11,500,000.00	59157UFP0	11/26/2025	MetLife	6/23/2026	3.790	11,246,964.86	97.80	11,396,385.00	0.00	11,396,385.00	0.19	3.875	Moody's-P1	S&P-A1
25,000,000.00	22533UFP3	9/29/2025	Credit Agricole	6/23/2026	3.870	24,282,437.50	97.13	24,781,500.00	0.00	24,781,500.00	0.41	3.984	Moody's-P1	S&P-A1
50,000,000.00	78015DFQ8-1	9/29/2025	Royal Bank of Canada	6/24/2026	3.800	48,585,555.56	97.17	49,543,000.00	0.00	49,543,000.00	0.82	3.911	Moody's-P1	S&P-A1
35,000,000.00	62479MFS7	10/1/2025	MUFG Bank	6/26/2026	3.880	33,989,044.60	97.11	34,678,350.00	0.00	34,678,350.00	0.57	3.995	Moody's-P1	S&P-A1
50,000,000.00	60689GG26	12/30/2025	Mizuho	7/2/2026	3.690	49,057,000.00	98.11	50,000,000.00	0.00	50,000,000.00	0.82	3.761	Moody's-P1	S&P-A1
50,000,000.00	8923A1GL9	10/28/2025	Toyota PR	7/20/2026	3.810	48,597,687.00	97.20	49,397,000.00	0.00	49,397,000.00	0.82	3.920	Moody's-P1	S&P-A1
15,000,000.00	62479MGQ0	10/30/2025	MUFG Bank	7/24/2026	3.715	14,586,733.50	97.24	14,816,700.00	0.00	14,816,700.00	0.25	3.820	Moody's-P1	S&P-A1
25,000,000.00	09659CHE1	11/19/2025	BNP Paribas	8/14/2026	3.790	24,294,645.50	97.18	24,638,750.00	0.00	24,638,750.00	0.41	3.900	Moody's-P1	S&P-A1
30,000,000.00	63873KHM2	11/25/2025	Natixis	8/21/2026	3.810	29,145,925.00	97.15	29,543,700.00	0.00	29,543,700.00	0.49	3.922	Moody's-P1	S&P-A1
25,000,000.00	09659CHU5	12/2/2025	BNP Paribas	8/28/2026	3.710	24,306,951.39	97.23	25,000,000.00	0.00	25,000,000.00	0.41	3.816	Moody's-P1	S&P-A1
50,000,000.00	45685RJ24	12/12/2025	ING	9/2/2026	3.697	48,644,441.50	97.29	49,159,500.00	0.00	49,159,500.00	0.82	3.800	Moody's-P1	S&P-A1
50,000,000.00	06054PMM5	3/27/2026	BofA Securities	12/21/2026	3.945	48,526,041.50	97.05	48,561,000.00	0.00	48,561,000.00	0.82	4.065	Moody's-P1	S&P-A1
576,500,000.00						562,314,330.84		571,130,935.00	0.00	571,130,935.00	9.44	3.881		
<b>MUNICIPAL BONDS</b>														
25,000,000.00	13063D2V9	10/2/2023	California State	10/1/2028	5.000	24,945,250.00	99.78	25,636,250.00	625,000.00	26,261,250.00	0.41	5.050	Moody's-Aa2	S&P-AA-
25,000,000.00	13063EGT7	11/7/2024	California State	8/1/2029	4.500	25,030,000.00	100.12	25,459,500.00	187,500.00	25,647,000.00	0.41	4.473	Moody's-Aa2	S&P-AA-
12,150,000.00	13063DRE0	12/12/2024	California State	10/1/2029	2.500	11,234,619.00	92.47	11,592,801.00	151,875.00	11,744,676.00	0.20	4.250	Moody's-Aa2	S&P-AA-
15,730,000.00	13063EHX7	3/27/2025	California State	3/1/2030	6.250	17,060,286.10	108.46	17,001,141.30	81,927.08	17,083,068.38	0.26	4.327	Moody's-Aa2	S&P-AA-
17,580,000.00	13063EHU3	9/2/2025	California State	9/1/2030	4.875	18,270,718.20	103.93	18,178,071.60	71,418.75	18,249,490.35	0.29	4.000	Moody's-Aa2	S&P-AA-
25,000,000.00	13063EHU3	9/25/2025	California State	9/1/2030	4.875	26,140,750.00	104.56	25,850,500.00	101,562.50	25,952,062.50	0.41	3.850	Moody's-Aa2	S&P-AA-
11,830,000.00	13063EHU3	1/7/2026	California State	9/1/2030	4.875	12,338,571.70	104.30	12,232,456.60	48,059.38	12,280,515.98	0.19	3.855	Moody's-Aa2	S&P-AA-
132,290,000.00						135,020,195.00		135,950,720.50	1,267,342.71	137,218,063.21	2.17	4.308		
<b>MEDIUM TERM NOTES</b>														
20,000,000.00	166764BL3	12/17/2025	Chevron	5/16/2026	2.954	19,938,200.00	99.69	19,980,800.00	221,550.00	20,202,350.00	0.33	3.703	Moody's-Aa2	S&P-AA-
10,000,000.00	037833BZ2	12/21/2023	Apple	8/4/2026	2.450	9,520,100.00	95.20	9,953,900.00	38,791.67	9,992,691.67	0.16	4.409	Moody's-Aaa	S&P-AA+
10,000,000.00	594918BR4	11/13/2023	Microsoft	8/8/2026	2.400	9,370,800.00	93.71	9,947,500.00	35,333.33	9,982,833.33	0.16	4.883	Moody's-Aaa	S&P-AAA
25,000,000.00	594918BR4	7/2/2025	Microsoft	8/8/2026	2.400	24,573,000.00	98.29	24,868,750.00	88,333.33	24,957,083.33	0.41	4.001	Moody's-Aaa	S&P-AAA
15,000,000.00	594918BY9	2/27/2026	Microsoft	2/6/2027	3.300	14,959,350.00	99.73	14,927,850.00	75,625.00	15,003,475.00	0.25	3.594	Moody's-Aaa	S&P-AAA
15,000,000.00	023135BC9	2/27/2026	Amazon	8/22/2027	3.150	14,912,550.00	99.42	14,827,950.00	51,187.50	14,879,137.50	0.25	3.556	Moody's-A1	S&P-AA
15,000,000.00	478160CK8	12/10/2025	Johnson & Johnson	11/5/2028	2.900	14,765,310.00	98.44	14,749,200.00	91,833.33	14,841,033.33	0.25	3.681	Moody's-Aaa	S&P-AAA
20,000,000.00	037833EC0	9/17/2025	Apple	2/8/2028	1.200	18,917,200.00	94.59	19,062,400.00	35,333.33	19,097,733.33	0.33	3.582	Moody's-Aaa	S&P-AA+
10,000,000.00	037833EC0	12/12/2025	Apple	2/8/2028	1.200	9,493,000.00	94.93	9,531,200.00	17,666.67	9,548,866.67	0.16	3.667	Moody's-Aaa	S&P-AA+
25,000,000.00	478160DH4	4/10/2025	Johnson & Johnson	3/1/2028	4.550	25,268,250.00	101.07	25,312,250.00	94,791.67	25,407,041.67	0.41	4.150	Moody's-Aaa	S&P-AAA
25,000,000.00	90327QDA4	12/23/2025	USAA	6/1/2028	4.375	25,337,984.85	101.35	25,085,750.00	364,583.33	25,450,333.33	0.41	3.789	Moody's-Aa2	S&P-AA-
20,000,000.00	64952WFP3	12/10/2025	NY Life	7/25/2028	4.150	20,080,600.00	100.40	19,955,400.00	152,166.67	20,107,566.67	0.33	3.985	Moody's-Aa1	S&P-AA+

San Joaquin County  
**PORTFOLIO HOLDINGS**  
 March 31, 2026

Quantity	Security Identification	Settlement Date	Security	Maturity Date	Rate	Cost Value	Cost Price	Market Value	Accrued Interest	Market Value + Accrued Interest	% of Portfolio	YTM @ Cost	Credit Rating 1	Credit Rating 2	
15,000,000.00	64952WFP3	12/19/2025	NY Life	7/25/2028	4.150	15,120,943.78	100.81	14,966,550.00	114,125.00	15,080,675.00	0.25	3.820	Moody's-Aa1	S&P-AA+	
15,000,000.00	166756BH8	1/20/2026	Chevron	8/13/2028	4.050	15,110,997.75	100.74	15,023,400.00	81,000.00	15,104,400.00	0.25	3.744	Moody's-Aa2	S&P-AA-	
25,000,000.00	02079KAV9	12/3/2025	Alphabet	11/15/2028	3.875	25,151,555.94	100.61	24,928,500.00	390,190.97	25,318,690.97	0.41	3.655	Moody's-Aa2	S&P-AA+	
25,000,000.00	023135CS3	12/23/2025	Amazon	11/20/2028	3.900	25,099,500.00	100.40	24,907,250.00	354,791.67	25,262,041.67	0.41	3.753	Moody's-A1	S&P-AA	
15,000,000.00	46632FWP6	11/26/2025	JPM	11/24/2028	4.000	15,000,000.00	100.00	14,856,450.00	208,333.33	15,064,783.33	0.25	4.000	Moody's-Aa2	S&P-AA	
10,000,000.00	46632FWU5	12/11/2025	JPM	12/11/2028	4.020	10,000,000.00	100.00	9,885,400.00	122,833.33	10,008,233.33	0.16	4.020	Moody's-Aa2	S&P-AA-	
15,000,000.00	46632FWW1	12/11/2025	JPM	12/11/2028	4.050	15,000,000.00	100.00	14,838,750.00	185,625.00	15,024,375.00	0.25	4.050	Fitch-AA	S&P-AA-	
10,000,000.00	46632FXD2	12/15/2025	JPM	12/15/2028	4.000	10,000,000.00	100.00	9,936,000.00	117,777.78	10,053,777.78	0.16	4.000	Moody's-Aa2	S&P-AA-	
20,000,000.00	95004HAX6	1/22/2026	Wells Fargo	1/22/2029	3.920	20,000,000.00	100.00	19,927,400.00	150,266.67	20,077,666.67	0.33	3.920	Moody's-Aa2	S&P-A+	
360,000,000.00						357,619,342.32		357,472,650.00	2,992,139.58	360,464,789.58	5.89	3.872			
<b>SUPRANATIONALS</b>															
25,000,000.00	4581X0DV7	9/27/2023	IADB	4/20/2026	0.875	22,546,917.26	90.19	24,961,000.00	97,829.86	25,058,829.86	0.41	5.000	Moody's-Aaa	S&P-AAA	
17,000,000.00	4581X0CY2	12/8/2023	IADB	7/7/2027	2.375	15,924,240.00	93.67	16,703,520.00	94,208.33	16,797,728.33	0.28	4.300	Moody's-Aaa	Fitch-AAA	
25,000,000.00	45950VSE7	10/25/2023	IFC	4/7/2028	3.600	23,609,000.00	94.44	24,704,000.00	435,000.00	25,139,000.00	0.41	5.010	Moody's-Aaa	S&P-AAA	
25,000,000.00	459058JW4	9/11/2023	IBRD	4/20/2028	1.375	21,780,789.50	87.12	23,822,000.00	153,732.64	23,975,732.64	0.41	4.500	Moody's-Aaa	S&P-AAA	
25,000,000.00	45906M4E8	6/26/2023	IBRD	6/26/2028	4.500	25,000,000.00	100.00	25,002,250.00	296,875.00	25,299,125.00	0.41	4.500	Moody's-Aaa	S&P-AAA	
25,000,000.00	459058KT9	7/31/2023	IBRD	7/12/2028	3.500	24,095,159.57	96.38	24,845,000.00	192,013.89	25,037,013.89	0.41	4.320	Moody's-Aaa	S&P-AAA	
25,000,000.00	4581X0DX3	8/28/2023	IADB	7/20/2028	1.125	21,329,976.03	85.32	23,542,500.00	55,468.75	23,597,968.75	0.41	4.500	Moody's-Aaa	S&P-AAA	
25,000,000.00	459058KW2	10/4/2023	IBRD	8/1/2028	4.625	24,772,315.02	99.09	25,461,000.00	192,708.33	25,653,708.33	0.41	4.840	Moody's-Aaa	S&P-AAA	
25,000,000.00	459058KW2	10/24/2023	IBRD	8/1/2028	4.625	24,690,500.00	98.76	25,461,000.00	192,708.33	25,653,708.33	0.41	4.920	Moody's-Aaa	S&P-AAA	
25,000,000.00	459058JZ7	10/18/2023	IBRD	9/13/2028	1.125	20,862,500.00	83.45	23,454,500.00	14,062.50	23,468,562.50	0.41	4.970	Moody's-Aaa	S&P-AAA	
30,000,000.00	45818WET9	12/7/2023	IADB	11/9/2028	4.700	30,664,800.00	102.22	30,344,400.00	556,166.67	30,900,566.67	0.49	4.196	Moody's-Aaa	S&P-AAA	
25,000,000.00	45950VSM9	11/30/2023	IFC	11/27/2028	4.500	25,166,550.00	100.67	25,122,000.00	387,500.00	25,509,500.00	0.41	4.350	Moody's-Aaa	S&P-AAA	
14,000,000.00	45950VSM9	12/14/2023	IFC	11/27/2028	4.500	14,368,200.00	102.63	14,068,320.00	217,000.00	14,285,320.00	0.23	3.910	Moody's-Aaa	S&P-AAA	
25,000,000.00	45818WEV4	12/18/2023	IADB	12/18/2028	4.350	25,385,000.00	101.54	25,303,000.00	311,145.83	25,614,145.83	0.41	4.007	Moody's-Aaa	S&P-AAA	
25,000,000.00	45818WEV4	12/18/2023	IADB	12/18/2028	4.350	25,466,775.00	101.87	25,303,000.00	311,145.83	25,614,145.83	0.41	3.935	Moody's-Aaa	S&P-AAA	
25,000,000.00	45950VVSQ0	1/8/2024	IFC	1/8/2029	4.000	25,006,750.00	100.03	24,857,000.00	230,555.56	25,087,555.56	0.41	3.994	Moody's-Aaa	S&P-AAA	
25,000,000.00	45818WEX0	1/19/2024	IADB	1/19/2029	4.250	24,918,750.00	99.68	25,077,750.00	212,500.00	25,290,250.00	0.41	4.323	Moody's-Aaa	S&P-AAA	
15,000,000.00	4581X0EN4	2/15/2024	IADB	2/15/2029	4.125	14,826,045.00	98.84	15,127,050.00	79,062.50	15,206,112.50	0.25	4.385	Moody's-Aaa	S&P-AAA	
15,000,000.00	4581X0EN4	2/15/2024	IADB	2/15/2029	4.125	14,833,950.00	98.89	15,127,050.00	79,062.50	15,206,112.50	0.25	4.373	Moody's-Aaa	S&P-AAA	
25,000,000.00	45950VTH9	4/17/2024	IFC	3/29/2029	4.660	25,000,000.00	100.00	25,309,500.00	530,722.22	25,840,222.22	0.41	4.660	Moody's-Aaa	S&P-AAA	
15,000,000.00	45906M5H0	11/18/2024	IBRD	4/24/2029	5.170	15,166,650.00	101.11	15,037,650.00	144,329.17	15,181,979.17	0.25	4.889	Moody's-Aaa	S&P-AAA	
10,000,000.00	459058KL6	9/27/2024	IBRD	9/21/2029	3.625	9,997,000.00	99.97	9,933,100.00	10,069.44	9,943,169.44	0.16	3.631	Moody's-Aaa	S&P-AAA	
25,000,000.00	459058LN1	10/18/2024	IBRD	10/16/2029	3.875	24,931,250.00	99.73	25,033,500.00	444,010.42	25,477,510.42	0.41	3.936	Not Rated	S&P-AAA	
25,000,000.00	459058LR2	4/10/2025	IBRD	3/20/2030	4.125	25,077,000.00	100.31	25,229,750.00	31,510.42	25,261,260.42	0.41	4.055	Moody's-Aaa	S&P-AAA	
25,000,000.00	459058LR2	4/10/2025	IBRD	3/20/2030	4.125	25,043,850.00	100.18	25,229,750.00	31,510.42	25,261,260.42	0.41	4.085	Moody's-Aaa	S&P-AAA	
25,000,000.00	459058KU6	7/29/2025	IBRD	7/25/2030	4.000	25,000,000.00	100.00	25,095,000.00	183,333.33	25,278,333.33	0.41	4.000	Moody's-Aaa	S&P-AAA	
20,000,000.00	459058LY7	12/10/2025	IBRD	10/28/2030	3.500	19,751,800.00	98.76	19,660,800.00	297,500.00	19,958,300.00	0.33	3.780	Moody's-Aaa	S&P-AAA	
25,000,000.00	459058LA9	1/12/2026	IBRD	1/10/2031	4.000	25,265,250.00	101.06	25,072,500.00	225,000.00	25,297,500.00	0.41	3.765	Moody's-Aaa	S&P-AAA	
636,000,000.00						620,481,017.38		633,887,890.00	6,006,731.94	639,894,621.94	10.41	4.343			
<b>U.S. TREASURIES</b>															
25,000,000.00	91282CCH2	9/25/2023	Treasury	6/30/2028	1.250	21,443,359.38	85.77	23,636,500.00	77,693.37	23,714,193.37	0.41	4.610	Moody's-Aa1	S&P-AA+	
25,000,000.00	9128284V9	8/15/2023	Treasury	8/15/2028	2.875	23,625,000.00	94.50	24,480,250.00	87,361.88	24,567,611.88	0.41	4.103	Moody's-Aa1	S&P-AA+	
25,000,000.00	91282CLN9	9/30/2024	Treasury	9/30/2029	3.500	24,990,234.38	99.96	24,708,000.00	0.00	24,708,000.00	0.41	3.509	Moody's-Aa1	S&P-AA+	
20,000,000.00	91282CQG9	3/31/2026	Treasury	3/31/2031	3.875	19,816,240.00	99.08	19,937,400.00	0.00	19,937,400.00	0.33	4.080	Moody's-Aa1	S&P-AA+	
95,000,000.00						89,874,833.76		92,762,150.00	165,055.25	92,927,205.25	1.56	4.075			
<b>FEDERAL AGENCIES</b>															
25,000,000.00	3130AM6U1	4/28/2021	FHLB	4/28/2026	1.250	25,000,000.00	100.00	24,953,750.00	132,812.50	25,086,562.50	0.41	0.996	Moody's-Aa1	S&P-AA+	
25,000,000.00	3133EPZY4	11/1/2023	FFCB	7/30/2026	5.000	25,000,000.00	100.00	25,105,500.00	208,333.33	25,313,833.33	0.41	5.000	Moody's-Aa1	S&P-AA+	
25,000,000.00	3130B8G71	11/3/2025	FHLB	8/4/2026	3.625	25,000,000.00	100.00	24,982,250.00	143,489.58	25,125,739.58	0.41	3.625	Moody's-Aa1	S&P-AA+	
25,000,000.00	3133EPUW3	9/1/2023	FFCB	9/1/2026	4.750	24,991,750.00	99.97	25,103,250.00	98,958.33	25,202,208.33	0.41	4.762	Moody's-Aa1	S&P-AA+	
25,000,000.00	3133ERVU2-1	10/2/2024	FFCB	10/2/2026	3.500	24,947,500.00	99.79	24,969,500.00	435,069.44	25,404,569.44	0.41	3.609	Moody's-Aa1	S&P-AA+	
19,825,000.00	3133EPK79	12/7/2023	FFCB	12/7/2026	4.375	19,819,052.50	99.97	19,903,705.25	274,658.85	20,178,364.10	0.32	4.386	Moody's-Aa1	S&P-AA+	
20,000,000.00	3133ENGT1	12/9/2021	FFCB	12/9/2026	1.190	19,998,000.00	99.99	19,655,400.00	74,044.44	19,729,444.44	0.33	1.192	Moody's-Aa1	S&P-AA+	
25,000,000.00	3130AQDN0	12/30/2021	FHLB	12/30/2026	1.460	25,000,000.00	100.00	24,577,000.00	91,250.00	24,668,250.00	0.41	1.460	Moody's-Aa1	S&P-AA+	
25,000,000.00	3130AQQG2	1/14/2022	FHLB	1/14/2027	1.500	25,000,000.00	100.00	24,560,250.00	80,208.33	24,640,458.33	0.41	1.500	Moody's-Aa1	S&P-AA+	
20,000,000.00	3130ANPJ3	12/11/2023	FHLB	2/26/2027	1.000	17,830,000.00	89.15	19,528,200.00	19,444.44	19,547,644.44	0.33	4.681	Moody's-Aa1	S&P-AA+	
20,000,000.00	3133ERBA8	4/15/2024	FFCB	4/15/2027	4.840	20,000,000.00	100.00	20,006,000.00	446,355.56	20,452,355.56	0.33	4.840	Moody's-Aa1	S&P-AA+	

San Joaquin County  
**PORTFOLIO HOLDINGS**  
 March 31, 2026

Quantity	Security Identification	Settlement Date	Security	Maturity Date	Rate	Cost Value	Cost Price	Market Value	Accrued Interest	Market Value + Accrued Interest	% of Portfolio	YTM @ Cost	Credit Rating 1	Credit Rating 2
25,000,000.00	3130ARK59	4/21/2022	FHLB	4/21/2027	3.150	25,000,000.00	100.00	24,826,500.00	350,000.00	25,176,500.00	0.41	3.150	Moody's-Aa1	S&P-AA+
23,425,000.00	3130ARNF4	12/28/2023	FHLB	4/21/2027	3.450	22,815,013.00	97.40	23,294,288.50	359,183.33	23,653,471.83	0.38	4.300	Moody's-Aa1	S&P-AA+
25,000,000.00	3133EPP66	12/20/2023	FFCB	5/20/2027	4.000	24,954,500.00	99.82	25,070,750.00	363,888.89	25,434,638.89	0.41	4.058	Moody's-Aa1	S&P-AA+
25,000,000.00	3133EPP66	12/20/2023	FFCB	5/20/2027	4.000	24,992,750.00	99.97	25,070,750.00	363,888.89	25,434,638.89	0.41	4.010	Moody's-Aa1	S&P-AA+
25,000,000.00	3130AS7H6	6/9/2022	FHLB	6/9/2027	3.530	25,000,000.00	100.00	24,863,000.00	274,555.56	25,137,555.56	0.41	3.530	Moody's-Aa1	S&P-AA+
25,000,000.00	3133EPXB6	9/28/2023	FFCB	9/28/2027	4.625	24,903,250.00	99.61	25,305,250.00	9,635.42	25,314,885.42	0.41	4.732	Moody's-Aa1	S&P-AA+
25,000,000.00	3133EPH81	12/4/2023	FFCB	10/4/2027	4.500	25,089,000.00	100.36	25,270,750.00	553,125.00	25,823,875.00	0.41	4.400	Moody's-Aa1	S&P-AA+
25,000,000.00	3133ERWK3	10/7/2024	FFCB	10/7/2027	3.670	25,000,000.00	100.00	24,926,000.00	443,458.33	25,369,458.33	0.41	3.670	Moody's-Aa1	S&P-AA+
15,000,000.00	3133ETCM7	4/14/2025	FFCB	10/14/2027	3.980	14,992,929.81	99.95	14,974,350.00	276,941.67	15,251,291.67	0.25	4.000	Moody's-Aa1	S&P-AA+
25,000,000.00	3130B3JS3	11/1/2024	FHLB	10/27/2027	4.210	25,000,000.00	100.00	25,000,000.00	450,236.11	25,450,236.11	0.41	4.210	Moody's-Aa1	S&P-AA+
25,000,000.00	3133EPC60	11/15/2023	FFCB	11/15/2027	4.625	24,977,500.00	99.91	25,326,500.00	436,805.56	25,763,305.56	0.41	4.650	Moody's-Aa1	S&P-AA+
25,000,000.00	3133EPC60	11/15/2023	FFCB	11/15/2027	4.625	24,914,250.00	99.66	25,326,500.00	436,805.56	25,763,305.56	0.41	4.720	Moody's-Aa1	S&P-AA+
15,000,000.00	3130B8WJ7	12/17/2025	FHLB	12/8/2027	3.750	15,000,000.00	100.00	14,956,200.00	162,500.00	15,118,700.00	0.25	3.750	Moody's-Aa1	S&P-AA+
15,000,000.00	3133ET4D6	12/15/2025	FFCB	12/15/2027	3.800	15,000,000.00	100.00	14,964,450.00	167,833.33	15,132,283.33	0.25	3.800	Moody's-Aa2	S&P-AA+
10,000,000.00	3134HCWM7	3/2/2026	FHLMC	3/2/2028	3.800	10,000,000.00	100.00	9,967,100.00	30,611.11	9,997,711.11	0.16	3.800	Moody's-Aa1	S&P-AA+
10,000,000.00	3133EWJZ4	3/27/2026	FFCB	3/27/2028	3.875	9,992,000.00	99.92	10,013,300.00	4,305.56	10,017,605.56	0.16	3.922	Moody's-Aa1	S&P-AA+
15,000,000.00	3136GCXP5	3/30/2026	FNMA	3/30/2028	4.200	15,000,000.00	100.00	15,005,400.00	0.00	15,005,400.00	0.25	4.200	Moody's-Aa1	S&P-AA+
20,000,000.00	3130BA2T3	3/30/2026	FHLB	3/30/2028	4.000	20,000,000.00	100.00	20,032,800.00	0.00	20,032,800.00	0.33	4.000	Moody's-Aa1	S&P-AA+
25,000,000.00	3133ETCA3	4/10/2025	FFCB	4/10/2028	4.290	25,000,000.00	100.00	25,003,750.00	509,437.50	25,513,187.50	0.41	4.290	Moody's-Aa1	S&P-AA+
15,000,000.00	3136GAEQ8	4/7/2025	FNMA	7/7/2028	4.220	15,000,000.00	100.00	15,010,950.00	147,700.00	15,158,650.00	0.25	4.220	Moody's-Aa1	S&P-AA+
25,000,000.00	3130B0SD2	4/10/2024	FHLB	7/10/2028	4.800	25,000,000.00	100.00	25,048,250.00	270,000.00	25,318,250.00	0.41	4.800	Moody's-Aa1	S&P-AA+
25,000,000.00	3136GAF53	4/10/2025	FNMA	7/10/2028	4.200	25,000,000.00	100.00	25,005,500.00	498,750.00	25,504,250.00	0.41	4.200	Moody's-Aa1	S&P-AA+
20,000,000.00	3130AWNW6	7/18/2023	FHLB	7/18/2028	4.040	20,000,000.00	100.00	20,066,200.00	163,844.44	20,230,044.44	0.33	4.040	Moody's-Aa1	S&P-AA+
20,000,000.00	3133EMV33	9/27/2023	FFCB	7/26/2028	1.125	16,902,884.00	84.51	18,785,600.00	40,625.00	18,826,225.00	0.33	4.750	Moody's-Aa1	S&P-AA+
15,000,000.00	3133EPSK2	8/7/2023	FFCB	8/7/2028	4.250	14,945,250.00	99.64	15,144,000.00	95,625.00	15,239,625.00	0.25	4.332	Moody's-Aa1	S&P-AA+
25,000,000.00	3130AWW89	8/28/2023	FHLB	8/28/2028	4.300	25,000,000.00	100.00	25,232,250.00	89,583.33	25,321,833.33	0.41	4.300	Moody's-Aa1	S&P-AA+
25,000,000.00	3130AXEL8	10/16/2023	FHLB	9/8/2028	4.750	24,987,750.00	99.95	25,525,000.00	75,868.06	25,603,868.06	0.41	4.762	Moody's-Aa1	S&P-AA+
15,000,000.00	3130AXEL8	10/31/2023	FHLB	9/8/2028	4.750	14,928,090.00	99.52	15,315,000.00	45,520.83	15,360,520.83	0.25	4.862	Moody's-Aa1	S&P-AA+
25,000,000.00	3130AWTR1	9/8/2023	FHLB	9/8/2028	4.375	24,864,750.00	99.46	25,334,750.00	69,878.47	25,404,628.47	0.41	4.495	Moody's-Aa1	S&P-AA+
25,000,000.00	3130AWTR1	9/27/2023	FHLB	9/8/2028	4.375	24,625,250.00	98.50	25,334,750.00	69,878.47	25,404,628.47	0.41	4.716	Moody's-Aa1	S&P-AA+
25,000,000.00	3133EPWK7	9/22/2023	FFCB	9/22/2028	4.500	24,966,750.00	99.87	25,399,750.00	28,125.00	25,427,875.00	0.41	4.530	Moody's-Aa1	S&P-AA+
25,000,000.00	3133EPWK7	9/26/2023	FFCB	9/22/2028	4.500	24,840,750.00	99.36	25,399,750.00	28,125.00	25,427,875.00	0.41	4.644	Moody's-Aa1	S&P-AA+
25,000,000.00	3133EPA47	11/1/2023	FFCB	11/1/2028	4.875	24,932,500.00	99.73	25,713,000.00	507,812.50	26,220,812.50	0.41	4.937	Moody's-Aa1	S&P-AA+
25,000,000.00	3130AXSB5	11/27/2023	FHLB	11/27/2028	4.625	25,000,000.00	100.00	25,451,250.00	398,263.89	25,849,513.89	0.41	4.625	Moody's-Aa1	S&P-AA+
25,000,000.00	3133EPF91	11/27/2023	FFCB	11/27/2028	4.500	24,995,250.00	99.98	25,373,000.00	387,500.00	25,760,500.00	0.41	4.504	Moody's-Aa1	S&P-AA+
10,000,000.00	3133ET2S5	12/8/2025	FFCB	11/28/2028	3.375	9,948,900.00	99.49	9,893,400.00	115,312.50	10,008,712.50	0.16	3.557	Moody's-Aa2	S&P-AA+
25,000,000.00	3134HCDM8	12/5/2025	FHLMC	12/5/2028	3.750	25,000,000.00	100.00	24,915,250.00	302,083.33	25,217,333.33	0.41	3.750	Moody's-Aa2	S&P-AA+
15,000,000.00	3134HCHB8	12/11/2025	FHLMC	12/8/2028	3.625	14,968,500.00	99.79	14,906,700.00	166,145.83	15,072,845.83	0.25	3.700	Moody's-Aa1	S&P-AA+
25,000,000.00	3130AXQK7	12/28/2023	FHLB	12/8/2028	4.750	25,978,950.00	103.92	25,584,500.00	372,743.06	25,957,243.06	0.41	3.870	Moody's-Aa1	S&P-AA+
25,000,000.00	3130AY4V5	12/15/2023	FHLB	12/15/2028	4.750	25,000,000.00	100.00	25,003,500.00	349,652.78	25,353,152.78	0.41	4.750	Moody's-Aa1	S&P-AA+
25,000,000.00	3133EPN50	12/15/2023	FFCB	12/15/2028	4.250	24,894,250.00	99.58	25,336,250.00	312,847.22	25,649,097.22	0.41	4.345	Moody's-Aa1	S&P-AA+
25,000,000.00	3133EPN50	12/15/2023	FFCB	12/15/2028	4.250	24,907,500.00	99.63	25,336,250.00	312,847.22	25,649,097.22	0.41	4.333	Moody's-Aa1	S&P-AA+
25,000,000.00	3130AY3N4	12/21/2023	FHLB	12/21/2028	4.625	25,000,000.00	100.00	25,071,500.00	321,180.56	25,392,680.56	0.41	4.625	Moody's-Aa1	S&P-AA+
25,000,000.00	3130AY2N5	12/22/2023	FHLB	12/22/2028	4.600	25,000,000.00	100.00	25,041,000.00	316,250.00	25,357,250.00	0.41	4.600	Moody's-Aa1	S&P-AA+
15,000,000.00	3133ET4L8	12/22/2025	FFCB	12/22/2028	3.620	15,000,000.00	100.00	14,877,900.00	149,325.00	15,027,225.00	0.25	3.620	Moody's-Aa1	S&P-AA+
25,000,000.00	3133ET6C6	1/5/2026	FFCB	1/5/2029	3.750	25,000,000.00	100.00	24,899,000.00	223,958.33	25,122,958.33	0.41	3.750	Moody's-Aa1	S&P-AA+
25,000,000.00	3130AYK54	1/19/2024	FHLB	1/19/2029	4.200	25,000,000.00	100.00	24,960,000.00	210,000.00	25,170,000.00	0.41	4.200	Moody's-Aa1	S&P-AA+
25,000,000.00	3130AYRB4	1/21/2024	FHLB	1/29/2029	4.345	25,000,000.00	100.00	25,016,750.00	187,076.39	25,203,826.39	0.41	4.345	Moody's-Aa1	S&P-AA+
14,750,000.00	3130AYQM1	1/30/2024	FHLB	1/29/2029	4.375	14,750,000.00	100.00	14,765,930.00	111,137.15	14,877,067.15	0.24	4.375	Moody's-Aa1	S&P-AA+
25,000,000.00	3130AYRG3	2/5/2024	FHLB	2/5/2029	4.400	25,000,000.00	100.00	25,010,000.00	171,111.11	25,181,111.11	0.41	4.400	Moody's-Aa1	S&P-AA+
13,005,000.00	3133EWC55	3/4/2026	FFCB	2/5/2029	3.500	13,000,058.10	99.96	12,910,453.65	70,805.00	12,981,258.65	0.21	3.513	Moody's-Aa1	S&P-AA+
25,000,000.00	3130B0RW1	4/5/2024	FHLB	4/2/2029	4.700	25,000,000.00	100.00	25,155,250.00	584,236.11	25,739,486.11	0.41	4.700	Moody's-Aa1	S&P-AA+
25,000,000.00	3133ERAC5	4/9/2024	FFCB	4/9/2029	5.000	25,000,000.00	100.00	25,007,000.00	597,222.22	25,604,222.22	0.41	5.000	Moody's-Aa1	S&P-AA+
25,000,000.00	3133ERAK7	4/10/2024	FFCB	4/10/2029	4.375	24,883,500.00	99.53	25,389,250.00	519,531.25	25,908,781.25	0.41	4.480	Moody's-Aa1	S&P-AA+
25,000,000.00	3130B0TT6	4/10/2024	FHLB	4/10/2029	5.050	25,000,000.00	100.00	25,008,000.00	599,687.50	25,607,687.50	0.41	5.050	Moody's-Aa1	S&P-AA+
25,000,000.00	3130B43Y5	12/12/2024	FHLB	6/12/2029	4.500	25,000,000.00	100.00	24,877,500.00	340,625.00	25,319,375.00	0.41	4.500	Moody's-Aa1	S&P-AA+
25,000,000.00	3130B2XY6	10/2/2024	FHLB	7/2/2029	3.900	25,000,000.00	100.00	24,853,750.00	241,041.67	25,094,791.67	0.41	3.900	Moody's-Aa1	S&P-AA+
15,000,000.00	3134HBMQ6	5/12/2025	FHLMC	8/8/2029	4.100	14,932,800.00	99.55	14,985,150.00	90,541.67	15,075,691.67	0.25	4.218	Moody's-Aa1	S&P-AA+
25,000,000.00	3134HAPK3	10/10/2024	FHLMC	10/10/2029	4.030	25,000,000.00	100.00	24,877,500.00	478,562.50	25,356,062.50	0.41	4.030	Moody's-Aa1	S&P-AA+
25,000,000.00	3135GAX55	10/22/2024	FNMA	10/22/2029	4.250	25,000,000.00	100.00	24,952,250.00	469,270.83	25,421,520.83	0.41	4.250	Moody's-Aa1	S&P-AA+
15,000,000.00	3133ERZD6	11/1/2024	FFCB	11/1/2029	4.000	14,979,805.05	99.87	15,018,450.00	250,000.00	15,268,450.00	0.25	4.030	Moody's-Aa1	

San Joaquin County  
**PORTFOLIO HOLDINGS**  
 March 31, 2026

Quantity	Security Identification	Settlement Date	Security	Maturity Date	Rate	Cost Value	Cost Price	Market Value	Accrued Interest	Market Value + Accrued Interest	% of Portfolio	YTM @ Cost	Credit Rating 1	Credit Rating 2
15,000,000.00	3130B3R21	11/15/2024	FHLB	11/15/2029	4.400	15,000,000.00	100.00	15,052,650.00	249,333.33	15,301,983.33	0.25	4.400	Moody's-Aa1	S&P-AA+
25,000,000.00	3130B3ZA4	12/6/2024	FHLB	12/4/2029	4.320	25,000,000.00	100.00	24,989,000.00	351,000.00	25,340,000.00	0.41	4.320	Moody's-Aa1	S&P-AA+
25,000,000.00	3130B44T5	12/13/2024	FHLB	12/13/2029	4.270	25,000,000.00	100.00	24,987,250.00	320,250.00	25,307,500.00	0.41	4.270	Moody's-Aa1	S&P-AA+
15,750,000.00	3130ATUT2	12/16/2024	FHLB	12/14/2029	4.500	16,043,265.00	101.86	16,091,932.50	210,656.25	16,302,588.75	0.26	4.084	Moody's-Aa1	S&P-AA+
25,000,000.00	3133ERR29	1/2/2025	FFCB	1/2/2030	4.375	24,912,750.00	99.65	25,342,750.00	270,399.30	25,613,149.30	0.41	4.454	Moody's-Aa1	S&P-AA+
25,000,000.00	3133ETNA1	7/2/2025	FFCB	1/2/2030	4.500	25,000,000.00	100.00	24,970,750.00	278,125.00	25,248,875.00	0.41	4.500	Moody's-Aa1	S&P-AA+
10,000,000.00	3130B9NA4	3/4/2026	FHLB	3/4/2030	3.850	10,000,000.00	100.00	9,864,800.00	28,875.00	9,893,675.00	0.16	3.850	Moody's-Aa1	S&P-AA+
25,000,000.00	3130B5GB8	3/6/2025	FHLB	3/5/2030	4.250	25,000,000.00	100.00	24,921,250.00	76,736.11	24,997,986.11	0.41	4.250	Moody's-Aa1	S&P-AA+
25,000,000.00	3133ETBF3	4/1/2025	FFCB	4/1/2030	4.000	25,087,750.00	100.35	25,172,500.00	500,000.00	25,672,500.00	0.41	3.922	Moody's-Aa1	S&P-AA+
25,000,000.00	3133ETBF3	4/10/2025	FFCB	4/1/2030	4.000	24,913,000.00	99.65	25,172,500.00	500,000.00	25,672,500.00	0.41	4.078	Moody's-Aa1	S&P-AA+
25,000,000.00	3133ETBF3	4/15/2025	FFCB	4/1/2030	4.000	24,747,500.00	98.99	25,172,500.00	500,000.00	25,672,500.00	0.41	4.228	Moody's-Aa1	S&P-AA+
10,000,000.00	3133ETBF3	4/15/2025	FFCB	4/1/2030	4.000	9,900,000.00	99.00	10,069,000.00	200,000.00	10,269,000.00	0.16	4.225	Moody's-Aa1	S&P-AA+
15,000,000.00	3130B5TE8	4/4/2025	FHLB	4/4/2030	4.150	15,000,000.00	100.00	14,934,150.00	306,062.50	15,240,212.50	0.25	4.150	Moody's-Aa1	S&P-AA+
25,000,000.00	3136GAFG9	4/9/2025	FNMA	4/9/2030	4.250	24,875,000.00	99.50	24,924,750.00	507,638.89	25,432,388.89	0.41	4.362	Moody's-Aa1	S&P-AA+
25,000,000.00	3130B5TW8	4/17/2025	FHLB	4/17/2030	4.540	25,000,000.00	100.00	25,015,000.00	517,055.56	25,532,055.56	0.41	4.540	Moody's-Aa1	S&P-AA+
25,000,000.00	3133ETDZ7	4/22/2025	FFCB	4/22/2030	4.590	25,000,000.00	100.00	24,841,750.00	506,812.50	25,348,562.50	0.41	4.590	Moody's-Aa1	S&P-AA+
10,000,000.00	3130B8WM0	12/12/2025	FHLB	6/12/2030	3.800	10,000,000.00	100.00	9,902,100.00	115,055.56	10,017,155.56	0.16	3.800	Moody's-Aa1	S&P-AA+
25,000,000.00	3136GAJM2	6/26/2025	FNMA	6/26/2030	4.000	24,787,500.00	99.15	24,931,250.00	263,888.89	25,195,138.89	0.41	4.190	Moody's-Aa1	S&P-AA+
10,000,000.00	3136GCDV4	1/9/2026	FNMA	7/9/2030	3.850	10,000,000.00	100.00	9,900,300.00	87,694.44	9,987,994.44	0.16	3.850	Moody's-Aa1	S&P-AA+
10,000,000.00	3136GCDV4	1/9/2026	FNMA	7/9/2030	3.850	10,000,000.00	100.00	9,900,300.00	87,694.44	9,987,994.44	0.16	3.850	Moody's-Aa1	S&P-AA+
15,000,000.00	3134HCHF9	12/17/2025	FHLMC	7/17/2030	4.090	15,000,000.00	100.00	14,874,150.00	126,108.33	15,000,258.33	0.25	4.090	Moody's-Aa1	S&P-AA+
25,000,000.00	3130B7CU6	8/1/2025	FHLB	7/26/2030	3.875	24,893,750.00	99.58	24,859,000.00	174,913.20	25,033,913.20	0.41	3.970	Moody's-Aa1	S&P-AA+
15,000,000.00	880591FE7	8/18/2025	TVA	8/1/2030	3.875	14,967,750.00	99.79	14,970,450.00	96,875.00	15,067,325.00	0.25	3.923	Moody's-Aa1	S&P-AA+
25,000,000.00	3136GALB3	8/7/2025	FNMA	8/7/2030	4.250	24,876,750.00	99.51	24,909,750.00	159,375.00	25,069,125.00	0.41	4.361	Moody's-Aa1	S&P-AA+
25,000,000.00	3136GAMY2	8/12/2025	FNMA	8/12/2030	4.050	24,877,500.00	99.51	24,857,250.00	137,812.50	24,995,062.50	0.41	4.160	Moody's-Aa1	S&P-AA+
15,000,000.00	3130B7JD7	8/20/2025	FHLB	8/12/2030	4.000	15,000,000.00	100.00	14,916,750.00	81,666.67	14,998,416.67	0.25	4.000	Moody's-Aa1	S&P-AA+
25,000,000.00	3136GAM71	8/12/2025	FNMA	8/12/2030	4.050	24,876,750.00	99.51	24,895,000.00	137,812.50	25,032,812.50	0.41	4.160	Moody's-Aa1	S&P-AA+
25,000,000.00	3136GAN21	8/14/2025	FNMA	8/14/2030	4.000	24,860,000.00	99.44	24,882,000.00	130,555.56	25,012,555.56	0.41	4.125	Moody's-Aa1	S&P-AA+
25,000,000.00	3136GAP86	8/20/2025	FNMA	8/20/2030	4.000	24,878,000.00	99.51	24,809,500.00	113,888.89	24,923,388.89	0.41	4.109	Moody's-Aa1	S&P-AA+
25,000,000.00	3136GAPP8	8/28/2025	FNMA	8/28/2030	4.000	24,861,500.00	99.45	24,838,750.00	83,333.33	24,922,083.33	0.41	4.124	Moody's-Aa1	S&P-AA+
10,000,000.00	3130B7XT6	9/30/2025	FHLB	9/30/2030	4.100	10,000,000.00	100.00	9,943,200.00	0.00	9,943,200.00	0.16	4.100	Moody's-Aa1	S&P-AA+
20,000,000.00	3130B7YS7	10/3/2025	FHLB	10/1/2030	4.000	20,000,000.00	100.00	19,861,000.00	395,555.56	20,256,555.56	0.33	4.000	Moody's-Aa1	S&P-AA+
15,000,000.00	3133ETB63	10/2/2025	FFCB	10/2/2030	4.210	14,985,000.00	99.90	14,921,850.00	313,995.83	15,235,845.83	0.25	4.232	Moody's-Aa1	S&P-AA+
20,000,000.00	3136GC6A8	11/19/2025	FNMA	11/7/2030	4.200	20,000,000.00	100.00	19,867,200.00	308,000.00	20,175,200.00	0.33	4.200	Moody's-Aa1	S&P-AA+
15,000,000.00	3134HCGS2	12/15/2025	FHLMC	11/15/2030	4.000	14,962,500.00	99.75	14,874,150.00	176,666.67	15,050,816.67	0.25	4.057	Moody's-Aa1	S&P-AA+
20,000,000.00	3134HCAH2	11/20/2025	FHLMC	11/20/2030	4.350	20,000,000.00	100.00	19,897,200.00	316,583.33	20,213,783.33	0.33	4.350	Moody's-Aa1	S&P-AA+
15,000,000.00	3130B8P97	11/24/2025	FHLB	11/22/2030	3.800	15,000,000.00	100.00	14,797,650.00	201,083.33	14,998,733.33	0.25	3.800	Moody's-Aa1	S&P-AA+
10,000,000.00	3130B8SC7	12/5/2025	FHLB	12/5/2030	3.750	10,000,000.00	100.00	9,905,900.00	120,833.33	10,026,733.33	0.16	3.750	Moody's-Aa1	S&P-AA+
25,000,000.00	3133ET3N5	12/5/2025	FFCB	12/5/2030	3.625	24,960,250.00	99.84	24,659,500.00	292,013.89	24,951,513.89	0.41	3.660	Moody's-Aa1	S&P-AA+
20,000,000.00	3136GCA88	12/10/2025	FNMA	12/10/2030	3.875	19,887,600.00	99.44	19,826,200.00	238,958.33	20,065,158.33	0.33	4.000	Moody's-Aa1	S&P-AA+
15,000,000.00	3136GCAM7	12/11/2025	FNMA	12/11/2030	4.000	15,000,000.00	100.00	14,833,350.00	183,333.33	15,016,683.33	0.25	4.000	Moody's-Aa1	S&P-AA+
10,000,000.00	3130B8VV1	12/12/2025	FHLB	12/12/2030	3.850	10,000,000.00	100.00	9,889,700.00	116,569.44	10,006,269.44	0.16	3.850	Moody's-Aa1	S&P-AA+
25,000,000.00	3133ET6S1	1/13/2026	FFCB	1/13/2031	4.120	25,000,000.00	100.00	24,823,000.00	223,166.67	25,046,166.67	0.41	4.120	Moody's-Aa1	S&P-AA+
15,000,000.00	3130B9CF5	2/4/2026	FHLB	2/4/2031	4.000	15,000,000.00	100.00	14,864,550.00	95,000.00	14,959,550.00	0.25	4.000	Moody's-Aa1	S&P-AA+
10,000,000.00	3134HCVM8	2/27/2026	FHLMC	2/20/2031	4.060	9,996,900.00	99.97	10,002,500.00	46,238.89	10,048,738.89	0.16	4.067	Moody's-Aa1	S&P-AA+
20,000,000.00	3133EWEX4	2/27/2026	FFCB	2/26/2031	3.625	20,044,400.00	100.22	19,744,600.00	70,486.11	19,815,086.11	0.33	3.576	Moody's-Aa1	S&P-AA+
6,650,000.00	3134HCVP1	2/27/2026	FHLMC	2/26/2031	3.625	6,627,456.50	99.66	6,526,642.50	23,436.63	6,550,079.13	0.11	3.700	Moody's-Aa1	S&P-AA+
10,000,000.00	3130B9ZS2	3/25/2026	FHLB	3/25/2031	4.500	10,000,000.00	100.00	9,988,000.00	7,500.00	9,995,500.00	0.16	4.500	Moody's-Aa1	S&P-AA+
10,000,000.00	3130BA2N6	3/27/2026	FHLB	3/27/2031	4.050	10,000,000.00	100.00	10,004,300.00	4,500.00	10,008,800.00	0.16	4.050	Moody's-Aa1	S&P-AA+
10,000,000.00	3134HCE70	3/30/2026	FHLMC	3/28/2031	4.550	10,000,000.00	100.00	10,037,700.00	0.00	10,037,700.00	0.16	4.550	Moody's-Aa1	S&P-AA+
2,503,405,000.00						2,495,273,853.96		2,503,672,702.40	28,231,670.93	2,531,904,373.33	40.98	4.132		
6,109,085,074.16						6,066,473,647.42		6,100,767,122.06	41,647,508.90	6,142,414,630.96	100.00	4.016		

San Joaquin County  
**TRANSACTION SUMMARY**  
 March 1, 2026 to March 31, 2026

Security	Security Symbol	YTM @ Cost	Trade Date	Settlement Date	Transaction Date	Quantity	Principal	Cost Price	Interest/Dividends	Total	Broker/Dealer
<b>PURCHASES</b>											
BofA Securities 0 12/21/2026	06054PMM5	4.065	3/26/2026	3/27/2026	3/27/2026	50,000,000.00	48,526,041.50	97.052083	0.00	48,526,041.50	Great Pacific Securities
FFCB 3.5 2/5/2029	3133EWC5	3.513	3/3/2026	3/4/2026	3/4/2026	13,005,000.00	13,000,058.10	99.962	36,666.88	13,036,724.98	Cantor Fitzgerald & Co.
FFCB 3.875 3/27/2028	3133EWJZ4	3.922	3/24/2026	3/27/2026	3/27/2026	10,000,000.00	9,992,000.00	99.92	0.00	9,992,000.00	PNC Bank
FHLB 3.85 3/4/2030-27	3130B9NA4	3.850	2/26/2026	3/4/2026	3/4/2026	10,000,000.00	10,000,000.00	100	0.00	10,000,000.00	UBS Financial Services
FHLB 4 3/30/2028-27	3130BA2T3	4.000	3/24/2026	3/30/2026	3/30/2026	20,000,000.00	20,000,000.00	100	0.00	20,000,000.00	Stifel
FHLB 4.05 3/27/2031-29	3130BA2N6	4.050	3/23/2026	3/27/2026	3/27/2026	10,000,000.00	10,000,000.00	100	0.00	10,000,000.00	Raymond James
FHLB 4.5 3/25/2031-27	3130B9ZS2	4.500	3/23/2026	3/25/2026	3/25/2026	10,000,000.00	10,000,000.00	100	0.00	10,000,000.00	Alamo
FHLMC 3.8 3/2/2028-26	3134HCWM7	3.800	2/27/2026	3/2/2026	3/2/2026	10,000,000.00	10,000,000.00	100	0.00	10,000,000.00	FHN Financial
FHLMC 4.55 3/28/2031-17	3134HCE70	4.550	3/24/2026	3/30/2026	3/30/2026	10,000,000.00	10,000,000.00	100	0.00	10,000,000.00	Loop Capital
FNMA 4.2 3/30/2028-26	3136GCXP5	4.200	3/26/2026	3/30/2026	3/30/2026	15,000,000.00	15,000,000.00	100	0.00	15,000,000.00	Wells Fargo
T-Bond 3.875 3/31/2031	91282CQG9	4.080	3/26/2026	3/31/2026	3/31/2026	20,000,000.00	19,816,240.00	99.0812	0.00	19,816,240.00	Piper Sandler & Co.
Sub Total						178,005,000.00	176,334,339.60		36,666.88	176,371,006.48	
<b>CALLED</b>											
FFCB 4.75 3/13/2028-26	3133EP4Y8	4.763	3/25/2024	3/25/2024	3/13/2028	25,000,000.00	24,987,500.00		0.00	24,987,500.00	US Bancorp
Sub Total						25,000,000.00	24,987,500.00		0.00	24,987,500.00	
<b>INTEREST</b>											
Sweep Account - BMO	SWEEP3559				3/31/2026				33,518.57	33,518.57	BMO
Bank Deposit - BMO	MM0888				3/31/2026				427,753.60	427,753.60	BMO
Bank Deposit - Five Star Bank	FS8195				3/31/2026				404,248.36	404,248.36	FSB
Joint Powers Authority Program-CAMP	CAMP6088				3/31/2026				2,667,310.08	2,667,310.08	CAMP
Joint Powers Authority Program-CalTRUST	CALTRUST9600				3/31/2026				1,179,440.52	1,179,440.52	CalTrust
Joint Powers Authority Program-CalFit	CALFIT50013-101				3/31/2026				180,515.08	180,515.08	CalFit
California State 4.875 9/1/2030	13063EHU3	3.850	9/24/2025	9/25/2025	3/1/2026				1,326,243.75	1,326,243.75	Wells Fargo Securities / US Bancorp
California State 6.25 3/1/2030	13063EHX7	4.325	3/24/2025	3/27/2025	3/1/2026				491,562.50	491,562.50	Wells Fargo Securities
FFCB 4.5 9/22/2028	3133EPWK7	4.644	9/25/2023	9/26/2023	3/22/2026				1,125,000.00	1,125,000.00	Piper Sandler / UBS Financial Services
FFCB 4.625 9/28/2027	3133EPXB6	4.732	9/25/2023	9/28/2023	3/28/2026				578,125.00	578,125.00	RBC Capital Markets
FFCB 4.75 3/13/2028-26	3133EP4Y8	4.763	3/25/2024	3/25/2024	3/25/2026				593,750.00	593,750.00	US Bancorp
FFCB 4.75 9/1/2026	3133EPUW3	4.762	8/24/2023	9/1/2023	3/1/2026				593,750.00	593,750.00	RBC Capital Markets
FHLB 4.1 9/30/2030-26	3130B7XT6	4.100	9/26/2025	9/30/2025	3/30/2026				205,000.00	205,000.00	Alamo Capital
FHLB 4.25 3/5/2030-27	3130B5GB8	4.250	3/4/2025	3/6/2025	3/5/2026				531,250.00	531,250.00	Raymond James
FHLB 4.375 9/8/2028	3130AWTR1	4.716	9/27/2023	9/27/2023	3/8/2026				1,093,750.00	1,093,750.00	UBS Financial / US Bancorp
FHLB 4.75 9/8/2028	3130AXEL8	4.762	10/12/2023	10/16/2023	3/8/2026				950,000.00	950,000.00	RBC Capital Markets
IBRD 1.125 9/13/2028	459058JZ7	4.970	10/17/2023	10/18/2023	3/13/2026				140,750.00	140,750.00	US Bancorp
IBRD 3.625 9/21/2029	459058KL6	3.631	9/26/2024	9/27/2024	3/21/2026				181,300.00	181,300.00	TD Securities
IBRD 4.125 3/20/2030	459058LR2	4.085	4/9/2025	4/10/2025	3/20/2026				1,031,500.00	1,031,500.00	US Bancorp / Wells Fargo Securities
Johnson & Johnson 4.55 3/1/2028	478160DH4	4.140	4/9/2025	4/10/2025	3/1/2026				568,750.00	568,750.00	US Bancorp
T-Note 3.5 9/30/2029	91282CLN9	3.509	9/30/2024	9/30/2024	3/31/2026				437,500.00	437,500.00	US Bancorp
Sub Total									14,741,017.46	14,741,017.46	
<b>MATURED</b>											
Natixis 0 3/9/2026	63873KC96	3.982	9/24/2025	9/24/2025	3/9/2026	20,000,000.00	20,000,000.00		0.00	20,000,000.00	US Bancorp
Sub Total						20,000,000.00	20,000,000.00		0.00	20,000,000.00	

## GLOSSARY

**Accrued Interest:** The amount of interest that is earned but unpaid (not yet received) since the last interest payment date.

**Broker:** A broker brings buyers and sellers together for a transaction for which the broker receives a commission.

**Called:** When the issuer of a callable investment takes action to repay the principal amount before the maturity date.

**Certificate of Deposit (CD):** A time deposit with a specific maturity evidenced by a certificate.

**Commercial Paper (CP):** The short-term unsecured debt of corporations.

**Cost Price:** The ratio of the yield to maturity compared to the bond interest rate.

**Credit Rating:** Designations assigned by credit rating agencies to rate a debtor's ability to pay back debt and likelihood of default.

**Dealer:** A dealer, as opposed to a broker, acts as a principal in security transactions buying and selling securities for his own account.

**Federal Agency Securities:** Debt Securities issued by U.S. Government Sponsored Enterprise (GSE) and federally related institutions which include Federal Home Loan Banks (FHLB); Federal Loan Mortgage Corporation (FHLMC, or "Freddie Mac"); Federal National Mortgage Association (FNMA or "Fannie Mae"); Federal Farm Credit Banks (FFCB); Federal Agricultural Mortgage Corporation (FAMC or "Farmer Mac"); Tennessee Valley Authority (TVA).

**Investment Policy:** A concise and clear statement of the objectives and parameters formulated by an investor or investment manager for a portfolio of investment securities.

**Issuer:** The entity that creates and sells securities to raise capital. The issuer pays interest or dividends to the bondholder and repays the principal amount when the securities mature.

**Joint Powers of Authority (JPA):** An entity that allows two or more public authorities to jointly exercise any power common to all of them that permit public agencies to provide services more efficiently and in a cost-effective manner.

**Liquidity:** The speed and ease with which an asset can be converted to cash without substantial loss of value.

**Local Agency Investment Fund (LAIF):** The LAIF is an investment alternative for California's local government and special districts authorized under Sections 16429.1 of the California Government Code.

**Market Value:** The price at which a security can be traded.

**Maturity Date:** The date upon which the principal or stated value of a security becomes due and payable.

**Medium Term Notes (MTN):** Debt securities issued by a corporation or depository institution with a maturity ranging from nine months to five years. The term "medium-term notes" refers to the time it takes for an obligation to mature and includes other corporate debt securities originally issued for maturities longer than five years, but which have now fallen with the five year maturity range. MTNs issued by banks are also called "bank notes."

**Money Market:** The market in which short-term debt instruments (Treasury Bills, discount notes, commercial paper, and banker's acceptances) are issued and traded.

**Portfolio:** A collection of securities held by an investor.

**Price:** The amount of monetary consideration required by a willing seller and a willing buyer to sell an investment on a particular date.

**Principal:** The face value or par value of an investment.

**Rate:** The coupon rate or annual interest rate that the issuer of a bond agrees to pay to the bondholder.

**Rate of Return:** The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on the bond or the current income return.

**Risk:** The uncertainty of maintaining the principal or interest associated with an investment due to a variety of factors.

**Safety:** In the context of investing public funds, safety relates to the preservation of principal of an investment in an investment portfolio; local agencies address the concerns of safety by controlling exposure to risks.

**Security Symbol:** A unique code assigned to a security for trading purposes.

**Settlement Date:** The date on which a securities transaction is finalized, and ownership is transferred from the seller to the buyer, and payment is made.

**Supranationals:** U.S. dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB).

**Trade Date:** The date that an order to buy, sell, or otherwise transact a security is executed.

**Treasury Bills:** Non-interest-bearing discount securities with maturities under one year issued by the U.S. Treasury to finance the national debt.

**Treasury Bonds:** Interest-bearing obligations issued by the U.S. Treasury with maturities that range from 10 to 30 years from date of issue.

**Treasury Notes:** Interest-bearing obligations of the U.S. Treasury with maturities ranging from two to 10 years from date of issue.

**U.S. Treasury Securities:** Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk and are the benchmark for interest rates on all other securities in the U.S. and overseas. The U.S. Treasury issues both discounted securities and fixed coupon notes and bonds.

**Weighted Average Maturity (WAM):** The average time to maturity of all securities that comprise a portfolio based on the value of each security. WAM is typically expressed in days or years.

**Yield:** The annual rate of return on a debt investment computed as though held to maturity expressed in percentages.

**Yield to Maturity (YTM):** The total return annual percentage rate that will be earned if an investment is held until the end of its term.

For previous Investment Reports and the County's Investment Policy, please visit the Treasurer-Tax Collector's Treasury website at:  
[sjgov.org/department/ttc/treasury](http://sjgov.org/department/ttc/treasury)





