

PRELIMINARY OFFICIAL STATEMENT DATED AS OF APRIL 24, 2026

NEW ISSUE – BOOK ENTRY ONLY

**RATING: S&P: “AA”
(See “RATING” herein.)**

In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, under existing statutes, regulations, rulings and court decisions, and subject to the matters described in “TAX MATTERS - Tax-Exempt Bonds” herein, interest on the Tax-Exempt Bonds is excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 from the gross income for the owners thereof for federal income tax purposes and is not included in computing the federal alternative minimum taxable income of the owners thereof who are individuals. See “TAX MATTERS- Tax-Exempt Bonds” herein. Interest on the Taxable Bonds will be included in gross income for federal income tax purposes. See “TAX MATTERS – Taxable Bonds” herein. It is also the opinion of Bond Counsel that under existing law interest on the Bonds is exempt from personal income taxes of the State of California.

\$22,000,000*

**SANTA CLARITA COMMUNITY COLLEGE
DISTRICT
(County of Los Angeles, California)
General Obligation Bonds,
Election of 2016, Series 2026-1**

\$3,000,000*

**SANTA CLARITA COMMUNITY COLLEGE
DISTRICT
(County of Los Angeles, California)
General Obligation Bonds,
Election of 2016, Series 2026-2
(Federally Taxable)**

Dated: Date of Delivery

Due: August 1, as shown on inside cover pages.

The Santa Clarita Community College District (the “District”) is issuing its General Obligation Bonds, Election of 2016, Series 2026-1 (the “Tax-Exempt Bonds”) and its General Obligation Bonds, Election of 2016, Series 2026-2 (Federally Taxable) (the “Taxable Bonds” and, together with the Tax-Exempt Bonds, the “Bonds”). The Bonds were authorized at an election of the registered voters of the District held on June 7, 2016, at which the requisite 55% or more of the persons voting on the bond proposition (“Measure E”) voted to authorize the issuance and sale of \$230 million principal amount of general obligation bonds of the District (the “2016 Election”). The Bonds are the final issuance of general obligation bonds of the District authorized at the 2016 Election.

The Bonds are being issued to: (i) pay for the construction, improvement, furnishing and equipping of certain District facilities under Measure E, (ii) prepay all or a portion of its 2017 Refunding Certificates of Participation, (iii) pay for capitalized interest and (iv) pay certain costs of issuance associated therewith. See the caption “PLAN OF FINANCE” and “PLAN OF PREPAYMENT” herein.

The Bonds are being issued by the District under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the “Act”), other applicable laws and regulations of the State of California (the “State”), and pursuant to the resolution of the Board of Trustees of the District, adopted on January 21, 2026.

The Bonds are dated the date of delivery. The Bonds will mature on the dates and in the amounts and bear interest at the rates shown on the inside cover pages herein. The Bonds will be issued as current interest bonds. Interest on the Bonds accrues from the date of delivery of the Bonds (the “Date of Delivery”), and is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2026.* Principal of the Bonds is due on August 1, in the years and the amounts set forth on the inside cover pages hereof.

The Bonds will be issued in book-entry form only, in denominations of \$5,000 principal amounts, or any integral multiple thereof, and are payable as to principal amount, interest, or redemption price at the office of U.S. Bank Trust Company, National Association, as agent of the Treasurer and Tax Collector of the County of Los Angeles, California, as Paying Agent for the Bonds (the “Paying Agent”). The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). Purchasers will not receive certificates representing their interests in the Bonds. Payments on the Bonds will be made by the Paying Agent to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See “THE BONDS – Book-Entry Only System” herein.

The Bonds are subject to redemption as described herein.* See “THE BONDS – Redemption” herein.

The Bonds are general obligations of the District, secured and payable solely from *ad valorem* property taxes collected against taxable properties within the boundaries of the District. The Bonds are general obligations of the District only and are not obligations of the County of Los Angeles, the State of California or any of its other political subdivisions. The Board of Supervisors of the County of Los Angeles has the power and is obligated to levy and collect *ad valorem* property taxes for each fiscal year upon the taxable property of the District in an amount at least sufficient, together with other moneys available for such purpose, to pay the principal of, and premium, if any, and interest on each Bond as the same becomes due and payable.

MATURITY SCHEDULE

On Inside Cover Pages

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Bonds will be offered when, as and if issued by the District and received by the Underwriter, subject to the approval of legality by Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel to the District. Norton Rose Fulbright US LLP, Los Angeles, California is also acting as Disclosure Counsel for the issuer. Isom Advisors, a Division of Urban Futures, Inc. serves as Municipal Advisor to the District. It is anticipated that the Bonds, in book-entry form, will be available through the facilities of DTC on or about June 3, 2026.

RAYMOND JAMES

Dated: _____, 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 the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or filing under the securities laws of any such jurisdiction.

MATURITY SCHEDULES⁽¹⁾

\$22,000,000⁽¹⁾

**SANTA CLARITA COMMUNITY COLLEGE DISTRICT
(County of Los Angeles, California)
General Obligation Bonds,
Election of 2016, Series 2026-1**

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP⁽²⁾</u> <u>(801686)</u>
	\$	%	%		

\$ _____ % Term Bonds due August 1, 20__ – Yield _____% - Price _____ – CUSIP⁽²⁾ 801686 _____

\$ _____ % Term Bonds due August 1, 20__ – Yield _____% - Price _____ – CUSIP⁽²⁾ 801686 _____

\$ _____ % Term Bonds due August 1, 20__ – Yield _____% - Price _____ – CUSIP⁽²⁾ 801686 _____

⁽¹⁾ Preliminary, subject to change.

⁽²⁾ CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. CUSIP numbers have been assigned by an independent company and are included solely for the convenience of the holders of the Bonds. None of the District, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Bonds.

MATURITY SCHEDULES (cont'd)

\$3,000,000⁽¹⁾

**SANTA CLARITA COMMUNITY COLLEGE DISTRICT
(County of Los Angeles, California)
General Obligation Bonds,
Election of 2016, Series 2026-2 (Federally Taxable)**

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP</u> ⁽²⁾ <u>(801686)</u>
	\$	%	%		

⁽¹⁾ Preliminary, subject to change.

⁽²⁾ CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. CUSIP numbers have been assigned by an independent company and are included solely for the convenience of the holders of the Bonds. None of the District, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Bonds.

No dealer, broker, salesperson or other person has been authorized by the Santa Clarita Community College District (the "District") to provide any information or to make any representations other than as contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell, the solicitation of an offer to buy, nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly described herein, are intended solely as such and are not to be construed as a representation of facts.

The District maintains a website. However, the information presented therein is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds. The references to internet websites in this Official Statement are shown for reference and convenience only; unless explicitly stated to the contrary, the information contained within the websites is not incorporated herein by reference and does not constitute part of this Official Statement.

The information set forth herein has been obtained from official sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. Although certain information set forth in this Official Statement has been provided by the County of Los Angeles, the County of Los Angeles has not approved this Official Statement and is not responsible for the accuracy or completeness of the statements contained in this Official Statement except for the information set forth under the caption "THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS" herein.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its respective responsibility 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 the completeness of such information.

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

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 27A of the United States Securities Act of 1933, as amended (the "Securities Act"). Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. 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.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT
County of Los Angeles, State of California

Board of Trustees

Sharlene Johnson, President
Fred Arnold, Vice President
Darlene Trevino, Clerk
Dr. Edel Alonso, Member
Dr. Carlos Guerrero, Member
Areesh Fatima, Student Trustee

District Administrators

Dr. Jasmine Ruys, Superintendent/President*
Jason Hinkle, Interim Assistant Superintendent/Vice President, Business Services
Erin Tague, Assistant Superintendent/Vice President, Facilities Planning, Operations and Construction

SPECIAL SERVICES

Municipal Advisor

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

Bond Counsel and Disclosure Counsel

Norton Rose Fulbright US LLP
Los Angeles, California

Paying Agent

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

Escrow Agent and Trustee for 2017 Certificates

U.S. Bank Trust Company, National Association
Los Angeles, California

Verification Agent for 2017 Certificates

Causey Public Finance, LLC
Denver, Colorado

* The District's Board of Trustees announced that Dr. Jasmine Ruys was selected as the District's next Superintendent/President at its March 30, 2026 Board meeting. The Board is expected to formally approve and execute an employment contract with Dr. Ruys at its May 13, 2026 meeting.

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\$22,000,000*
**SANTA CLARITA COMMUNITY
COLLEGE DISTRICT**
(County of Los Angeles, California)
General Obligation Bonds
Election of 2016, Series 2026-1

\$3,000,000*
**SANTA CLARITA COMMUNITY COLLEGE
DISTRICT**
(County of Los Angeles, California)
General Obligation Bonds,
Election of 2016, Series 2026-2
(Federally Taxable)

INTRODUCTION

The Santa Clarita Community College District (the “District”) will issue \$22,000,000* aggregate principal amount of General Obligation Bonds, Election of 2016, Series 2026-1 (the “Tax-Exempt Bonds”) and \$3,000,000* aggregate principal amount of General Obligation Bonds, Election of 2016, Series 2026-2 (Federally Taxable) (the “Taxable Bonds” and, together with the Tax-Exempt Bonds, the “Bonds”). The Bonds will be issued as current interest bonds. The Bonds are being issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Section 53506) (the “Act”) and other applicable laws and regulations of the State of California, and pursuant to a resolution adopted by the Board of Trustees (the “Board”) on January 21, 2026 (the “District Resolution”).

Issuance of the Bonds was authorized at an election of the registered voters of the District held on June 7, 2016, at which the requisite 55% or more of the persons voting on the bond proposition (“Measure E”) voted to authorize the issuance and sale of \$230 million principal amount of general obligation bonds of the District (the “2016 Election”). The Bonds are the final issuance of general obligation bonds of the District authorized at the 2016 Election.

The proceeds of the Bonds will be applied to: (i) pay for the construction, improvement, furnishing and equipping of certain District facilities under Measure E, (ii) prepay all or a portion of its 2017 Refunding Certificates of Participation (the “2017 Certificates”), (iii) pay for capitalized interest and (iv) pay certain costs of issuance associated therewith. See “PLAN OF FINANCE” and “PLAN OF PREPAYMENT” herein.

The Santa Clarita Community College District, a community college district of the State of California (the “State”), was established in 1967 and encompasses unincorporated areas of Los Angeles County (the “County”) and the City of Santa Clarita. The District encompasses approximately 367 square miles and serves a resident population of approximately 299,000 in the local communities of Canyon Country, Newhall, Saugus, Valencia, Castaic, Stevenson Ranch, and Val Verde. The District currently operates College of the Canyons at its Valencia Campus and Canyon Country Campus, both of which provide lower-division collegiate-level instruction across a wide spectrum of subjects. College of the Canyons is fully accredited by the Accrediting Commission for Community and Junior Colleges (the “ACCJC”) of the Western Association of Schools and Colleges (“WASC”).

The District’s full-time equivalent student count for fiscal year 2025-26 is projected at 15,000, and for fiscal year 2026-27 is projected at 15,500. The local secured assessed valuation of the District for fiscal year 2025-26 is \$61,635,369,375 and the total assessed valuation is \$63,321,725,309. The District has entered into various operating leases for buildings and equipment as set forth in APPENDIX A under the caption “THE DISTRICT – Operating Leases” and direct and overlapping bonded indebtedness as set forth under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – District Debt.” The District’s audited financial statements for the fiscal year ended June 30, 2025, are attached hereto as

* Preliminary, subject to change.

APPENDIX C. For further information concerning the District, see APPENDIX A – “FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT.”

THE BONDS

Authority for Issuance and Security for the Bonds

The Bonds are authorized and issued pursuant to the Act, and other applicable laws and regulations of the State, and pursuant to the District Resolution adopted by the Board on January 21, 2026. The District received authorization under Measure E to issue general obligation bonds in an amount not to exceed \$230 million at the 2016 Election. The Bonds are the final issuance of general obligation bonds of the District authorized at the 2016 Election.

Description of the Bonds

The Bonds. The Bonds will be dated their date of delivery and will be issued in initial denominations of \$5,000 principal amount or any integral multiple thereof. The Bonds will have principal payable at their respective maturity dates or their earlier redemption. Interest on each Bond shall accrue from its dated date. Interest on the Bonds shall be computed using a 360-day year comprised of twelve 30-day months and shall be payable on each August 1 and February 1 of each year (each, an “Interest Payment Date”), commencing August 1, 2026,* to the registered owners (each, an “Owner”) thereof as of the close of business on the fifteenth calendar day of the month preceding any Interest Payment Date (a “Record Date”).

Interest on each Bond will be payable from the Interest Payment Date next preceding the date of registration thereof, unless it is registered after the close of business on any Record Date and before the close of business on the immediately following Interest Payment Date, in which event interest thereon shall be payable from such following Interest Payment Date; or it is registered prior to the close of business on the first Record Date, in which event interest shall be payable from its dated date; *provided, however*, that if at the time of registration of any Bond, interest thereon is in default, interest with respect thereto shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment. Payments of interest on the Bonds will be made on each Interest Payment Date by check or draft of the Paying Agent sent by first-class mail, postage prepaid, to the Owner thereof appearing on the bond registration books of the Paying Agent (the “Bond Register”) on the Record Date, or by wire transfer to any Owner of \$1,000,000 aggregate principal amount or more of such Bonds, to the account specified by such Owner in a written request delivered to the Paying Agent on or prior to the Record Date for such Interest Payment Date; *provided, however*, that payments of defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date fixed therefor by the Paying Agent which shall not be more than fifteen days and not less than ten days prior to the date of the proposed payment of defaulted interest.

General. Principal of the Bonds shall be due and payable on the dates in each of the years as set forth on the inside covers of this Official Statement. Principal of, interest and premium, if any, on the Bonds is payable when due upon surrender of the Bonds at the office of the Paying Agent. As long as DTC (defined below) is the registered owner of the Bonds and DTC’s book-entry method is used for the Bonds, the Paying Agent will send any notice of redemption or other notices to Owners only to DTC. The Paying Agent, the District, the County and the Underwriter of the Bonds have no responsibility or liability for any aspects of the records of DTC relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership, or interest in the Bonds.

* Preliminary; subject to change.

The Bonds will be issued in fully registered form only, without coupons, and will be issued in denominations of \$5,000 principal amount, or any integral multiple thereof. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds. Owners will not receive physical certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued. See APPENDIX E – “BOOK-ENTRY ONLY SYSTEM.”

So long as Cede & Co. is the registered owner of the Bonds, principal of and interest, or premium, if any, on the Bonds are payable by wire transfer or New York Clearing House or equivalent next-day funds or by wire transfer of same day funds by U.S. Bank Trust Company, National Association, as agent for the Treasurer and Tax Collector of the County, as paying agent (the “Paying Agent”), to Cede & Co., as nominee for DTC. DTC is obligated, in turn, to remit such amounts to the DTC Participants (as defined herein) for subsequent disbursement to the Beneficial Owners. Payments of principal, and premium, if any, for any Bonds shall be made only upon the surrender of such Bonds to the Paying Agent. See APPENDIX E – “BOOK-ENTRY ONLY SYSTEM” herein.

Redemption*

Optional Redemption. The Tax-Exempt Bonds maturing on or before August 1, 20__ are not subject to redemption prior to their respective stated maturity dates. The Tax-Exempt Bonds maturing on or after August 1, 20__ are subject to redemption prior to their respective stated maturity dates at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 20__, at a redemption price equal to 100% of the principal amount of such Tax-Exempt Bonds to be redeemed, without premium, together with accrued interest thereon to the date fixed for redemption.

The Taxable Bonds are not subject to redemption prior to their respective stated maturity dates.

Mandatory Sinking Fund Redemption.

The Tax-Exempt Term Bonds maturing on August 1, 20__ (the “20__ Term Bonds”), are subject to mandatory sinking fund redemption on August 1 of each year, commencing August 1, 20__, at a redemption price equal to 100% of their principal amount, together with accrued interest thereon to the date fixed for redemption, without premium, on the dates and in the aggregate principal amounts listed below:

<u>Redemption Date (August 1)</u>	<u>Principal Amount to be Redeemed</u>
	\$
*	
Total	<u>\$</u>
<u>* Maturity.</u>	

The Tax-Exempt Term Bonds maturing on August 1, 20__ and bearing interest at the rate of ____% (the “\$_____ 20__ Term Bonds”), are subject to mandatory sinking fund redemption on August 1 of each year, commencing August 1, 20__, at a redemption price equal to 100% of their principal

* Preliminary, subject to change.

amount, together with accrued interest thereon to the date fixed for redemption, without premium, on the dates and in the aggregate principal amounts listed below:

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

* Maturity.

The Tax-Exempt Term Bonds maturing on August 1, 20__ and bearing interest at the rate of ____% (the “\$_____ 20__ Term Bonds”), are subject to mandatory sinking fund redemption on August 1 of each year, commencing August 1, 20__, at a redemption price equal to 100% of their principal amount, together with accrued interest thereon to the date fixed for redemption, without premium, on the dates and in the aggregate principal amounts listed below:

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

* Maturity.

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

Notice of Redemption

When redemption is authorized or required pursuant to the District Resolution or the Contract of Purchase, the Paying Agent, upon written instruction from the District, shall give notice (each, a “Redemption Notice”) of the redemption of the Bonds. Such Redemption Notice shall specify: the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, the date of redemption, the place or places where the redemption will be made, including the name and address of the Paying Agent, the redemption price, the CUSIP numbers (if any) assigned to the Bonds to be redeemed, the bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the Principal Amount of such Bond to be redeemed, and the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state (i) that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price as well as interest accrued to the redemption date, and (ii) that from and after such date, interest thereon shall cease to accrue and be payable.

The Paying Agent shall take the following actions with respect to such Redemption Notice: (i) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given to the Owners of Bonds designated for redemption by first-class mail, postage prepaid, at their addresses appearing on the Bond Register and to the Municipal Securities Rulemaking Board (the “MSRB”), and (ii) in the event that the Bonds shall no longer be held in book-entry-only form, at least 35 but not more than 45 days before the redemption date, such Redemption Notice shall be given by first-class mail, postage prepaid, telephonically confirmed facsimile transmission, or overnight delivery service, to each of the Securities Depositories and the MSRB.

Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Conditional Notice of Redemption. A Redemption Notice given hereunder may be conditioned upon the satisfaction of certain conditions and/or the receipt of sufficient moneys to pay the redemption price of the designated Bonds and may be rescinded by the District at any time prior to the scheduled date of redemption by so notifying the Owners of affected Bonds and the Information Services in the event such conditions are not met and are not expected to be met and/or such funds are not received or are not expected to be received.

“Information Services” shall mean the Electronic Municipal Market Access website of the MSRB, currently located at <http://emma.msrb.org>., and, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds as the District may designate in a certificate of the District delivered to the Paying Agent.

Partial Redemption of Bonds

Upon the surrender of any Bond redeemed in part only, the Paying Agent shall execute and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in Transfer Amounts to the unredeemed portion of the Bond surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the District shall be released and discharged thereupon from all liability to the extent of such payment.

Effect of Notice of Redemption

Notice having been given as aforesaid, and the moneys for the redemption (including the interest to the applicable date of redemption) having been set aside in the Debt Service Fund or deposited with a duly appointed escrow agent, in trust, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Bonds to be redeemed as provided in the District Resolution and the Contract of Purchase, together with interest to such redemption date, shall be held by the Paying Agent or deposited with a duly appointed escrow agent, in trust, so as to be available therefor on such redemption date, and any conditions to such redemption described in the Redemption Notice shall be met, and if notice of redemption thereof shall have been given as aforesaid, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue and become payable. All money held by or on behalf of the Paying Agent for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed.

Selection of Bonds for Redemption

With respect to any Bonds, the Paying Agent shall select such Bonds for redemption as directed by the District, or, in the absence of such direction, in inverse order of maturity and within a maturity, by lot. Within a maturity, the Paying Agent will select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; *provided, however*, that the portion of any Bond to be redeemed in part shall be in the Principal Amount of \$5,000 or any integral multiple thereof.

Transfer and Exchange

Any Bond may be exchanged for Bonds of like tenor, maturity and principal amount and transferred upon the bond registrar upon presentation and surrender of such Bond at the principal office of the Paying Agent, together with an assignment executed by the Owner or a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the initial principal or denominational amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

The registration of any Bond may be transferred upon the Bond Register upon surrender of such Bond to the Paying Agent. Such Bond shall be endorsed or accompanied by delivery of the written instrument of transfer, duly executed by the Owner or such Owner's duly authorized attorney, and payment of such reasonable transfer fees as the Paying Agent may establish. Upon such registration of transfer, a new Bond or Bonds, of like tenor, series and maturity in the same initial principal or denominational amount and in authorized denominations, will be executed and delivered to the transferee in exchange therefor.

The Paying Agent shall deem and treat the person in whose name any Outstanding Bond shall be registered upon the Bond Register as the absolute owner of such Bond, whether the principal of and premium, if any, or interest on such Bond shall be overdue or not, for the purpose of receiving payment of principal of and premium, if any, and interest on such Bond and for all other purposes, and any such payments so made to any such Owner or upon such Owner's order shall be valid and effective to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and the District or the Paying Agent shall not be affected by any notice to the contrary.

Bonds may be exchanged at the office of the Paying Agent for Bonds of like series, tenor and maturity of other authorized denominations. All Bonds surrendered in any such exchange shall thereupon be cancelled by the Paying Agent. The Paying Agent may charge the Owner a reasonable sum for each new Bond executed and delivered upon any exchange (except in the case of the first exchange of any Bond in the form in which it is originally delivered, for which no charge shall be imposed) and the Paying Agent may require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Paying Agent shall not be required to register the transfer or exchange of any Bond during the period beginning at the close of business on any Record Date through the close of business on the immediately following Interest Payment Date, or that has been called or is subject to being called for redemption, during a period beginning at the opening of business 15 days before any selection of Bonds to be redeemed through the close of business on the applicable redemption date, except for the unredeemed portion of any Bond to be redeemed only in part.

Discharge and Defeasance

All or any portion of the outstanding Bonds shall be paid and discharged in any one of the following ways:

1. by paying or causing to be paid the principal of, premium, if any, and interest on such Bonds outstanding, and when the same become due and payable;

2. by depositing with the Paying Agent, or with a duly appointed escrow agent, at or before maturity, cash which, together with the amounts then on deposit in the applicable Debt Service Fund plus the interest to accrue thereon without the need for further investment, is fully sufficient to pay all Bonds outstanding at maturity thereof, including principal, any premium, and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment; or

3. by depositing with an institution which meets the requirements for acting as a successor Paying Agent pursuant to the District Resolution selected by the District, in trust, lawful money or noncallable direct obligations issued by the United States Treasury (including State and Local Government Series Obligations) or obligations which are unconditionally guaranteed by the United States of America and permitted under Section 149(b) of the Code and Regulations which, in the opinion of nationally recognized bond counsel, will not impair the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds, in such amount as will, together with the interest to accrue thereon without the need for further investment, be fully sufficient to pay and discharge all Bonds outstanding at maturity thereof, including any premium and all interest thereon, for which notice has been given or provided for, notwithstanding that any Bonds shall not have been surrendered for payment;

then all obligations of the District and the Paying Agent under the District Resolution with respect to the affected Bonds shall cease and terminate, except only the obligation of the Paying Agent to pay or cause to be paid to the Owners of the Bonds all sums due thereon, and the obligation of the District to pay the Paying Agent amounts owing to the Paying Agent under the District Resolution.

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Debt Service Schedule

The following table summarizes the debt service requirements of the District for all its outstanding general obligation bonds and the Bonds, assuming no optional redemptions:

Bond Year Ending August 1	Debt Service for Existing Bonds⁽¹⁾	<u>Tax-Exempt Bonds</u>		<u>Taxable Bonds</u>		<u>Total Debt Service</u>
		<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2026	\$22,982,138.52					
2027	23,597,170.52					
2028	25,035,029.32					
2029	26,319,910.02					
2030	27,260,018.62					
2031	20,151,828.76					
2032	21,004,547.76					
2033	21,887,460.62					
2034	22,864,402.42					
2035	23,826,298.62					
2036	24,822,473.36					
2037	25,856,009.50					
2038	26,940,678.20					
2039	25,280,726.90					
2040	22,845,725.00					
2041	23,804,375.00					
2042	24,813,475.00					
2043	25,858,125.00					
2044	26,936,675.00					
2045	28,064,712.50					
2046	29,241,675.00					
2047	18,231,675.00					
2048	18,963,200.00					
2049	6,890,700.00					
Total	\$563,479,030.64	\$	\$	\$	\$	\$

⁽¹⁾ Represents outstanding general obligation bonds of the District but excludes the Bonds. See APPENDIX A – “FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT– THE DISTRICT – Certain Existing Obligations.”

Book-Entry Only System

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of DTC. DTC will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Owners or registered owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners of the Bonds. For further information regarding DTC and the book-entry system, see APPENDIX E – “BOOK-ENTRY ONLY SYSTEM” hereto.

PLAN OF FINANCE

The net proceeds of the Bonds will be applied to: (i) pay for the construction, improvement, furnishing and equipping of certain District facilities under Measure E, (ii) pay for capitalized interest and (iii) pay certain costs of issuance associated therewith.

Accrued interest and premium, if any, received by the District from the sale of the Bonds will be deposited into the debt service fund established by the Paying Agent with respect to the Bonds and will be applied to the payment of interest on the Bonds.

The Project

The “Strict Accountability in Local School Construction Bonds Act of 2000,” comprising Section 15264 *et seq.* of the Education Code, controls the method by which the District will expend amounts derived from the sale of the Bonds on its capital improvements. Prior to the 2016 Election, the District prepared and submitted to the Board for approval a master list of capital improvement projects to be built, acquired, constructed or installed with the proceeds of the general obligation bonds being approved at the 2016 Election (the “**Project List**”). On June 7, 2016, the District received authorization under Measure E to issue general obligation bonds in an amount not to exceed \$230 million when it asked voters the following question:

“To upgrade College of the Canyons’ classrooms, labs/technology to prepare students for four-year college/jobs in science, aerospace, teaching, nursing/manufacturing, accommodate growing student enrollment, expand veterans’ services/public safety training, upgrade accessibility, enhance parking, improve earthquake safety/qualify for State matching funds, and construct, acquire, repair classrooms, sites, facilities/equipment, shall Santa Clarita Community College District issue \$230,000,000 in bonds at legal rates, with independent citizen oversight, mandatory audits, no funds for administrators’ salaries and all funds staying local?”

The District has planned several projects to be funded by the proceeds from this series of Bonds. Actual expenditures will depend on the progress of specific projects and it is possible that opportunities will arise with respect to other projects authorized by Measure E not contemplated below that will call for an allocation of proceeds from the Bonds.

Several key projects include the acquisition, construction, improvement and equipping of certain real property and improvements of the District required for its public education purposes, including but not limited to:

- Constructing the Advanced Technology Center (ATC) building and developing the Valley Center Drive property.

- Constructing new buildings that add classrooms and science labs at the Canyon Country and Valencia campuses that expand student access, help students transfer to four-year universities, and prepare them for well-paying jobs.
- Adding a parking structure at the Valencia Campus to provide adequate parking for students and faculty.
- Constructing and/or upgrading career and vocational classrooms to better prepare students and workers for well-paying jobs.
- Constructing and/or upgrading facilities for student support services, such as tutoring and career counseling.
- Constructing and/or upgrading classrooms and labs for science, technology, engineering, and math- related fields.
- Expanding facilities to enhance training of law enforcement officers, fire fighting personnel, emergency medical technicians, nurses and other allied health professionals, and other career education program facilities.
- Constructing and/or upgrading facilities that expand capacity to provide training, ensuring local businesses and industries have access to a well-trained workforce with skills needed now and in the future.
- Upgrading classroom technology.
- Reconstructing or upgrading the students' and veterans' centers to provide them with support programs and educational resources.
- Updating electrical wiring.
- Repairing gas, electrical, water and sewer lines.
- Improving heating, cooling and energy conservation systems.
- Updating campus facilities to improve handicapped accessibility.
- Repairing the aging plumbing system to prevent flooding and water damage.
- Improving roadways and parking capacity.

Accrued interest, if any, and except as shall otherwise be directed by the District in accordance with applicable law, any original issue premium received by the District from the sale of the Bonds, shall be kept separate and apart in a separate fund designated as the "Santa Clarita Community College District General Obligation Bonds, Election of 2016, Series 2026 Debt Service Fund" (the "Debt Service Fund"). Amounts in the Debt Service Fund may be used only for payment of principal and interest on the Bonds. Any excess proceeds of the Bonds not needed for the authorized purposes set forth in the District Resolution for which the Bonds are being issued shall be transferred to the Debt Service Fund and applied to the payment of principal and interest on the Bonds. The Treasurer and Tax Collector of the County is directed to create any accounts and subaccounts in the Debt Service Fund as provided in the Tax Certificate (as defined herein) and the District Resolution. Except as required to satisfy the requirements of Section 148(f)

of the Code or to comply with the provisions of the Tax Certificate or the District Resolution, interest earned on the investment of monies held in the Debt Service Fund shall be retained in the Debt Service Fund and used to pay principal of and interest on the Bonds when due.

All Pledged Moneys, as defined in the District Resolution, shall be deposited upon collection by the County into the Debt Service Fund and used for the payment of principal, premium, if any, and interest on the Bonds.

On or before the Business Day immediately preceding each Interest Payment Date, the District shall transfer, or cause to be transferred, from the Debt Service Fund to the Paying Agent, an amount, in immediately available funds, sufficient to pay all the principal of, premium, if any, and interest on the Bonds coming due (collectively, “Debt Service”) on such payment date. Debt Service on the Bonds shall be paid by the Paying Agent in the manner provided by law for the payment of Debt Service.

The District shall cause moneys to be transferred to the Santa Clarita Community College District General Obligation Bonds, Election of 2016, Series 2026 Rebate Fund (the “Rebate Fund”) to the extent needed to comply with the Tax Certificate and the District Resolution. Any amounts on deposit in the Debt Service Fund when there are no longer any Bonds outstanding shall be transferred to the General Fund of the District, subject to any conditions set forth in the Tax Certificate and the District Resolution.

PLAN OF PREPAYMENT*

A portion of the net proceeds of the Bonds (the “Escrow Proceeds”) will be applied to defease or prepay all or a portion of the outstanding 2017 Certificates. On the date of delivery of the Bonds, the Escrow Proceeds shall be transferred to U.S. Bank Trust Company, National Association, in its capacity as Escrow Agent (the “Escrow Agent”) for deposit into an irrevocable Escrow Fund (the “Escrow Fund”), established pursuant to that certain Escrow Agreement, dated as of May 1, 2026 (the “Escrow Agreement”), for the benefit of the owners of the 2017 Certificates. The Escrow Proceeds will be invested in certain securities (as described further in the Escrow Agreement), with any remaining amounts (if any) held in cash that will be fully sufficient to pay and discharge the 2017 Certificates. The invested securities, together with earnings thereon, plus amounts held in cash (if any), will be used (i) to provide for the payment of interest on the 2017 Certificates becoming due and payable on and prior to August 1, 2027, (ii) to provide for the payment of principal of the 2017 Certificates becoming due and payable on and prior to August 1, 2027, and (iii) to provide for the prepayment of the 2017 Certificates maturing on and after August 1, 2028, plus accrued interest, without premium, on August 1, 2027.

The sufficiency of the amounts on deposit in the Escrow Fund to pay the prepayment price of the 2017 Certificates will be verified by Causey Public Finance, LLC, as verification agent (the “Verification Agent”). As a result of the deposit and application of funds so provided in the Escrow Agreement, and assuming the accuracy of the Underwriter’s and Verification Agent’s computations, the obligation of the District to make lease payments with respect to the 2017 Certificates will be terminated. See also “VERIFICATION AGENT” herein.

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* Preliminary; subject to change.

The 2017 Certificates to be paid and/or prepaid are as follows:

2017 REFUNDING CERTIFICATES OF PARTICIPATION*
Evidencing the Fractional Interests of the
Owners Thereof in Lease Payments to be Made by the
SANTA CLARITA COMMUNITY COLLEGE DISTRICT

<u>Maturity (August 1)</u>	<u>Principal Component</u>	<u>Interest Rate</u>	<u>CUSIP Number⁽¹⁾ (80168T)</u>	<u>Payment Date or Prepayment Date*</u>
2026	\$ 685,000	5.000%	CP9	8/1/2026
2027	710,000	5.000	CQ7	8/1/2027
2028	745,000	5.000	CR5	8/1/2027
2029	775,000	3.000	CS3	8/1/2027
2030	235,000	3.000	CT1	8/1/2027
2031	245,000	3.125	CU8	8/1/2027

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds in connection with the Bonds are as follows:

<i>Sources of Funds</i>	<u>Tax-Exempt Bonds</u>	<u>Taxable Bonds</u>	<u>Total</u>
Principal Amount	\$	\$	\$
Plus [Net] Original Issue Premium			
Transfer from 2017 Certificates			
Total Sources	<u>\$</u>	<u>\$</u>	<u>\$</u>
<i>Uses of Funds</i>			
Deposit to Building Fund	\$	\$	\$
Deposit to Debt Service Fund			
Deposit to Escrow Fund			
Costs of Issuance ⁽²⁾			
Total Uses	<u>\$</u>	<u>\$</u>	<u>\$</u>

* Preliminary; subject to change.

⁽¹⁾ CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. CUSIP numbers have been assigned by an independent company and are included solely for the convenience of the holders of the 2017 Certificates. None of the District, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

⁽²⁾ Costs of issuance includes, but is not limited to, Underwriter's discount, printing and rating costs, demographics, fees and expenses of the Paying Agent, Municipal Advisor, Escrow Agent, Bond and Disclosure Counsel.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds are general obligations of the District, and the Board of Supervisors of the County has the power and is obligated to levy and collect *ad valorem* taxes upon all property within the District subject to taxation by the County, without limitation as to rate or amount (except certain personal property which is taxable at limited rates) for payment of principal and interest on the Bonds. See “– Assessed Valuations” herein for further information regarding the assessed valuation and property tax collection information within the District.

Assessed Valuations – Constitutional and Statutory Initiatives

Article XIII A of the California Constitution. Article XIII A of the California Constitution 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 indebtedness approved by the voters prior to July 1, 1978, and on 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 or 55% of voters voting on the proposition. 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.” The 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.

Other amendments to the California Constitution have implemented and modified limits on reassessment of property value upon transfers. Most recently, Proposition 19 limits people who inherit family properties from keeping a low property tax base resulting from the 2% restriction on increases, unless they use the home as their primary residence, but it also allows homeowners who are over 55 years of age, disabled, or victims of a wildfire or natural disaster to transfer their assessed value of their primary home to a newly purchased or newly constructed replacement primary residence up to three times.

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 2% annual adjustment are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property is shown at full market value on the tax rolls, with tax rates expressed as \$1 per \$100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of market value (unless noted differently) and all general tax rates reflect the \$1 per \$100 of taxable value.

Assessed Valuations

The assessed valuation of property in the District is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the full value of the property, as defined in Article XIII A of the California Constitution.

The State-reimbursed exemption currently provides a credit of \$7,000 of the full value of an owner-occupied dwelling for which application has been made to the County Assessor. The revenue estimated to be lost to local taxing agencies due to the exemption is reimbursed from State sources. Reimbursement is based upon total taxes due upon such exempt value and is not reduced by any amount for estimated or actual delinquencies.

In addition, 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. No reimbursement is made by the State for such exemptions.

For fiscal year 2025-26, the District's total assessed valuation is \$63,321,725,309. Shown in the following tables is information relating to the assessed valuation of property in the District during the current and past four fiscal years, assessed valuation by jurisdiction, assessed valuation and parcels by land use, and per parcel assessed valuation of single-family homes.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT Summary of Assessed Valuations Fiscal Years 2021-22 through 2025-26

Fiscal Year	Local Secured	Utilities	Unsecured	Total
2021-22	\$49,073,856,060	\$4,432,800	\$1,239,665,860	\$50,317,954,720
2022-23	52,844,081,561	5,730,932	1,312,998,673	54,162,811,166
2023-24	56,414,925,680	4,185,886	1,441,358,958	57,860,470,524
2024-25	58,892,938,551	3,615,242	1,553,300,660	60,449,854,453
2025-26	61,635,369,375	4,221,815	1,682,134,119	63,321,725,309

Source: California Municipal Statistics, Inc.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT 2025-26 Assessed Valuation by Jurisdiction

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Santa Clarita	\$48,517,800,748	76.62%	\$48,517,856,364	100.00%
Unincorporated Los Angeles County	14,803,924,561	23.38	\$149,571,930,505	9.90%
Total District	\$63,321,725,309	100.00%		
Los Angeles County	\$63,321,725,309	100.00%	\$2,183,758,873,676	2.90%

Source: California Municipal Statistics, Inc.

**SANTA CLARITA COMMUNITY COLLEGE DISTRICT
2025-26 Assessed Valuation and Parcels by Land Use**

	<u>2025-26 Assessed Valuation⁽¹⁾</u>	<u>% of Total</u>	<u>No. of Parcels</u>	<u>% of Total</u>
<u>Non-Residential:</u>				
Commercial	\$ 5,860,962,348	9.51%	1,329	1.44%
Vacant Commercial	159,630,299	0.26	437	0.47
Industrial	4,228,971,875	6.86	1,052	1.14
Vacant Industrial	331,361,517	0.54	429	0.46
Recreational	372,886,864	0.60	103	0.11
Government/Social/Institutional	201,873,010	0.33	375	0.41
Vacant Other/Desert	386,433,232	0.63	1,555	1.68
Miscellaneous/Unknown	<u>154,762,699</u>	<u>0.25</u>	<u>301</u>	<u>0.33</u>
Subtotal Non-Residential	\$11,696,881,844	18.98%	5,581	6.04%
<u>Residential:</u>				
Single Family Residence	\$40,399,289,436	65.55%	64,905	70.21%
Condominium/Townhouse	5,339,465,105	8.66	13,988	15.13
Mobile Home	38,520,136	0.06	197	0.21
Mobile Home Park	186,653,389	0.30	39	0.04
2-4 Residential Units	139,156,419	0.23	320	0.35
5+ Residential Units/Apartments	2,969,569,240	4.82	311	0.34
Vacant Residential	<u>865,833,806</u>	<u>1.40</u>	<u>7,108</u>	<u>7.69</u>
Subtotal Residential	\$49,938,487,531	81.02%	86,868	93.96%
Total	\$61,635,369,375	100.00%	92,449	100.00%

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

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SANTA CLARITA COMMUNITY COLLEGE DISTRICT
Per Parcel 2025-26 Assessed Valuation of Single-Family Homes

	<u>No. of Parcels</u>	<u>2025-26 Assessed Valuation</u>	<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>
Single-Family Residential	64,905	\$40,399,289,436	\$622,437	\$595,740

<u>2025-26 Assessed Valuation</u>	<u>No. of Parcels⁽¹⁾</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	765	1.179%	1.179%	\$ 15,299,467	0.038%	0.038%
\$50,000 - \$99,999	1,069	1.647	2.826	82,697,893	0.205	0.243
\$100,000 - \$149,999	1,043	1.607	4.433	129,112,048	0.320	0.562
\$150,000 - \$199,999	1,101	1.696	6.129	193,568,239	0.479	1.041
\$200,000 - \$249,999	1,677	2.584	8.713	381,429,064	0.944	1.985
\$250,000 - \$299,999	2,711	4.177	12.890	746,676,084	1.848	3.834
\$300,000 - \$349,999	3,232	4.980	17.869	1,053,483,568	2.608	6.441
\$350,000 - \$399,999	3,727	5.742	23.611	1,398,341,316	3.461	9.903
\$400,000 - \$449,999	4,053	6.245	29.856	1,721,243,386	4.261	14.163
\$450,000 - \$499,999	4,157	6.405	36.261	1,975,326,790	4.890	19.053
\$500,000 - \$549,999	4,520	6.964	43.225	2,374,186,521	5.877	24.930
\$550,000 - \$599,999	4,790	7.380	50.605	2,752,915,782	6.814	31.744
\$600,000 - \$649,999	4,659	7.178	57.783	2,911,019,105	7.206	38.949
\$650,000 - \$699,999	4,312	6.644	64.426	2,909,869,384	7.203	46.152
\$700,000 - \$749,999	4,129	6.362	70.788	2,992,307,633	7.407	53.559
\$750,000 - \$799,999	3,811	5.872	76.660	2,950,573,255	7.304	60.863
\$800,000 - \$849,999	3,252	5.010	81.670	2,680,518,863	6.635	67.498
\$850,000 - \$899,999	2,502	3.855	85.525	2,186,507,675	5.412	72.910
\$900,000 - \$949,999	1,900	2.927	88.452	1,755,113,529	4.344	77.254
\$950,000 - \$999,999	1,600	2.465	90.917	1,559,004,742	3.859	81.113
\$1,000,000 and greater	<u>5,895</u>	<u>9.083</u>	100.000	<u>7,630,095,092</u>	<u>18.887</u>	100.000
	64,905	100.000%		\$40,399,289,436	100.000%	

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

Tax Rates, Levies, Collections and Delinquencies

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (known as a “floating lien date”). For assessment and collection purposes, property is classified either as “secured” or “unsecured” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State assessed property secured by a lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the “unsecured roll.”

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of “situs” growth in assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than

county-wide or less than city-wide special and school districts and community college districts. In addition, the County levies and collects additional approved property taxes and assessments on behalf of any taxing agency within the County.

Property taxes on the secured roll are due in two installments, on November 1 and February 1. 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. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus costs and redemption penalty of 1 ½% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale by the County Treasurer.

Property taxes on the unsecured roll are currently due as of the January 1 lien date prior to the commencement of a fiscal year and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll and an additional penalty of 1 ½% per month begins to accrue on November 1. 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 recordation 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, bank accounts or possessory interests belonging or assessed to the taxpayer.

The County levies and collects all property taxes for property falling within its taxing boundaries.

Certain counties in the State operate under a statutory program entitled Alternate Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"). Under the Teeter Plan local taxing entities receive 100% of their tax levies net of delinquencies, but do not receive interest or penalties on delinquent taxes collected by the county. **The County has not adopted the Teeter Plan, and consequently the Teeter Plan is not available to local taxing entities within the County, such as the District. The District's receipt of property taxes is therefore subject to delinquencies.**

The District is a member of the California Statewide Delinquent Tax Financing Authority (the "Authority"). The Authority is a joint exercise of powers agency formed for the purpose of purchasing delinquent *ad valorem* property taxes of its members in accordance with Section 6516.6 of the California Government Code. The Authority purchases delinquent *ad valorem* property taxes from school agencies and community college districts in the County. The Authority is a pass-through entity and financial information is not available. The District anticipates that CSDTFA will from time to time purchase delinquent *ad valorem* property tax receivables from the District. For the most recent fiscal year for which CSDTFA purchased delinquencies (the 2025 calendar year), such delinquencies were purchased from the District at a purchase price equal to 110% thereof. Any penalty charges collected with respect to such delinquencies will be retained by CSDTFA. CSDTFA does not currently purchase *ad valorem* tax receivables related to the payment of general obligation bonds of the District. Thus, the District's participation in CSDTFA's program does not ensure that the District will receive the timely payment of *ad valorem* property taxes levied to secure the Bonds. See also "—*Ad Valorem* Property Taxation" herein.

The following tables set forth secured tax charges levied and delinquencies in the District for fiscal years 2020-21 through 2024-25.

**SANTA CLARITA COMMUNITY COLLEGE DISTRICT
Secured Tax Charges and Delinquencies**

	<u>Secured Tax Charge⁽¹⁾</u>	<u>Amt. Del. June 30</u>	<u>% Del. June 30</u>
2020-21	\$18,266,473.88	\$311,619.71	1.71%
2021-22	18,919,975.16	296,126.56	1.57
2022-23	20,327,271.53	317,644.50	1.56
2023-24	21,820,988.80	383,492.23	1.76
2024-25	22,900,025.37	573,995.71	2.51

	<u>Secured Tax Charge⁽²⁾</u>	<u>Amt. Del. June 30</u>	<u>% Del. June 30</u>
2020-21	\$19,058,771.94	\$192,582.76	1.01%
2021-22	20,025,837.26	177,605.23	0.89
2022-23	20,477,048.28	177,972.13	0.87
2023-24	21,004,877.38	222,557.56	1.06
2024-25	21,167,879.73	231,094.31	1.09

⁽¹⁾ 1% General Fund apportionment. Excludes redevelopment agency impounds.

⁽²⁾ District's general obligation bonds debt service levy only.

Source: California Municipal Statistics, Inc.

Tax Rates

The following table sets forth typical tax rates levied in Tax Rate Area (908) for fiscal years 2021-22 through 2025-26:

**SANTA CLARITA COMMUNITY COLLEGE DISTRICT
Typical Total Tax Rate Per \$100 Assessed Value (TRA 908)⁽¹⁾**

	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>
1% General Fund Levy	\$1.000000	\$1.000000	\$1.000000	\$1.000000	\$1.000000
Saugus Union School District	.030822	.030121	.002094	-	-
Saugus Union School District SFID No. 2014-1	.025337	.023953	.022110	.022369	.021016
William S. Hart Union High School District	.054287	.053533	.051673	.053806	.055925
Santa Clarita Community College District	.041036	.038870	.037333	.035998	.034488
Castaic Lake Water Agency	<u>.070600</u>	<u>.070600</u>	<u>.070600</u>	<u>.070600</u>	<u>.070600</u>
Total	\$1.222082	\$1.217077	\$1.183810	\$1.182773	\$1.182029

⁽¹⁾ 2025-26 assessed valuation of TRA 908 is \$2,070,303,858 which is 3.27% of the District's total assessed valuation.
Source: California Municipal Statistics, Inc.

Largest Taxpayers

The 20 largest local secured taxpayers in the District and their assessed valuations for fiscal year 2025-26 are shown in the following table.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT 2025-26 Largest Local Secured Taxpayers

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2025-26 Assessed Valuation</u>	<u>% of Total⁽¹⁾⁽²⁾</u>
1.	Centennial VTC LLC	Shopping Center	\$ 437,473,328	0.71%
2.	Rexford Industrial Realty LP	Industrial	322,552,822	0.52
3.	Newhall Land and Farming Co.	Land Holdings	246,061,011	0.40
4.	Ridgewood Vista Canyon LLC	Apartments	244,979,283	0.40
5.	Wesco IV LLC	Apartments	220,594,285	0.36
6.	Westcore Bravo Valencia I LLC	Industrial	215,476,020	0.35
7.	Magic Mountain LLC	Theme Park	203,818,069	0.33
8.	Kaiser Foundation Health Plan	Industrial	193,423,699	0.31
9.	IMT Capital V Stevenson Ranch	Apartments	185,377,760	0.30
10.	Valencia Marketplace I & II LLC	Shopping Center	182,992,412	0.30
11.	Park Sierra Properties	Apartments	163,509,911	0.27
12.	Bel Valencia LLC, Lessor	Office Building	153,893,672	0.25
13.	Socal Innovation Park Owner	Industrial	141,671,248	0.23
14.	Saugus Colony Limited	Apartments	137,363,031	0.22
15.	Logix Federal Credit Union	Industrial	134,317,281	0.22
16.	IVT River Oaks Valencia LLC	Shopping Center	132,454,201	0.21
17.	EQR Valencia LLC	Apartments	122,069,402	0.20
18.	EQR The Oaks LLC	Apartments	119,409,422	0.19
19.	COV-Saugus B LLC	Industrial	116,414,509	0.19
20.	CF Valencia Life Sciences DST	Industrial	<u>97,631,136</u>	<u>0.16</u>
			\$3,771,482,502	6.12%

⁽¹⁾ 2025-26 Local Secured Assessed Valuation: \$61,635,369,375.

⁽²⁾ Totals may not add due to rounding.

Source: California Municipal Statistics, Inc.

District Debt

Set forth below is a direct and overlapping debt report for the District prepared by California Municipal Statistics, Inc. on January 21, 2026 for debt outstanding as of February 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.

Column 1 in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. Column 2 shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table)

produces the amount shown in Column 3, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

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**SANTA CLARITA COMMUNITY COLLEGE DISTRICT
DIRECT AND OVERLAPPING BONDED INDEBTEDNESS**

2025-26 Assessed Valuation: \$63,321,725,309

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 2/1/26</u>
Santa Clarita Community College District	100.000%	\$ 350,111,209⁽¹⁾
William S. Hart Union High School District	99.988	235,961,116
Castaic Union School District	99.997	27,239,183
Newhall School District and School Facilities Improvement District No. 2011-1	100.000	50,760,000
Saugus Union School District and School Facilities Improvement District No. 2014-1	99.996	114,930,403
Sulphur Springs Union School District	99.947	68,458,698
School District Community Facilities Districts	100.000	297,408,466
Los Angeles County Community Facilities Districts	100.000	83,755,000
City of Santa Clarita Community Facilities Districts	100.000	25,455,000
City of Santa Clarita Open Space Parkland Assessment District	100.000	10,000,000
City of Santa Clarita Landscaping and Streetlighting Zones A and B	99.970	8,307,507
City of Santa Clarita 1915 Act Bonds	100.000	145,000
California Municipal Finance Authority Community Facilities Districts	100.000	<u>27,215,000</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$1,299,746,582
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Los Angeles County General Fund Obligations	2.900%	\$109,128,422
Los Angeles County Superintendent of Schools Certificates of Participation	2.900	52,900
Santa Clarita Community College District General Fund Obligations	100.000	3,395,000
William S. Hart Union High School District Certificates of Participation	99.988	52,720,142
Castaic Union School District Certificates of Participation	99.997	2,094,937
Sulphur Springs Union School District Certificates of Participation	99.947	27,180,587
City of Santa Clarita Certificates of Participation	100.000	<u>58,890,000</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$253,461,988
<u>OVERLAPPING TAX INCREMENT DEBT:</u>		
Santa Clarita Redevelopment Agency (Successor Agency)	100.000%	<u>\$26,575,000</u>
TOTAL OVERLAPPING TAX INCREMENT DEBT		\$26,575,000
COMBINED TOTAL DEBT		\$1,579,783,570 ⁽²⁾

Ratios to 2025-26 Assessed Valuation:

Direct Debt (\$350,111,209)	0.55%
Total Direct and Overlapping Tax and Assessment Debt.....	2.05%
Combined Direct Debt (\$353,506,209)	0.56%
Combined Total Debt.....	2.49%

Ratios to Redevelopment Incremental Valuation (\$869,924,090):

Overlapping Tax Increment Debt.....	3.05%
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⁽¹⁾ Excludes issue to be sold.

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

Source: California Municipal Statistics, Inc.

Pledge of Tax Revenues

Pursuant to the District Resolution, the District pledges all revenues from the property taxes collected from the levy by the County Board of Supervisors for the payment of the Bonds and amounts on deposit in the debt service fund of the District to the payment of the principal or redemption price of and interest on the Bonds.

This pledge is valid and binding from the date of adoption of the District Resolution for the benefit of the owners of the Bonds and successors thereto. The District Resolution provides that the property taxes and amounts held in the debt service fund of the District are immediately subject to this pledge, and the pledge constitutes a lien and security interest which immediately attaches to the property taxes and amounts held in the debt service fund of the District to secure the payment of the Bonds and is effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act. “Bonds” for purpose of this pledge means all bonds of the District heretofore or hereafter issued pursuant to voter approved measures of the District, including any refunding bonds thereof, as all such Bonds are required by State law to be paid from the respective debt service fund of the District.

The District Resolution provides that the pledge is an agreement between the District and the bondholders to provide security for the Bonds in addition to any statutory lien that may exist, and the Bonds and each of the other bonds secured by the pledge are or were issued to finance one or more of the projects specified in the applicable voter-approved measure or to refinance outstanding general obligation bonds.

Statutory Lien for General Obligation Bonds

Senate Bill 222 (2015) (“SB 222”), codified at California Government Code Section 53515, provides that all general obligation bonds issued by local agencies on or after January 1, 2016, including the Bonds, will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the *ad valorem* taxes. SB 222 provides that the lien will automatically arise, without the need for any action or authorization by the District or its governing board, and will be valid and binding from the time the bonds are executed and delivered. See also “LEGAL AND OTHER MATTERS – Possible Limitations on Remedies; Bankruptcy – *Statutory Lien*” herein.

***Ad Valorem* Property Tax Collection**

Factors Affecting Assessed Valuation. The annual tax rate will be based on the assessed value of taxable property in the District. Changes in the annual debt service on the District’s outstanding general obligation bonds and the assessed value of taxable property in the District may cause the annual tax rate to fluctuate. Economic and other factors beyond the District’s control, such as economic recession, deflation of land values, global pandemics, such as COVID-19 (defined herein), relocation of businesses 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, drought, fire, debris flow or other natural disaster, could cause a reduction in the assessed value of taxable property in the District and, all other factors being equal, necessitate a corresponding increase in the annual tax rate. Conversely, factors such as increased assessed value of taxable property and/or an increase in the numbers of property taxpayers within the District could, all other factors being equal, cause a corresponding decrease in the annual tax rate.

Drought. In recent years, the State has experienced severe drought conditions. In January of 2014, the Governor declared a Statewide Drought State of Emergency. As of such date, the State faced water shortfalls due to the driest year in recorded State history, the State’s river and reservoirs were below their

record low levels, and manual and electronic readings recorded the water content of snowpack at the highest elevations in the State (largely in the Sierra Nevada mountain range) at around 20% of normal average for the winter season. Following the Governor's declaration, the California State Water Resources Control Board (the "Water Board") issued a Statewide notice of water shortages and potential future curtailment of water right diversions. In April 2017, the Governor lifted the drought emergency declaration, while retaining a prohibition on wasteful practices and advancing conservation measures. In April 2021, the Governor declared emergency drought declarations in two Northern California counties following two years of dry conditions. On May 10, 2021, the Governor expanded the emergency drought declaration to include an additional 39 counties throughout the State. On July 8, 2021, the Governor expanded the declaration further to include an additional 9 counties in the State. On October 19, 2021, the Governor expanded the declaration to include the remaining counties in the State, including the County. On March 28, 2022, the Governor issued Executive Order N-7-22, which directed the Water Board to issue drought regulations, including a recommendation to have urban water suppliers initiate water shortage contingency plans.

In late 2022 and early 2023, the State experienced an unexpected increase in the amount of winter storms and increased rainfall and snowpack. The increased rainfall eased drought conditions across the State, leading to the Governor rescinding some of the State's drought restrictions. Due to mudslides and flooding caused by the increased rainfall, in January 2023, the Governor announced an extension of its tax filing deadline for residents and businesses in counties which were impacted. Similarly, in late 2023 and early 2024, the State experienced an unexpected increase in the amount of winter storms and increased rainfall and snowpack.

The District cannot predict the extent to which drought conditions within the County or any of the adjoining counties could cause reduced economic activity within the boundaries of the District or the extent to which drought conditions may impact District facilities or the assessed value of taxable property within the District.

Wildfire. Property damage due to wildfire could result in significant damage to, destruction of, and significant decreases in the assessed value of taxable property within the boundaries of the District, as well as in damage to or destruction of District facilities and property, including the Property. In recent years, portions of the State, including the County and adjacent counties, have experienced wildfires that have burned millions of acres and destroyed thousands of homes and structures. In January 2025, several wildfires, including the Palisades Fire and Eaton Fire, damaged or destroyed thousands of structures in the County. Although the District was not directly impacted by these fires, property damage due to wildfire could result in a significant decrease in the assessed value of the District. The Governor has previously signed a number of measures into law intended to address a variety of issues related to mitigating the risk of wildfires, including forest management, mutual aid for fire departments, emergency alerts and other safety mandates. On January 16, 2025, the Governor issued Executive Order No. N-10-25 to address financial hardships which may have resulted from the County fires to impacted property owners. The executive order effectively grants a financial hardship waiver with respect to penalties and charges that would apply for late property tax payments to fifteen zip code areas in the County until April 10, 2026. The waiver does not relieve property owners from the obligation to pay property taxes, but it does suspend impositions of penalties and interest that would have been imposed if delinquent. However, the District's boundaries are *not* within the listed zip codes.

It is not possible for the District to make any representation regarding the extent to which wildfires could cause reduced economic activity within the boundaries of the District or the extent to which wildfires may impact the value of taxable property within the District.

Earthquake. The District is located in a seismically active region of the State. Property values could be reduced by the complete or partial destruction of taxable property as a result of an earthquake.

Climate Change. The change in the Earth’s average atmospheric temperature, generally referred to as “climate change,” is expected to, among other things, increase the frequency of extreme weather events. The direct risks posed by climate change currently include or are expected to include more extreme heat events, increased incidence of wildfire and drought, rising sea levels, changes in precipitation levels, and more intense storms. As greenhouse gas emissions continue to accumulate, climate change will intensify and increase the frequency of such extreme weather events. One or more of such extreme weather events could negatively impact the assessed value of the property within the District. The District cannot predict the timing, extent, or severity of climate change and its impact on property values in the District.

Prospective purchasers of the Bonds should be aware that, notwithstanding any decrease in assessed valuation for any fiscal year, the County is required to levy sufficient taxes to pay debt service on the Bonds. The consequence of any decrease in assessed valuation is a concomitant increase in the tax rate on taxable property so that sufficient tax revenues may be collected from taxpayers to cover debt service on the Bonds in full.

Proposition 50 and Proposition 171. On June 3, 1986, the voters of the State approved Proposition 50. Proposition 50 amends Section 2 of Article XIII A of the State Constitution to allow owners of property that was “substantially damaged or destroyed” by a disaster, as declared by the Governor (the “Damaged Property”), to transfer their existing base year value (the “Original Base Year Value”) to a comparable replacement property within the same county, which is acquired or constructed within five years after the disaster. At the time of such transfer, the Damaged Property will be reassessed at its full cash value immediately prior to damage or destruction (the “Original Cash Value”); however, such property will retain its base year value notwithstanding such a transfer. Property is substantially damaged or destroyed if either the land or the improvements sustain physical damage amounting to more than 50% of either the land or improvements full cash value immediately prior to the disaster. There is no filing deadline, but the assessor can only correct four years of assessments when the owner fails to file a claim within four years of acquiring a replacement property.

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

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

Inter-county transfers under Proposition 171 are more restrictive than intra-county transfers under Proposition 50. For example, Proposition 171 (1) only applies to (a) structures that are owned and occupied by property owners as their principal place of residence and (b) land of a “reasonable size that is used as a site for a residence;” (2) explicitly does not apply to property owned by firms, partnerships, associations, corporations, companies, or legal entities of any kind; (3) only applies to replacement property located in a

county that adopted an ordinance allowing Proposition 171 transfers; (4) claims must be timely filed within three years of the date of purchase or completion of new construction; and (5) only applies to comparable replacement property, which has a full cash value that is of “equal or lesser value” than the Original Cash Value.

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

TAX MATTERS

Tax-Exempt Bonds

General. The delivery of the Tax-Exempt Bonds is subject to delivery of the opinion of Bond Counsel, to the effect that interest on the Tax-Exempt Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Tax-Exempt Bonds (the “Code”), of the owners thereof pursuant to section 103 of the Code, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. The delivery of the Tax-Exempt Bonds is also subject to the delivery of the opinion of Bond Counsel, based upon existing provisions of the laws of the State of California that interest on the Tax-Exempt Bonds is exempt from personal income taxes of the State of California. A form of Bond Counsel’s anticipated opinion regarding the Tax-Exempt Bonds is included as APPENDIX B. The statutes, regulations, rulings, and court decisions on which such opinions will be based are subject to change.

In rendering the foregoing opinions, Bond Counsel will rely upon the representations and certifications of the District made in a certificate of even date with the initial delivery of the Tax-Exempt Bonds pertaining to the use, expenditure, and investment of the proceeds of the Tax-Exempt Bonds (the “Tax Certificate”) and will assume continuing compliance with the provisions of the Resolution by the District subsequent to the issuance of the Tax-Exempt Bonds. The Resolution and the Tax Certificate contain covenants by the District with respect to, among other matters, the use of the proceeds of the Tax-Exempt Bonds and the facilities and equipment financed or refinanced therewith by persons other than state or local governmental units, the manner in which the proceeds of the Tax-Exempt Bonds are to be invested, the calculation and payment to the United States Treasury of any “arbitrage profits” and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Tax-Exempt Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Tax-Exempt Bonds.

Except as described above, Bond Counsel will express no other opinion with respect to any other federal, State or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Tax-Exempt Bonds. Prospective purchasers of the Tax-Exempt Bonds should be aware that the ownership of tax-exempt obligations such as the Tax-Exempt Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, certain foreign corporations doing business in the United States, individual recipients of Social Security or Railroad Retirement benefits, corporations subject to the alternative minimum tax on adjusted financial statement income, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust (“FASIT”), and taxpayers who may

be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the District described above. No ruling has been sought from the Internal Revenue Service (the "IRS") or the State of California with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS or the State of California. The IRS has an ongoing program of auditing the tax-exempt status of the interest on municipal obligations. If an audit of the Tax-Exempt Bonds is commenced, under current procedures, the IRS is likely to treat the District as the "taxpayer," and the owners of the Tax-Exempt Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Tax-Exempt Bonds, the District may have different or conflicting interests from the owners of the Tax-Exempt Bonds. Public awareness of any future audit of the Tax-Exempt Bonds could adversely affect the value and liquidity of the Tax-Exempt Bonds during the pendency of the audit, regardless of its ultimate outcome.

For taxable years beginning after 2022, the Code imposes a minimum tax of 15 percent of the adjusted financial statement income of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with more than \$1 billion in average annual adjusted financial statement income, determined over a three-year period. For this purpose, adjusted financial statement income generally consists of the net income or loss of the taxpayer set forth on the taxpayer's applicable financial statement for the taxable year, subject to various adjustments, but is not reduced for interest earned on tax-exempt obligations, such as the Tax-Exempt Bonds. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential impact of owning the Tax-Exempt Bonds.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Tax-Exempt Bonds. Prospective purchasers of the Tax-Exempt Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

Tax Accounting Treatment of Discount and Premium on Certain Tax-Exempt Bonds.

The initial public offering price of certain Tax-Exempt Bonds (the "Discount Tax-Exempt Bonds") may be less than the amount payable on such Tax-Exempt Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Tax-Exempt Bond (assuming that a substantial amount of the Discount Tax-Exempt Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Tax-Exempt Bond. A portion of such original issue discount allocable to the holding period of such Discount Tax-Exempt Bond by the initial purchaser will, upon the disposition of such Discount Tax-Exempt Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Tax-Exempt Bonds described above. Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Tax-Exempt Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Tax-Exempt Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, corporations subject to the alternative minimum tax on adjusted financial statement income, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Tax-Exempt Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Tax-Exempt Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Tax-Exempt Bond was held) is includable in gross income.

Owners of Discount Tax-Exempt Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Tax-Exempt Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Tax-Exempt Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Tax-Exempt Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The purchase price of certain Tax-Exempt Bonds (the “Premium Tax-Exempt Bonds”) paid by an owner may be greater than the amount payable on such Tax-Exempt Bonds at maturity. An amount equal to the excess of a purchaser’s tax basis in a Premium Tax-Exempt Bond and the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Tax-Exempt Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Tax-Exempt Bond. The amount of premium which is amortizable each year by a purchaser is determined by using such purchaser’s yield to maturity (or, in some cases with respect to a callable Tax-Exempt Bond, the yield based on a call date that results in the lowest yield on the Tax-Exempt Bond).

Purchasers of the Premium Tax-Exempt Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Tax-Exempt Bonds for federal income purposes and with respect to the state and local tax consequences of owning and disposing of Premium Tax-Exempt Bonds.

Taxable Bonds

The delivery of the Taxable Bonds is subject to the delivery of the opinion of Bond Counsel, based upon existing provisions of the laws of the State of California that interest on the Taxable Bonds is exempt from personal income taxes of the State of California. A form of Bond Counsel’s anticipated opinion regarding the Taxable Bonds is included as APPENDIX B.

The following is a general summary of the United States federal income tax consequences of the purchase and ownership of the Taxable Bonds. The discussion is based upon laws, Treasury Regulations, rulings and decisions now in effect, all of which are subject to change or possibly differing interpretations. No assurances can be given that future changes in the law will not alter the conclusions reached herein. The discussion below does not purport to deal with United States federal income tax consequences

applicable to all categories of investors. Further, this summary does not discuss all aspects of United States federal income taxation that may be relevant to a particular investor in the Bonds in light of the investor's particular personal investment circumstances or to certain types of investors subject to special treatment under United States federal income tax laws (including insurance companies, tax exempt organizations, financial institutions, brokers-dealers, and persons who have hedged the risk of owning the Taxable Bonds). The summary is therefore limited to certain issues relating to initial investors who will hold the Taxable Bonds as "capital assets" within the meaning of section 1221 of the Code, and acquire such Taxable Bonds for investment and not as a dealer or for resale. Prospective investors should note that no rulings have been or will be sought from the IRS or the State of California with respect to any of the U.S. federal income tax consequences discussed herein, and no assurance can be given that the IRS or the State of California will not take contrary positions.

INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND ANY OTHER TAX CONSEQUENCES TO THEM FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE TAXABLE BONDS.

Payments of Stated Interest on the Taxable Bonds. The stated interest paid on the Taxable Bonds will be included in the gross income, as defined in section 61 of the Code, of the beneficial owners thereof and be subject to U.S. federal income taxation when received or accrued, depending on the tax accounting method applicable to the beneficial owners thereof.

Original Issue Discount. If a substantial amount of the Taxable Bonds of any stated maturity is purchased at original issuance for a purchase price (the "Issue Price") that is less than their face amount by more than one quarter of one percent times the number of complete years to maturity, the Taxable Bonds of such maturity will be treated as being issued with "original issue discount." The amount of the original issue discount will equal the excess of the principal amount payable on such Taxable Bonds at maturity over its Issue Price, and the amount of the original issue discount on the Taxable Bonds will be amortized over the life of the Taxable Bonds using the "constant yield method" provided in the Treasury Regulations. As the original issue discount accrues under the constant yield method, the beneficial owners of the Taxable Bonds, regardless of their regular method of accounting, will be required to include such accrued amount in their gross income as interest. This can result in taxable income to the beneficial owners of the Taxable Bonds that exceeds actual cash distributions to the beneficial owners in a taxable year.

The amount of the original issue discount that accrues on the Taxable Bonds each taxable year will be reported annually to the IRS and to the beneficial owners. The portion of the original issue discount included in each beneficial owner's gross income while the beneficial owner holds the Taxable Bonds will increase the adjusted tax basis of the Taxable Bonds in the hands of such beneficial owner.

Premium. If a beneficial owner purchases a Taxable Bond for an amount that is greater than its stated redemption price at maturity, such beneficial owner will be considered to have purchased the Taxable Bond with "amortizable bond premium" equal in amount to such excess. A beneficial owner may elect to amortize such premium using a constant yield method over the remaining term of the Taxable Bond and may offset interest otherwise required to be included in respect of the Taxable Bond during any taxable year by the amortized amount of such excess for the taxable year. Bond premium on a Taxable Bond held by a beneficial owner that does not make such an election will decrease the amount of gain or increase the amount of loss otherwise recognized on the sale, exchange, redemption or retirement of a Taxable Bond. However, if the Taxable Bond may be optionally redeemed after the beneficial owner acquires it at a price in excess of its stated redemption price at maturity, special rules would apply under the Treasury Regulations which could result in a deferral of the amortization of some bond premium until later in the term of the Taxable Bond. Any election to amortize bond premium applies to all taxable debt instruments

held by the beneficial owner on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

Medicare Contribution Tax. Pursuant to section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals beginning January 1, 2013. The additional tax is 3.8% of the lesser of (i) net investment income (defined as gross income from interest, dividends, net gain from disposition of property not used in a trade or business, and certain other listed items of gross income), or (ii) the excess of “modified adjusted gross income” of the individual over \$200,000 for unmarried individuals (\$250,000 for married couples filing a joint return and a surviving spouse). Holders of the Taxable Bonds should consult with their tax advisor concerning this additional tax, as it may apply to interest earned with respect to the Taxable Bonds as well as gain on the sale of a Taxable Bond.

Disposition of Bonds and Market Discount. A beneficial owner of Taxable Bonds will generally recognize gain or loss on the redemption, sale or exchange of a Taxable Bond equal to the difference between the redemption or sales price (exclusive of the amount paid for accrued interest) and the beneficial owner’s adjusted tax basis in the Taxable Bonds. Generally, the beneficial owner’s adjusted tax basis in the Taxable Bonds will be the beneficial owner’s initial cost, increased by the original issue discount previously included in the beneficial owner’s income to the date of disposition. Any gain or loss generally will be capital gain or loss and will be long-term or short-term, depending on the beneficial owner’s holding period for the Taxable Bonds.

Under current law, a purchaser of Taxable Bonds who did not purchase the Taxable Bonds in the initial public offering (a “subsequent purchaser”) generally will be required, on the disposition of the Taxable Bonds, to recognize as ordinary income a portion of the gain, if any, to the extent of the accrued “market discount.” Market discount is the amount by which the price paid for the Taxable Bonds by a subsequent purchaser is less than the sum of Issue Price and the amount of original issue discount previously accrued on the Taxable Bonds. The Code also limits the deductibility of interest incurred by a subsequent purchaser on funds borrowed to acquire Taxable Bonds with market discount. As an alternative to the inclusion of market discount in income upon disposition, a subsequent purchaser may elect to include market discount in income currently as it accrues on all market discount instruments acquired by the subsequent purchaser in that taxable year or thereafter, in which case the interest deferral rule will not apply. The re-characterization of gain as ordinary income on a subsequent disposition of Taxable Bonds could have a material effect on the market value of the Taxable Bonds.

Legal Defeasance. If the District elects to defease the Taxable Bonds by depositing in escrow sufficient cash and/or obligations to pay when due outstanding Taxable Bonds (a “legal defeasance”), under current tax law, a beneficial owner of Taxable Bonds may be deemed to have sold or exchanged its Taxable Bonds. In the event of such a legal defeasance, a beneficial owner of Taxable Bonds generally would recognize gain or loss in the manner described above. Ownership of the Taxable Bonds after a deemed sale or exchange as a result of a legal defeasance may have tax consequences different from those described above, and each beneficial owner should consult its own tax advisor regarding the consequences to such beneficial owner of a legal defeasance of the Taxable Bonds.

Backup Withholding. Under section 3406 of the Code, a beneficial owner of the Taxable Bonds who is a United States person, as defined in section 7701(a)(30) of the Code, may, under certain circumstances, be subject to “backup withholding” on payments of current or accrued interest on the Taxable Bonds. This withholding applies if such beneficial owner of Taxable Bonds: (i) fails to furnish to payor such beneficial owner’s social security number or other taxpayer identification number (“TIN”); (ii) furnishes the payor an incorrect TIN; (iii) fails to report properly interest, dividends, or other “reportable payments” as defined in the Code; or (iv) under certain circumstances, fails to provide the payor

with a certified statement, signed under penalty of perjury, that the TIN provided to the payor is correct and that such beneficial owner is not subject to backup withholding.

Backup withholding will not apply, however, with respect to payments made to certain beneficial owners of the Taxable Bonds. Beneficial owners of the Taxable Bonds should consult their own tax advisors regarding their qualification for exemption from backup withholding and the procedures for obtaining such exemption.

Withholding on Payments to Nonresident Alien Individuals and Foreign Corporations. Under sections 1441 and 1442 of the Code, nonresident alien individuals and foreign corporations are generally subject to withholding at the rate of 30% on periodic income items arising from sources within the United States, provided such income is not effectively connected with the conduct of a United States trade or business. Assuming the interest received by the beneficial owners of the Taxable Bonds is not treated as effectively connected income within the meaning of section 864 of the Code, such interest will be subject to 30% withholding, or any lower rate specified in an income tax treaty, unless such income is treated as portfolio interest. Interest will be treated as portfolio interest if: (i) the beneficial owner provides a statement to the payor certifying, under penalties of perjury, that such beneficial owner is not a United States person and providing the name and address of such beneficial owner; (ii) such interest is treated as not effectively connected with the beneficial owner's United States trade or business; (iii) interest payments are not made to a person within a foreign country which the IRS has included on a list of countries having provisions inadequate to prevent United States tax evasion; (iv) interest payable with respect to the Taxable Bonds is not deemed contingent interest within the meaning of the portfolio debt provision; (v) such beneficial owner is not a controlled foreign corporation, within the meaning of section 957 of the Code; and (vi) such beneficial owner is not a bank receiving interest with respect to the Taxable Bonds pursuant to a loan agreement entered into in the ordinary course of the bank's trade or business.

Assuming payments with respect to the Taxable Bonds are treated as portfolio interest within the meaning of sections 871 and 881 of the Code, then no backup withholding under section 1441 and 1442 of the Code and no backup withholding under section 3406 of the Code is required with respect to beneficial owners or intermediaries who have furnished Form W-8BEN, Form W-8EXP or Form W-8IMY, as applicable, provided the payor does not have actual knowledge that such person is a United States person.

Foreign Account Tax Compliance Act. Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to a foreign financial institution, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, the Foreign Account Tax Compliance Act ("FATCA") imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest and principal under the Bonds and sales proceeds of Bonds held by or through a foreign entity. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and will apply to "foreign pass-through payments" but no earlier than two years after the date of publication of final regulations defining the term "foreign pass-through payment." Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

Reporting of Interest Payments. Subject to certain exceptions, interest payments made to beneficial owners with respect to the Taxable Bonds will be reported to the IRS. Such information will be filed each year with the IRS on Form 1099 which will reflect the name, address, and TIN of the beneficial owner. A copy of Form 1099 will be sent to each beneficial owner of a Taxable Bond for U.S. federal income tax purposes.

LEGAL OPINION

The validity of the Bonds and certain other legal matters are subject to the approving opinions of Norton Rose Fulbright US LLP, Bond Counsel to the District. A complete copy of the proposed forms of Bond Counsel opinion are contained in APPENDIX B herein. Compensation to be paid to Bond Counsel, Disclosure Counsel, Municipal Advisor, and the Underwriter is contingent upon the issuance of the Bonds.

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. Under provisions of the California Government Code, the Bonds are eligible to secure deposits of public moneys in California.

RATING

S&P Global Ratings (“S&P”) has assigned municipal bond ratings of “AA” to the Bonds. Such ratings reflect only the views of S&P, and an explanation of the significance of any rating may be obtained only from S&P at www.spglobal.com. The District furnished S&P with certain information and materials relating to the Bonds that may not be included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions by rating agencies. A rating may be changed, suspended or withdrawn as a result of changes in, or unavailability of, information. There is no assurance that such rating will continue for any given period of time or that they will not be revised downward or withdrawn entirely if, in the judgment of the rating agency, circumstances so warrant. The District has not undertaken any responsibility to bring to the attention of the owners of the Bonds any proposed revision or withdrawal of a rating of the Bonds or to oppose any such proposed revision or withdrawal. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

LEGAL AND OTHER MATTERS

Continuing Disclosure

Current Undertakings. In accordance with the requirements of Rule 15c2-12 (the “Rule”) promulgated by the SEC, the District will enter into a Continuing Disclosure Undertaking (the “Continuing Disclosure Undertaking”) in the form of APPENDIX D hereto, on or prior to the sale of the Bonds in which the District will undertake, for the benefit of the Beneficial Owners of the Bonds, to provide certain financial information and operating data relating to the District (the “Annual Reports”) by not later than nine months following the end of the District’s fiscal year (which currently ends June 30), commencing with the report for fiscal year 2025-26, and to provide notices of the occurrence of certain listed events, as set forth therein. The covenants contained in the Continuing Disclosure Undertaking have been made to assist the Underwriter in complying with the Rule. See APPENDIX D – “FORM OF CONTINUING DISCLOSURE UNDERTAKING” hereto.

Prior Undertakings. Within the past five years, the District failed to timely file its fiscal year 2023-24 audited financial statements as required by its existing continuing disclosure obligations. The District has since filed a notice of a failure to provide annual financial information, and has also filed its fiscal year 2023-24 audited financial statements.

Risks Related to COVID-19

Background. The outbreak of the respiratory disease caused by a new strain of coronavirus (“COVID-19”) was declared a Pandemic by the World Health Organization, a National Emergency by then-President Trump and a State of Emergency by the Governor in March 2020. The emergency resulted in tremendous volatility in the financial markets in the United States and globally, and the onset of a U.S. and global recession.

In response to COVID-19, the federal and State governments approved additional funding for educational agencies by way of establishing certain relief plans or funds, which included appropriations for the purpose of assisting California local educational agencies.

Impacts on the District. The District received approximately \$67.5 million in total State and federal funding, related to COVID-19 funds, and has expended all such State and federal COVID-19 funds by the required deadlines.

There may be unknown consequences of COVID-19, which the District is unable to forecast, that may impact the District’s financial condition or the availability of State funding for community college districts. While the State of Emergency and the National Emergency have now both been terminated, the District cannot predict if there will be further outbreaks, or the responses thereto by local, State, or the federal government, that may impact the District’s financial condition or operations.

The Bonds are general obligations of the District payable solely from unlimited *ad valorem* property taxes and are not payable from the general fund of the District.

Possible Limitations on Remedies; Bankruptcy

General. Following is a discussion of certain considerations in the event that the District should become a debtor in a bankruptcy proceeding. It is not an exhaustive discussion of the potential application of bankruptcy law to the District. The discussion is based on the United States Bankruptcy Code (the “Bankruptcy Code”) as now in effect and the few relevant judicial decisions to date. The Bankruptcy Code could be amended or construed differently in future judicial decisions (including as a result of possible future decisions in the pending analogous insolvency proceedings for the Commonwealth of Puerto Rico). Any such action could affect the possible application of bankruptcy law to the District.

State law contains a number of safeguards to protect the financial solvency of community college districts. See APPENDIX A – “FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT.” If the safeguards are not successful in preventing a community college district from becoming insolvent, the Chancellor of the California Community Colleges (the “State Chancellor”), operating through a special trustee appointed by the State Chancellor, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the “Bankruptcy Code”) on behalf of the District for the adjustment of its debts, assuming that the District meets certain other requirements contained in the Bankruptcy Code necessary for filing such a petition. Under current State law, the District is not itself authorized to file a bankruptcy proceeding, and it is not subject to an involuntary bankruptcy proceeding.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, bondholders may be prohibited from taking any action to collect any amount from the District (including *ad valorem* tax revenues) or to enforce any obligation of the District, without the bankruptcy court's permission, except possibly as described below in the case of pledged "special revenues." In such a proceeding, as part of its plan of adjustment in bankruptcy, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, including the obligation of the County and the District to raise taxes if necessary to pay the Bonds, if the bankruptcy court determines that the plan is fair, equitable, not unfairly discriminatory to creditors as a whole, is in the best interests of creditors and otherwise complies with the Bankruptcy Code. There also may be other possible effects of a District bankruptcy proceeding that could result in delays or reductions in payments on the Bonds. Regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

Limitations on Plans of Adjustments. Chapter 9 of the Bankruptcy Code does not limit or impair the power of a state to control, by legislation or otherwise, a political subdivision of the state in the exercise of its political or governmental powers, including expenditures for the exercise. In addition, Chapter 9 prevents a bankruptcy court from interfering with the political or governmental powers of a political subdivision debtor, any of its property or revenues or the use or enjoyment of its income producing property, unless the political subdivision debtor confirms a plan of adjustment to that effect or consents to that action. State law provides that *ad valorem* taxes may be levied to pay the principal of and interest on the Bonds and other voted general obligation bonds of the District in an unlimited amount, and that proceeds of such a levy must be used for the payment of principal of and interest on the District's general obligation bonds, including the Bonds, and for no other purpose. Under State law, the District's share of the 1% limited tax imposed by the County is the only *ad valorem* tax revenue that may be raised and expended to pay liabilities and expenses of the District other than its voter-approved debt, such as its general obligation bonds. If the District should become a debtor in a Chapter 9 proceeding, then it must propose a plan of adjustment of its debts. The plan may not become effective until confirmed by the bankruptcy court.

The court may not confirm a plan unless it finds, among other conditions, that the District is not prohibited by law from taking any action necessary to carry out the plan, and that the plan is fair, equitable, does not unfairly discriminate among creditors as a whole, is in the best interests of creditors, and is feasible. If the State law restriction on the levy and expenditure of *ad valorem* taxes for payment of general obligation bonds is respected in a bankruptcy case, then such *ad valorem* tax revenue could be levied by the County only for payment of the Bonds and its other voted general obligation bonds or securities issued in their stead, and could not be used by the District for any other purpose under its plan.

Statutory Lien. Pursuant to SB 222, all general obligation bonds issued by local agencies, including the Bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the *ad valorem* taxes. SB 222 provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board, and will be valid and binding from the time the bonds are issued. As a result, the lien on debt service taxes will continue to be valid with respect to post-petition receipts of debt service taxes, should the District become a Chapter 9 debtor. (Unlike most security interests created by agreement, statutory liens on post-petition revenues remain effective under the Bankruptcy Code.) The automatic stay provisions of the Bankruptcy Code would apply, however, thereby preventing bondholders from enforcing their rights to payment from such taxes (with the result that any payments becoming due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed), except as described under "--Special Revenues" below. It is also possible

that the bankruptcy court could approve an alternate use of such taxes, if the bondholders are afforded protection that the court determines to be adequate.

Special Revenues. If the *ad valorem* tax revenues that are pledged to the payment of the Bonds are determined to be “special revenues” within the meaning of the Bankruptcy Code, then the application by the County (or others with possession) of pledged *ad valorem* tax revenues that are collected after the date of the bankruptcy filing should not be subject to the automatic stay, and bondholders may be able to compel their immediate use to pay debt service, subject to the matters discussed below, including a recent decision by the United States Court of Appeals for the First Circuit.

“Special revenues” are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. The District has specifically pledged the *ad valorem* taxes for payment of the Bonds. The Bonds and the District’s other general obligation bonds were approved at elections held on propositions that described the projects for which such bonds may be issued. As noted above, State law prohibits the use of the proceeds of the District’s debt service tax for any purpose other than payment of its general obligation bonds, and the bond proceeds may only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* tax revenues collected for the payment of general obligation bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

Even if the *ad valorem* tax revenues that are pledged to the payment of the Bonds are determined to be “special revenues” within the meaning of the Bankruptcy Code, bondholders may not be able to compel that they be used to pay debt service during the pendency of a Chapter 9 proceeding. While the application of special revenues is exempt from the automatic stay by Section 922(d) of the Bankruptcy Code, the United States Court of Appeals for the First Circuit has interpreted that section to exempt only voluntary applications by the debtor and voluntary applications by creditors or others of property in their possession, and not to exempt actions by creditors to compel an application by others, and has held that a bankruptcy court lacks authority to compel the application of special revenues. *In re: The Financial Oversight and Management Board for Puerto Rico*, 2019 WL 1349223 (1st Cir. 2019). The U.S. Supreme Court declined to review the First Circuit decision. If the First Circuit’s interpretation is upheld and applied by courts in the Ninth Circuit and the State Superintendent (or State-appointed administrator) were to file a petition to initiate a Chapter 9 proceeding in respect of the District, the bondholders would be stayed from seeking to compel the application of pledged *ad valorem* taxes to pay debt service on the Bonds during the pendency of the proceeding (in either federal or state court), if the County failed to do so as required by State law or was instructed not to do so by the District. Accordingly, even if the *ad valorem* tax revenues that are pledged to the payment of the Bonds are determined to be “special revenues,” a Chapter 9 proceeding could result in a substantial delay in the payment of debt service, if the County failed to apply pledged *ad valorem* taxes to pay debt service on the Bonds.

In addition, the Bankruptcy Code provides that any consensual lien on special revenues (other than municipal betterment assessments) “derived” from a project or system is subject to necessary operating expenses of the project or system. This rule applies regardless of the provisions of transaction documents. If a bankruptcy court were to conclude that the District’s tax collections are “derived” from a District project or system and are not akin to municipal betterment assessments, then even if pledged *ad valorem* tax revenues are determined to be “special revenues,” the court could determine that such revenues may not be ordered (by itself or a state court) to pay debt service to the extent that they are needed to pay necessary operating expenses of the District and its schools and may lawfully be applied for that purpose.

Possession of Tax Revenues; Remedies. If the County or the District goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County or the District, as applicable, does not voluntarily pay such tax revenues to the owners of the Bonds, it is not clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful.

Amounts Held in County Treasury Pool. The County on behalf of the District is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the County's Treasury Pool, as described in "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and APPENDIX F – "THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS." Should those investments suffer losses, there may be delays or reductions in payments on the Bonds.

Opinion of Bond Counsel Qualified. The proposed forms of opinion of Bond Counsel, attached hereto as APPENDIX B, are qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights.

Litigation and Other Matters

The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District's ability to receive *ad valorem* taxes or to collect other revenues or contesting the District's ability to issue and retire the Bonds.

There are a number of other lawsuits and claims pending against the District. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the finances of the District. The District is also engaged in a number of personnel investigations, in accordance with its policies and as required by law, none of which will affect the District's finances.

Class Action Lawsuit by Adjunct Professors. Part-time faculty and part-time professors at numerous California community colleges, including the District, have filed claims alleging that they have only been paid for classroom teaching time and that, under California law, they are entitled to be compensated for outside-classroom preparation, including designing syllabi, grading, professional development work, and responding to student communications. The District has reached a settlement in the amount of \$2,000,000, which settlement is subject to and currently awaiting judicial approval, anticipated to be obtained in or around July 2026. In the opinion of the District, the settlement amount will not materially affect the District's finances.

Self-imposed Facilities Project Audit. On September 9, 2024, then Interim Superintendent/President David Andrus directed Ms. Erin Tague, Assistant Superintendent/Vice-President of Facilities, through a formal memorandum, to investigate and evaluate the District's facilities contracts (entered into by former District administrators) from the past 20 years or more. Ms. Tague, with assistance from the District's legal counsel, reviewed over 700 contracts and at least \$12 million in paid invoices. During this review, they found that certain contracts did not follow customary public procurement practices. They also discovered evidence of violations of contractual standards and negligent internal controls that undermined District policies and procedures. This evidence compelled the administration to consider further actions in order to fulfill its professional and ethical duty to the community and taxpayers served by the college. On November 18, 2024, the District's legal counsel presented their findings to the District Board of Trustees (the "Board"). The Board then approved the hiring of a third-party professional services firm for an internal audit and forensic accounting, engaged through the District's legal counsel. The internal

audit identified potential violations of law. The Los Angeles County District Attorney’s Public Integrity Division (“DA”) requested the internal audit findings from the District’s counsel. The District’s Board unanimously directed counsel to share these findings with the DA. In July 2025, the District’s counsel met with the DA’s office to present them. After submitting the audit findings, on September 10, 2025, the District’s Board informed the public that the DA had the matter under review. The DA’s office has informed the District that, to maintain the integrity of its review, no information will be provided at this time. The District cannot predict the outcome of the DA’s review.

Lawsuit by Former Chancellor. Dr. Dianne Van Hook, who previously served as the District’s chancellor for 36 years, has filed a wrongful termination lawsuit against the District. In July 2024, the District Board voted unanimously (3-0) to place Dr. Van Hook on administrative leave, and her retirement was announced less than two weeks later. (At the time, one board member was absent and another seat was vacant.) In October 2024, Dr. Van Hook filed her lawsuit, seeking over \$3 million in damages. Her claims include breach of contract, discrimination under the Fair Employment and Housing Act (“FEHA”), violations of civil rights under the California Bane Act, and allegations related to a hostile work environment and due process. The lawsuit also seeks compensation for lost wages and benefits, emotional distress, and attorney fees. The District is unable to predict the outcome of the lawsuit, but in its opinion, any uninsured liability resulting from this claim is not expected to materially affect the District’s finances.

Cybersecurity 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 cannot predict what future cyber security events may occur and what impact said events could have on its operations or finances. The District currently maintains insurance coverage for potential cybersecurity incidents.

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 Undertaking.

UNDERWRITING

The Bonds are being purchased by Raymond James & Associates, Inc. (the “Underwriter”). The Underwriter has agreed to purchase the Bonds from the District at the purchase price of \$ _____ (being the aggregate principal amount of the Bonds \$ _____, plus [net] original issue premium of \$ _____, and less Underwriter’s discount of \$ _____), at the rates and yields shown on the inside covers hereof.

MUNICIPAL ADVISOR

Isom Advisors, a Division of Urban Futures, Inc. (“Isom Advisors”), is employed as Municipal Advisor to the District in connection with the issuance of the Bonds. The Municipal Advisor’s

compensation for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Isom Advisors, in its capacity as Municipal Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income status of the Bond, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

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

ABSENCE OF MATERIAL LITIGATION

No litigation is pending or threatened concerning the validity of the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District's ability to receive *ad valorem* property taxes or to collect other revenues or contesting the District's ability to issue the Bonds.

[Remainder of page intentionally left blank.]

OTHER INFORMATION

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statements of the contents thereof. Copies of the District Resolution are available upon request from the offices of the Interim Assistant Superintendent/Vice President, Business Services, Santa Clarita Community College District, 26455 Rockwell Canyon Drive, Santa Clarita, California 91355. A fee may be charged for copying and handling.

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.

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

SANTA CLARITA COMMUNITY COLLEGE
DISTRICT

By: _____
Interim Assistant Superintendent/
Vice President, Business Services

APPENDIX A

FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT

This Appendix A provides information concerning the operations and finances of the Santa Clarita Community College District (the "District"). The Bonds are general obligation bonds of the District, secured and payable from ad valorem property taxes assessed on taxable properties within the District. The Bonds are not an obligation of the County, the State of California or any of its other political subdivisions or of the general fund of the District. Prospective purchasers of the Bonds should be aware that the following discussion of the financial condition of the District, its fund balances, budgets and obligations, is intended as general information only, and no implication is made that the payment of principal or interest on the Bonds is dependent in any way upon the District's financial condition. The District neither receives nor accounts for ad valorem tax revenues collected by the County of Los Angeles (the "County") to pay debt service on the Bonds (or its other general obligation bonds) in the following tables or in its annual financial statements. Pursuant to Section 15251 of the California Education Code, all tax revenues collected for payment of debt service on the Bonds must be deposited into the County treasury to the credit of the debt service fund of the District. The Bonds are and will continue to be payable solely from ad valorem taxes levied and collected by the County within the boundaries of the District. See the body of this Official Statement under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

THE DISTRICT

District General Information

The District is a community college district of the State of California (the "State"). The District was established in 1967 and encompasses unincorporated areas of the County and the City of Santa Clarita. The District encompasses approximately 367 square miles and serves a resident population of approximately 299,000 in the local communities of Canyon Country, Newhall, Saugus, Valencia, Castaic, Stevenson Ranch, and Val Verde. The District currently operates College of the Canyons at its Valencia Campus and Canyon Country Campus, both of which provide lower-division collegiate-level instruction across a wide spectrum of subjects. The total full-time equivalent students ("FTES") for fiscal year 2025-26 is projected at 15,000, and for fiscal year 2026-27 is projected at 15,500.

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of the most recent and subsequent audited financial statements of the District may be obtained by contacting: Santa Clarita Community College District, 26455 Rockwell Canyon Drive, Santa Clarita, California 91355, Interim Assistant Superintendent/Vice President, Business Services.

District Organization

The District is governed by a Board of Trustees (the "Board"). The Board consists of 5 members (and 1 student trustee) who are elected by trustee areas to overlapping four-year terms at elections held in staggered years and a student trustee elected to a one-year term by the College of the Canyons student body. If a vacancy arises during any term, the vacancy is filled by either an appointment by the majority vote of the remaining Board Members or by a special election. Each December, the Board elects a President, a Vice President and a Clerk to serve one-year terms. The years in which the current terms for each member of the Board expire are set forth below:

**SANTA CLARITA COMMUNITY COLLEGE DISTRICT
BOARD OF TRUSTEES**

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Sharlene Johnson	President	2028
Fred Arnold	Vice President	2028
Darlene Trevino	Clerk	2026
Dr. Edel Alonso	Member	2028
Dr. Carlos Guerrero	Member	2026
Areesh Fatima	Student Trustee	2026

Key Personnel

The following is a listing of the key administrative personnel of the District:

<u>Name</u>	<u>Title</u>
Dr. Jasmine Ruys	Superintendent/President
Jason Hinkle	Interim Assistant Superintendent/Vice President, Business Services
Erin Tague	Assistant Superintendent/Vice President, Facilities Planning, Operations and Construction

The Superintendent-President of the District is responsible for administering the affairs of the District in accordance with the policies of the Board. The District’s Board of Trustees announced that Dr. Jasmine Ruys was selected as the District’s next Superintendent/President at its March 30, 2026 Board meeting. The Board is expected to formally approve and execute an employment contract with Dr. Ruys at its May 13, 2026 meeting.

Brief biographies of the Superintendent-President and the Interim Assistant Superintendent/Vice President, Business Services follow:

Dr. Jasmine Ruys, Superintendent/President. Dr. Ruys began her employment with the District in 2001, and has held various roles, including Student Services Specialist, Administrative Assistant, Director of Admissions and Records, Dean of Enrollment Services, Associate Vice President of Enrollment Services, and Assistant Superintendent/Vice President of Student Services. Dr. Ruys currently serves as the Interim Superintendent/President, but was selected by the Board as the Superintendent/President at its March 30, 2026 Board meeting. Dr. Ruys received her Bachelor of Arts degree in History at California Lutheran University, a master’s degree in Educational Counseling and a doctorate in Organization Leadership from University of La Verne.

Jason Hinkle, Interim Assistant Superintendent/Vice President, Business Services. Jason Hinkle began his employment with the District in January 2017 as the Controller and has held the positions of Associate Vice President, Business Services since July 2018 and Interim Assistant Superintendent/Vice President, Business Services for the District since October 2024, respectively. Prior to joining the District, Mr. Hinkle was the Deputy Director/CFO at the County of San Bernardino, Department of Behavioral Health. Mr. Hinkle has over 23 years of experience in Finance and Accounting. Mr. Hinkle earned a degree in the Bachelor of Business Administration, Accounting and Business/Management program at Pacific Union College.

Accreditation

College of the Canyons is fully accredited by the Accrediting Commission for Community and Junior Colleges (“ACCJC”) of the Western Association of Schools and Colleges (“WASC”). ACCJC is one of seven institutional accrediting bodies recognized by the Commission on Recognition of

Postsecondary Accreditation and the U.S. Department of Education. Accreditation is a voluntary system of self-regulation developed to evaluate overall educational quality and institutional effectiveness and to provide public assurance of the quality of education based upon such evaluation. Each institution affiliated with ACCJC voluntarily accepts the obligation to participate in a seven-year cycle of evaluation that requires a comprehensive evaluation visit by an external team of peers. The cycle includes a mandatory midterm report in the third year as well as any other reports requested by ACCJC.

The District received its initial accreditation from the ACCJC in 1972. Its last comprehensive review was in 2022. The next comprehensive review is scheduled for 2029.

District Employees

The District employs approximately 206 full-time and approximately 565 part-time certificated academic professionals as well as 337 full-time classified employees. District employees, except management and some confidential employees, are represented by three bargaining units.

The full-time certificated employees of the District have assigned the College of the Canyons Faculty Association/California Teachers Association-NEA (“CTA”) as their exclusive bargaining agent. The full-time certificated employees’ contract with CTA was renewed for one year through June 30, 2025. Parties are currently in negotiations and continue to perform pursuant to the terms of the expired contract.

The part-time certificated employees of the District have assigned the American Federation of Teachers (“AFT”) as their exclusive bargaining agent. The part-time certificated employees’ contract with AFT was renewed for three years through June 30, 2027.

The classified employees have assigned California School Employees Association (“CSEA”) as their exclusive bargaining agent and the contract with CSEA was renewed for three years through June 30, 2027.

Insurance

Coverage. 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. The District is a member of a non-profit, member owned and operated joint powers authority pursuant to applicable California Government and Education Code with provisions for (i) property claims, with coverage of \$500,250,000 per occurrence subject to various policy limits; and (ii) general liability claims, with coverage up to \$75,000,000 per occurrence, subject to various deductibles and sublimits. The District is also a member of a joint powers authority from which it secures workers’ compensation coverage.

The District purchases commercial Student & Athletic Accident Insurance which provides coverage for injuries suffered by regularly enrolled students while participating in District-approved activities. The District also maintains coverage for crime, cyber liability, co-generator, equipment breakdown, storage tank pollution, art gallery, builder’s risk, and special events.

Workers’ Compensation. The District participates in the Protected Insurance Program for Schools (PIPS) Joint Powers Authority, an insurance purchasing pool, for workers’ compensation coverage. Each participant in this joint powers authority, including the District, pays its workers’ compensation premium based on its individual rate.

Public Entity Risk Pools. The District is a member of the following Joint Power Authorities (“JPAs”): the Protected Insurance Program for Schools (“PIPS”) and the Statewide Association of Community College (“SWACC”)/Schools Association for Excess Risk (“SAFER”). The District pays premiums for its workers’ compensation and property liability coverage, as well as monthly premiums for employee Delta Dental and Vision Service Plan coverage and medical coverage. The relationships between

the District and the JPAs are such that they are not component units of the District for financial reporting purposes.

Based upon prior claims experience, the District believes it has adequate insurance coverage.

District Enrollment

The District experienced a decline in student enrollment during the COVID-19 pandemic. The table below sets forth the enrollment for Full-Time Equivalent Students (“FTES”) for the District for the fiscal years 2019-20 through projected FTES in 2029-30. See APPENDIX A – “FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT – FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Major Revenues – Enrollment Based Funding” and “– Student Center Funding Formula” herein.

**SANTA CLARITA COMMUNITY COLLEGE DISTRICT
Full-Time Equivalent Students
Fiscal Years 2019-20 through 2029-30⁽¹⁾**

Fiscal Year	Credit FTES	Non-Credit FTES	Total FTES⁽¹⁾
2019-20	14,528	516	15,044
2020-21	13,463	693	14,156
2021-22	13,021	753	13,774
2022-23	12,405	931	13,336
2023-24	14,121	1,159	15,280
2024-25	12,189	1,555	13,744
2025-26 ⁽²⁾	13,083	1,917	15,000
2026-27 ⁽³⁾	13,500	2,000	15,500
2027-28 ⁽³⁾	13,800	2,000	15,800
2028-29 ⁽³⁾	14,100	2,100	16,200
2029-30 ⁽³⁾	14,500	2,200	16,700

⁽¹⁾ Totals may not add due to rounding.

⁽²⁾ Budgeted.

⁽³⁾ Projected.

Source: The District.

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Population

The population of the City of Santa Clarita, the County of Los Angeles and the State of California during the period 2021 through 2025 are set forth in the following tables.

POPULATION FIGURES 2021 through 2025

<u>Calendar Year</u>	<u>City of Santa Clarita</u>	<u>County of Los Angeles</u>	<u>State of California</u>
2021	228,294	9,966,353	39,369,530
2022	229,938	9,870,212	39,179,680
2023	232,092	9,834,286	39,228,444
2024	231,573	9,848,643	39,420,663
2025	232,377	9,876,811	39,529,101

Source: California State Department of Finance.

[Remainder of page intentionally left blank.]

Employment

The following chart compares labor force, employment, civilian employment and the unemployment rate in the City of Santa Clarita, the County of Los Angeles, the State of California and the United States during the period from 2020 through 2024.

LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT⁽¹⁾⁽²⁾⁽³⁾ Yearly Average for Years 2020 through 2024

<u>Year and Area</u>	<u>Labor Force</u>	<u>Civilian Employment</u>	<u>Civilian Unemployment</u>	<u>Unemployment Rate (%)</u>
<u>2020</u>				
City of Santa Clarita	114,600	101,800	12,800	11.1%
County of Los Angeles	4,974,700	4,363,300	611,300	12.3
California	18,958,600	17,037,000	1,921,600	10.1
United States	160,742,000	147,795,000	12,947,000	8.1
<u>2021</u>				
City of Santa Clarita	116,100	107,000	9,100	7.8%
County of Los Angeles	5,007,600	4,558,900	448,700	9.0
California	18,956,600	17,568,700	1,387,800	7.3
United States	161,204,000	152,581,000	8,623,000	5.3
<u>2022</u>				
City of Santa Clarita	117,200	111,900	5,300	4.5%
County of Los Angeles	5,013,400	4,764,500	248,800	5.0
California	19,169,300	18,348,900	820,400	4.3
United States	164,287,000	158,291,000	5,996,000	3.6
<u>2023</u>				
City of Santa Clarita	117,400	111,700	5,700	4.9%
County of Los Angeles	5,015,600	4,763,600	252,000	5.0
California	19,308,300	18,388,300	920,000	4.8
United States	167,116,000	161,037,000	6,080,000	3.6
<u>2024</u>				
City of Santa Clarita	118,500	112,000	6,600	5.5%
County of Los Angeles	5,109,800	4,812,600	297,200	5.8
California	19,644,000	18,601,000	1,043,000	5.3
United States	168,106,000	161,346,000	6,761,000	4.0

⁽¹⁾ Data reflects employment status of individuals by place of residence.

⁽²⁾ Data not seasonally adjusted.

⁽³⁾ Unemployment rate is based on unrounded data.

Source: State of California Employment Development Department; U.S. Department of Labor, Bureau of Labor Statistics.

Principal Employers

The following table lists the top 10 private and public sector employers in the County of Los Angeles.

COUNTY OF LOS ANGELES Principal Employers (Private Sector) 2025⁽¹⁾

	Employer	Number of Los Angeles County Employees
1.	Kaiser Permanente	47,897
2.	University of Southern California	25,741
3.	Cedars-Sinai	18,087
4.	Northrop Grumman Corp.	16,600 ⁽²⁾
5.	The Walt Disney Co.	13,400
6.	NBC Universal	13,000 ⁽²⁾
7.	UPS	12,000 ⁽²⁾
8.	Providence	11,500 ⁽²⁾
9.	The Home Depot	11,000 ⁽²⁾
10.	Target Corp.	11,000 ⁽²⁾

⁽¹⁾Data as of August 25, 2025.

⁽²⁾ Estimate.

Source: Los Angeles Business Journal.

COUNTY OF LOS ANGELES Principal Employers (Public Sector) 2025⁽¹⁾

	Employer	Number of Los Angeles County Employees
1.	County of Los Angeles	117,000 ⁽²⁾
2.	Los Angeles Unified School District	78,874
3.	University of California, Los Angeles	57,411
4.	City of Los Angeles ⁽³⁾	34,320
5.	Los Angeles Department of Water and Power	12,000
6.	Long Beach Unified School District	10,000
7.	Los Angeles Community College District	10,000
8.	City of Long Beach	5,581
9.	Los Angeles County Metropolitan Transportation Authority	5,000
10.	California State University, Northridge	4,807

⁽¹⁾Data as of August 25, 2025.

⁽²⁾ Estimate.

⁽³⁾ Excludes proprietary departments (LADWP, LAWA, Port of Los Angeles).

Source: Los Angeles Business Journal.

District Investments

The Treasurer and Tax Collector (the “Treasurer”) of the County manages, in accordance with California Government Code Section 53600 *et seq.*, funds deposited with the Treasurer by County school and community college districts, various special districts, and some cities within the State. State law generally requires that all moneys of the County, school and community college districts and certain special districts be held in the County’s Treasury Pool.

The composition and value of investments under management in the Treasury Pool vary from time to time depending on cash flow needs of the County and public agencies invested in the pool, maturity or sale of investments, purchase of new securities, and due to fluctuations in interest rates generally.

For a further discussion of the Pooled Investment Fund, see APPENDIX F - “THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS” hereto.

Financial Statements of the District

The District’s General Fund finances the legally authorized activities of the District. General Fund revenues are derived from such sources as State fund apportionments, taxes, use of money and property, charges for current services, aid from other governmental agencies and other revenue. The General Fund of the District is a combined fund comprised of moneys which are unrestricted and available to finance the legally authorized activities of the District and restricted funds and moneys which are restricted to specific types of programs or purposes. Certain information from the District’s financial statements follows. The District’s audited financial statements for fiscal year ended June 30, 2025 are attached hereto as APPENDIX C. The District has not requested and its auditor has not provided any review or update of such statements in connection with the inclusion thereof in this Official Statement.

The financial statements included herein were prepared by the District using information from the Annual Financial Reports which are prepared by the District and audited by independent certified public accountants each year. The data included in this Official Statement for the District beyond fiscal year 2024-25 is unaudited and has not been reviewed by the District’s independent certified public accountants.

Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California Community Colleges Budget and Accounting Manual. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

The financial resources of the District are divided into separate funds for which separate accounts are maintained for recording cash, other resources and all related liabilities, obligations and equities. The major fund classification is the general fund, which accounts for all financial resources not required to be accounted for in another fund. The District’s fiscal year begins on July 1 and ends on June 30. All governmental funds and fiduciary funds are maintained on the accrual basis of accounting, and so revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. For more information on the District’s accounting method, see APPENDIX C – “AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2025” hereto.

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. GASB No. 34 provides guidelines to auditors, state and local governments and special purpose governments such as school districts, community college districts and public utilities, on new requirements for financial reporting for all governmental agencies in the United States. Generally, the basic financial statements and required supplementary information should include (i) Management’s Discussion and Analysis; (ii) financial statements prepared using the economic measurement focus and the accrual basis of accounting; (iii) fund financial statements prepared using the current financial resources measurement focus and the modified accrual method of accounting; and (iv) required supplementary information.

The District’s Audited Financial Statements for fiscal year ended June 30, 2025 were prepared by Eide Bailly, LLP and are attached as APPENDIX C.

The District considers its audited financial statements to be public information, and accordingly, no consent has been sought or obtained from the auditor in connection with the inclusion of such statements in this Official Statement. The auditor has made no representation in connection with inclusion of the audit in this Official Statement.

Budgets of District; State Chancellor Oversight

The fiscal year of the District begins on the first day of July of each year and ends on the 30th day of June of the following year. On or before July 1 of each year the District adopts a fiscal line-item budget setting forth expenditures in priority sequence so that appropriations during the fiscal year can be adjusted if revenues do not meet projections.

The District is required by provisions of the California Education Code to maintain a balanced budget each year, where the sum of expenditures plus the ending fund balance cannot exceed the revenues plus the carry-over fund balance from the previous year. The State Chancellor imposes a uniform budgeting format for each community college district in the State.

State law grants to the Board of Governors of the California Community Colleges (the “Board of Governors”) and to the State Chancellor certain oversight with respect to the budget development process and financial reporting of community college districts. Pursuant to California Education Code Section 84040 *et seq.* and the California Code of Regulations Section 58310 *et seq.*, the chief executive officer or other designee of the governing board of each community college district is required to regularly report the financial condition of such community college district to the governing board thereof. Further, the chief executive officer or other designee is required to submit reports showing the financial and budgetary conditions of its community college district, including outstanding obligations, to the governing board at least once every three months. Each community college district is also required to submit a copy of a certified quarterly report to the appropriate county office of education and the State Chancellor no later than forty-five days following the completion of such quarter. The State Chancellor is required to develop and maintain procedures for the administration of fiscal monitoring of community colleges districts pursuant to the California Education Code Section 84040 *et seq.*

In the event that a community college district’s financial information indicates to the State Chancellor a high probability that, absent corrective actions, the district will need an emergency apportionment within three years or that the district is not in compliance with the principles of sound fiscal management as set forth in the California Code of Regulations, the State Chancellor has the authority to further intervene in the affairs of the district. The State Chancellor may, among other things, require additional reports from a community college district, require such community college district to respond to specific concerns or direct the community college district to adopt a detailed plan for fiscal stability and an

educational plan which shows the impact of the fiscal plan on such community college district's educational program.

The California Code of Regulations grants the State Chancellor the authority to take certain actions if the State Chancellor determines that a community college district's plans are inadequate to solve the financial problems or to implement the principles of sound fiscal management, such community college district substantially fails to implement the plans, or if a college operated by such community college district is in imminent jeopardy of losing its accreditation which would create severe fiscal problems. The State Chancellor may, among other thing, (i) conduct a comprehensive management review of a community college district and its educational programs and an audit of the financial condition of such community college district; (ii) direct a community college district to amend and readopt the fiscal and educational plans based on the findings of the comprehensive audits; (iii) review and monitor the implementation of the plans and direct a community college district to make any further modifications to the fiscal and educational plans he or she deems necessary for such community college district's achievement of fiscal stability; and (iv) appoint or assign a special trustee (a "Special Trustee"). The Special Trustee, if appointed, may review and monitor plans, reports, and other financial material, and may modify the fiscal and educational plans, review and prioritize expenditures in order to further the community college district's achievement of fiscal stability, approve or disapprove actions of such community college district which affect or relate to the implementation of the fiscal and educational plans. The Special Trustee may assume management and control of a community college district if authorized by the Board of Governors based on the recommendation of the State Chancellor. The State Chancellor may authorize the Special Trustee to exercise such powers as are approved by the Board of Governors for a period of no more than one year, unless the Board of Governors approves one or more one-year extensions.

In the event the State Chancellor deems that the aforementioned procedures have not stabilized the financial condition of a community college district, the State Chancellor may seek an appropriation for an emergency apportionment to be repaid over a period of three years. However, the State Chancellor is not authorized to approve any diversion of revenue from *ad valorem* taxes levied to pay debt service on district general obligation bonds.

In the event the State elects to provide an emergency appropriation to a community district, such appropriation may be accomplished through the issuance of "State School Fund Apportionment Lease Revenue Bonds" to be issued by the California Infrastructure and Economic Development Bank, on behalf of the community college district. State law provides that so long as such bonds are outstanding, the recipient community college district cannot file for bankruptcy.

District Finances

The following tables include the District's audited financial results for fiscal years 2021-22 through 2024-25 and a Combined General Fund table containing the District's Adopted Budgets for fiscal years 2022-23 through 2025-26 and actual (and estimated actual) results for fiscal years 2022-23 through 2024-25.

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SANTA CLARITA COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Fiscal Years 2021-22 through 2024-25
(\$000s)

	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25
Revenues				
Operating revenues				
Tuition and fees (net)	\$9,482	\$12,042	\$11,141	\$11,837
Other operating revenues	<u>48,837</u>	<u>39,179</u>	<u>48,089</u>	<u>41,628</u>
Total operating revenues	58,319	51,221	59,230	53,465
Expenses				
Operating expenses				
Salaries and benefits	120,753	133,529	156,234	153,930
Supplies, materials, and other operating expenses	34,833	41,265	38,843	34,113
Student financial aid	34,659	24,757	26,538	32,400
Depreciation and amortization	<u>9,799</u>	<u>9,986</u>	<u>11,222</u>	<u>11,894</u>
Total operating expenses	200,044	209,537	232,837	232,337
Operating loss	(141,725)	(158,316)	(173,607)	(178,872)
Non-operating revenues (expenses)				
State apportionments	74,447	81,291	95,794	89,627
Property taxes	51,146	58,230	55,492	58,859
Student financial aid grants	31,953	22,102	23,473	28,859
State revenues	5,139	6,372	6,503	4,854
Net interest expense	(15,094)	(11,861)	(2,178)	(5,333)
Other non-operating revenues	<u>3,319</u>	<u>3,835</u>	<u>4,890</u>	<u>4,692</u>
Total non-operating revenues (expenses)	150,910	159,969	183,974	181,558
Other revenues (expenses)				
State capital income	5,783	10,489	3,088	2,482
Change in net position	14,968	12,142	13,455	5,168
Net position – beginning of the year	<u>(55,477)</u>	<u>(40,504)</u>	<u>(28,362)</u>	<u>(14,907)</u>
Net position – end of year	\$(40,504)	\$(28,362)	\$(14,907)	\$(9,739)

Source: The District (Audited Financial Statements for fiscal years 2021-22 through 2024-25).

SANTA CLARITA COMMUNITY COLLEGE DISTRICT
Fiscal Years 2022-23 through 2025-26 Budgets, and Fiscal Years 2022-23 through 2024-25 Actuals
General Fund Combined

	<u>2022-23 Budget</u>	<u>2022-23 Actuals</u>	<u>2023-24 Budget</u>	<u>2023-24 Actuals</u>	<u>2024-25 Budget</u>	<u>2024-25 Actuals</u>	<u>2025-26 Budget</u>
REVENUES:							
Federal	\$7,879,485	\$6,049,694	\$9,638,776	\$4,969,977	\$9,802,771	\$5,521,175	\$9,485,733
State	162,345,446	122,707,297	170,196,524	146,460,093	167,195,507	133,490,908	174,071,473
Local	33,071,115	50,397,730	37,083,029	49,303,588	37,646,666	52,261,844	36,094,131
Total Revenues	<u>203,296,046</u>	<u>179,154,721</u>	<u>216,918,329</u>	<u>200,733,658</u>	<u>214,644,944</u>	<u>191,273,927</u>	<u>219,651,337</u>
EXPENDITURES:							
Academic Salaries	54,472,042	57,379,144	62,631,904	64,429,851	67,251,032	63,633,835	66,675,587
Classified Salaries	42,103,454	40,459,852	48,767,476	47,761,184	53,436,829	47,305,074	53,271,853
Employee Benefits	44,468,881	38,404,203	47,976,814	43,975,293	44,486,663	45,842,353	45,055,003
Supplies and Materials	14,793,492	3,996,351	6,897,966	3,211,017	6,745,528	2,951,892	6,166,254
Other Operating							
Expenses	37,207,072	24,443,014	38,053,719	25,086,588	39,746,774	24,836,913	47,874,735
Capital Outlay	12,893,913	8,549,857	12,702,771	8,269,922	8,010,523	4,558,997	7,090,162
Total Expenditures	<u>205,938,854</u>	<u>173,232,421</u>	<u>217,030,650</u>	<u>192,733,855</u>	<u>219,677,349</u>	<u>189,129,064</u>	<u>226,133,594</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,642,808)	5,922,300	(112,321)	7,999,803	(5,032,405)	2,144,863	(6,482,257)
Other Financing Sources	3,048,314	2,973,011	3,288,225	2,257,017	3,769,762	3,320,804	6,687,815
Other Outgo	8,799,252	8,105,452	9,310,358	8,728,695	6,074,104	6,858,633	5,451,559
Net Increase/(Decrease) in Fund Balance	(8,393,746)	789,859	(6,134,454)	1,528,125	(7,336,747)	(1,392,966)	(5,246,001)
BEGINNING FUND BALANCE	<u>22,599,707</u>	<u>22,599,707</u>	<u>23,389,566</u>	<u>23,389,566</u>	<u>24,917,691</u>	<u>24,917,691</u>	<u>23,524,725</u>
ENDING FUND BALANCE	<u>\$14,205,961</u>	<u>\$23,389,566</u>	<u>\$17,255,112</u>	<u>\$24,917,691</u>	<u>\$17,580,944</u>	<u>\$23,524,725</u>	<u>\$18,278,724</u>

Source: The District; California Community Colleges Chancellor's Office CCFS-311 Reports.

College of the Canyons Foundation

The College of the Canyons Foundation (the “Foundation”) is a separate non-profit, public benefit corporation organized under Section 501(c)(3) of the Internal Revenue Code. The Foundation was established in 1987 to secure philanthropic funding through contributions from individuals, corporations, foundations, and non-profits to assist College of the Canyons in meeting its commitment to student success. The purpose of the Foundation is to secure financial assistance for scholarships, programs, equipment, and projects which meet the need of the College’s diverse student population. Under GASB rules, the Foundation is not a component unit of the District for financial reporting purposes. As of June 30, 2025, the Foundation had net assets valued at \$7,413,149.

Leases

The District has entered into agreements to lease various facilities and equipment. The District’s liability for lease agreements is summarized below.

<u>Leases</u>	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30, 2025</u>
Copier Lease	\$ 4,814	\$ -	\$ (4,814)	\$ -
Building Lease	146,687	733,395	(243,547)	636,535
Total	<u>\$ 151,501</u>	<u>\$ 733,395</u>	<u>\$ (248,361)</u>	<u>\$ 636,535</u>

Source: The District (Audited Financial Statements for fiscal year 2024-25).

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Certain Existing Obligations

The changes in the District’s long -term liabilities, other than OPEB and pensions, during the fiscal year ended June 30, 2025, consisted of the following:

	Balance July 1, 2024 as Restated	Additions	Deductions	Balance June 30, 2025	Due in one year
General Obligation Bonds	\$ 384,328,219	\$ 1,203,149	\$(12,540,000)	\$ 372,991,368	\$ 10,270,000
Bond Premium	20,869,584	-	(942,555)	19,927,029	-
Certificates of Participation (COPs) ⁽¹⁾	4,910,000	-	(855,000)	4,055,000	660,000
COP Premium ⁽¹⁾	533,051	-	(75,252)	457,799	-
Leases	151,501	733,395	(248,361)	636,535	235,037
Subscription-based IT arrangements	1,086,247	567,494	(517,015)	1,136,726	500,483
Compensated Absences ⁽²⁾	36,745,113	-	(2,437,639)	34,307,474	6,608,379
Early retirement plan	6,212,632	2,158,631	(2,270,349)	6,100,914	2,126,482
Other long term liability	-	2,000,000	-	2,000,000	1,000,000
Total	<u>\$454,836,347</u>	<u>\$ 6,662,669</u>	<u>\$(19,886,171)</u>	<u>\$ 441,612,845</u>	<u>\$ 21,400,381</u>

⁽¹⁾ A portion of the District’s Bonds will be applied to prepay the COPs. See “Plan of Prepayment” herein.

⁽²⁾ The change in compensated absences is presented as a net change.

Source: The District (Audited Financial Statements for fiscal year 2024-25).

For more information on the District’s existing general obligations, see APPENDIX C – “AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2025” hereto.

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Retirement System

General. 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 (“STRS”) and classified employees are members of the State Public Employees’ Retirement System (“PERS”).

The following information on STRS and PERS has been obtained from publicly available sources and has not been independently verified by the District, is not guaranteed as to the accuracy or completeness of the information and is not to be construed as a representation by the District, the Underwriter or the Municipal Advisor. Furthermore, the summary data below should not be read as current or definitive, as recent losses on investments made by the retirement systems generally may have increased the unfunded actuarial accrued liabilities stated below.

The assets and liabilities of the funds administered by STRS and PERS, as well as certain other retirement funds administered by the State, are included in the financial statements of the State for the year ended June 30, 2024 as fiduciary funds. Both STRS and PERS have unfunded actuarial accrued liabilities in the tens of billions of dollars. The amount of unfunded actuarially accrued liability will vary from time to time depending upon actuarial assumptions, rates of return on investments, salary scales, and levels of contribution. See “—State Pension Trusts” below. The District is unable to predict what the amount of liabilities will be in the future, or the amount of the contributions which the District may be required to make.

STRS and PERS each issue separate comprehensive annual financial reports that include financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from STRS, P.O. Box 15275, Sacramento, California 95851-0275 and copies of the PERS annual financial report and actuarial valuations may be obtained from the PERS Financial Services Division, P.O. Box 942703, Sacramento, California 94229-2703. The information presented in these reports is not incorporated by reference in this Official Statement.

Both STRS and PERS are operated on a Statewide basis and, based on available information, both PERS and STRS have unfunded actuarial accrued liabilities. (Additional funding of STRS by the State and the inclusion of adjustments to such State contributions based on consumer price changes were provided for in 1979 Statutes, Chapter 282.) The amounts of the pension/award benefit obligation (PERS) or actuarially accrued liability (STRS) will vary from time to time depending upon actuarial assumptions, rates of return on investments, salary scales, and levels of contribution. The District is unable to predict what the amount of liabilities will be in the future, or the amount of the contributions which the District may be required to make.

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

Pension Plan	Aggregate Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
STRS	\$ 49,300,180	\$ 23,460,964	\$ 7,613,391	\$ 6,078,159
PERS	77,024,299	23,065,706	2,149,746	12,058,470
Total	\$ 126,324,479	\$ 46,526,670	\$ 9,763,137	\$ 18,136,629

Source: The District (Audited Financial Statements for fiscal year 2024-25).

STRS. STRS is a defined benefit plan that covers all full-time certificated employees and some classified employees, which are employees employed in a position that does not require a teaching credential from the State. STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program (the “STRS Defined Benefit Program”). The STRS Defined Benefit Program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers, and the State. Benefit provisions are established by State legislation in accordance with the State Teachers’ Retirement Law. STRS is operated on a Statewide basis and, based on publicly available information, has substantial unfunded liabilities. Additional funding of STRS by the State and the inclusion of adjustments to such State contributions based on consumer price changes were provided for in 1979 Statutes, Chapter 282.

As part of the 2014-15 State Budget, the State Legislature enacted AB 1469 (Chapter 47, Statutes of 2014) (“AB 1469”), a comprehensive funding solution intended to eliminate the projected STRS unfunded liability on the STRS Defined Benefit Program by 2046. Under AB 1469, the funding plan began in fiscal year 2014-15 and will be phased in over several years. The employer contribution rate increased by 1.85% of covered payroll annually beginning July 1, 2015 and will continue to increase until the employer contribution rate is 19.10% of covered payroll. Beginning in fiscal year 2021-22 through fiscal year 2045-46, AB 1469 authorizes the STRS Board to adjust the employer contribution up or down 1 percentage point each year, but no higher than 20.25% total and no lower than 8.25%, to eliminate the remaining unfunded obligation that existed on July 1, 2014.

In addition, the STRS Board is authorized to modify the percentages paid by employers and employees for fiscal year 2021-22 and each fiscal year thereafter in order to eliminate STRS’ unfunded liability by June 30, 2046 based upon actuarial recommendations. The STRS Board would also have the authority to reduce employer and State contributions if they are no longer necessary.

In January 2024, the STRS Board adopted a new set of actuarial assumptions based on the multi-year STRS Experience Analysis (spanning from July 1, 2007, through June 30, 2022) (the “2024 Experience Analysis”), which established several changes to demographic and economic assumptions, including: (i) decreasing the payroll growth assumption from 3.50% to 3.25% and (ii) changing mortality assumptions, including an update in the mortality improvement scale used to project future life expectancies to reflect more current trends. The 2024 Experience Analysis projects that such changes would contribute to a 1.1% increase in the funded ratio as of June 30, 2023, an increase in the unconstrained employer contribution rate and a decrease in the unconstrained State contribution rate, as compared to prior assumptions. Unconstrained contribution rates are the actuarially calculated rates before any limits to changes are applied and do not reflect the STRS Board’s ability to maintain State and employer contribution rates that are greater than the actuarially calculated rates. The 2024 Experience Analysis does not expect any impact on member contribution rates as a result of adopting such new assumptions. The assumptions and methods set forth in the 2024 Experience Analysis are reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2024 (the “2024 STRS Actuarial Valuation”).

The assumptions and methods that remain unchanged in the 2024 Experience Analysis include: use of the “Entry Age Cost Method” to measure accruing costs of benefits with future accruals; a 7.00% investment rate of return (net of investment and administrative expenses); a 3.00% interest on member accounts; and a projected 3.50% general wage growth, of which 2.75% is due to inflation and 0.75% is due to expected gains in productivity.

The 2024 STRS Actuarial Valuation reports that the unfunded actuarial obligation increased by approximately \$2.08 billion since the STRS Defined Benefit Program Actuarial Valuation as of June 30, 2023 (the “2023 STRS Actuarial Valuation”) and the funded ratio increased by 0.8% to 76.7% over such

time period. The increase in the funded ratio is due to the expected year-to-year change as a result of contributions to pay down the unfunded actuarial obligation along with other positive factors.

According to the 2024 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be approximately sufficient to finance its obligations, and the unfunded actuarial obligation is projected to be amortized by June 30, 2043, three years ahead of the end of the funding plan in 2046, with a projected ending funded ratio of 100.7%. This finding assumes that the STRS Board continues its practice of maintaining State and employer contribution rates at the current level until the associated unfunded actuarial obligation is paid off, a 7.00% investment rate of return and the future recognition of the currently deferred asset gains.

The actuary for the STRS Defined Benefit Program notes in the 2024 STRS Actuarial Valuation that the increase in unfunded actuarial obligation represents a net actuarial loss of \$3.089 billion since the unfunded actuarial obligation was expected to be \$85.580 billion based on the 2023 STRS Actuarial Valuation. Although the 2024 STRS Actuarial Valuation notes that the current assumptions underlying the results of the actuarial valuation provide a reasonable estimate of future expectations, future experience can differ from such assumptions to some extent. There are a number of factors that affect future valuation results, and differences between actual experience and assumption for these factors will likely cause increases or decreases in the plan's future funding level and calculated supplemental contribution rates. Of such factors, the one with the greatest potential risk is future investment returns, while payroll variation can also have a significant impact on valuation results.

On July 29, 2022, STRS reported a negative 1.3% net return on investments for fiscal year 2021-22, which was STRS' first negative return on investments since fiscal year 2008-09. The negative 1.3% net return on investments was less than the assumed annual rate of return on investments of 7.00%. As noted in the STRS 2023 Review of Funding Levels and Risks, presented to the STRS Board on November 2, 2023, STRS earned just below its assumed rate of return of 7.00% for fiscal year 2022-23 with a 6.3% time-weighted investment return. On July 30, 2024, STRS reported an 8.4% net return on investments for fiscal year 2023-24, exceeding its benchmark goal of 7.00% average return on investment. For fiscal year 2024-25, STRS reported a net return on investments of 8.5%. However, persistent negative returns on investments may result in increased employer contribution rates above the current level of expected increases. The District cannot predict the impact of State, national, and international events on investment returns and employer contribution rates or the amount the District will be required to pay for pension related costs. Accordingly, there can be no assurances that the District's required contributions to STRS will not significantly increase in the future.

The employer contribution rate for fiscal year 2024-25 was 19.10%. The contribution rate for fiscal year 2025-26 remains at 19.10%.

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The following sets forth the District’s regular annual contributions to STRS for fiscal years 2020-21 through 2024-25. Historically, the District has paid all required STRS annual contributions.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT
Annual Regular STRS Contributions
Fiscal Years 2020-21 through 2024-25

<u>Fiscal Year</u>	<u>District Contributions</u>
2020-21	\$6,518,447
2021-22	6,852,982
2022-23	8,473,894
2023-24	9,998,924
2024-25	9,686,710

Source: The District; District’s Audited Financial Statements for fiscal year 2024-25.

PERS. PERS is a defined benefit plan that covers classified personnel who work four or more hours per day. Benefit provisions are established by State legislation in accordance with the Public Employees’ Retirement Law. The contribution requirements of the plan members are established by State statute. The actuarial methods and assumptions used for determining the rates are based on those adopted by Board of Administration of PERS (the “PERS Board”).

Active plan miscellaneous members hired on or before December 31, 2012 are required to contribute 7.0% of their monthly salary and those hired on or after January 1, 2013 are required to contribute 8.0% of their monthly salary (effective July 1, 2022). The required contribution rate is the difference between the actuarially determined rate and the contribution rate of employees. The actuarial methods and assumptions used for determining the rates are based on those adopted by the PERS Board. School districts are currently required to contribute to PERS at an actuarially determined rate. The PERS employer contribution rate was 27.05% for Fiscal Year 2024-25 and is 26.81% for Fiscal Year 2025-26.

The District participates in the PERS Schools Pool Plan. According to the PERS Schools Pool Actuarial Valuation as of June 30, 2024 (the “2024 PERS Schools Pool Actuarial Valuation”) for the PERS Schools Pool Plan, the actuarial funding method used was the “Entry Age Actuarial Cost Method.” The 2024 PERS Schools Pool Actuarial Valuation assumed, among other things, 2.30% price inflation and payroll growth of 2.80% compounded annually. The 2024 PERS Schools Pool Actuarial Valuation reflects a discount rate of 6.80% compounded annually (net of investment and administrative expenses) as of June 30, 2024.

According to the 2024 PERS Schools Pool Actuarial Valuation, the funded ratio is 69.6% on a market value of assets basis, demonstrating an increase of 2.1% from the funded ratio of 67.5% reported in the PERS Schools Pool Actuarial Valuation as of June 30, 2023 (the “2023 PERS Schools Pool Actuarial Valuation”). This increase is mainly due to employer contributions towards the Unfunded Accrued Liability (which is a measure of funded status and is equal to the funding target minus the assets) and investment gain, partially offset by a non-investment loss. In the 2024 PERS Schools Pool Actuarial Valuation, the contribution rate for Fiscal Year 2026-27 is projected to be 26.9%, the contribution rate for Fiscal Year 2027-28 is projected to be 27.8%, the contribution rate for Fiscal Year 2028-29 is projected to be 27.4%, the contribution rate for Fiscal Year 2029-30 is projected to be 27.0%, and the contribution rate for Fiscal Year 2030-31 is projected to be 26.2%. The projected contribution rates in the 2024 PERS Schools Pool Actuarial Valuation assume all actuarial assumptions will be realized, including an investment return of

6.80% per year beyond June 30, 2025, and that no changes to assumptions, contributions, benefits or funding will occur during the projection period.

The PERS Schools Pool Actuarial Valuation as of June 30, 2022 noted that the investment return for Fiscal Year 2021-22 was negative 6.1% (net of investment expenses but before netting administrative expenses), which was lower than the assumed annual rate of return on investments of 6.8% (net of both investment and administrative expenses) and was PERS’ first negative return on investments since Fiscal Year 2008-09. Investment returns have since increased with PERS noting net returns of 5.8% for Fiscal Year 2022-23 and 9.3% for Fiscal Year 2023-24. On July 14, 2025, PERS reported a preliminary net investment return of 11.6% for Fiscal Year 2024-25. However, persistent negative returns on investments may result in increased employer contribution rates above the current level of expected increases. The District cannot predict the impact of State, national, and international events on investment returns and employer contribution rates. Accordingly, there can be no assurances that the District’s required contributions to PERS will not significantly increase in the future.

The following table sets forth the District’s annual contributions to PERS for fiscal years 2020-21 through 2024-25. Historically, the District has paid all required PERS annual contributions.

**SANTA CLARITA COMMUNITY COLLEGE DISTRICT
Annual PERS Regular Contributions
Fiscal Years 2020-21 through 2024-25**

<u>Fiscal Year</u>	<u>District Contributions</u>
2020-21	\$6,873,356
2021-22	7,967,122
2022-23	9,692,637
2023-24	11,721,058
2024-25	11,814,825

Source: The District; District’s Audited Financial Statements for fiscal year 2024-25.

California Public Employees' Pension Reform Act of 2013. The Governor signed the California Public Employees' Pension Reform Act of 2013 (the "Reform Act") into law on September 12, 2012. The Reform Act affects both STRS and PERS, most substantially as they relate to new employees hired after January 1, 2013 (the "Implementation Date"). As it pertains to STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age, increasing the eligibility for the 2% "age factor" (the percent of final compensation to which an employee is entitled to for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. For non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and also increases the eligibility requirement for the maximum age factor of 2.5% to age 67.

The Reform Act also implements certain other changes to PERS and STRS including the following: (a) all new participants enrolled in PERS and STRS after the Implementation Date are required to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (b) STRS and PERS are both required to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (currently 12 months for STRS members who retire with 25 years of service), and (c) "pensionable compensation" is capped for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution and benefit base for members participating in Social Security or 120% for STRS and PERS members not participating in social security.

GASB Statement Nos. 67 and 68

In June 2012, the GASB approved two related statements that change how State and local governments report and account for the pension benefits provided to their employees. Statement No. 67, "Financial Reporting for Pension Plans," addresses financial reporting for state and local government pension plans and Statement No. 68, "Accounting and Financial Reporting for Pensions," establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. The guidance contained in these Statements will change how governments calculate and report the costs and obligations associated with pensions and are designed to improve the reporting of pension information while increasing the transparency, consistency, and comparability of pension information across governments. The Statements relate only to accounting and financial reporting and do not extend to how governments approach pension plan funding. Governments will now report a pension liability on the face of their financial statements. Previously, the difference between a government's total pension obligation and assets available for benefits — often called the unfunded liability — was disclosed in notes, but did not appear on the face of the financial statements. Statement No. 67 took effect for pension plans in fiscal years ended June 30, 2014 or later. The District began reporting its STRS obligations in its audited financial statements for fiscal year ended June 30, 2015.

For more information, see the fiscal year 2024-25 audited financial statements of the District included in APPENDIX C hereto.

Post-Employment Benefits

In June 2004, GASB pronounced Statement No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions. The pronouncement required public agency employers providing other postemployment benefits ("OPEB") to retirees to recognize and account for the costs for providing these benefits on an accrual basis and provide footnote disclosure on the progress toward funding the benefits ("GASB 45"). In June 2015, GASB issued Statement Nos. 74 and 75, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and *Accounting and Financial*

Reporting for Post-Employment Benefits Other Than Pension, respectively. The objectives of these statements are to (i) improve the usefulness of information related to postemployment benefits other than pensions (other postemployment benefits) included in the general purpose external financial reports of State and local governmental OPEB plans for making decisions and assessing accountability and (ii) improve accounting and financial reporting by State and local governments for OPEB, respectively. GASB Statement No. 74 replaces Statements No. 43 and 57 and Statement No. 75 replaces GASB Statement No. 45.

Plan Description. The Board administers the Postemployment Benefits Plan (the “Plan”), a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions for eligible retirees and their spouses. Management of the Plan is vested with the District’s governing Board.

Plan Membership. As of the June 30, 2024 valuation date, membership consisted of 247 inactive employees or beneficiaries currently receiving benefit payments and 609 active employees, for a total of 856 plan participants.

Benefits Provided. The Plan provides medical, dental, and vision insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District’s governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements. The benefit payment requirements of the Plan members and the District are established and may be amended by the District and the District’s bargaining units. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District and the District’s bargaining units. For the measurement period of June 30, 2025, the District paid \$563,265 in benefits, of which \$478,812 was used for current premiums and \$84,453 was associated with the implicit rate subsidy.

Total OPEB Liability. The District’s total OPEB liability of \$16,970,195 was measured as of June 30, 2025, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2024. Because the District does not maintain a qualifying irrevocable trust, which meet the criteria of GASB Statement No. 75, the District’s net OPEB Liability is equal to the total OPEB liability. For additional information regarding the District’s other post-employment benefit liability, see APPENDIX C – “AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2025” hereto.

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

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

An actuarial study of the liability of the MPP Program has been prepared pursuant to GASB statements No. 74 and No. 75. At June 30, 2025, the District reported a liability of \$285,424 for its proportionate share of the net OPEB liability for the MPP Program. See also APPENDIX C – “AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2025 – Note 8” attached hereto.

FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA

Major Revenues

General. California community college districts (other than “community supported” Basic Aid districts, as described below) receive a majority of their funding from the State, and the balance from local and federal sources. State funds include general apportionment, categorical funds, capital construction, lottery funds, and other minor sources. Every community college district receives the same amount of State lottery funds on a per-student basis (which is generally less than 3%), although lottery funds are not categorical funds as they are not for particular programs or students. The initiative authorizing the lottery requires the funds to be used for instructional purposes, and prohibits their use for capital purposes.

The major local revenue source is local property taxes that are collected from within district boundaries, with student enrollment fees accounting for most of the remainder. A small part of a community college district’s budget is from local sources other than property taxes and student enrollment fees, such as interest income, donations, educational foundation contributions and sales or leases of property.

The sum of property taxes, student enrollment fees, Education Protection Account (“EPA”) funds, and State aid comprise a district’s revenue limit. State funding is generally subject to the appropriation of funds in the State’s annual budget. Thus, decreases in State revenues may affect appropriations made by the State Legislature to community college districts.

“Basic Aid” community college districts (also referred to “community supported” districts) are those districts whose local property taxes, student enrollment fee collections, and EPA funds exceed the revenue allocation determined by the current State funding model. Thus, Basic Aid districts do not receive any general apportionment funding from the State. The current law in the State allows these districts to keep the excess funds without penalty. The implication for Basic Aid districts is that legislatively determined annual cost of living adjustments (each, a “COLA”) and other politically determined factors are less significant in determining such districts’ primary funding sources. Rather, property tax growth and the local economy become the determining factors. The District is not a Basic Aid or community supported district.

Enrollment Based Funding. California community college districts apportionments were previously funded pursuant to a system established by Senate Bill 361 (“SB 361”). SB 361 provided for a basic allocation (a “Basic Allocation”) based on the number of colleges, state-approved education centers and total enrollment, together with funding based on per-student rates for credit FTES, non-credit FTES and career development and college preparation (“CDCP”) non-credit FTES.

SB 361 specified that, commencing with the 2006-07 fiscal year the minimum funding per FTES would be: (a) not less than \$4,367 per credit FTES; (b) at a uniform rate of \$2,626 per non-credit FTES; and (c) \$3,092 per CDCP FTES. Although CDCP FTES were initially funded at a lower rate than credit FTES, subsequent legislation effective as of the 2015-16 fiscal year set the minimum funding for CDCP FTES at the same level as credit FTES. Each such minimum funding rate was subject to COLAs, if any, funded through the State budgeting legislation in each fiscal year.

One unit of FTES is equivalent to 525 student contact hours, which is determined based on a State formula of one student multiplied by 15 weekly contact hours multiplied by 35 weeks. Accordingly, the number of FTES in the District may not equal the number of students enrolled in the District.

In each fiscal year, the State budget previously established an enrollment cap on the maximum number of resident FTES, known as the “funded” FTES, for which a community college district would receive a revenue allocation. A district’s enrollment cap was based on the previous fiscal year’s reported FTES, plus the growth allowance provided for by the State budget, if any. All student hours in excess of the enrollment cap were considered “unfunded” FTES. Nonresident and international students were excluded from the State funding formula and pay full tuition.

Student Centered Funding Formula. Assembly Bill 1809 (“AB 1809”), the higher education trailer bill passed as part of the State budget for fiscal year 2018-19, implemented a new funding mechanism for community college districts referred to as the “Student Centered Funding Formula,” (the “SCFF”). The SCFF includes three components: (1) a base allocation (the “Base Allocation”) driven primarily by enrollment, (2) a supplemental allocation (the “Supplemental Allocation”) based on the number of certain types of low-income students, and (3) a student success allocation (the “Student Success Allocation”) calculated using various performance-based metrics.

The SCFF includes several provisions to provide districts greater financial stability in transitioning to the new formula: (i) through fiscal year 2024-25, community college districts will receive at least the 2017-18 total computational revenues, adjusted for COLAs and (ii) beginning in fiscal year 2025-26, a district will receive the greater of its fiscal year 2024-25 hold harmless funding level or its SCFF-generated funding level.

Under State law, a new hold harmless policy is scheduled to take effect in fiscal year 2025-26. Under the new policy, a district’s hold harmless amount will be set at its apportionment level in fiscal year 2024-25, without any subsequent COLA adjustments (in order to phase down the additional funding that districts on hold harmless are receiving, and to gradually transition these districts onto the SCFF). As the State continues to provide COLAs for SCFF, these districts’ SCFF-calculated amounts will rise, and, at some point, exceed their hold harmless amounts. The more quickly these districts grow their enrollment and improve their outcomes, the more quickly their funding will begin to grow again. Though these districts will not see a COLA in fiscal year 2025-26, they will still benefit from receiving more per-student funding, on average, than other districts with SCFF-calculated funding levels.

Base Allocation. The Base Allocation is composed of (1) the Basic Allocation, determined consistent with the prior funding formula (see “- *Enrollment Based Funding*” above), and (2) funding for credit, non-credit and CDCP FTES. The Base Allocation was expected to constitute approximately 70% of Statewide funding for community college districts in fiscal year 2018-19 and in fiscal year 2019-20. The 2019 Budget Act tasked the Chancellor’s Office with determining the formula’s final 2019-20 funding rates based on total computational revenue of \$7.43 billion as determined by the Department of Finance. Beginning in 2020-21, these funding rates are adjusted by COLA and other base adjustments, and the distribution of funds across the three allocations (base, supplemental, and student success) is determined by changes in the underlying factors.

The SCFF provided minimum funding levels for credit FTES for the first fiscal year at \$3,727 for fiscal year 2018-19. For fiscal year 2019-20, the 2019-20 State Budget recalculated funding rates in the base, supplemental and student success allocations so that 70% of SCFF funds would be allocated to the base allocation. Beginning in fiscal year 2020-21 those funding rates are codified in trailer bill language and are adjusted by COLA. Notwithstanding the foregoing, the SCFF provides higher credit FTES funding rates for certain districts that were entitled to higher funding rates under the prior funding formula. Beginning in fiscal year 2021-22, the provision of COLAs and other adjustments are subject to appropriation therefor in the annual State budget. Total funding for credit FTES will be based on a rolling three-year average of the funded credit FTES from the current fiscal year and the two immediately preceding fiscal years. Credit FTES associated with enrollment growth proposed in the annual budget act

shall be excluded from the three-year average and shall instead be added to the computed three-year rolling average. In computing the three-year average, credit FTES generated by incarcerated and special admit students shall be excluded and funded consistent with the prior funding formula.

Funding levels for non-credit and CDCP FTES are determined consistent with the prior funding formula. See “- *Enrollment Based Funding*” herein. Total funding for these categories will be based on actual non-credit and CDCP FTES for the most recent fiscal year.

Supplemental Allocation. The Supplemental Allocation, accounting for approximately 20% of Statewide funding, will be distributed to districts based on their headcounts of students that receive Federal Pell Grants, a student who is granted an exemption from nonresident tuition pursuant to Section 68130.5 (AB540), and student fee waivers under California Education Code 76300 (California College Promise Grant). The SCFF provided \$919 per qualifying student for fiscal year 2018-19. Beginning in fiscal year 2019-20, the 2019-20 State Budget recalculated funding rates for supplemental allocation so that in 2019-20, 20% of the SCFF funds were allocated for the supplemental allocation. The final SCFF rate per qualifying student as calculated in the 2020 Budget Act is \$948. Beginning in fiscal year 2020-21, those rates are required to be adjusted by COLA. Headcounts are not unduplicated, such that districts will receive twice or three times as much supplemental funding for a student that falls into more than one of the aforementioned categories.

Student Success Allocation. The Student Success Allocation will be distributed to districts based on their performance in various student outcome metrics, including obtaining various degrees and certificates, completing transfer-level math and English courses within a student’s first year, and having students obtain a regional living wage within a year of completing community college. The original SCFF stipulated that Student Success Allocation accounted for 10% of statewide funding for community college districts in fiscal year 2018-19, and 10% in each of fiscal years 2019-20, 2020-21 and 2021-22. The SCFF Funding allocation implementation plan was revised to allocate 10% to Student Success Allocation starting in fiscal year 2019-20. However, increases in future fiscal years are subject to change. Each metric is assigned a point value, with some metrics weighted more than others. A single student outcome with more points will generate more funding. Outcome metrics for students that qualify for Federal Pell Grants and California College Promise Grants are eligible for additional funding.

Beginning in fiscal year 2019-20, the student success allocation counts only the highest of all awards a student earned in the same year and will only count the award if the student was enrolled in the district in the year the award was granted. The student success allocation calculates based on the three-year rolling average of each metric. Outcome metrics for students that qualify for Federal Pell Grants, AB 540 and California College Promise Grants are eligible for additional funding.

The District. The District received \$975,140 less in fiscal year 2024-25 than in fiscal year 2023-24 in available total computational revenue from State and local sources included in the State Chancellor’s apportionment calculation. The decrease in revenue was primarily due to the District’s utilization of Stability Protection funding (prior year SCFF calculated revenue, not total computational revenue, plus current year COLA) for both fiscal years 2023-24 and 2024-25. Fiscal year 2023-24 received a COLA increase of 8.22% provided by the new funding formula allocation, whereas fiscal year 2024-25 received a COLA increase of 1.07%. The prior year SCFF for fiscal year 2023-24 had three-years of pandemic-related protections on the three-year average used to calculate funded enrollment provided by the new funding formula, whereas the prior year SCFF for fiscal year 2024-25 used two-years of pandemic-related protections on the three-year average. The District’s *Funded* FTES remained stable at 15,276. In fiscal year 2018-19, the new funding formula provided the District with additional revenues above the base revenue and COLA. The current minimum revenue provisions of the SCFF specifies that districts will receive at least the fiscal year 2017-18 total computational revenues, adjusted by COLA each year, through

fiscal year 2024-25. Under State law, a new hold harmless policy is scheduled to take effect in fiscal year 2025-26.

The table below sets forth the District’s FTES figures for the fiscal years 2021-22 through 2025-26.

RESIDENT FULL TIME EQUIVALENT STUDENTS
Fiscal Years 2021-22 through 2025-26
Santa Clarita Community College District

<u>Fiscal Year</u>	<u>Funded FTES</u>	<u>Unfunded FTES</u>	<u>Actual FTES</u>
2021-22	16,980	0	13,774.60
2022-23	16,980	0	13,336.07
2023-24	16,593	0	15,279.80
2024-25	15,276	0	13,692.60
2025-26 ⁽¹⁾	14,952	0	n/a

⁽¹⁾Projected.

Source: California Community College Chancellor’s Office FTES Report and the District.

Ad Valorem Property Taxes

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (known as a “floating lien date”). For assessment and collection purposes, property is classified either as “secured” or “unsecured” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State assessed property and locally assessed property secured by a lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the “unsecured roll.”

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of “situs” growth in assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special and school districts. In addition, the County levies and collects additional voter-approved property taxes and assessments on behalf of any taxing agency within the County.

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a ten percent penalty attaches to any delinquent payment. In addition, property on the secured roll secured by the assessee’s fee ownership of land with respect to which taxes are delinquent is declared tax-defaulted on or about June 30. Those properties on the secured roll that become tax-defaulted on June 30 of the fiscal year that are not secured by the assessee’s fee ownership of land are transferred to the unsecured roll and are then subject to the Treasurer’s enforcement procedures (*i.e.*, seizures of money and property, liens and judgments). Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus costs and redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale by the Treasurer.

Property taxes on the unsecured roll are currently due as of the January 1 lien date prior to the commencement of a fiscal year and become delinquent, if unpaid, on August 31. A ten percent penalty attaches to delinquent taxes on property on the unsecured roll and an additional penalty of one and one-half percent per month begins to accrue on November 1. 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 recordation 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, bank accounts or possessory interests belonging or assessed to the taxpayer.

The County levies and collects all property taxes for property falling within its taxing boundaries.

State Budget

The District's principal funding formulas and revenue sources are derived from the budget of the State of California. *The following information concerning the State of California's budgets has been obtained from publicly available information which the District believes to be reliable; however, the State has not entered into any contractual commitment with the District, the County, the Underwriter, Bond and Disclosure Counsel nor the Owners of the Bonds to provide State budget information to the District or the owners of the Bonds. Although they believe the State sources of information listed above are reliable, none of the District, the County, Bond and Disclosure Counsel nor the Underwriter assume any responsibility for the accuracy of the State budget information set forth or referred to herein or incorporated by reference herein. Additional information regarding State budgets is available at various State-maintained websites including www.ebudget.ca.gov, which website is not incorporated herein by reference.*

2025-26 State Budget. On June 27, 2025, Governor Newsom signed into law the fiscal year 2025-26 State Budget (the "2025-26 Budget"). The 2025-26 Budget totals approximately \$321 billion, including \$228.3 billion of general fund spending. The 2025-26 Budget estimates that the State is facing an approximate \$11.8 billion General Fund shortfall, which is primarily led by increased costs and case load growth to core State programs like Medi-Cal. Revenue forecasts remain volatile and are generally impacted by federal policy changes, including potential broad-based federal tariffs. The 2025-26 Budget addresses the shortfall through a range of solutions including: (i) reductions to ongoing programs (\$2.8 billion in total solutions in fiscal year 2025-26 and \$11.9 billion by fiscal year 2028-29); (ii) additional revenue sources and internal borrowing (\$7.8 billion in total solutions in fiscal year 2025-26); and (iii) fund shifts (\$1.2 billion in total solutions in fiscal year 2025-26). The 2025-26 Budget reflects a combined reserve balance of \$15.7 billion, while maintaining a scheduled \$7.1 billion withdrawal from the Budget Stabilization Account (the "Rainy Day Fund"). The Rainy Day Fund will retain \$11.2 billion and the State's discretionary reserve account will retain \$4.5 billion (also referred to as the Special Fund for Economic Uncertainties).

Proposition 98 Guarantee. The Proposition 98 minimum guarantee has been revised and is calculated to be \$98.5 billion in fiscal year 2023-24, \$119.9 billion in fiscal year 2024-25, and \$114.6 billion in fiscal year 2025-26. The 2025-26 Budget appropriates the fiscal year 2024-25 Proposition 98 guarantee at \$118 billion, instead of the \$119.9 billion, with the difference being referred to as "settle-up." The intent of the settle-up is to mitigate the risk of potentially appropriating more resources to the Proposition 98 guarantee than are ultimately available in the final calculation for fiscal year 2024-25. The fiscal year 2024-25 Proposition 98 guarantee level will not be finalized until that fiscal year is certified—a process that will occur throughout calendar year 2026.

Proposition 98 Funding Split. The 2025-26 Budget includes a shift in how transitional kindergarten (“TK”) expansion funds are distributed between TK-12 schools and community colleges. Specifically, beginning in the fiscal year 2025-26, the 2025-26 Budget shifts the full amount of funding for TK expansion to the TK-12 education side of the Proposition 98 budget, reducing resources for community colleges by \$232.9 million ongoing.

Other significant features of the 2025-26 Budget affecting community college districts (“CCCs”) include the following:

- ***SCFF Growth Adjustment.*** An ongoing increase of roughly \$40 million Proposition 98 General Fund monies to fund 0.57% enrollment growth in the SCFF in fiscal year 2025-26. The 2025-26 Budget also includes an increase of \$100 million in Proposition 98 General Fund monies to fund enrollment growth of 2.28% in fiscal year 2024-25, and it is expected that the net effect of these two enrollment growth investments support a combined growth percentage of 2.35% in fiscal year 2025-26.
- ***SCFF and COLA.*** To reflect a COLA of 2.3%, the 2025-26 Budget includes an ongoing increase of \$217.4 million Proposition 98 General Fund monies for apportionments and an ongoing increase of \$30.1 million Proposition 98 General Fund monies for select categorical programs.
- ***SCFF Base Adjustment.*** – A one-time increase of \$210.2 million Proposition 98 General Fund monies to fully fund the SCFF in fiscal year 2024-25 and an ongoing increase of \$104.7 million Proposition 98 General Fund monies to fully fund the SCFF in fiscal year 2025-26.
- ***SCFF Deferrals*** – To fully fund the SCFF and maintain the level of fiscal year 2025-26 apportionments, the 2025-26 Budget defers \$408.4 million Proposition 98 General Fund monies in apportionment funding from fiscal years 2025-26 to 2026-27. Budgetary deferrals of \$243.7 million for the CCCs from the 2024 Budget Act are fully repaid in the three-year budget window.
- ***Proposition 98 Rainy Day Fund*** – To fully fund the SCFF, the 2025-26 Budget uses \$49.7 million from the Public School System Stabilization Account (“PSSSA”) (the “rainy-day” fund used to lessen the impact of State revenue volatility on K-12 schools and community colleges) to support SCFF costs in fiscal year 2025-26.
- ***Local Property Tax Adjustments*** – An ongoing decrease of \$142.1 million Proposition 98 General Fund monies due to increased offsetting local property tax revenues.
- ***Fire-Related Property Tax Backfill*** – A one-time fire-related property tax backfill of \$3.8 million Proposition 98 General Fund monies in fiscal year 2024-25 and \$8.1 million Proposition 98 General Fund monies in fiscal year 2025-26 for impacted CCCs.
- ***Career Passport and Credit for Prior Learning*** – An increase of \$25 million one-time Proposition 98 General Fund monies for the development of a Career Passport, and \$15 million one-time and \$5 million ongoing Proposition 98 General Fund monies for the Credit for Prior Learning Initiative.

- ***Common Cloud Data Platform*** – An increase of \$12 million one-time Proposition 98 General Fund monies for the Common Cloud Data Platform, which will leverage existing local districts’ student data systems to provide near real-time data reporting.
- ***Rising Scholars*** – An increase of \$10 million ongoing Proposition 98 General Fund monies for the Rising Scholars Network.
- ***Student Support Block Grant*** – An increase of \$60 million one-time Proposition 98 monies for a flexible Student Support Block Grant for the CCC system.
- ***Dreamer Resource Liaisons*** – An increase of \$15 million one-time Proposition 98 monies for CCCs to support Dreamer Resource Liaisons, and also provides that CCCs may use the funds to provide additional student support services.
- ***Emergency Financial Assistance Grants*** – An increase of \$20 million one-time Proposition 98 monies to provide emergency financial aid assistance to specified student populations.
- ***EMT and Paramedic Pre-apprenticeship*** – An increase of \$10 million one-time Proposition 98 monies for community college support to the California Firefighter Joint Apprenticeship Council to conduct Emergency Medical Technician and Paramedic Pre-apprenticeship Training Academies.
- ***California Healthy School Food Pathways Program*** – An increase of \$10 million one-time Proposition 98 General Fund monies for CCCs to support the California Healthy School Food Pathway program, which strengthens the school food service workforce through apprenticeship and training programs.
- ***Community Support for Financial Aid Applications*** – An increase of \$5.1 million one-time Proposition 98 monies for CCCs to develop grants for organizations providing financial aid outreach and application assistance supporting current and prospective community college students

Governor’s Proposed 2026-27 State Budget. Governor Newsom released his Proposed 2026-27 State Budget (the “Proposed 2026-27 Budget”) on January 9, 2026. The Proposed 2026-27 Budget totals approximately \$348.9 billion and relies on higher cash receipts, higher stock market levels, and an improved economic outlook. A significant portion of the revenue increase is attributable to a relatively small number of technology companies that have experienced a substantial increase in their share prices due to investor enthusiasm in artificial intelligence. However, constitutional funding requirements, the need for an adequate discretionary budget reserves, and higher program costs are additional commitments that exceed the level of increased revenues, resulting in a projected shortfall of \$2.9 billion.

Over the last two fiscal years, the State has withdrawn from the Budget Stabilization Account and suspended deposits into reserves in order to solve for prior budget shortfalls. The Proposed 2026-27 Budget suspends a \$2.8 billion “true-up” deposit into the Budget Stabilization Account for Fiscal Year 2025-26, although, it reflects such deposits in Fiscal Year 2026-27. In light of these actions, the State is projected to end Fiscal Year 2026-27 with available General Fund reserves that include: \$14.4 billion in the Budget Stabilization Account (the General Fund’s “rainy day” fund) for fiscal emergencies; \$47.1 billion in the Public School System Stabilization Account (the Proposition 98 “rainy day” fund used to lessen the impact of State revenue volatility on TK-14 schools) (“PSSSA”); and \$4.5 billion in the Special Fund for Economic Uncertainties, the State’s operating reserve.

Proposition 98 Guarantee. Proposition 98 funding for Fiscal Year 2026-27 is approximately \$125.5 billion for TK-12 schools and CCC. More specifically, the Proposed 2026-27 Budget will provide CCC with \$15.4 billion in General Fund monies (\$23.1 billion in total funding from all sources) for Fiscal Year 2026-27.

Significant features of the Proposed 2026-27 Budget affecting CCC in California include the following:

- ***Payment of 2025 Budget Act Deferrals.*** A one-time increase of \$408.3 million to fully repay deferrals for the SCFF in Fiscal Year 2026-27.
- ***CCC Apportionments.*** An increase of \$240.6 million Proposition 98 General Fund monies to provide a 2.41% COLA for SCFF apportionments and \$31.9 million Proposition 98 General Fund monies for 0.5% enrollment growth. The Proposed 2026-27 Budget also includes an increase of \$55.3 million Proposition 98 General Fund monies to fund additional enrollment growth of 1% in Fiscal Year 2025-26, and it is expected that the net effect of these two enrollment growth investments support a combined growth percentage of 1.5% in Fiscal Year 2026-27.
- ***SCFF Adjustment in Fiscal Year 2025-26.*** A one-time increase of \$88.7 million Proposition 98 General Fund monies to fund increasing SCFF costs in Fiscal Year 2025-26.
- ***Proposition 98 Rainy Day Fund.*** A one-time withdrawal of \$44.5 million from the Proposition 98 Rainy Day Fund monies to support SCFF costs in Fiscal Year 2026-27.
- ***Community College Facilities.*** A one-time increase of \$736.9 million Proposition 2 bond funds to finance 10 new projects and 29 continuing projects at the community colleges.
- ***Deferred Maintenance.*** A one-time increase of \$120.7 million Proposition 98 General Fund monies to address deferred maintenance needs.
- ***Student Support Block Grant.*** A one-time increase of \$100 million Proposition 98 General Fund monies for a flexible block grant for the community colleges system.
- ***Common Cloud Data Platform.*** An increase of \$41 million Proposition 98 General Fund monies, \$5 million of which is ongoing, for further scaling of the common cloud data platform across the community college system.
- ***Credit for Prior Learning.*** An increase of \$37 million Proposition 98 General Fund monies, \$2 million of which is ongoing, to support and build upon the Credit for Prior Learning Initiative. These additional funds are intended to provide a fiscal incentive that will allow more community college campuses to participate in the development of credit for prior learning, increasing access to the initiative for more students.
- ***Categorical Program COLA.*** An increase of \$30.6 million Proposition 98 General Fund monies for a COLA of 2.41% for select categorical programs.
- ***California Healthy School Food Pathways Program.*** An increase of \$14.3 million Proposition 98 General Fund monies for community colleges to support the California

Healthy School Food Pathways Program, which strengthens the school food service workforce through apprenticeship and training programs.

- ***Apprenticeship Related and Supplemental Instruction (RSI) Costs Backfill.*** A one-time increase of \$13.4 million Proposition 98 General Fund monies to backfill apprenticeship RSI costs in Fiscal Years 2024-25 and 2025-26.
- ***Local Property Tax Adjustments.*** A decrease of \$346.4 million Proposition 98 General Fund monies due to increased offsetting local property tax revenues.
- ***Student Housing.*** The 2021 Budget Act established the Higher Education Student Housing Grant Program with the goal of providing affordable housing for students enrolled in higher education, including CCC campuses. The 2023 and 2024 Budget Acts shifted roughly \$2 billion in prior and planned General Fund support for student housing, including, state-issued lease revenue bonds under the State Public Works Board for approved CCC projects. The Proposed 2026-27 Budget reflects ongoing commitment towards affordable housing projects for CCCs, providing more than 5,800 new beds that are expected to be available to students by 2029, of which more than 4,800 are projected to be subsidized as part of the program’s statutory requirements.

Legislative Analyst’s Comments on the Proposed 2026-27 Budget for California Community Colleges. In March 2026, the Legislative Analyst’s Office (the “LAO”) released its analysis of the Governor’s Proposition 98 spending proposals for CCC. The LAO notes that total CCC funding under the Proposed 2026-27 Budget is \$20 billion, a 7.1% increase over the revised Fiscal Year 2025-26 level, with Proposition 98 per-student funding reaching \$12,930, an all-time high in unadjusted dollars. The Governor proposes \$1.2 billion in new Proposition 98 spending for CCC, including \$363 million in ongoing augmentations and \$857 million for one-time purposes. The LAO recommends prioritizing the Governor’s largest ongoing proposal, \$241 million for a 2.41% COLA for apportionments, noting that the COLA rate could change at the May Revision after updated federal price index data becomes available. The LAO also recommends prioritizing enrollment growth funding, as approximately half of districts are exceeding their current enrollment targets, but recommends that growth funding begin in Fiscal Year 2026-27 rather than revising the Fiscal Year 2025-26 growth target as the Governor proposes, cautioning that retroactively increasing targets could incentivize districts to disregard the State’s budget constraints. Regarding Calbright College, the LAO recommends rejecting the Governor’s proposed \$38 million ongoing increase and instead transitioning Calbright to the SCFF by Fiscal Year 2027-28, with \$28 million in one-time funding in Fiscal Year 2026-27 to sustain current operations during the transition. The LAO further recommends rejecting the Governor’s proposals for \$14 million ongoing for the Healthy School Food Pathways program due to unusually high state costs and mixed outcomes, and deferring additional funding for both the Common Cloud Data Platform (\$36 million one-time and \$5 million ongoing) and credit for prior learning (\$35 million one-time and \$2 million ongoing), as previous rounds of funding remain available and outcomes are not yet known. The LAO cautions that the Governor’s underlying revenue estimates carry downside risk due to an overvalued stock market and recommends the Legislature be cautious about new commitments, build budget resiliency, and maintain a one-time spending cushion of at least \$241 million to mitigate the risk of future declines in the Proposition 98 guarantee.

Future Budgets. The District cannot predict how State income or State education funding will vary over the term of the Bonds, and the District takes no responsibility for informing owners of the Bonds as to actions the State Legislature or Governor may take affecting the current year’s budget after its adoption. Future State budgets will be affected by national and State economic conditions, over which the District has no control, and other factors over which the District will have no control. To the extent that the State budget process results in reduced revenues deferred revenues or increased expenses for the

District, the District will be required to make adjustments to its budget and cash management practices. In the event current or future State Budgets decrease the District's revenues or increase required expenditures by the District from the levels assumed by the District, the District will be required to generate additional revenues, curtail programs or services, or use its reserve funds to ensure a balanced budget.

Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget" or www.ebudget.ca.gov. An impartial analysis of the budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the District or the Underwriter, and neither the District nor the Underwriter take any responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

The State Constitution requires that from all State revenues there will first be set apart the moneys to be applied by the State for support of the public school system and public institutions of higher education. As discussed below, school and community college districts in the State receive a significant portion of their funding from State appropriations. Accordingly, the State's economic condition can affect the economic condition of California school districts.

Tax Relief for Disasters. The Internal Revenue Service ("IRS") and California Franchise Tax Board ("FTB") may grant individuals and businesses additional time to file or pay taxes when a major disaster in their area is declared by the federal or state government. California generally follows the IRS extended deadlines to file and pay taxes. Impacted taxpayers may also be eligible to claim a disaster loss on their tax return.

California Wildfires and Tax Year (2024) Disasters. As announced by Governor Newsom, California individuals and businesses impacted by the January 2025 Los Angeles County fires qualified for an extension to file and pay individual and corporate taxes until October 15, 2025. The governor also issued an executive order suspending penalties, costs and any interest accrued on late property tax payments until April 10, 2026 for properties in areas affected by the firestorm, which had the effect of extending the deadline for residents in those areas. The District is unable to predict whether any such tax return filings, payment extensions and suspension of penalties, costs and interest for late payments of property taxes, will have a material adverse effect on the financial condition of the District, payment of its bonds, and the local economy.

Federal Revenues.

The federal government provides funding for several District programs, including certain programs and grant funding. Federal revenues, most of which are restricted, comprised approximately 4.32% (or approximately \$9.5 million) of the District's General Fund revenues for fiscal year 2025-26.

On January 27, 2025, the Office of Management and Budget ("OMB") issued a memorandum directing federal agencies to temporarily pause all activities related to the obligation or disbursement of federal financial assistance, and other relevant activities, that may be implicated by recent executive orders issued under the Trump Administration. On January 29, 2025, OMB rescinded the memorandum. Following the rescission, the White House press secretary noted that the rescission of the memorandum was "[not] a rescission of the federal funding freeze." The U.S. Department of Education released a letter, dated February 14, 2025, notifying schools and colleges to eliminate diversity, equity, and inclusion programs and initiatives by the end of the month or risk losing federal funding.

The District's budget and receipt of federal funding may be further impacted by the executive order signed by President Trump on March 20, 2025 to begin dismantling the U.S. Department of Education. No representation can be made that the District will continue to receive or be eligible for federal funding of education programs, including as a result of current efforts and proposals to reduce the size of the federal workforce, eliminate government programs and/or eliminate or merge governmental agencies. The District is unable to predict the extent of such impact at this time and whether any such impact will materially affect its finances and operations.

CONSTITUTIONAL AND STATUTORY INITIATIVES AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Article XIII A of the California Constitution. On June 6, 1978, California voters approved Proposition 13, which added Article XIII A to the California Constitution ("Article XIII A"). Article XIII A limits the amount of any ad valorem tax on real property to one percent of the full cash value thereof, except that additional ad valorem taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and (as a result of an amendment to Article XIII A approved by California voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property that has been approved on or after July 1, 1978 by two-thirds of the voters voting on such indebtedness and (as a result of a constitutional amendment approved by California voters on November 7, 2000) on bonded indebtedness for school facilities and equipment approved by 55 percent of the voters voting on the bond measure. See "Proposition 39" below. Article XIII A defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-1976 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 two percent per year to account for inflation. This system results in widely varying amounts of tax on similarly situated properties based on differences in the taxpayer's date of acquisition of the property. On June 18, 1992, the United States Supreme Court issued a decision upholding the constitutionality of Article XIII A (*Nordlinger v. Hahn*, 112 S. Ct. 2326, 120 L. Ed. 2d 1 (1992)).

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.

Other amendments to the California Constitution have implemented and modified limits on reassessment of property value upon transfers. Most recently, Proposition 19 limits people who inherit family properties from keeping a low property tax base resulting from the 2% restriction on increases, unless they use the home as their primary residence, but it also allows homeowners who are over 55 years of age, disabled, or victims of a wildfire or natural disaster to transfer their assessed value of their primary home to a newly purchased or newly constructed replacement primary residence up to three times.

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 two percent annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property is shown at full market value on the tax rolls, with tax rates expressed as \$1 per \$100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of market value (unless noted differently) and all general tax rates reflect the \$1 per \$100 of taxable value.

Article XIII B of the California Constitution. An initiative to amend the California Constitution entitled “Limitation of Government Appropriations” was approved on September 6, 1979 thereby adding Article XIII B to the California Constitution (“Article XIII B”). Under Article XIII B state and local governmental entities have an annual “appropriations limit” and are not permitted to spend certain moneys which are called “appropriations subject to limitation” (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the appropriations limit. Article XIII B does not affect the appropriations of moneys which are excluded from the definition of “appropriations subject to limitation,” including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the appropriations limit is to be based on certain 1978-1979 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIII B, if these entities’ revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

Article XIII C and Article XIII D of the California Constitution. On November 5, 1996, the voters of the State approved Proposition 218, the so-called “Right to Vote on Taxes Act.” Proposition 218 added Articles XIII C and XIII D to the State Constitution, 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. Among other things, 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. Article XIII C also 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.

Article XIII C also provides that the initiative power shall not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Legislation adopted in 1997 provides that Article XIII C shall not be construed to mean that any owner or beneficial owner of a municipal security assumes the risk of or consents to any initiative measure that would constitute an impairment of contractual rights under the contracts clause of the U.S. Constitution.

Article XIII D deals with assessments and property-related fees and charges. Article XIII D explicitly provides that nothing in Article XIII C or XIII D shall be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development; however it is not clear whether the initiative power is therefore unavailable to repeal or reduce developer and mitigation fees imposed by the District.

Proposition 62. In 1986, California voters adopted Proposition 62, a statutory initiative which amended the California Government Code by the addition of Sections 53720-53730. Proposition 62 requires that (i) any local tax for general governmental purposes (a “general tax”) must be approved by a majority vote of the electorate; (ii) any local tax for specific purposes (a “special tax”) must be approved by a two-thirds vote of the electorate; (iii) any general tax must be proposed for a vote by two-thirds of the legislative body; and (iv) proceeds of any tax imposed in violation of the vote requirements must be deducted from the local agency’s property tax allocation. Provisions applying Proposition 62 retroactively from its effective date to 1985 are unlikely to be of any continuing importance; certain other restrictions were already contained in the Constitution.

Most of the provisions of Proposition 62 were affirmed by the 1995 California Supreme Court decision in *Santa Clara County Local Transportation Authority v. Guardino*, which invalidated a special sales tax for transportation purposes because fewer than two-thirds of the voters voting on the measure had approved the tax. Following the California Supreme Court's decision upholding Proposition 62, several actions were filed challenging taxes imposed by public agencies since the adoption of Proposition 62, which was passed in November 1986. On June 4, 2001, the California Supreme Court released its decision in one of these cases, *Howard Jarvis Taxpayers Association v. City of La Habra, et al.* ("La Habra"). In this case, the court held that public agency's continued imposition and collection of a tax is an ongoing violation, upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought.

Proposition 98 and Proposition 111. On November 8, 1988, voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). The Accountability Act changed State funding of public education below the university level, and the operation of the State's Appropriations Limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (collectively, "K-14 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, which percentage is equal to 40.9%, or (b) the amount actually appropriated to such districts from the general fund in the previous fiscal year, adjusted for growth in enrollment and inflation.

Since the Accountability Act is unclear in some details, there can be no assurance that the Legislature or a court might not interpret the Accountability Act to require a different percentage of general fund revenues to be allocated to K-14 districts than the 40.9%, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the State Budget. In any event, the Governor and other fiscal observers expect the Accountability Act to place increasing pressure on the State's budget over future years, potentially reducing resources available for other State programs, especially to the extent the Article XIII B spending limit would restrain the State's ability to fund such other programs by raising taxes.

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 districts. Such transfer would be excluded from the Appropriations Limit for the State and the K-14 school Appropriations Limits 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 districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIII B surplus. The maximum amount of excess tax revenues which could be transferred to schools is 4% of the minimum State spending for education mandated by the Accountability Act, as described above.

On June 5, 1990, State voters approved Proposition 111 (Senate Constitutional Amendment 1), which further modified the State Constitution to alter the spending limit and education funding provisions of Proposition 98. Most significantly, Proposition 111 (1) liberalized the annual adjustments to the spending limit by measuring the "change in the cost of living" by the change in State per capita personal income rather than the Consumer Price Index, and specified that a portion of the State's spending limit would be adjusted to reflect changes in school attendance; (2) provided that 50% of the "excess" tax revenues, determined based on a two-year cycle, would be transferred to K-14 school districts with the balance returned to taxpayers (rather than the previous 100% but only up to a cap of 4% of the districts' minimum funding level), and that any such transfer to K-14 school districts would not be built into the school districts' base expenditures for calculating their entitlement for State aid in the following year and

would not increase the State's appropriations limit; (3) excluded from the calculation of appropriations that are subject to the limit appropriations for certain "qualified capital outlay projects" and certain increases in gasoline taxes, sales and use taxes, and receipts from vehicle weight fees; (4) provided that the Appropriations Limit for each unit of government, including the State, would be recalculated beginning in the 1990-91 fiscal year, based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Senate Constitutional Amendment 1 had been in effect; and (5) adjusted the Proposition 98 formula that guarantees K-14 school districts a certain amount of general fund revenues, as described below.

Under Proposition 98 (as modified by Proposition 111, which was enacted on June 5, 1990), K-14 districts are guaranteed the greater of (b) in general, a fixed percent of the State's General Fund (the "State General Fund") revenues ("Test 1"), (c) the amount appropriated to K-14 schools in the prior year, adjusted for changes in the cost-of-living (measured as in Article XIII B by reference to State per capita personal income) and enrollment ("Test 2"), or (d) a third test, which would replace Test 2 in any year when the percentage growth in per capita State General Fund revenues from the prior year plus one-half of one percent is less than the percentage growth in State per capita personal income ("Test 3"). Under Test 3, schools would receive the amount appropriated in the prior year adjusted for changes in enrollment and per capita State General Fund revenues, plus an additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 would become a "credit" to schools which would be the basis of payments in future years when per capita State General Fund revenue growth exceeds per capita personal income growth. Legislation adopted prior to the end of the 1988-89 fiscal year, implementing Proposition 98, determined the K-14 districts' funding guarantee under Test 1 to be 40.3% of the State General Fund tax revenues, based on 1986-87 appropriations. However, that percentage has been adjusted to 35% to account for a subsequent redirection of local property taxes whereby a greater proportion of education funding now comes from local property taxes.

Proposition 98 permits the State Legislature by a two-thirds vote of both houses, with the Governor's concurrence, to suspend the K-14 districts' minimum funding formula for a one-year period. In the fall of 1989, the Legislature and the Governor utilized this provision to avoid having 40.3% of revenues generated by a special supplemental sales tax enacted for earthquake relief go to K-14 districts. Proposition 98 also contains provisions transferring certain State tax revenues in excess of the Article XIII B limit to K-14 districts.

Application of Proposition 98

The application of Proposition 98 and other statutory regulations has become increasingly difficult to predict accurately in recent years. One major reason is that Proposition 98 minimum funding levels under Test 1 and Test 2 are dependent on State General Fund revenues. In past fiscal years, the State made actual allocations to K-14 districts based on an assumption of State General Fund revenues at a level above that which was ultimately realized. In such years, the State has considered the amounts appropriated above the minimum as a loan to K-14 districts, and has deducted the value of these loans from future years' estimated Proposition 98 minimum funding levels. The State determined that there were loans to K-14 districts of \$1.3 billion during fiscal year 1990-91, \$1.1 billion during fiscal year 1991-92, \$1.3 billion during fiscal year 1992-93 and \$787 million during fiscal year 1993-94. These loans have been combined with the K-14 1992-93 loans into one loan totaling \$1.760 billion. The State proposed that repayment of this loan would be from future years' Proposition 98 entitlements, and would be conditioned on maintaining current funding levels per pupil for K-12 schools.

In 1992, a lawsuit, *California Teachers' Association et al. v. Gould*, was filed, which challenged the validity of the off-budget loans. As part of the negotiations leading to the 1995-96 Budget Act, an agreement was reached to settle this case. The agreement provides that both the State and K-14 districts share in the repayment of prior years' emergency loans to schools. Of the total \$1.76 billion in loans, the

State will repay \$935 million, while K-14 districts will repay \$825 million. The State share of the repayment will be reflected as expenditures above the current Proposition 98 base calculation. The K-14 districts' share of the repayment will count as appropriations that count toward satisfying the Proposition 98 guarantee, and thus are treated as from "below" the current base. Repayments are spread over the eight-year period of 1994-95 through 2001-02 to mitigate any adverse fiscal impact. In April 1996, a court settlement was reached and \$360 million in appropriations from the 1995-96 fiscal year was disbursed to districts in August 1996.

Substantially increased State General Fund revenues, above initial budget projections, in the fiscal years 1994-95 and thereafter have resulted or will result in retroactive increases in Proposition 98 appropriations from subsequent fiscal years' budgets. Because of the State's increasing revenues, per-pupil funding at the K-12 level has increased by about 42% from the level in place from 1991-92 through 1993-94. More recently, however, the economy of the State has slowed and it is anticipated that the State may experience budget shortfalls due to the long term impacts of COVID-19 and other economic factors. For a discussion of State funding of the District, see "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA." See also "– Future Budgets."

Proposition 39

On November 7, 2000, voters approved Proposition 39 called the "Smaller Classes, Safer Schools and Financial Accountability Act" (the "Smaller Classes Act"). The Smaller Classes Act amends Section 1 of Article XIII A, Section 18 of Article XVI of the California Constitution and Section 47614 of the California Education Code. With respect to school districts, community colleges and county offices of education and effective upon its passage, Section 18(b) of Article XVI allows an alternative means of seeking voter approval for bonded indebtedness by 55 percent of the vote, rather than the two-thirds majority required under Section 18 of Article XVI of the Constitution. The reduced 55 percent voter requirement applies only if the bond measure submitted to the voters includes, among other items: 1) a restriction that the proceeds of the bonds may be used for "the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities," 2) a list of projects to be funded and a certification that the school district board has evaluated "safety, class size reduction, and information technology needs in developing that list"; and 3) that annual, independent performance and financial audits will be conducted regarding the expenditure and use of the bond proceeds.

Section 1(b)(3) of Article XIII A has been added to except from the one percent *ad valorem* tax limitation under Section 1(a) of Article XIII A of the Constitution levies to pay bonds approved by the 55 percent of the voters, subject to the restrictions explained above.

The Legislature enacted AB 1908, Chapter 44, which became effective upon passage of Proposition 39. AB 1908 amends various sections of the Education Code. Under amendments to Sections 15268 and 15270 of the Education Code, the following limits on *ad valorem* taxes apply in any single election: 1) for a school district, indebtedness shall not exceed \$30 per \$100,000 of taxable property; 2) for a unified school district, indebtedness shall not exceed \$60 per \$100,000 of taxable property; and, 3) for a community college district, indebtedness shall not exceed \$25 per \$100,000 of taxable property. Finally, AB 1908 requires that a citizens' oversight committee must be appointed who will review the use of the bond funds and inform the public about their proper usage.

Jarvis v. Connell

On May 29, 2002, the California Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State of California).

The Court of Appeal held that a final budget bill, an emergency appropriation, a self-executing authorization pursuant to state statutes (such as continuing appropriations) or the California Constitution or a federal mandate is necessary for the State Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the California Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Proposition 1A and Proposition 22

Beginning in fiscal year 1992-93, the State satisfied a portion of its Proposition 98 obligations by shifting part of the property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and community college districts through a local Educational Revenue Augmentation Fund ("ERAF") in each county. Local agencies, objecting to invasions of their local revenues by the State, sponsored a Statewide ballot initiative intended to eliminate the practice. In response, the Legislature proposed an amendment to the State Constitution, which the State's voters approved as Proposition 1A at the November 2004 election. That measure was generally superseded by the passage of an initiative constitutional amendment at the November 2010 election, known as "Proposition 22."

The effect of Proposition 22 is to prohibit the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services. It prevents the State from redirecting or diverting revenues to any other local government, including school and community college districts, or from temporarily shifting property taxes from cities, counties and special districts to K-14 schools, as in the ERAF program. This is intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. One effect of this amendment is to deprive the State of fuel tax revenues to pay debt service on most State bonds for transportation projects, reducing the amount of State general fund resources available for other purposes, including education.

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert \$1.935 billion in local property tax revenues in 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs, and included another diversion in the adopted 2009-10 State budget of \$1.7 billion in local property tax revenues from local redevelopment agencies. Redevelopment agencies, through the California Redevelopment Association ("CRA") engaged in litigation to block the transfer of payments and recoup certain payments already made under certain legislation passed in July 2009 that is beyond the reach of Proposition 22, known as "ABX4 26." Because Proposition 22 reduced the State's authority to use or reallocate certain revenue sources, fees and taxes for State general fund purposes, the State has 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 are more directly dependent upon the State's general fund.

Redevelopment Agency Dissolution. On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos*, finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in California were dissolved as of February 1, 2012, and all net tax increment revenues, after payment of redevelopment

bonds debt service and administrative costs, will be distributed to cities, counties, special districts and K-14 school districts. The Court also found that ABx1 27, a companion bill to ABx1 26, violated the California Constitution, as amended by Proposition 22. ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to K-14 school districts and county offices of education, totaling \$1.7 billion statewide. The District is unable to predict what affect the implementation of ABx1 26 will have on the District's future receipt of tax increment revenues. As a result of the dissolution of California redevelopment agencies and ABx1 26, the tax increment previously paid to redevelopment agencies shall first be used to pay pass-through payments to other taxing entities and second to pay the redevelopment agencies enforceable obligations; with the remaining revenue (if any) paid to the taxing entities by the County Auditor-Controller in the same proportion as other tax revenue. The California Department of Finance estimates the amount the District is expected to receive once the pass-through payments are made and enforceable obligations paid, then reduces its funding allocation to the District by such amount.

Proposition 30 and Proposition 55

On November 6, 2012, voters approved the Governor's November Tax Initiative ("Proposition 30"), also referred to as the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment. Proposition 30 temporarily (a) increased the personal income tax on certain of the State's income taxpayers by one to three percent for a period of seven years from January 1, 2012 through the end of 2018, and (b) increased the sales and use tax by one-quarter percent for a period of four years from January 1, 2013 through the end of 2016. The revenues generated from such tax increases are included in the calculation of the Proposition 98 minimum funding guarantee (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 98 and Proposition 111" herein). The revenues generated from such temporary tax increases are deposited into a State account created pursuant to Proposition 30 (the "Education Protection Account"), and 89% of the amounts therein are allocated to school districts and 11% of the amounts therein are allocated to community college districts.

Proposition 2

Proposition 2, also known as The Rainy Day Budget Stabilization Fund Act ("Proposition 2") was approved by California voters on November 4, 2014. Proposition 2 provides for changes to State budgeting practices, including revisions to certain conditions under which transfers are made into and from the State's Budget Stabilization Account (the "Stabilization Account") 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 Stabilization Account 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 Stabilization Account (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 Stabilization Account.

In addition, for each fiscal year, Proposition 2 increases the maximum size of the Stabilization Account 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 Stabilization Account 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 Stabilization Account (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 Stabilization Account to the reduction of such State liabilities and any amount not so applied shall be transferred to the Stabilization Account 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 Stabilization Account are impacted by Proposition 2. Unilateral discretion to suspend transfers to the Stabilization Account are not retained by the Governor. Neither does the Legislature retain discretion to transfer funds from the Stabilization Account 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 Stabilization Account 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 Stabilization Account, 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 K-14 school 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.

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 1A, 2, 2 (2024), 22, 30, 39, 98 and 55 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

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APPENDIX B

FORMS OF BOND COUNSEL OPINION

Upon issuance and delivery of the Tax-Exempt Bonds, Norton Rose Fulbright US LLP, Bond Counsel, proposes to deliver its final approving opinion with respect to the Bonds substantially in the following form:

[Closing Date]

Board of Trustees
Santa Clarita Community College District
26455 Rockwell Canyon Drive
Santa Clarita, California 91355

Re: Santa Clarita Community College District General Obligation Bonds, Election of 2016, Series 2026-1

Ladies and Gentlemen:

We have acted as Bond Counsel to the Santa Clarita Community College District (the “District”), in connection with the issuance by the District of \$_____ aggregate principal amount of its General Obligation Bonds, Election of 2016, Series 2026-1 (the “Bonds”). The Bonds are issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, as amended, Article XIII A of the California Constitution, and the resolution adopted by the Board of Trustees of the District on January 21, 2026 (the “District Resolution”). All terms used herein and not otherwise defined shall have the meanings given to them in the District Resolution.

As bond counsel, we have examined copies certified to us as being true and complete copies of the proceedings of the District for the authorization and issuance of the Bonds, including the District Resolution and the Tax Exemption Certificate of the District dated the date hereof (the “Tax Certificate”). Our services as such bond counsel were limited to an examination of such proceedings and to the rendering of the opinions set forth below. In this connection we have also examined such certificates of public officials and officers of the District as we have considered necessary for the purposes of this opinion.

Certain agreements, requirements and procedures contained or referred to in the District Resolution, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, the defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by any parties other than the District. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph

hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the District Resolution and the Tax Certificate, including (without limitation) covenants and agreements with which compliance is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the District Resolution and the Tax Certificate may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents. We express no opinion and make no comment with respect to the sufficiency of the security or the marketability of the Bonds. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing and in reliance thereon, as of the date hereof, we are of the following opinions:

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

2. The District Resolution has been duly adopted and constitutes a valid and binding obligation of the District.

3. It is further our opinion, based upon the foregoing, that pursuant to section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance with the provisions of the District Resolution and the Tax Certificate and in reliance upon representations and certifications of the District made in the Tax Certificate of even date herewith pertaining to the use, expenditure, and investment of the proceeds of the Bonds, when the Bonds are delivered to and paid for by the initial purchasers thereof, interest on the Bonds for federal income tax purposes (1) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals.

In our opinion, under existing law, interest on the Bonds is exempt from personal income taxes of the State of California.

We express no other opinion with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain S corporations with subchapter C earnings and profits, certain foreign corporations doing business in the United States, corporations subject to the alternative minimum tax on adjusted financial statement income, owners of an interest in a financial asset securitization investment trust, individuals otherwise qualifying for the earned income tax credit, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions

to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service or the State of California; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Respectfully submitted,

Upon issuance and delivery of the Taxable Bonds, Norton Rose Fulbright US LLP, Bond Counsel, proposes to deliver its final approving opinion with respect to the Taxable Bonds substantially in the following form:

[Closing Date]

Board of Trustees
Santa Clarita Community College District
26455 Rockwell Canyon Drive
Santa Clarita, California 91355

Re: Santa Clarita Community College District General Obligation Bonds, Election of 2016, Series 2026-2 (Federally Taxable)

Ladies and Gentlemen:

We have acted as Bond Counsel to the Santa Clarita Community College District (the “District”), in connection with the issuance by the District of \$ _____ aggregate principal amount of its General Obligation Bonds, Election of 2016, Series 2026-2 (Federally Taxable) (the “Bonds”). The Bonds are issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, as amended, Article XIII A of the California Constitution, and the resolution adopted by the Board of Trustees of the District on January 21, 2026 (the “District Resolution”). All terms used herein and not otherwise defined shall have the meanings given to them in the District Resolution.

As bond counsel, we have examined copies certified to us as being true and complete copies of the proceedings of the District for the authorization and issuance of the Bonds, including the Resolution. Our services as such bond counsel were limited to an examination of such proceedings and to the rendering of the opinions set forth below. In this connection we have also examined such certificates of public officials and officers of the District as we have considered necessary for the purposes of this opinion.

Certain agreements, requirements and procedures contained or referred to in the Resolution and other relevant documents pertaining to the Bonds may be changed and certain actions (including, without limitation, the defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of counsel. We express no opinion as to the effect of any change to any document pertaining to the Bonds or of any action taken or not taken where such change is made or action is taken or not taken without our approval or in reliance upon the advice of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by any parties other than the District. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. We call attention to the fact that the rights and obligations under the Bonds and the Resolution may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise

of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents. We express no opinion and make no comment with respect to the sufficiency of the security or the marketability of the Bonds. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, any supplements thereto or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing and in reliance thereon, as of the date hereof, we are of the following opinions:

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

2. The Resolution has been duly adopted and constitutes a valid and binding obligation of the District.

3. Under existing law, interest on the Bonds is exempt from personal income taxes of the State of California.

We express no other opinion with respect to any other state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the State of California; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Respectfully submitted,

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APPENDIX C

**AUDITED FINANCIAL STATEMENTS
OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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Financial Statements
June 30, 2025

**Santa Clarita
Community College District**

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Independent Auditor's Report

To the Board of Trustees
Santa Clarita Community College District
Santa Clarita, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of Santa Clarita Community College District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Santa Clarita Community College District, as of June 30, 2025, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Adoption of New Accounting Standard

As discussed in Note 2 and 13 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, for the year ended June 30, 2025. Accordingly, a restatement has been made to the business-type activities net position as of July 1, 2024 to restate beginning net position. 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 on pages 4 through 17 and other required supplementary schedules as listed in the table of contents on pages 60 through 66 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 an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, including the Schedule of Expenditures of Federal Awards, as required by 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), and other supplementary information listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Ontario, California
February 11, 2026



INTRODUCTION

The Santa Clarita Community College District, established in 1967, encompasses approximately 367 square miles of the unincorporated areas of Los Angeles County and areas within the City of Santa Clarita, serving the local communities of Canyon Country, Newhall, Saugus, Valencia, Castaic, Stevenson Ranch and Val Verde. With operations in the Valencia and Canyon Country campuses, the District serves a population of 295,351 and has been among the fastest growing community colleges in the nation for close to three decades. The Governing Board is comprised of five trustees elected by the voters of the District to serve four-year terms.

The following discussion and analysis provides an overview of the financial position and activities of the Santa Clarita Community College District (the District) for the year ended June 30, 2025. This discussion and analysis has been prepared by management and should be read in conjunction with the financial statements and notes, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Santa Clarita Community College District's financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and No. 35, *Basic Financial Statements - and Management Discussion and Analysis - for Public College and Universities*. The statements allow for the presentation of financial activity and results of operations which focuses on the District as a whole. The entity-wide financial statements present the overall results of operations whereby all of the District's activities are consolidated into one total versus the traditional presentation by fund type. The focus of the Statement of Net Position is designed to be similar to the bottom-line results of the District. This statement combines and consolidates current financial resources with capital assets and long-term liabilities. The Statement of Revenues, Expenses, and Changes in Net Position focuses on the costs of the District's operational activities with revenues and expenses categorized as operating and nonoperating, and expenses are reported by natural classification. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District.

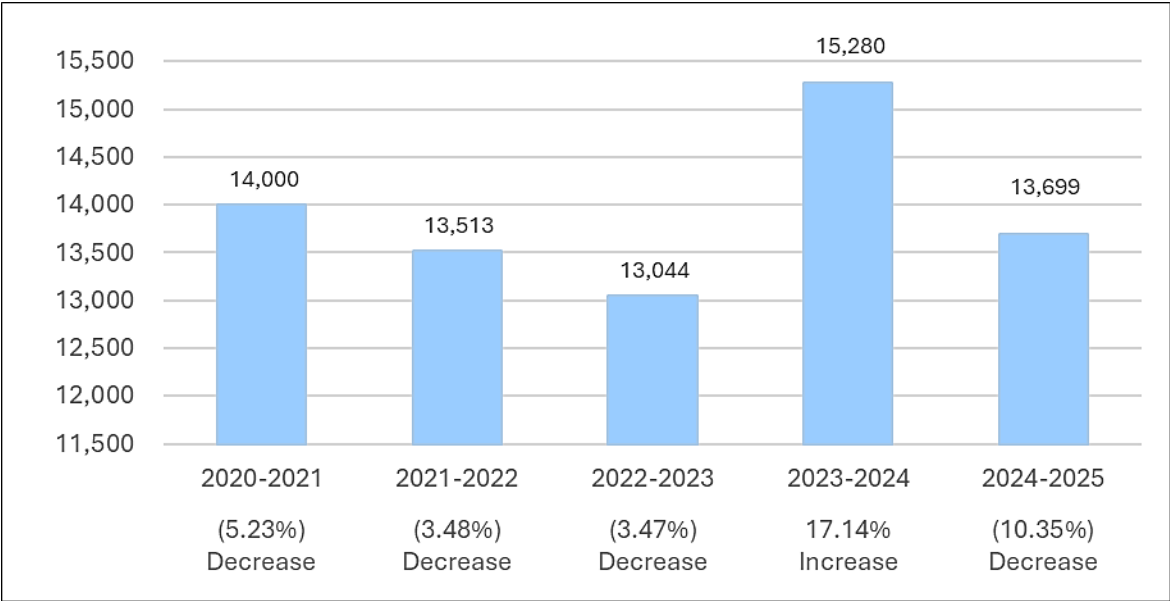
The California Community Colleges Chancellor's Office has recommended that all State community colleges follow the Business-Type Activity (BTA) model for financial statement reporting purposes.

FINANCIAL HIGHLIGHTS

Full-Time Equivalent Students (FTES)

- The District’s primary funding source is apportionment received from the State of California. The primary basis of this apportionment is the calculation of Full-Time Equivalent Students (FTES). During the 2024-2025 fiscal year, total audited FTES was 13,699. This is a decrease of (1,581) or (10.35%) from 2023-2024 fiscal year. The reason for the decrease is because the District strategically pushed FTES from summer 2025 forward to maximize future revenues.

FTES Comparison – Funded FTES
FY2020-2021 Funded Through FY2024-2025 – Resident FTES Only



Unrestricted General Fund Balance

- The District ended fiscal year 2024-2025 with a General Unrestricted Fund Balance at \$17,520,165 which is 11.52% of Unrestricted General Fund expenditures and other outgo.

**Unrestricted General Fund Ending Fund Balance
 FY2020-2021 Through FY2024-2025**

	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Reserved/Assigned	\$ 1,985,807	\$ 1,417,154	\$ 2,361,683	\$ 2,007,468	\$ 1,428,844
Unassigned	9,825,527	11,869,709	14,823,004	15,493,666	16,091,321
Ending Fund Balance	<u>\$ 11,811,334</u>	<u>\$ 13,286,863</u>	<u>\$ 17,184,687</u>	<u>\$ 17,501,134</u>	<u>\$ 17,520,165</u>
Percentage of Unrestricted Expenses	10.24%	10.51%	12.68%	11.38%	11.52%

Revenues

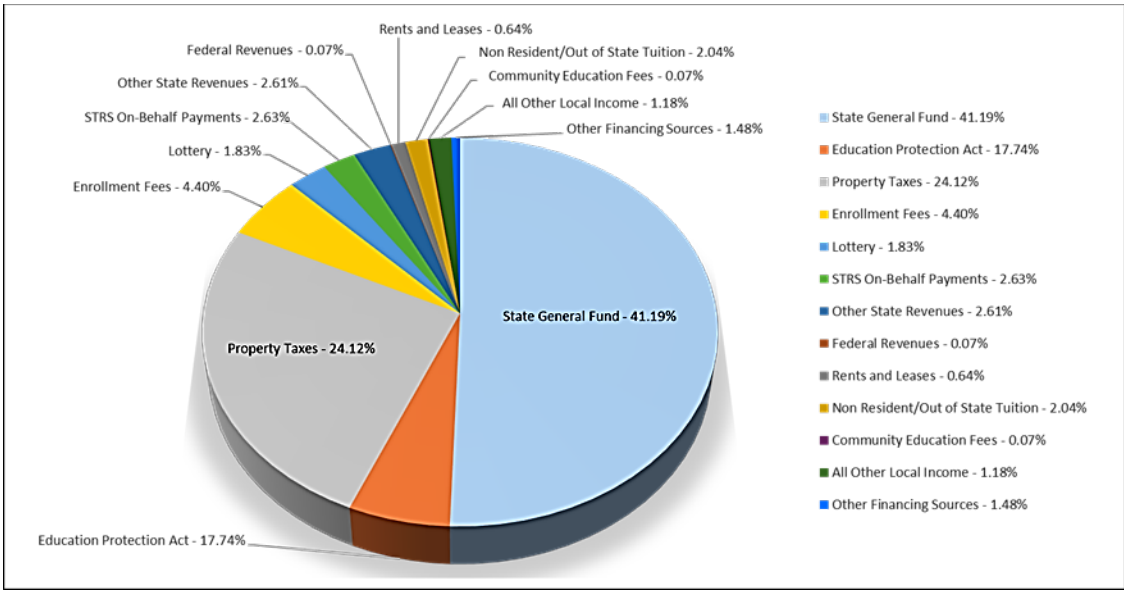
- Revenues and other financing sources in the Unrestricted General Fund totaled \$152,113,574 in fiscal year 2024-2025. This was a decrease of (\$1,979,741) over prior year’s revenues or a (1.28%) decrease. The reason for the decrease over prior year is due mainly to decreases in Total Computational Revenue for General Apportionment from the Student Centered Funding Formula (SCFF). The decrease is offset by increases in Education Protection Act (EPA) and Property Taxes.

**Unrestricted General Fund Revenues
 FY2020-2021 Through FY2024-2025**

	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Total Revenues	<u>\$ 115,808,800</u>	<u>\$ 127,849,518</u>	<u>\$ 139,373,957</u>	<u>\$ 154,093,315</u>	<u>\$ 152,113,574</u>
	(1.40%)	10.40%	9.01%	10.56%	(1.28%)
	Decrease	Increase	Increase	Increase	Decrease

State General Apportionment, Property Taxes, and Student Enrollment Fees accounted for 69.71% of the District’s Unrestricted General Fund revenues. The EPA, which is temporary funding expiring in 2030, represents 17.74% of the District’s Unrestricted General Fund Revenues. The remaining 12.55% includes Lottery, STRS On-Behalf Payments, Other State Revenues, Federal Revenues, Rents and Leases, Non-Resident/Out of State Tuition, Community Education Fees, All Other Local Income, and Other Financing Sources.

**Unrestricted General Fund Revenues by Major Category
 FY2024-2025 Percentages**



Expenses

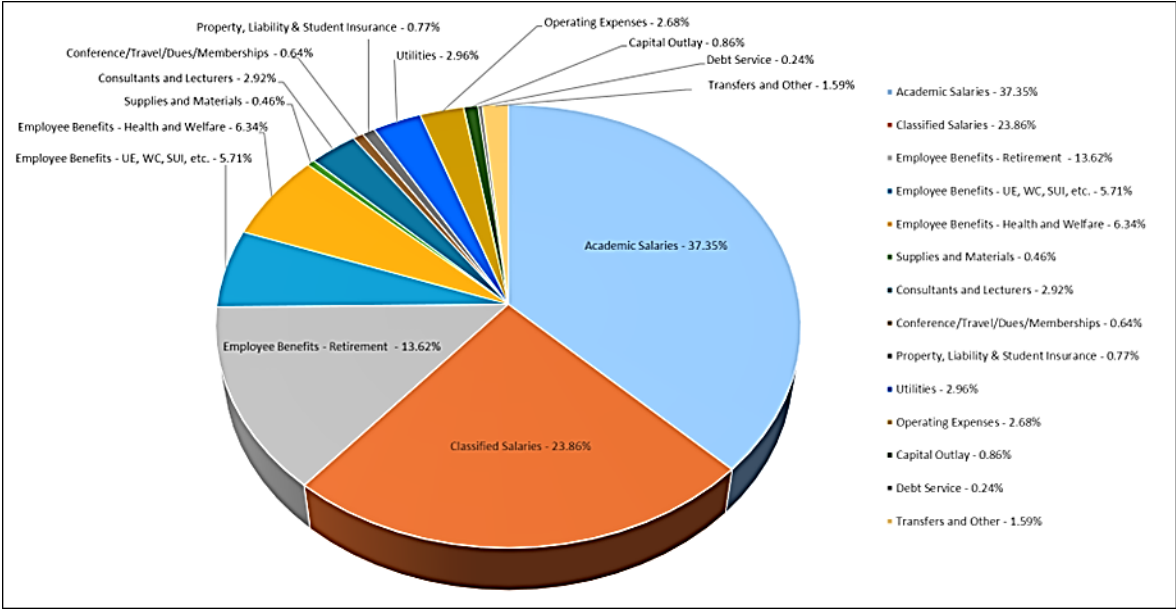
- Expenditures associated with the instructional operations and related supporting activities of the District are recorded in the Unrestricted General Fund. In fiscal year 2024-2025, expenditures and other financing uses in the Unrestricted General Fund totaled \$152,094,544. This is a decrease of (\$1,682,324) over the prior year’s expenditures or a (1.09%) decrease. The reason for the decrease over prior year is mainly due to decreases in Employee Salaries which stems from employee retirements.

**Unrestricted General Fund Expenses
 FY2020-2021 Through FY2024-2025**

	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Total Expenses	\$ 115,384,475	\$ 126,373,990	\$ 135,476,132	\$ 153,776,868	\$ 152,094,544
	(1.64%)	9.52%	7.20%	13.51%	(1.09%)
	Decrease	Increase	Increase	Increase	Decrease

Salaries and fringe benefits totaled 86.87% of all Unrestricted General Fund expenditures, which is above the Statewide recommended average of 85%.

**Unrestricted General Fund Expenses by Major Category
 FY2024-2025 Percentages**



Grant Funding

- Federal, State/Categorical and Local funding augment the resources available to the District for program development, new initiatives, innovative projects, and instructional equipment. In 2024-2025, the level of funding from 2023-2024 decreased (21%) for a total award amount of \$64M. This decrease is due in part to the successful completion of multiple federally funded awards including the following: Advance Technology Equipment federal appropriation funds, NSF Next Generation, NSF ATE Welding Grant, USC Children’s Hospital award, Department of Education Open Textbook Pilot Program, and also due to less funding for the Strong Workforce Program and the Learning-Aligned Employment Program.

Historically, the work of Grants Development has profoundly impacted college programs, services, and overall funding. In the last ten years, from 2015-2016 through 2024-2025, Grants Development has secured \$144,469,887 in grant awards. These funds enable new and enhanced activities to support the District’s mission and boost Access, Engagement, and Success-related work.

Student Financial Aid

- In 2024-2025, student financial aid expenditures totaled \$24,607,680, which is an increase of \$4,334,757 or 21.38% from fiscal year 2023-2024.

The District offered student financial aid in the form of PELL Grants, Cal Grants, and SEOG Grants totaling \$22,435,574. The PELL and Cal Grants were funded 100% from Federal and State allocations, and SEOG Grants were funded 75% from Federal funds and 25% from a District match.

The District also disbursed Direct Student Loans to qualifying students based on legislation and provided paid Federal Work Study opportunities. Direct Student Loans were funded 100% from Federal funds, and Work Study was funded 75% from Federal funds and 25% from a District match. Students received \$1,628,326 in Direct Loans and earned \$543,780 in Federal Work Study wages from on-campus jobs.

**Student Financial Aid Expenditures
FY2020-2021 Through FY2024-2025**

	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Federal Pell Grants *	\$ 12,363,641	\$ 12,977,414	\$ 12,967,924	\$ 15,211,570	\$ 18,870,734
Cal Grants *	\$ 1,664,528	\$ 2,431,312	\$ 2,113,131	\$ 2,440,402	\$ 2,898,184
Federal SEOG Grants **	\$ 825,197	\$ 718,354	\$ 582,286	\$ 584,999	\$ 666,656
Federal Higher Ed Emergency Relief Funds *	\$ 3,859,083	\$ 13,237,838	\$ 659,903	\$ -	\$ -
Subtotal - Grants	\$ 18,712,449	\$ 29,364,918	\$ 16,323,244	\$ 18,236,971	\$ 22,435,574
Direct Student Loans ***	\$ 1,315,345	\$ 1,100,378	\$ 1,280,847	\$ 1,534,868	\$ 1,628,326
Federal Work Study Wages **	\$ 262,511	\$ 352,150	\$ 413,510	\$ 501,084	\$ 543,780
Total Grants and Work Study	<u>\$ 20,290,305</u>	<u>\$ 30,817,446</u>	<u>\$ 18,017,601</u>	<u>\$ 20,272,923</u>	<u>\$ 24,607,680</u>
	(6.05%)	51.88%	(41.53%)	12.52%	21.38%
	Decrease	Increase	Decrease	Increase	Increase

* Pell Grants, Cal Grants, Full Time Student Success Grants, and Higher Ed Emergency Relief Funds are 100% funded from Federal and State sources.

** SEOG Grants and Federal Work Study Wages were funded 75% from Federal sources and require a 25% District match contribution. Amounts listed reflects both Federal and District match.

*** Direct Student Loans were issued by Commercial Banks until Fall 2010, when the responsibility was transferred to community colleges.

Capital Outlay Expenditures

The District continued to plan, construct, and upgrade facilities in fiscal year 2024-2025 with Measure E capital funding. Measure E General Obligation Bonds were authorized in an election held on June 7, 2016. The election approved the issuance of \$230 million of general obligation bonds. Measure E passed with 58.46% voter approval. Measure E funds were approved to for addition and renovation of facilities at the Valencia and Canyon Country Campus.

- The first issuance of Measure E bonds occurred in May 2017 in the amount of \$50 million.
- The second issuance occurred in August 2019 in the amount of \$85 million.
- The third issuance occurred in November 2022 in the amount of \$70 million.
- There is \$25 million available for future issuances as needed.

For more information on GO Bond expenditures, please visit the Citizens' Bond Oversight webpage on the District Website to access the annual report.

THE DISTRICT AS A WHOLE

Statement of Net Position

In 2003, GASB 35 was established to require Public Agencies to present their financial statements in the same format as private entities in order to establish a consistent format for anyone reviewing the report.

To comply with GASB 35, the Statement of Net Position (Balance Sheet) combines the value of assets and liabilities held in the twenty-one funds of the District's books and records with adjustments, which are required by GASB 35 through manual entries.

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the District as of the end of the fiscal year and is prepared using accrual basis accounting. The Statement of Net Position is to present a fiscal snapshot of the District by providing the following:

- The assets available to continue the operations of the District
- How much the District owes vendors and employees
- Net position and availability for expenditure by the District

The difference between total assets deferred outflows of resources and total liabilities and deferred inflows of resources (net position) is one indicator of the current financial conditions of the District. Another indicator is the change in net position which shows whether the overall financial conditions has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost, less an allocation for depreciation expense.

The Net Position is divided into three major categories:

1. The first category, net investment in capital assets, is the equity amount in property, plant and equipment owned by the District.
2. The second category, restricted net position, is equity that must be spent for purposes as determined by external entities and/or donors that have placed time or purpose restrictions on the use.
3. The third category, unrestricted net position (deficit), is available to the District for any lawful purpose of the District.

The Statement of Net Position as of June 30, 2025 and 2024, is summarized below:

(Amounts in thousands)

	<u>2025</u>	<u>2024*</u>	<u>Change</u>
Assets			
Cash and investments	\$ 148,625	\$ 223,589	\$ (74,964)
Receivables, net	22,202	35,318	(13,116)
Other current assets	1,684	2,323	(639)
Capital assets, net	<u>376,711</u>	<u>370,696</u>	<u>6,015</u>
Total assets	<u>549,222</u>	<u>631,926</u>	<u>(82,704)</u>
Deferred Outflows of Resources	<u>57,994</u>	<u>56,284</u>	<u>1,710</u>
Liabilities			
Accounts payable and accrued liabilities	46,162	118,379	(72,217)
Current portion of long-term liabilities	22,150	17,322	4,828
Noncurrent portion of long-term liabilities	<u>563,043</u>	<u>553,621</u>	<u>9,422</u>
Total liabilities	<u>631,355</u>	<u>689,322</u>	<u>(57,967)</u>
Deferred Inflows of Resources	<u>16,178</u>	<u>13,796</u>	<u>2,382</u>
Net Position			
Net investment in capital assets	66,319	58,535	7,784
Restricted	37,148	42,116	(4,968)
Unrestricted	<u>(143,783)</u>	<u>(115,558)</u>	<u>(28,225)</u>
Total net position	<u>\$ (40,316)</u>	<u>\$ (14,907)</u>	<u>\$ (25,409)</u>

* Amounts have not been restated for the effects of the implementation of GASB Statement No. 101. See Note 13 for further information.

Assets

Total Assets at June 30, 2025 of \$549.2 million reflected a decrease of (\$82.7) million from June 30, 2024. This decrease is primarily due to decreased cash balances in funds for Measure E General Obligation Bonds and State Construction.

Deferred Outflows of Resources

Deferred Outflows of Resources at June 30, 2025 of \$58.0 million reflected an increase of \$1.7 million from June 30, 2024 mainly due to changes of assumptions and differences in the District's proportionate share of the CalSTRS and CalPERS pension systems per the latest available actuarial study, which is for measurement date June 30, 2025.

Liabilities

Total Liabilities at June 30, 2025 of \$631.4 million reflected a decrease of (\$58.0) million from June 30, 2024. The decrease is primarily in accrued liability for the return of the Student Housing grant funding. It is important to note that General Obligation Bond debt is included in the Total Liabilities of the District, even though this debt is repaid through property taxes collected by the Los Angeles County Treasurer and Tax Collector.

Deferred Inflows of Resources

Deferred Inflows of Resources at June 30, 2025 of \$16.2 million reflected an increase of \$2.4 million from June 30, 2024. The decrease can be attributable mainly due to changes in the actuarial valuations for CalSTRS and CalPERS pension systems based on the latest version of the actuarial report.

Total Net Position

The District's Total Net Position at June 30, 2025 is (\$40.3) million. Total Net Position is the sum of all Assets and Liabilities. Beginning with the June 30, 2015 Annual Financial Report, the accounting pronouncement GASB 68 requires that the District's proportionate share of the CalPERS and CalSTRS unfunded pension liabilities be included in the Total Net Position in the financial statements. Also, beginning with the June 30, 2018 Financial Report the accounting pronouncement of GASB 75 requires that the District recognize the full Post Employment Benefit Liability in the financial statements instead of a prorated portion.

Operating Results

The results of fiscal year 2024-2025 operations for the District as a whole are reported in the *Statement of Revenues, Expenses, and Changes in Net Position*.

(Amounts in thousands)

	<u>2025</u>	<u>2024*</u>	<u>Change</u>
Operating Revenues			
Tuition and fees	\$ 11,837	\$ 11,141	\$ 696
Grants and contracts, noncapital	41,628	48,089	(6,461)
Total operating revenues	<u>53,465</u>	<u>59,230</u>	<u>(5,765)</u>
Operating Expenses			
Salaries and benefits	153,930	156,234	(2,304)
Supplies, services, equipment, and maintenance	34,113	38,843	(4,730)
Student financial aid	32,400	26,538	5,862
Depreciation and amortization	11,894	11,222	672
Total operating expenses	<u>232,337</u>	<u>232,837</u>	<u>(500)</u>
Operating loss	<u>(178,872)</u>	<u>(173,607)</u>	<u>(5,265)</u>
Nonoperating Revenues			
State apportionments	89,627	95,794	(6,167)
Property taxes	58,859	55,491	3,368
Student financial aid grants	28,859	23,473	5,386
State revenues	4,854	6,503	(1,649)
Net interest expense	(5,333)	(2,178)	(3,155)
Other nonoperating revenues	4,692	4,891	(199)
Total nonoperating revenue	<u>181,558</u>	<u>183,974</u>	<u>(2,416)</u>
Other Revenues and (Losses)			
State and local capital income and (losses)	2,482	3,088	(606)
Change in net position	<u>\$ 5,168</u>	<u>\$ 13,455</u>	<u>\$ (8,287)</u>

* Expenses for the year ended June 30, 2024 were not restated for the effects of the implementation of GASB Statement No. 101. See note 13 for further information.

Functional Expenses

In accordance with requirements set forth by the California Community Colleges Chancellor's Office, the District reports operating expenses by object code. Operating expenses by functional classification are as follows:

(Amounts in thousands)

	Salaries and Employee Benefits	Supplies, Material, and Other Expenses and Services	Student Financial Aid	Equipment, Maintenance, and Repairs	Depreciation and Amortization	Total
Instructional activities	\$ 77,188	\$ 7,159	\$ 1,226	\$ 644	\$ -	\$ 86,217
Academic support	5,089	525	-	4	-	5,618
Student services	21,911	1,535	1,491	76	-	25,013
Plant operations and maintenance	6,189	5,575	-	110	-	11,874
Instructional support services	24,041	11,513	96	376	-	36,026
Community services and economic development	6,179	241	-	3	-	6,423
Ancillary services and auxiliary operations	11,328	2,582	29	29	-	13,968
Student aid	-	-	29,558	-	-	29,558
Physical property and related acquisitions	2,005	372	-	3,369	-	5,746
Unallocated depreciation	-	-	-	-	11,894	11,894
Total	\$ 153,930	\$ 29,502	\$ 32,400	\$ 4,611	\$ 11,894	\$ 232,337

Changes in Cash Position

The Statement of Cash Flows provides information about cash receipts and cash payments during the fiscal year. This Statement also helps users assess the District's ability to generate positive cash flows, meet obligations as they come due and determine the need for external financing.

The Statement of Cash Flows is divided into five parts. The first part reflects operating cash flows and shows the net cash provided by the operating activities of the District. The second part details cash received for nonoperating, noninvesting, and noncapital financing purposes. The third part shows cash flows from capital and related financing activities. This part deals with the cash used for the acquisition and construction of capital and related items. The fourth part provides information from investing activities and the amount of interest received. The last section reconciles the net cash used by operating activities to the operating loss reflected on the Statement of Revenues, Expenses, and Change in Net Position.

Santa Clarita Community College District
Management's Discussion and Analysis
June 30, 2025

(Amounts in thousands)	<u>2025</u>	<u>2024</u>	<u>Change</u>
Net Cash Flows from			
Operating activities	\$ (170,100)	\$ (164,245)	\$ (5,855)
Noncapital financing activities	167,967	156,191	11,776
Capital financing activities	(82,339)	(27,929)	(54,410)
Investing activities	<u>9,508</u>	<u>11,636</u>	<u>(2,128)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(74,964)	(24,347)	(50,617)
Cash and Cash Equivalents, Beginning of Year	<u>223,588</u>	<u>247,935</u>	<u>(24,347)</u>
Cash and Cash Equivalents, End of Year	<u>\$ 148,624</u>	<u>\$ 223,588</u>	<u>\$ (74,964)</u>

** Cash flows from operating activities for the year ended June30, 2024 were not restated for the effects of the implementation of GASB Statement No. 101. See Note 13 for further information.*

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Note 6 in the financial statements provides additional information on capital assets. A summary of capital assets is presented below.

	<u>2025</u>	<u>2024</u>	<u>Net Change</u>
Capital Assets			
Land and construction in progress	\$ 45,280,999	\$ 83,484,898	\$ (38,203,899)
Buildings and improvements, net	316,309,522	275,112,748	41,196,774
Furniture and equipment, net	13,392,925	10,904,847	2,488,078
Right-to-use leased assets, net	631,535	140,884	490,651
Right-to-use subscription IT assets, net	<u>1,096,489</u>	<u>1,052,325</u>	<u>44,164</u>
Total capital assets, net	<u>\$ 376,711,470</u>	<u>\$ 370,695,702</u>	<u>\$ 6,015,768</u>

Long-Term Liabilities

Note 7 in the financial statements provides additional information on long-term liabilities. A summary of long-term liabilities is presented below.

	<u>Balance July 1, 2024*</u>	<u>Additions/ Restatements</u>	<u>Deletions</u>	<u>Balance June 30, 2025</u>
General obligation bonds	\$ 405,197,803	\$ 1,203,149	\$ (13,482,555)	\$ 392,918,397
COPs payable	5,443,051	-	(930,252)	4,512,799
Leases	151,501	733,395	(248,361)	636,535
Subscription-based IT arrangements	1,086,247	567,494	(517,015)	1,136,726
Other liabilities	<u>12,380,736</u>	<u>34,735,640</u>	<u>(4,707,988)</u>	<u>42,408,388</u>
 Total long-term liabilities	 <u>\$ 424,259,338</u>	 <u>\$ 37,239,678</u>	 <u>\$ (19,886,171)</u>	 <u>\$ 441,612,845</u>
 Amount due within one year				 <u>\$ 21,400,381</u>

* Amounts have not been restated for the effects of the implementation of GASB Statement No. 101. See Note 13 for further information.

BUDGETARY HIGHLIGHTS

The District has a history of accurate budgeting and presenting balanced budgets to the Board of Trustees for consideration. Budgeting with a high level of precision is critical to achieving the desired outcome of no deficit spending when all actual revenues and expenditures are recorded for the year. General Apportionment funding continues to be the District's largest unrestricted funding source. This funding is received as a combination of State Apportionment, Education Protection Act funding (EPA), Property Taxes, and Student Enrollment Fees. Projected fundings are based on the Student Centered Funding Formula and focuses on assumptions regarding enrollment demand and student equity and success metrics.

The District's 2024-2025 Adopted Budget for the Unrestricted General Fund was a balanced budget with no structural deficit (deficit spending). The District projected 88% of Unrestricted General Fund revenue to come from State General Apportionment funding and reflected an 11.70% Fund Balance. The District ended the fiscal year with 11.52% Fund Balance.

In 2025-2026, 87% percent of the District's Unrestricted General Fund revenue is projected to come from State General Apportionment funding. The 2025-2026 Adopted Budget reflects an 11.64% Fund Balance and no structural deficit.

ECONOMIC FACTORS AFFECTING THE FUTURE OF SANTA CLARITA COMMUNITY COLLEGE DISTRICT

The economic position of the Santa Clarita Community College District is closely tied to the State of California's economy. The State Budget is largely funded by revenues from Income Tax, Sales/Use Tax and Corporate Tax; PIT @ 59%, Sales/Use @ 16%, Corporate Tax @ 17%, and Other @ 8%.

In January 2025, the State projected a roughly balanced budget for 2025-2026 based on the two-year budget planning process in the 2024 Budget Act that addressed a projected deficit of over \$30 billion for 2025-2026. However, updated revenue and spending estimates indicated a need to address an additional deficit of approximately \$12 billion for 2025-2026. The 2025 Budget Act includes overall state General Fund spending of \$228.4 billion, an increase of nearly 8% compared to the enacted budget for 2024-2025, reflecting, in part, the use of reserves and special fund transfers to offset revenue shortfalls. The budget addresses the expected remaining deficit (about \$12 billion) through a combination of these fund shifts and reserves along with program reductions, revenues and borrowing, and deferrals.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT TEAM

This financial report is designed to provide our citizens, taxpayers, students, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need any additional financial information, contact the District at: Santa Clarita Community College District, 26455 Rockwell Canyon Road, Santa Clarita, California 91355.

Santa Clarita Community College District

Statement of Net Position

June 30, 2025

Assets

Cash and cash equivalents	\$ 2,084,068
Investments	146,540,596
Accounts receivable	16,052,326
Student receivables, net	5,620,262
Prepaid expenses	1,683,857
Lease receivables	529,902
Capital assets not depreciated or amortized	45,280,999
Capital assets, net of accumulated depreciation and amortization	<u>331,430,471</u>

Total assets	<u>549,222,481</u>
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Deferred Outflows of Resources

Deferred outflows of resources related to debt refunding	9,548,199
Deferred outflows of resources related to OPEB	1,918,849
Deferred outflows of resources related to pensions	<u>46,526,670</u>

Total deferred outflows of resources	<u>57,993,718</u>
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Liabilities

Accounts payable	23,526,936
Accrued interest payable	5,514,897
Unearned revenue	17,120,416
Long-term liabilities	
Long-term liabilities other than OPEB and pensions, due within one year	21,400,381
Total OPEB liability, due within one year	750,000
Long-term liabilities other than OPEB and pensions, due in more than one year	420,212,464
Aggregate net other postemployment benefits (OPEB) liability	16,505,619
Aggregate net pension liability	<u>126,324,479</u>

Total liabilities	<u>631,355,192</u>
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Deferred Inflows of Resources

Deferred inflows of resources related to leases	488,038
Deferred inflows of resources related to OPEB	5,926,481
Deferred inflows of resources related to pensions	<u>9,763,137</u>

Total deferred inflows of resources	<u>16,177,656</u>
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Net Position (Deficit)

Net investment in capital assets	66,318,778
Restricted for	
Debt service	13,055,563
Capital projects	9,313,040
Educational programs	6,004,560
Other activities	8,774,732
Unrestricted deficit	<u>(143,783,322)</u>

Total net position (deficit)	<u>\$ (40,316,649)</u>
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Santa Clarita Community College District
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2025

Operating Revenues	
Tuition and fees	\$ 20,126,304
Less: Scholarship discounts and allowances	<u>(8,289,321)</u>
Net tuition and fees	<u>11,836,983</u>
Grants and contracts, noncapital	
Federal	5,571,894
State	35,098,871
Local	<u>957,354</u>
Total grants and contracts, noncapital	<u>41,628,119</u>
Total operating revenues	<u>53,465,102</u>
Operating Expenses	
Salaries	115,025,830
Employee benefits	38,904,072
Supplies, materials, and other operating expenses and services	29,501,703
Student financial aid	32,400,207
Equipment, maintenance, and repairs	4,611,344
Depreciation and amortization	<u>11,893,736</u>
Total operating expenses	<u>232,336,892</u>
Operating Loss	<u>(178,871,790)</u>
Nonoperating Revenues (Expenses)	
State apportionments, noncapital	89,627,461
Local property taxes, levied for general purposes	36,727,089
Taxes levied for other specific purposes	22,131,611
Federal and State financial aid grants	28,858,743
State taxes and other revenues	4,854,189
Investment income, net	7,915,329
Interest expense on capital related debt	(14,076,867)
Investment income on capital asset-related debt, net	828,680
Other nonoperating revenue	<u>4,691,547</u>
Total nonoperating revenues (expenses)	<u>181,557,782</u>
Income Before Other Revenues and (Losses)	<u>2,685,992</u>
Other Revenues and (Losses)	
State revenues, capital	2,540,026
Local revenues, capital	28,493
Loss on disposal of capital assets	<u>(86,931)</u>
Total other revenues and (losses)	<u>2,481,588</u>
Change In Net Position	5,167,580
Net Position (Deficit), Beginning of Year, as previously reported	(14,907,220)
Adjustment (Note 13)	(30,577,009)
Net Position (Deficit), Beginning of Year, as restated	<u>(45,484,229)</u>
Net Position (Deficit), End of Year	<u>\$ (40,316,649)</u>

Santa Clarita Community College District

Statement of Cash Flows

Year Ended June 30, 2025

Operating Activities	
Tuition and fees	\$ 11,052,161
Federal, state, and local grants and contracts, noncapital	40,951,256
Payments to or on behalf of employees	(156,753,505)
Payments to vendors for supplies and services	(32,949,466)
Payments to students for scholarships and grants	<u>(32,400,207)</u>
Net cash flows from operating activities	<u>(170,099,761)</u>
Noncapital Financing Activities	
State apportionments	91,495,688
Federal and state financial aid grants	28,858,743
Property taxes - nondebt related	36,727,089
State taxes and other apportionments	4,806,385
Other nonoperating activities	<u>6,078,938</u>
Net cash flows from noncapital financing activities	<u>167,966,843</u>
Capital Financing Activities	
Purchase of capital assets	(17,819,768)
Proceeds from sale of capital assets	(16,305)
State revenue, capital	(59,517,977)
Local revenue, capital	28,493
Property taxes - related to capital debt	22,131,611
Principal paid on capital debt	(14,160,376)
Interest paid on capital debt	(13,451,731)
Interest received on capital asset-related debt	<u>466,580</u>
Net cash flows from capital financing activities	<u>(82,339,473)</u>
Investing Activities	
Change in fair market value of cash in county treasury	2,659,189
Interest received from investments	<u>6,849,101</u>
Net cash flows from investing activities	<u>9,508,290</u>
Change In Cash and Cash Equivalents	(74,964,101)
Cash and Cash Equivalents, Beginning of Year	<u>223,588,765</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 148,624,664</u></u>

Santa Clarita Community College District

Statement of Cash Flows

Year Ended June 30, 2025

Reconciliation of net operating loss to net cash flows from operating activities	
Operating Loss	<u>\$ (178,871,790)</u>
Adjustments to reconcile operating loss to net cash flows from operating activities	
Depreciation and amortization expense	11,893,736
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Accounts receivable	1,813,916
Student receivables, net	(120,557)
Prepaid expenses	639,168
Lease receivables	39,920
Deferred outflows of resources related to OPEB	515,041
Deferred outflows of resources related to pensions	(2,803,248)
Accounts payable	1,207,034
Unearned revenue	(3,141,982)
Compensated absences	(2,437,639)
Early retirement plan	(111,718)
Other long term liability	2,000,000
Aggregate net OPEB liability	(1,892,118)
Aggregate net pension liability	(1,211,441)
Deferred inflows of resources related to leases	(52,982)
Deferred inflows of resources related to OPEB	1,785,116
Deferred inflows of resources related to pensions	<u>649,783</u>
Total adjustments	<u>8,772,029</u>
Net cash flows from operating activities	<u><u>\$ (170,099,761)</u></u>
Cash and Cash Equivalents Consist of the Following:	
Cash in banks	\$ 2,084,068
Cash in county treasury	<u>146,540,596</u>
Total cash and cash equivalents	<u><u>\$ 148,624,664</u></u>
Noncash Transactions	
Amortization of deferred outflows of resources related to debt refunding	\$ 578,873
Amortization of debt premiums	\$ 1,017,807
Accretion of interest on capital appreciation bonds	\$ 1,203,149

Note 1 - Organization

The Santa Clarita Community College District (the District) was established in 1967 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to residents of the surrounding area. The District operates under a locally elected five-member Board of Trustees which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates one community college and one center located in Santa Clarita, California. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The District is classified as a Public Educational Institution under *Internal Revenue Code* Section 115 and is, therefore, exempt from Federal taxes.

Financial Reporting Entity

The District has adopted accounting policies to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District, as defined by accounting principles generally accepted in the United States of America and established by GASB. The financial reporting entity consists of the primary government (the District), and the following component units:

The following entity met the criterion for inclusion as a “blended” component unit and is consolidated within the financial statements of the District:

- Public Property Financing Corporation

The Public Property Financing Corporation (the Corporation) is a legally separate entity and a component unit of the District. The Corporation was formed to issue debt specifically for the acquisition and construction of capital assets for the District. The Board of Trustees of the Corporation is the same as the Board of Trustees of the District. The financial activity has been “blended” or consolidated within the financial statements as the District as if the activity was the District’s. Certificates of participation issued by the Corporation are included as long-term liabilities of the District. Stand-alone financial statements are not prepared for the Public Property Financing Corporation. Condensed component unit information for the Corporation, the District’s blended component unit, for the year ended June 30, 2025, is as follows:

Condensed Statement of Net Position

Assets	
Investments	\$ 943,897
Accounts receivable	1,140
	<hr/>
Total assets	\$ 945,037
	<hr/> <hr/>
Net Position	
Restricted for Debt Service	\$ 945,037
	<hr/> <hr/>

Condensed Statement of Revenues, Expenses, and Changes in Net Position

Nonoperating Income/(Expenses)	
Principal expense on capital related debt	\$ (855,000)
Interest expense on capital related debt	(199,331)
Other income	8,253
	<u> </u>
Total nonoperating income/(expenses)	(1,046,078)
	<u> </u>
Loss Before transfers	(1,046,078)
Transfers in	1,004,656
	<u> </u>
Change in Net Position	(41,422)
	<u> </u>
Net Position, Beginning of Year	986,459
	<u> </u>
Net Position, End of Year	<u><u>\$ 945,037</u></u>

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB. This presentation provides a comprehensive government-wide perspective of the District’s assets, deferred outflows of resources, liabilities, deferred inflows of resources, activities, and cash flows. The District’s financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as promulgated by GASB. Additionally, the District’s policies comply with the California Community Colleges Chancellor’s Office *Budget and Accounting Manual*. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

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. Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, certain Federal and State grants, entitlements, and donations. Property tax revenue is recognized in the fiscal year received. State apportionment revenue is earned based upon criteria set forth from the Community Colleges Chancellor’s Office and includes reporting of full-time equivalent students (FTES) attendance. The corresponding apportionment revenue is recognized in the period the FTES are generated. Revenue from Federal and State grants and entitlements are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose requirements.

Expenses are recorded on the accrual basis as they are incurred, when goods are received, or services are rendered.

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 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, including money market investments and participating interest-earning investment contracts with original maturities greater than one year, are stated at cost or amortized cost.

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

Accounts Receivable

Accounts receivable include amounts due from the Federal, State, and/or local governments or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. The allowance is based upon management's estimates and analysis. The allowance was estimated at \$72,088 for the year ended June 30, 2025.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost of prepaid items is recorded as an expense when consumed rather than when purchased.

Lease Receivables

The District recognizes a lease receivable and a deferred inflow of resources in the government-wide financial statements. At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Capital Assets, Depreciation, and Amortization

Capital assets are long-lived assets of the District as a whole and include land, construction in progress, buildings, building and land improvements, and equipment. The District maintains an initial unit cost capitalization threshold of \$5,000 and an estimated useful life greater than one year. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed.

The District does not possess any infrastructure. Donated capital assets are recorded at acquisition value at the date of donation. Improvements to buildings and land that significantly increase the value or extend the useful life of the asset are capitalized; the costs of routine maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are charged as an operating expense in the year in which the expense was incurred. Major outlays for capital improvements are capitalized as construction in progress as the projects are constructed.

Depreciation of capital assets is computed and recorded utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 50 years; improvements, 20 to 25 years; equipment, 3 to 15 years; vehicles, 5 to 10 years.

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

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

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

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned for leave balances that are more likely than not to be used for compensated leave or settled through cash or noncash means. The entire compensated absence liability is reported on the government-wide Statement of Net Position. Compensated absences include vacation leave, load banking leave, and sick leave. The District offers load banking leave to eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period.

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

Debt Premiums

Debt premiums are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. All other bond issuance costs are expensed when incurred.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The District reports deferred outflows of resources related to debt refunding, for OPEB related items, and for pension related items. The deferred outflows of resources related to debt refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts for OPEB and pension related items are associated with differences between expected and actual earnings on plan investments, changes of assumptions, and other OPEB and pension related changes.

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, OPEB and pension related items.

Lease Liabilities

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

Subscription-based IT Arrangements (SBITA) Liabilities

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Unearned Revenue

Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenses. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the financial statements and the revenue is recognized. Unearned revenue is primarily composed of (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year and (2) amounts received from Federal and State grants received before the eligibility requirements are met.

Noncurrent Liabilities

Noncurrent liabilities include general obligation bonds, certificates of participation, leases, subscription-based IT arrangements, compensated absences, early retirement plan, aggregate net OPEB liability, and aggregate net pension liability with maturities greater than one year.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$37,147,895 of restricted net position.

Operating and Nonoperating Revenues and Expenses

Classification of Revenues - The District has classified its revenues as either operating or nonoperating. Certain significant revenue streams relied upon for operation are classified as nonoperating as defined by GASB. Classifications are as follows:

- **Operating revenues** - Operating revenues include activities that have the characteristics of exchange transactions such as tuition and fees, net of scholarship discounts and allowances, Federal, State, and local grants and contracts.
- **Nonoperating revenues** - Nonoperating revenues include activities that have the characteristics of nonexchange transactions such as State apportionments, property taxes, investment income, and other revenue sources defined by GASB.

Classification of Expenses - Nearly all of the District's expenses are from exchange transactions and are classified as either operating or nonoperating according to the following criteria:

- **Operating expenses** - Operating expenses are necessary costs to provide the services of the District and include employee salaries and benefits, supplies, operating expenses, and student financial aid.
- **Nonoperating expenses** - Nonoperating expenses include interest expense and other expenses not directly related to the services of the District.

State Apportionments

Certain current year apportionments from the State are based on financial and statistical information of the previous year. Any corrections due to the recalculation of the apportionment are made in February of the subsequent year. When known and measurable, these recalculations and corrections are accrued in the year in which the FTES are generated.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. The County Assessor is responsible for assessment of all taxable real property. 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 Los Angeles bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

The voters of the District passed a General Obligation Bond in November 2001, November 2006, and June 2016 for the acquisition, construction, and remodeling of certain District property. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are assessed, billed, and collected as noted above and remitted to the District when collected.

Scholarship Discounts and Allowances

Tuition and fee revenue is reported net of scholarship discounts and allowances. Fee waivers approved by the California Community College Board of Governors are included within the scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf.

Financial Assistance Programs

The District participates in federally funded Pell Grants, Supplemental Educational Opportunity Grants (SEOG), and Federal Work-Study programs, as well as other programs funded by the Federal government and State of California. Financial aid provided to the student in the form of cash is reported as an operating expense in the Statement of Revenues, Expenses, and Changes in Net Position. Federal financial assistance programs are audited in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

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, and those differences could be material.

Interfund Activity

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the primary government has been eliminated in the consolidation process of the basic financial statements.

Operating transfers between funds of the District 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 restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the primary government has been eliminated in the consolidation process of the basic financial statements.

Adoption of New Accounting Standard

Implementation of GASB Statement No. 101

As of June 30, 2025, the District adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. The effect of the implementation of this standard on beginning net position is disclosed in Note 13.

Implementation of GASB Statement No. 102

As of June 30, 2025, the District adopted GASB Statement No. 102, *Certain Risk Disclosures*, which requires management to evaluate whether there are risks related to a government's vulnerabilities due to certain concentrations or constraints that require disclosure. There was not a significant effect on the District's financial statements as a result of the implementation of this standard.

Note 3 - Deposits and Investments

Policies and Practices

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

Investment in County Treasury - In accordance with the *Budget and Accounting Manual*, the District deposits substantially all receipts and collections of monies with their County Treasurer as part of the common investment pool. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying 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 Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

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.

Summary of Deposits and Investments

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

	Primary Government
Cash on hand and in banks	\$ 1,935,118
Cash in revolving	148,950
Investments	<u>146,540,596</u>
 Total deposits and investments	 <u><u>\$ 148,624,664</u></u>

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 investing in the Los Angeles County Investment pool and having the pool purchase a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District maintains an investment of \$146,540,596 with the Los Angeles County Investment Pool with an average weighted maturity of 556 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Los Angeles County Investment pool is not required to be rated, nor has it been rated as of June 30, 2025.

Custodial Credit Risk**Deposits**

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2025, the District's bank balance of approximately \$960 thousand was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Note 4 - Accounts Receivable

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

	<u>Primary Government</u>
Federal Government	
Categorical aid	\$ 3,851,443
State Government	
Apportionment	5,401,413
Categorical aid	3,269,372
Lottery	1,170,205
Local Sources	
Interest	992,604
Other local sources	<u>1,367,289</u>
Total	<u>\$ 16,052,326</u>
Student receivables	\$ 5,692,350
Less: allowance for bad debt	<u>(72,088)</u>
Student receivables, net	<u>\$ 5,620,262</u>

Note 5 - Lease Receivables

The District has entered into lease agreements with various lessees. The lease receivables are summarized below:

<u>Lease Receivables</u>	<u>Balance, July 1, 2024</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30, 2025</u>
Building Lease	\$ 405,774	\$ -	\$ (9,268)	\$ 396,506
Cell Tower Leases	<u>164,048</u>	<u>-</u>	<u>(30,652)</u>	<u>133,396</u>
Total	<u>\$ 569,822</u>	<u>\$ -</u>	<u>\$ (39,920)</u>	<u>\$ 529,902</u>

Building Lease

The District leases a portion of its facilities for the middle college. This agreement is for a period of 40 years. During the year ended June 30, 2025, the District recognized \$15,404 in lease revenue and \$17,732 in interest revenue related to this agreement. At June 30, 2025, the District recorded \$396,506 in lease receivables and \$369,697 in deferred inflows of resources for this arrangement. The District used an interest rate of 4%, based on the rates available to finance real estate or machinery and equipment over the same time periods.

Cellular Tower Antenna Sites

The District licenses (leases) a portion of its facilities for cellular tower antenna sites. These licenses are noncancelable for a period of five years, with three additional renewal periods of five years. The District believes the licensees will exercise the renewal option with reasonable certainty. The agreements allow for 3% to 10% annual CPI increases to the license payments. At termination, the lessees must remove all equipment and restore the site to its original state. During the year ended June 30, 2025, the District recognized \$37,577 in lease revenue and \$6,810 in interest revenue related to these agreements. At June 30, 2025, the District recorded \$133,396 in lease receivables and \$118,341 in deferred inflows of resources for these arrangements. The District used an interest rate of 4%, based on the rates available to finance real estate or machinery and equipment over the same time periods.

Note 6 - Capital Assets

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

	Balance, July 1, 2024	Additions	Deductions	Balance, June 30, 2025
Capital Assets Not Being Depreciated or Amortized				
Land	\$ 14,309,904	\$ -	\$ -	\$ 14,309,904
Construction in progress	69,174,994	12,582,251	(50,786,150)	30,971,095
Total capital assets not being depreciated or amortized	<u>83,484,898</u>	<u>12,582,251</u>	<u>(50,786,150)</u>	<u>45,280,999</u>
Capital Assets Being Depreciated or Amortized				
Land improvements	26,169,817	8,646,378	-	34,816,195
Buildings and improvements	375,784,254	41,921,160	-	417,705,414
Furniture, equipment, and vehicles	27,046,060	4,277,458	(370,381)	30,953,137
Right-to-use leased buildings and improvements	701,497	733,395	(701,497)	733,395
Right-to-use leased furniture, equipment, and vehicles	165,800	-	(165,800)	-
Right-to-use subscription IT assets	1,563,609	621,943	(23,142)	2,162,410
Total capital assets being depreciated or amortized	<u>431,431,037</u>	<u>56,200,334</u>	<u>(1,260,820)</u>	<u>486,370,551</u>
Less Accumulated Depreciation and Amortization				
Land improvements	(18,223,628)	(910,519)	-	(19,134,147)
Buildings and improvements	(108,617,695)	(8,460,245)	-	(117,077,940)
Furniture, equipment, and vehicles	(16,141,213)	(1,702,449)	283,450	(17,560,212)
Right-to-use leased buildings and improvements	(565,094)	(238,263)	701,497	(101,860)
Right-to-use leased furniture, equipment, and vehicles	(161,319)	(4,481)	165,800	-
Right-to-use subscription IT assets	(511,284)	(577,779)	23,142	(1,065,921)
Total accumulated depreciation and amortization	<u>(144,220,233)</u>	<u>(11,893,736)</u>	<u>1,173,889</u>	<u>(154,940,080)</u>
Total capital assets, net	<u>\$ 370,695,702</u>	<u>\$ 56,888,849</u>	<u>\$ (50,873,081)</u>	<u>\$ 376,711,470</u>

Note 7 - Long-Term Liabilities other than OPEB and Pensions

Summary

The changes in the District's long-term liabilities other than OPEB and pensions during the year ended June 30, 2025, consisted of the following:

	Balance, July 1, 2024 as Restated	Additions	Deductions	Balance, June 30, 2025	Due in One Year
General obligation bonds	\$ 384,328,219	\$ 1,203,149	\$ (12,540,000)	\$ 372,991,368	\$ 10,270,000
Bond premium	20,869,584	-	(942,555)	19,927,029	-
Certificates of participation (COP)	4,910,000	-	(855,000)	4,055,000	660,000
COP premium	533,051	-	(75,252)	457,799	-
Leases	151,501	733,395	(248,361)	636,535	235,037
Subscription-based IT arrangements	1,086,247	567,494	(517,015)	1,136,726	500,483
Compensated absences	36,745,113	-	(2,437,639)	34,307,474	6,608,379
Early retirement plan	6,212,632	2,158,631	(2,270,349)	6,100,914	2,126,482
Other long term liability	-	2,000,000	-	2,000,000	1,000,000
Total	\$ 454,836,347	\$ 6,662,669	\$ (19,886,171)	\$ 441,612,845	\$ 21,400,381

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

Description of Long-Term Liabilities

Payments of the general obligation bonds are to be made by the Bond Interest and Redemption Fund with local property tax collections. Payments of the certificates of participation (COPs) are made by the Other Debt service Fund. The payments of the leases are made by the General Fund. The payments of the subscription-based IT arrangements are made by the General Fund and the Performing Arts Center Fund. The payments for the other long term liability are made by the General Fund.

General Obligation Bonds

In November 2001, voters authorized a total of \$82,110,000 in general obligation bonds. In July 2003, the District issued Election of 2001 Series 2003 General Obligation Bonds in the amount of \$17,498,982. The bonds were issued as capital appreciation bonds. The bonds were issued to finance the acquisition, modernization, and renovation of District facilities. The bonds bear interest rates of 1.05% to 5.60%. At June 30, 2025, the principal balance outstanding was \$8,899,306.

In October 2005, the District issued Election of 2001 Series 2005 General Obligation Bonds in the amount of \$42,981,087. The bonds were issued as current interest bonds in the aggregate principal amount of \$39,310,000 and as capital appreciation bonds in the principal amount of \$3,671,087. The bonds were issued to finance the acquisition, modernization, and renovation of District facilities. The bonds bear interest rates of 3.00% to 5.00%. At June 30, 2025, the principal balance outstanding was \$11,497,062.

In May 2012, the District issued Election of 2006 Series 2012 General Obligation Bonds in the amount of \$35,000,000. The bonds were issued as current interest bonds. The bonds were issued to finance the acquisition, modernization, and renovation of District facilities. The bonds bear interest rates of 2.00% to 5.00%. At June 30, 2025, the principal balance outstanding was \$1,360,000. Unamortized premium received on issuance of the bonds amounted to \$21,111 as of June 30, 2025.

In September 2014, the District issued Election of 2006 Series 2014 General Obligation Bonds in the amount of \$25,000,000. The bonds were issued as current interest bonds. The bonds were issued to finance the acquisition, modernization, and renovation of District facilities. The bonds bear interest rates of 2.00% to 5.00%. At June 30, 2025, the principal balance outstanding was \$5,275,000. Unamortized premium received on issuance of the bonds amounted to \$451,403 as of June 30, 2025.

In May 2016, the District issued the 2016 General Obligation Refunding Bonds in the amount of \$94,050,000. The bonds have a final maturity to occur on August 1, 2046, with interest rates from 2.00% to 5.00%. The net proceeds of \$103,474,669 (representing the principal amount of \$94,050,000 plus premium on issuance of \$9,424,669) from the issuance were used to currently refund the District's outstanding 2005 General Obligation Refunding Bonds, maturing on August 1, 2016 through and including August 1, 2021, and to advance refund a portion of the District's outstanding General Obligation Bonds, Series 2007 maturing on August 1, 2016 and including August 1, 2018 through August 1, 2046, and to pay the cost of the issuance associated with the refunding bonds. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the Statement of Net Position and are amortized as interest expense over the life of the liability. At June 30, 2025, the principal balance outstanding was \$84,095,000. Unamortized premium received on issuance of the bonds amounted to \$6,586,854 as of June 30, 2025.

In November 2016, the District issued Election of 2006 Series 2016 General Obligation Bonds in the amount of \$20,000,000. The bonds were issued as current interest bonds. The bonds were issued to finance the acquisition, modernization, and renovation of District facilities, to refund the 2009 certificates of participation, and to pay the cost of the issuance associated with the issuance of the bonds. The bonds bear interest rates of 3.00% to 5.00%. At June 30, 2025, the principal balance outstanding was \$19,130,000. Unamortized premium received on issuance of the bonds amounted to \$1,113,506 as of June 30, 2025.

In June 2016, voters authorized a total of \$230,000,000 in general obligation bonds. In April 2017, the District issued Election of 2016 Series 2017 General Obligation Bonds in the amount of \$50,000,000. The bonds were issued as current interest bonds. The bonds were issued to finance the acquisition, modernization, and renovation of District facilities. The bonds bear interest rates of 2.00% to 5.00%. At June 30, 2025, the principal balance outstanding was \$36,835,000. Unamortized premium received on issuance of the bonds amounted to \$2,515,316 as of June 30, 2025.

In August 2019, the District issued Election of 2016 Series 2019 General Obligation Bonds in the amount of \$85,000,000. The bonds were issued as current interest bonds. The bonds were issued to finance the acquisition, modernization, and renovation of District facilities. The bonds bear interest rates of 3.00% to 5.00%. At June 30, 2025, the principal balance outstanding was \$71,455,000. Unamortized premium received on issuance of the bonds amounted to \$3,698,274 as of June 30, 2025.

In November 2019, the District issued the 2019 General Obligation Refunding Bonds in the amount of \$34,400,000. The bonds have a final maturity to occur on August 1, 2039, with interest rates from 1.787% to 3.046%. The net proceeds of \$34,400,000 from the issuance were used to advance refund a portion of the District's outstanding 2006 General Obligation Bonds, Series 2012 maturing on August 1, 2012 through and including August 1, 2042, and to pay the cost of the issuance associated with the refunding bonds. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the Statement of Net Position and are amortized to interest expense over the life of the liability. At June 30, 2025, the principal balance outstanding was \$30,235,000.

In May 2021, the District issued the 2021 General Obligation Refunding Bonds in the amount of \$41,475,000. The bonds have a final maturity to occur on August 1, 2038, with interest rates from 0.157% to 2.621%. The net proceeds of \$41,475,000 from the issuance were used to advance refund a portion of the District's outstanding 2013 General Obligation Refunding Bonds and 2014 General Obligation Bonds, and to pay the cost of the issuance associated with the refunding bonds. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the Statement of Net Position and are amortized to interest expense over the life of the liability. At June 30, 2025, the principal balance outstanding was \$34,360,000.

In October 2022, the District issued Election of 2016 Series 2022 General Obligation Bonds in the amount of \$70,000,000. The bonds were issued as current interest bonds. The bonds were issued to finance the acquisition, modernization, and renovation of District facilities. The bonds bear an interest rate of 5.00%. At June 30, 2025, the principal balance outstanding was \$69,850,000. Unamortized premium received on issuance of the bonds amounted to \$5,540,565.

Debt Maturity

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2024	Accreted Interest	Redeemed	Bonds Outstanding June 30, 2025
2003	08/01/28	1.05%-5.60%	\$ 17,498,982	\$ 10,260,088	\$ 529,218	\$ (1,890,000)	\$ 8,899,306
2005	08/01/30	3.00%-5.00%	42,981,087	10,823,131	673,931	-	11,497,062
2012	08/01/42	2.00%-5.00%	35,000,000	1,360,000	-	-	1,360,000
2014	08/01/39	2.00%-5.00%	25,000,000	5,770,000	-	(495,000)	5,275,000
2016	08/01/46	2.00%-5.00%	94,050,000	84,180,000	-	(85,000)	84,095,000
2016	08/01/46	3.00%-5.00%	20,000,000	19,225,000	-	(95,000)	19,130,000
2017	08/01/47	2.00%-5.00%	50,000,000	37,290,000	-	(455,000)	36,835,000
2019	08/01/49	3.00%-5.00%	85,000,000	75,125,000	-	(3,670,000)	71,455,000
2019	08/01/39	1.787%-3.046%	34,400,000	31,325,000	-	(1,090,000)	30,235,000
2021	08/01/38	0.157%-2.621%	41,475,000	38,970,000	-	(4,610,000)	34,360,000
2022	08/01/48	5.00%	70,000,000	70,000,000	-	(150,000)	69,850,000
				<u>\$ 384,328,219</u>	<u>\$ 1,203,149</u>	<u>\$ (12,540,000)</u>	<u>\$ 372,991,368</u>

Debt Service Requirements to Maturity

The bonds mature through fiscal year 2050 as follows:

Fiscal Year	Principal (Including accreted interest to date)	Accreted Interest	Current Interest to Maturity	Total
2026	\$ 10,215,871	\$ 54,129	\$ 12,979,967	\$ 23,249,967
2027	9,914,221	165,779	12,824,655	22,904,655
2028	10,475,342	374,658	12,653,600	23,503,600
2029	11,938,871	536,129	12,434,970	24,909,970
2030	12,445,901	1,564,099	12,197,464	26,207,464
2031-2035	53,111,162	2,603,838	56,623,898	112,338,898
2036-2040	79,760,000	-	45,535,899	125,295,899
2041-2045	93,225,000	-	29,145,369	122,370,369
2046-2050	91,905,000	-	7,592,106	99,497,106
Total	\$ 372,991,368	\$ 5,298,632	\$ 201,987,928	\$ 580,277,928

Certificates of Participation

In April 2017, the District issued the 2017 Refunding Certificates of Participation in the amount of \$9,580,000. The certificates have a final maturity to occur on August 1, 2031, with interest rates from 2.00% to 5.00%. The net proceeds of the certificates were used to currently refund the outstanding 2006 Certificates of Participation and to pay the cost of issuance associated with the refunding certificates. At June 30, 2025, the principal balance outstanding was \$4,055,000. Unamortized premium received on issuance of the certificates amounted to \$457,799 as of June 30, 2025.

The certificates mature through fiscal year 2032 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2026	\$ 660,000	\$ 161,456	\$ 821,456
2027	685,000	127,831	812,831
2028	710,000	92,956	802,956
2029	745,000	56,581	801,581
2030	775,000	26,331	801,331
2031-2032	480,000	15,010	495,010
Total	\$ 4,055,000	\$ 480,165	\$ 4,535,165

Leases

The District has entered into agreements to lease various facilities and equipment. The District’s liability for lease agreements is summarized below:

Leases	Balance, July 1, 2024	Additions	Deductions	Balance, June 30, 2025
Copier Lease	\$ 4,814	\$ -	\$ (4,814)	\$ -
Building Lease	146,687	733,395	(243,547)	636,535
Total	<u>\$ 151,501</u>	<u>\$ 733,395</u>	<u>\$ (248,361)</u>	<u>\$ 636,535</u>

Copier Lease

The District entered an agreement to lease copiers for five years, beginning June 2019. Under the terms of the lease, the District paid the monthly payments of \$4,833. The annual interest rate charged on the lease is 4.84%. At June 30, 2025, the copier lease ended and was not renewed. During the year, the District recorded \$4,481 in amortization expense and \$19 in interest expense for the right to use of the copiers.

Building Lease

The District entered an agreement to lease building space for 36 months, beginning February 2022. The lease terminates January 2028. Under the terms of the lease, the District pays a monthly base fee of \$20,950, increasing 2.0% annually on the anniversary of the agreement. At June 30, 2025, the District has recognized a right to use asset of \$631,535, net of accumulated amortization and a lease liability of \$636,535 related to this agreement. During the year, the District recorded \$238,263 in amortization expense and \$10,034 in interest expense for the right to use the building space. The District used a discount rate of 3.46%, based on the agreement.

The District’s liability on lease agreements with option to purchase is summarized below:

Fiscal Year	Principal	Interest	Total
2026	\$ 235,037	\$ 18,340	\$ 253,377
2027	249,356	9,994	259,350
2028	152,142	1,760	153,902
Total	<u>\$ 636,535</u>	<u>\$ 30,094</u>	<u>\$ 666,629</u>

Subscriptions-Based IT Arrangements (SBITAs)

The District entered into SBITAs for the use of various software. The District is required to make annual principal and interest payments between \$1,300 and \$98,989 through 2029. The subscriptions have an interest rate of 4.37%. At June 30, 2025, the District has recognized a right-to-use subscriptions IT asset of \$1,096,489, net of accumulated amortization and a SBITA liability of \$1,136,726 related to these agreements. During the year, the District recorded \$577,779 in amortization expense and \$1,608 in interest expense.

Santa Clarita Community College District

Notes to Financial Statements

June 30, 2025

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 500,483	\$ 47,033	\$ 547,516
2027	465,570	27,417	492,987
2028	158,924	7,276	166,200
2029	11,749	323	12,072
	<u>\$ 1,136,726</u>	<u>\$ 82,049</u>	<u>\$ 1,218,775</u>
Total	<u>\$ 1,136,726</u>	<u>\$ 82,049</u>	<u>\$ 1,218,775</u>

Early Retirement Plan

The District has entered into two agreements to provide certain benefits to employees participating in the early retirement incentive program. The District will pay a total of \$6,100,914 on behalf of the retirees over the next five years in accordance with the following schedule:

<u>Fiscal Year</u>	
2026	\$ 2,126,482
2027	1,585,809
2028	1,241,095
2029	975,785
2030	171,743
	<u>\$ 6,100,914</u>
Total	<u>\$ 6,100,914</u>

Other Long Term Liability

The District approved a memorandum of understanding related to a settlement. The liability is to be paid out in equal instalments over two years.

Note 8 - Aggregate Net Other Postemployment Benefits (OPEB) Liability

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

<u>OPEB Plan</u>	<u>Aggregate Net OPEB Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>OPEB Expense</u>
District Plan	\$ 16,970,195	\$ 1,918,849	\$ 5,926,481	\$ 412,681
Medicare Premium Payment (MPP) Program	285,424	-	-	(4,642)
	<u>\$ 17,255,619</u>	<u>\$ 1,918,849</u>	<u>\$ 5,926,481</u>	<u>\$ 408,039</u>
Total	<u>\$ 17,255,619</u>	<u>\$ 1,918,849</u>	<u>\$ 5,926,481</u>	<u>\$ 408,039</u>

The details of each plan are as follows:

District Plan

Plan Administration

The District’s governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Management of the Plan is vested in the District management.

Plan Membership

At June 30, 2024, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	247
Active employees	609
	<hr/>
Total	856
	<hr/> <hr/>

Benefits Provided

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

The benefit payment requirements of the Plan members and the District are established and may be amended by the District and the District’s bargaining units. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District and the District’s bargaining units. For the measurement period of June 30, 2025, the District paid \$563,265 in benefits, of which \$478,812 was used for current premiums and \$84,453 was associated with the implicit rate subsidy.

Total OPEB Liability of the District

The District’s total OPEB liability of \$16,970,195 was measured as of June 30, 2025, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2024.

Actuarial Assumptions

The total OPEB liability as of June 30, 2025 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2024 and rolling forward the total OPEB liability to June 30, 2025. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary increases	2.75 percent
Discount rate	5.20 percent
Healthcare cost trend rates	4.00 percent

The discount rate was based on the Bond Buyer 20-Bond General Obligation Index.

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

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actual experience study as of June 2024.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance, June 30, 2024	<u>\$ 18,857,671</u>
Service cost	784,348
Interest	745,451
Changes of assumptions	(2,854,010)
Benefit payments	<u>(563,265)</u>
Net change in total OPEB liability	<u>(1,887,476)</u>
Balance, June 30, 2025	<u><u>\$ 16,970,195</u></u>

There were no changes in the benefit terms since the previous valuation. Changes of assumptions and other inputs reflect a change in discount rate from 3.93% to 5.20% since the previous valuation.

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

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

<u>Discount Rate</u>	<u>Total OPEB Liability</u>
1% decrease (4.20%)	\$ 19,186,197
Current discount rate (5.20%)	16,970,195
1% increase (6.20%)	15,278,478

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

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percent lower or higher than the current healthcare cost trend rate:

<u>Healthcare Cost Trend Rate</u>	<u>Total OPEB Liability</u>
1% decrease (3.00%)	\$ 15,719,003
Current healthcare cost trend rate (4.00%)	16,970,195
1% increase (5.00%)	18,203,554

Deferred Outflows/Inflows of Resources Related to OPEB

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 499,358	\$ 836,160
Changes of assumptions	<u>1,419,491</u>	<u>5,090,321</u>
Total	<u>\$ 1,918,849</u>	<u>\$ 5,926,481</u>

The deferred outflows/inflows of resources related to the differences between expected and actual experience in the measurement of the total OPEB liability and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits as of the beginning of the measurement period. The EARSL for the measurement period is 8.8 years and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ (553,853)
2027	(553,853)
2028	(585,171)
2029	(772,222)
2030	(730,459)
Thereafter	(812,074)
Total	<u>\$ (4,007,632)</u>

Medicare Premium Payment (MPP) Program

Plan Description

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

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

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2025, the District reported a liability of \$285,424 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. The District’s proportion of the net OPEB liability was based on a projection of the District’s long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating entities, actuarially determined. The District’s proportionate share for the measurement periods of June 30, 2024 and June 30, 2023, was 0.1071% and 0.0956%, respectively, resulting in a net increase in the proportionate share of 0.0115%.

For the year ended June 30, 2025, the District recognized OPEB expense of \$(4,642).

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

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

<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease (2.93%)	\$ 307,966
Current discount rate (3.93%)	285,424
1% increase (4.93%)	265,603

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

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

<u>Medicare Costs Trend Rates</u>	<u>Net OPEB Liability</u>
1% decrease (4.00% Part A and 5.50% Part B)	\$ 264,415
Current Medicare costs trend rates (5.00% Part A and 6.50% Part B)	285,424
1% increase (6.00% Part A and 7.50% Part B)	308,880

Note 9 - Risk Management**Property and Liability Insurance Coverages**

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. The District purchases commercial insurance for property with coverages of \$250,000,000, subject to various policy limits. The District also purchases commercial insurance for general liability claims with coverage up to \$5,000,000 per occurrence, all subject to various deductibles.

Joint Powers Authority Risk Pools

During fiscal year ended June 30, 2025, the District contracted with the Statewide Association of Community Colleges (SWACC)/Schools Association for Excess Risk (SAFER) Joint Powers Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2025, the District participated in the Protected Insurance Program for Schools (PIPS) Joint Powers Authority (JPA), an insurance purchasing pool. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. 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 saving. 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 JPA. Participation in the JPA is limited to community college districts that can meet the JPA's selection criteria.

Note 10 - 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 the aggregate net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Aggregate Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 49,300,180	\$ 23,460,964	\$ 7,613,391	\$ 6,078,159
CalPERS	77,024,299	23,065,706	2,149,746	12,058,470
Total	\$ 126,324,479	\$ 46,526,670	\$ 9,763,137	\$ 18,136,629

The details of each plan are as follows:

California State Teachers’ Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers’ Retirement Plan (STRP) administered by 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/forms-publications>.

Benefits Provided

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

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

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

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

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

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and are detailed in Teachers’ Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with California Assembly Bill 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the District’s total contributions were \$9,686,710.

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

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

Total net pension liability, including State share:

District's proportionate share of net pension liability	\$ 49,300,180
State's proportionate share of net pension liability associated with the District	<u>22,619,092</u>
Total	<u><u>\$ 71,919,272</u></u>

The net pension liability was measured as of June 30, 2024. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating member districts and the State, actuarially determined. The District’s proportionate share for the measurement periods of June 30, 2024 and June 30, 2023, was 0.0734% and 0.0646%, respectively, resulting in a net increase in the proportionate share of 0.0088%.

Santa Clarita Community College District

Notes to Financial Statements

June 30, 2025

For the year ended June 30, 2025, the District recognized pension expense of \$6,078,159. In addition, the District recognized pension expense and revenue of \$2,059,204 for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 9,686,710	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	7,981,962	1,891,567
Differences between projected and actual earnings on pension plan investments	-	198,924
Differences between expected and actual experience in the measurement of the total pension liability	5,576,485	2,155,869
Changes of assumptions	215,807	3,367,031
Total	\$ 23,460,964	\$ 7,613,391

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources	
2026	\$ (3,304,944)	
2027	3,980,380	
2028	(324,750)	
2029	(549,610)	
Total	\$ (198,924)	-

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2026	\$ 895,746
2027	1,106,059
2028	1,003,855
2029	959,006
2030	1,603,017
Thereafter	<u>792,104</u>
Total	<u>\$ 6,359,787</u>

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 87,688,889
Current discount rate (7.10%)	49,300,180
1% increase (8.10%)	17,244,016

California Public Employees’ Retirement System (CalPERS)

Plan Description

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

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

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member’s final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member’s beneficiary if the member dies while actively employed. An employee’s eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or age 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 School Employer Pool provisions and benefits in effect at June 30, 2025, are summarized as follows:

	<u>On or before December 31, 2012</u>	<u>On or after January 1, 2013</u>
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	27.05%	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 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 contribution rates are expressed as a 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 \$11,814,825.

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

As of June 30, 2025, the District reported a net pension liability for its proportionate share of the CalPERS net pension liability totaling \$77,024,299. The net pension liability was measured as of June 30, 2024. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating member districts, actuarially determined. The District’s proportionate share for the measurement periods of June 30, 2024 and June 30, 2023, was 0.2155% and 0.2163%, respectively, resulting in a net decrease in the proportionate share of 0.0008%.

For the year ended June 30, 2025, the District recognized pension expense of \$12,058,470. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 11,814,825	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	99,072	1,598,486
Differences between projected and actual earnings on pension plan investments	2,991,950	-
Differences between expected and actual experience in the measurement of the total pension liability	6,457,362	551,260
Changes of assumptions	<u>1,702,497</u>	<u>-</u>
Total	<u>\$ 23,065,706</u>	<u>\$ 2,149,746</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.

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2026	\$ (25,792)
2027	4,651,801
2028	(687,360)
2029	<u>(946,699)</u>
Total	<u>\$ 2,991,950</u>

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2026	\$ 2,770,216
2027	1,867,471
2028	<u>1,471,498</u>
Total	<u>\$ 6,109,185</u>

Actuarial Methods and Assumptions

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

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

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

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity - cap-weighted	30%	4.54%
Global equity - non-cap-weighted	12%	3.84%
Private equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed securities	5%	0.50%
Investment grade corporates	10%	1.56%
High yield	5%	2.27%
Emerging market debt	5%	2.48%
Private debt	5%	3.57%
Real assets	15%	3.21%
Leverage	(5%)	(0.59%)

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the SEP’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on the School Employer Pool investments was applied to all periods of projected benefit payments to determine total pension liability.

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

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (5.90%)	\$ 114,420,239
Current discount rate (6.90%)	77,024,299
1% increase (7.90%)	46,132,276

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 \$4,567,271 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Deferred Compensation

The District offers its employees three deferred compensation plans created in accordance with *Internal Revenue Code* Sections 457 and 403(b). The plans, available to all District employees with the exception of College Assistants, permit them to defer a portion of their salary until future years. Depending on the plan, the deferred compensation is not available to employees until termination, retirement, death, disability, hardship, or unforeseeable emergency.

The District offers its employees a CalPERS administered 457 Deferred Compensation Program (the Program). The Program available to all permanent employees, permits them to defer a portion of pre-tax salary into investment of an individual's own choosing until future years. The deferred compensation is not available to the employees or their beneficiaries until termination, retirement, death, or an unforeseeable emergency. The CalPERS Board controls the investment and administrative functions of the CalPERS 457 Deferred Compensation Program. The Board for the exclusive benefit of participating employees, which adds security, holds the assets in trust.

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 as its plan for all employees, as well as the CalSTRS Cash Balance Benefit Program (an alternative plan) for adjunct faculty. Contributions made by the District and an employee vest immediately. The District contributes 6.20% of an employee's gross earnings (four percent for CalSTRS Cash Balance Benefit Program participants). An employee is required to contribute 6.20% of his or her gross earnings to the pension plan (four percent for CalSTRS Cash Benefit Program participants).

Note 11 - Participation in Public Entity Risk Pools and Joint Powers Authorities

The District is a member of the Protected Insurance Program for Schools (PIPS), the Statewide Association of Community College (SWACC)/Schools Association for Excess Risk (SAFER), Alameda County Schools Insurance Group/Educational Dental Group Enterprise (ACSIG/Edge), Self-Insured Schools of California (SISC), and Alameda County Schools Insurance Group (ACSIG) JPAs. The District pays premiums for its workers' compensation and property liability coverage, as well as monthly premiums for employee Delta Dental and Vision Service Plan coverage. The relationships between the District and the JPAs 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.

During the year ended June 30, 2025, the District made payments of \$2,421,244, \$970,865, \$177,034, \$24,862, and \$200,582 to PIPS, SWACC/SAFER, ACSIG/Edge, ACSIG, and SISC JPAs, respectively.

Note 12 - Commitments and Contingencies

Grants

The District receives 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 District. 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 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.

Construction Commitments

As of June 30, 2025, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
ATC - Valencia	\$ 4,245,750	June 30, 2027
CCC - Health and Natural Sciences	583,050	To Be Determined
Allied Health SIM Lab	132,650	January 31, 2026
ADA Transition Plan - Phase 3	5,000	To Be Determined
Boykin Hall Modernization Phase 2	5,479	November 30, 2025
Valencia Student Center Remodel	1,444,924	June 30, 2028
Lot 6 Water Line Project	214,559	March 31, 2026
Total	<u>\$ 6,631,412</u>	

Note 13 - Restatement

Change in Accounting Principle

As of June 30, 2025, the District adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provide guidance for a consistent recognition and measurement of the compensated absence liability. Therefore, the current and noncurrent portions of compensated absences were increased by \$6,214,458 and \$24,362,551, respectively, as of July 1, 2024. The effect of this change in accounting principle is described in the following table below:

Primary Government	
Net Position - Beginning, as previously reported on July 1, 2024	\$ (14,907,220)
Change in accounting principle - adoption of GASB Statement No. 101	<u>(30,577,009)</u>
Net Position - Beginning, as restated on July 1, 2024	<u><u>\$ (45,484,229)</u></u>

Required Supplementary Information
June 30, 2025

**Santa Clarita
Community College District**

Santa Clarita Community College District
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Year Ended June 30, 2025

	2025	2024	2023	2022
Total OPEB Liability				
Service cost	\$ 784,348	\$ 814,515	\$ 871,560	\$ 1,056,868
Interest	745,451	640,130	600,810	405,066
Changes of benefit terms	-	-	-	2,294,686
Difference between expected and actual experience	-	533,008	-	(1,476,057)
Changes of assumptions	(2,854,010)	49,238	(253,756)	(3,402,204)
Benefit payments	(563,265)	(619,524)	(629,147)	(504,245)
Net change in total OPEB liability	(1,887,476)	1,417,367	589,467	(1,625,886)
Total OPEB Liability - Beginning	18,857,671	17,440,304	16,850,837	18,476,723
Total OPEB Liability - Ending	<u>\$ 16,970,195</u>	<u>\$ 18,857,671</u>	<u>\$ 17,440,304</u>	<u>\$ 16,850,837</u>
Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Total OPEB Liability as a Percentage of Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Measurement Date	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022

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

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

Santa Clarita Community College District
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Year Ended June 30, 2025

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 872,725	\$ 597,864	\$ 436,238	\$ 413,136
Interest	421,223	326,477	492,562	471,671
Changes of benefit terms	-	-	747,173	-
Difference between expected and actual experience	209,005	(20,174)	(93,026)	-
Changes of assumptions	(1,284,364)	3,407,347	583,618	-
Benefit payments	(424,617)	(359,582)	(359,582)	(346,593)
Net change in total OPEB liability	(206,028)	3,951,932	1,806,983	538,214
Total OPEB Liability - Beginning	18,682,751	14,730,819	12,923,836	12,385,622
Total OPEB Liability - Ending	<u>\$ 18,476,723</u>	<u>\$ 18,682,751</u>	<u>\$ 14,730,819</u>	<u>\$ 12,923,836</u>
Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Total OPEB Liability as a Percentage of Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

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

Santa Clarita Community College District
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2025

	2025	2024	2023	2022
Year ended June 30,				
Proportion of the net OPEB liability	0.1071%	0.0956%	0.0980%	0.1036%
Proportionate share of the net OPEB liability	\$ 285,424	\$ 290,066	\$ 322,828	\$ 413,298
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(1.02%)	(0.96%)	(0.94%)	(0.80%)
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
	2021	2020	2019	2018
Year ended June 30,				
Proportion of the net OPEB liability	0.1135%	0.1146%	0.1115%	0.1049%
Proportionate share of the net OPEB liability	\$ 480,893	\$ 426,830	\$ 426,876	\$ 441,354
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(0.71%)	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

¹ As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

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

Santa Clarita Community College District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
CalSTRS					
Proportion of the net pension liability	0.0734%	0.0646%	0.0653%	0.0689%	0.0651%
Proportionate share of the net pension liability	\$ 49,300,180	\$ 49,221,601	\$ 45,374,105	\$ 31,370,447	\$ 63,110,962
State's proportionate share of the net pension liability associated with the District	22,619,092	23,583,453	22,723,174	15,784,392	32,533,709
Total	<u>\$ 71,919,272</u>	<u>\$ 72,805,054</u>	<u>\$ 68,097,279</u>	<u>\$ 47,154,839</u>	<u>\$ 95,644,671</u>
Covered payroll	<u>\$ 52,350,387</u>	<u>\$ 44,365,937</u>	<u>\$ 40,502,258</u>	<u>\$ 40,361,901</u>	<u>\$ 39,503,526</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	94.17%	110.94%	112.03%	77.72%	159.76%
Plan fiduciary net position as a percentage of the total pension liability	84%	81%	81%	87%	72%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
CalPERS					
Proportion of the net pension liability	0.2155%	0.2163%	0.2266%	0.2310%	0.2346%
Proportionate share of the net pension liability	\$ 77,024,299	\$ 78,314,319	\$ 77,965,414	\$ 46,967,637	\$ 71,990,579
Covered payroll	<u>\$ 43,932,001</u>	<u>\$ 38,205,112</u>	<u>\$ 34,775,740</u>	<u>\$ 33,204,618</u>	<u>\$ 33,798,403</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	175.33%	204.98%	224.19%	141.45%	213.00%
Plan fiduciary net position as a percentage of the total pension liability	72%	70%	70%	81%	70%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020

Santa Clarita Community College District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2025

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
CalSTRS					
Proportion of the net pension liability	0.0648%	0.0657%	0.0616%	0.0643%	0.0644%
Proportionate share of the net pension liability	\$ 58,517,112	\$ 60,375,178	\$ 56,994,059	\$ 52,007,869	\$ 43,356,157
State's proportionate share of the net pension liability associated with the District	31,924,991	34,567,613	33,717,204	29,607,152	22,930,627
Total	<u>\$ 90,442,103</u>	<u>\$ 94,942,791</u>	<u>\$ 90,711,263</u>	<u>\$ 81,615,021</u>	<u>\$ 66,286,784</u>
Covered payroll	<u>\$ 38,629,263</u>	<u>\$ 36,652,349</u>	<u>\$ 32,921,367</u>	<u>\$ 31,151,911</u>	<u>\$ 25,442,973</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>151.48%</u>	<u>164.72%</u>	<u>173.12%</u>	<u>166.95%</u>	<u>170.41%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>73%</u>	<u>71%</u>	<u>69%</u>	<u>70%</u>	<u>74%</u>
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
CalPERS					
Proportion of the net pension liability	0.2297%	0.2153%	0.2153%	0.2101%	0.2102%
Proportionate share of the net pension liability	<u>\$ 66,955,435</u>	<u>\$ 57,407,934</u>	<u>\$ 51,396,096</u>	<u>\$ 41,487,302</u>	<u>\$ 30,976,787</u>
Covered payroll	<u>\$ 31,869,068</u>	<u>\$ 29,121,280</u>	<u>\$ 28,198,934</u>	<u>\$ 24,896,193</u>	<u>\$ 21,783,893</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>210.10%</u>	<u>197.13%</u>	<u>182.26%</u>	<u>166.64%</u>	<u>142.20%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>71%</u>	<u>72%</u>	<u>74%</u>	<u>79%</u>
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

Santa Clarita Community College District
Schedule of the District's Contributions for Pensions
Year Ended June 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
CalSTRS					
Contractually required contribution	\$ 9,686,710	\$ 9,998,924	\$ 8,473,894	\$ 6,852,982	\$ 6,518,447
Contributions in relation to the contractually required contribution	<u>(9,686,710)</u>	<u>(9,998,924)</u>	<u>(8,473,894)</u>	<u>(6,852,982)</u>	<u>(6,518,447)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 50,715,759</u>	<u>\$ 52,350,387</u>	<u>\$ 44,365,937</u>	<u>\$ 40,502,258</u>	<u>\$ 40,361,901</u>
Contributions as a percentage of covered payroll	<u>19.10%</u>	<u>19.10%</u>	<u>19.10%</u>	<u>16.92%</u>	<u>16.15%</u>
CalPERS					
Contractually required contribution	\$ 11,814,825	\$ 11,721,058	\$ 9,692,637	\$ 7,967,122	\$ 6,873,356
Contributions in relation to the contractually required contribution	<u>(11,814,825)</u>	<u>(11,721,058)</u>	<u>(9,692,637)</u>	<u>(7,967,122)</u>	<u>(6,873,356)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 43,677,726</u>	<u>\$ 43,932,001</u>	<u>\$ 38,205,112</u>	<u>\$ 34,775,740</u>	<u>\$ 33,204,618</u>
Contributions as a percentage of covered payroll	<u>27.050%</u>	<u>26.680%</u>	<u>25.370%</u>	<u>22.910%</u>	<u>20.700%</u>

Santa Clarita Community College District
Schedule of the District's Contributions for Pensions
Year Ended June 30, 2025

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
CalSTRS					
Contractually required contribution	\$ 6,755,103	\$ 6,288,844	\$ 5,288,934	\$ 4,141,508	\$ 3,342,600
Contributions in relation to the contractually required contribution	<u>(6,755,103)</u>	<u>(6,288,844)</u>	<u>(5,288,934)</u>	<u>(4,141,508)</u>	<u>(3,342,600)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 39,503,526</u>	<u>\$ 38,629,263</u>	<u>\$ 36,652,349</u>	<u>\$ 32,921,367</u>	<u>\$ 31,151,911</u>
Contributions as a percentage of covered payroll	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>
CalPERS					
Contractually required contribution	\$ 6,665,383	\$ 5,756,191	\$ 4,522,826	\$ 3,916,268	\$ 2,949,452
Contributions in relation to the contractually required contribution	<u>(6,665,383)</u>	<u>(5,756,191)</u>	<u>(4,522,826)</u>	<u>(3,916,268)</u>	<u>(2,949,452)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 33,798,403</u>	<u>\$ 31,869,068</u>	<u>\$ 29,121,280</u>	<u>\$ 28,198,934</u>	<u>\$ 24,896,193</u>
Contributions as a percentage of covered payroll	<u>19.721%</u>	<u>18.062%</u>	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>

Note 1 - Purpose of Schedules**Schedule of Changes in the District's Total OPEB Liability and Related Ratios**

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

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - The discount rate changed from 3.93% to 5.20% since the previous valuation.

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

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

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

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

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

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

Schedule of District Contributions for Pensions

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

Supplementary Information
June 30, 2025

**Santa Clarita
Community College District**

The Santa Clarita Community College District is a single college district established in November 1967 with two campuses: Valencia and Canyon Country. The Valencia Campus is comprised of an area of approximately 153 acres, and the Canyon Country Campus is comprised of an area of approximately 70 acres. Both campuses are located in Los Angeles County. There were no changes in the boundaries of the District during the current year. The District’s college is accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, which is one of six regional associations that accredit public and private schools, colleges, and universities in the United States.

Board of Trustees as of June 30, 2025

Member	Office	Term Expires
Sharlene Johnson	President	2028
Fred Arnold	Vice President	2028
Darlene Trevino	Clerk	2026
Edel Alonso	Member	2028
Dr. Carlos Guerrero	Member	2026

Administration as of June 30, 2025

David Andrus	Interim Superintendent/President
Jasmine Ruys	Assistant Superintendent/Vice President, Student Services
Omar Torres	Assistant Superintendent/Vice President, Instruction
Jason Hinkle	Interim Assistant Superintendent/Vice President, Business Services
Rian Medlin	Assistant Superintendent/Vice President, Human Resources
Erin Tague	Assistant Superintendent/Vice President, Facilities Planning, Operations, and Construction
Eric Harnish	Vice President, Public Information, Advocacy, and External Relations

Auxiliary Organizations in Good Standing

College of the Canyons Foundation, established in 1987
 Master Agreement entered into July 2019
 Shawna Mann, Foundation Executive Director

Santa Clarita Community College District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through California Department of Social Services Child and Adult Care Food Program	10.558	[1]	\$ 17,221
Passed through Los Angeles County Office of Education Schools and Roads Cluster Forest Reserve	10.665	[1]	<u>21,766</u>
Subtotal Schools and Roads Cluster			<u>21,766</u>
Supplemental Nutrition Assistance Program (SNAP) Cluster			
Passed through Chico State Enterprises State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	A-22-0055-S038	<u>17,132</u>
Subtotal SNAP Cluster			<u>17,132</u>
Total U.S. Department of Agriculture			<u>56,119</u>
Research and Development Cluster			
National Science Foundation			
Welding Education Smart Technology Program	47.076		107,420
RCN-UBE: The BUZZ: Engaging Community College Students in Native Bee Biodiversity Research	47.076		111,860
Improving Educational Outcomes at Two-year Colleges through Mentorships, Support Services, and Equitable Classroom Practices	47.076		256,051
Passed through Madison Area Technical College CREATE: Energy National Center	47.076	2201631	382,212
Passed through from Lorain County Community College Enhancing Welding Technician Education through the Continuation of the National Center of Welding Education as a Resource Center	47.076	2000539	11,000
The National Welding Hub for Advanced Welding Process and Training	47.076	2436592	8,622
Passed through Tunxis Community College Advanced Technology Education Grant for the National Center for Next Generations Manufacturing	47.076	COT-JB2359-2	<u>22,724</u>
Subtotal National Science Foundation			<u>899,889</u>
National Aeronautics and Space Administration (NASA)			
DEIA In Action: Engaging Under-Represented Populations through Community College Participation in NASA's Student-Oriented Sub-Orbital Flight Programs	43.001		35,531
NASA Next Level	43.001		<u>130,459</u>
Subtotal National Aeronautics and Space Administration (NASA)			<u>165,990</u>
Total Research and Development Cluster			<u>1,065,879</u>
Small Business Administration			
Passed through Long Beach City Community College District			
Small Business Development Centers	59.037	CN 99881.5	185,344
Small Business Development Centers	59.037	CN 99280	<u>76,833</u>
Total Small Business Administration			<u>262,177</u>

[1] Pass-Through Entity Identifying Number is unavailable.

Santa Clarita Community College District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of the Treasury			
Passed through Long Beach City Community College District COVID-19: State Small Business Credit Initiative Technical Assistance Grant Program	21.031	CN 990123	\$ 14,715
Passed through County of Los Angeles Department of Economic Opportunity COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	ARP-EMI-05	<u>287,726</u>
Total U.S. Department of the Treasury			<u>302,441</u>
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063		18,870,734
Federal Pell Grant Program Administrative Allowance	84.063		22,135
Federal Direct Student Loans	84.268		1,628,326
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		499,992
Federal Work-Study Program	84.033		407,850
Federal Work-Study Program Administrative Allowance	84.033		<u>60,523</u>
Subtotal Student Financial Assistance Cluster			<u>21,489,560</u>
TRIO Cluster			
Upward Bound - Veterans	84.047V		<u>266,577</u>
Subtotal TRIO Cluster			<u>266,577</u>
A Comprehensive Approach to Improving Latinx Student Access, Engagement and Success			
Passed through The University Corporation - CSUN Strengthening Equitable Culturally Responsive Environments (SECURE) for Student Success: Using a Servingness Model to Support Hispanic and Underrepresented Students	84.031S		538,904
	84.031S	A24-0022-S001	<u>26,979</u>
Subtotal			<u>565,883</u>
Child Care Access Means Parents in School (CCAMPIS)	84.335A		313,949
Passed through California Community Colleges Chancellor's Office			
Career and Technical Education Act (CTEA), Title I, Part C	84.048A	24-C01-660	556,708
Perkins V Reserve Innovation Grant	84.048	G0330	<u>12,973</u>
Subtotal			<u>569,681</u>
College of the Canyons Application for Congressionally Directed Awards - Advanced Technology Center	84.116Z		43,892
Santa Clarita Community College District Application for Congressionally Directed Awards (1 of 2) - Robotic Automation Production Lab and Simulation Center	84.116Z		353,605
Congressionally Directed Awards (2 of 2) - Equipment for Regional Fire Academy	84.116Z		881,593
College of the Canyons: Centers of Excellence for Veterans Student Success (CEVSS) Program	84.116G		<u>153,688</u>
Subtotal			<u>1,432,778</u>
Total U.S. Department of Education			<u>24,638,428</u>

Santa Clarita Community College District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
Passed through California Community Colleges Chancellor's Office Foster and Kinship Care Education	93.658	[1]	\$ 28,578
Child Care and Development Fund (CCDF) Cluster			
Passed through Yosemite Community College District Child Development Training Consortium	93.575	24-25-2888COC	16,100
Passed through California Department of Education Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	13609	2,680
Child Care and Development Block Grant	93.575	15136, 14551, 15557	30,818
Passed through California Department of Social Services			
COVID-19: CA State Preschool Program Reimbursement Rate Supplement AB185	93.575	[1]	5,778
COVID-19: CA State Preschool Program Rate Supplement AB110	93.575	[1]	12,387
COVID-19: CA State Preschool Program ARPA One Time Licensed Site Stipend (Valencia)	93.575	[1]	2,948
COVID-19: CA State Preschool Program ARPA One Time Licensed Site Stipend (CCC)	93.575	[1]	2,578
COVID-19: CA State Preschool Program One Time Stipend	93.575	[1]	58
Subtotal Child Care and Development Fund (CCDF) Cluster			<u>73,347</u>
Passed through California Community Colleges Chancellor's Office Temporary Assistance for Needy Families (TANF)	93.558	[1]	53,855
Passed through Los Angeles County Department of Public Social Services Temporary Assistance for Needy Families (TANF)	93.558	CCCP21-011	56,802
Subtotal			<u>110,657</u>
Total U.S. Department of Health and Human Services			<u>212,582</u>
U.S. Department of Energy			
Passed through Kern Community College District Central California Industrial Assessment Center (IAC)	81.117	DE-MS0000047	28,930
Total U.S. Department of Energy			<u>28,930</u>
U.S. Department of State			
Passed through Universidad Nacional Autonoma de Honduras (UNAH) English UP UNAH-Pilot Program Project	19.040	SHO80023FR0045	2,150
Total U.S. Department of State			<u>2,150</u>
Total Federal Financial Assistance			<u>\$ 26,568,706</u>

[1] Pass-Through Entity Identifying Number not available.

Santa Clarita Community College District
Schedule of Expenditures of State Awards
Year Ended June 30, 2025

Program	Program Revenues				Total Revenue	Program Expenditures
	Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue		
A2MEND	\$ 13,554	\$ -	\$ -	\$ 7,214	\$ 6,340	\$ 6,340
AANHPI Student Achievement Program	121,222	-	-	120,448	774	774
AANHPI Student Achievement Program prior years	280,297	-	-	276,445	3,852	3,852
AANHPI Student Achievement 1X funds	10,000	-	-	10,000	-	-
ADN Enrollment Growth	96,066	-	-	21,499	74,567	74,567
ADN Enrollment Growth	42,374	-	-	-	42,374	42,374
Allied Health Simulation Lab (College Specific Allocation)	1,000,000	-	-	982,718	17,282	17,282
Apprenticeship Demonstration Pathways	73,256	-	-	63,862	9,394	9,393
Basic Needs Center	484,132	-	-	-	484,132	382,886
Board Financial Assistance Program (BFAP)	836,387	-	-	-	836,387	779,887
CA College Promise AB19	1,687,932	-	-	-	1,687,932	1,706,568
CA Work Opportunities and Responsibilities	371,951	-	-	-	371,951	390,090
Cal Chaffee Grant	165,000	2,500	-	-	167,500	167,500
Cal Grant	2,829,911	68,273	-	-	2,898,184	2,898,184
California Adult Education Plan (CAEP) 23-24	148,323	254	-	-	148,577	148,577
California Adult Education Plan (CAEP) 24-25	400,957	-	-	-	400,957	400,957
California Apprenticeship Initiative New and Innovative Program ECE	-	71,351	-	-	71,351	71,351
Car and Innovative Program ECE	19,416	-	-	17,520	1,896	1,896
CCC eTranscript Mini Grant	1,244	-	-	1,244	-	-
Child Development - Child Nutrition	484	82	-	-	566	567
Child Development - Foster Parent	55,905	-	-	-	55,905	55,905
Child Development - General Childcare & Dev Programs	104,817	-	30,657	-	74,160	74,160
Child Development - State Preschool Contract	265,051	100,722	-	-	365,773	365,773
Closed Caption Grant - Distance Ed - Butte	119,853	-	-	119,853	-	-
Common Course Numbering	913,043	-	-	885,850	27,193	27,193
Cooperative Agency Res for Education (CARE)	169,894	-	-	-	169,894	200,638
COVID-19 Recovery Block Grant	3,699,433	-	-	576,859	3,122,574	3,122,574
Currently & Formerly Incarcerated Student Reentry Program	2,893	-	-	307	2,586	2,586
Culturally Responsive Pedagogy and Practices	153,307	-	-	28,064	125,243	125,242
Disabled Student Programs and Services	1,455,742	-	-	-	1,455,742	1,542,908
Dreamer Resource Liaison 24-25	140,902	-	-	-	140,902	178,613

Santa Clarita Community College District
Schedule of Expenditures of State Awards
Year Ended June 30, 2025

Program	Program Revenues				Total Revenue	Program Expenditures
	Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue		
EOO Best Practices	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,471
Employer Engagement	203,233	-	-	174,638	28,595	28,595
Ethnic Studies	48,695	-	-	-	48,695	48,695
Extended Opportunity Program and Services	892,876	-	-	-	892,876	974,822
Financial Aid Technology	64,116	-	-	-	64,116	58,611
Generative AI Professional Development	-	174,512	-	-	174,512	174,512
Guided Pathways	13,405	-	-	8,246	5,159	5,159
Highroad Training Partnership	111,375	108,628	-	-	220,003	220,003
Information Technology & Security	12,823	-	-	4,917	7,906	7,906
Information Technology & Security	175,000	-	-	149,130	25,870	25,870
Information Technology & Security CF	136,229	-	-	-	136,229	136,229
Common Cloud Data Platform	50,000	-	-	50,000	-	-
Information Technology & Security #2	509,594	-	-	450,359	59,235	59,235
Institutional Effectiveness and Technical Assistance (Year 11)	3,000,000	-	-	1,387,131	1,612,869	1,612,869
Institutional Effectiveness and Technical Assistance Carry Forward (Year 10)	1,178,130	2,051,768	-	-	3,229,898	3,229,898
Institutional Effectiveness and Technical Assistance Carry Forward (Year 9)	1,586,940	-	-	-	1,586,940	1,586,940
Institutional Equipment Support Block Grant	-	-	-	-	-	332,970
Institutional Support Services	574,969	-	-	-	574,969	574,969
Institutional Support Services	11,294	-	-	-	11,294	11,294
K-14 TAP Yr 5	54,773	-	-	-	54,773	54,772
K-14 TAP Yr 6	157,500	62,024	-	-	219,524	219,524
LGBTQ+	138,276	-	-	-	138,276	136,836
Library Services Platform	17,861	-	-	17,861	-	-
Mental Health Support	394,515	-	-	188,679	205,836	205,836
Mental Health Support #2	340,386	-	-	-	340,386	340,386
National Associate of Higher Education Systems (NASH)	5,000	-	-	-	5,000	5,000
Native American Student Success and Support Program	1,315,704	-	-	1,071,051	244,653	244,652
NextUp Program	362,960	-	-	-	362,960	547,747
OER Textbook Affordability AB798 #2	18,756	-	-	16,370	2,386	2,386
Pathway to Law	26,996	-	-	-	26,996	26,996
Placement and Completion AB1705	490,679	-	-	332,329	158,350	158,350

See Note to Supplementary Information

Santa Clarita Community College District
Schedule of Expenditures of State Awards
Year Ended June 30, 2025

Program	Program Revenues				Total Revenue	Program Expenditures
	Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue		
Program Pathways Mapper	\$ 20,000	\$ -	\$ -	\$ 20,000	\$ -	\$ -
Quality Start (QRIS)	23,774	-	-	-	23,774	23,774
Quality Start (QRIS) Infant Toddler #2	1,000	-	-	-	1,000	1,000
Quality Start (QRIS) Infant Toddler	600	-	-	-	600	600
Quality Start (QRIS) Preschool	3,767	-	-	-	3,767	3,767
Regional Center of Excellence	1,585,824	-	-	1,301,261	284,563	284,563
Rising Scholars	177,480	12,400	-	-	189,880	189,880
SB140 Preschool	83,106	-	-	83,106	-	-
SB140 Preschool One Time	3,000	-	-	3,000	-	-
SB140 Infant Toddler	28,644	-	-	28,644	-	-
SB140 Infant Toddler One Time	3,000	-	-	3,000	-	-
SBDC - GO Biz (CN 99878.6)	26,076	-	-	-	26,076	26,076
SBDC - GO Biz (CN 99875.8)	83,932	-	-	-	83,932	83,932
SBDC - GO Biz (CN 990203)	65,886	208,786	-	-	274,672	274,671
SBDC - GO Biz (CN 990223)	25,337	53,822	-	-	79,159	79,159
Staff Development	-	-	-	-	-	8,635
Staff Diversity	136,986	-	-	-	136,986	127,032
Strong Workforce Carry Forward	397,220	-	-	-	397,220	397,220
Strong Workforce Local Share	1,810,896	-	-	302,668	1,508,228	1,508,228
Strong Workforce Regional Share Round 6 & 9	784,130	-	-	627,020	157,110	157,110
Strong Workforce Regional Share Round 7	124,522	354,250	-	-	478,772	478,772
Strong Workforce Regional Share Rounds 8	691,998	-	-	10,978	681,020	680,947
Student Equity and Achievement Plan 2024-25	5,838,638	-	-	-	5,838,638	5,852,705
Student Food and Housing Support	-	-	-	-	-	362,151
Student Retention and Outreach	846,669	-	-	79,598	767,071	767,071
Student Success - Mesa Grant	419,393	-	-	145,243	274,150	274,150
Student Success - Mesa Grant CR	142,865	-	-	-	142,865	142,865
Student Success - Middle College HS (AOC)	264,368	-	-	178,678	85,690	85,690
Student Success Completion Grant	4,794,007	-	-	-	4,794,007	4,794,007
Student Transfer and Achievement	565,217	-	-	100,628	464,589	464,589
Veterans' Resource Center	135,763	-	-	-	135,763	185,542

See Note to Supplementary Information

Santa Clarita Community College District
Schedule of Expenditures of State Awards
Year Ended June 30, 2025

Program	Program Revenues				Total Revenue	Program Expenditures
	Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue		
Zero Textbook Cost Program	\$ 18,194	\$ -	\$ -	\$ 18,174	\$ 20	\$ 20
Zero Textbook Cost Program #2	163,313	-	-	152,492	10,821	10,820
Zero Textbook Cost Program Sustainable Design	167,307	-	-	113,217	54,090	54,090
Zero Textbook Cost Program-Land Survey	182,987	-	-	156,468	26,519	26,519
Zero Textbook Cost Program-water System Technology	197,106	-	-	148,720	48,386	48,386
Zero Textbook Cost Program - Impact Path 1	160,000	-	-	160,000	-	-
Zero Textbook Cost Program - Impact Path 2	160,000	-	-	160,000	-	-
Zero Textbook Cost Technical Assistance Provider	939,463	-	-	255,536	683,927	683,927
Total state programs	\$ 48,627,899	\$ 3,269,372	\$ 30,657	\$ 11,011,025	\$ 40,855,589	\$ 41,933,068

Santa Clarita Community College District
Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance
Year Ended June 30, 2025

CATEGORIES	Revised Reported Data**	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2024 only)			
1. Noncredit*	410.15	-	410.15
2. Credit	467.90	-	467.90
B. Summer Intersession (Summer 2025 - Prior to July 1, 2025)			
1. Noncredit*	34.78	-	34.78
2. Credit	17.92	-	17.92
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	3,956.47	-	3,956.47
(b) Daily Census Contact Hours	1,339.25	-	1,339.25
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	677.23	-	677.23
(b) Credit	840.79	-	840.79
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	2,389.66	-	2,389.66
(b) Daily Census Procedure Courses	3,213.32	-	3,213.32
(c) Noncredit Independent Study/Distance Education Courses	351.62	-	351.62
D. Total FTES	13,699.09	-	13,699.09
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	2,056.34	-	2,056.34
F. Basic Skills Courses and Immigrant Education			
1. Noncredit*	218.77	-	218.77
2. Credit	-	-	-
CCFS-320 Addendum			
CDCP Noncredit FTES	420.93	-	420.93
Centers FTES			
1. Noncredit*	23.98	-	23.98
2. Credit	1,093.62	-	1,093.62

*Including Career Development and College Preparation (CDCP) FTES.

**Annual report revised as of September 24, 2025.

Santa Clarita Community College District
 Reconciliation of *Education Code* Section 84362 (50% Law) Calculation
 Year Ended June 30, 2025

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	\$ 22,907,912	\$ -	\$ 22,907,912	\$ 23,042,453	\$ -	\$ 23,042,453
Other	1300	21,292,805	-	21,292,805	21,318,988	-	21,318,988
Total Instructional Salaries		44,200,717	-	44,200,717	44,361,441	-	44,361,441
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	8,346,287	-	8,346,287
Other	1400	-	-	-	2,001,496	-	2,001,496
Total Noninstructional Salaries		-	-	-	10,347,783	-	10,347,783
Total Academic Salaries		44,200,717	-	44,200,717	54,709,224	-	54,709,224
<u>Classified Salaries</u>							
Noninstructional Salaries							
Regular Status	2100	-	-	-	23,021,858	-	23,021,858
Other	2300	-	-	-	1,142,670	-	1,142,670
Total Noninstructional Salaries		-	-	-	24,164,528	-	24,164,528
Instructional Aides							
Regular Status	2200	2,484,099	-	2,484,099	2,484,099	-	2,484,099
Other	2400	670,671	-	670,671	701,473	-	701,473
Total Instructional Aides		3,154,770	-	3,154,770	3,185,572	-	3,185,572
Total Classified Salaries		3,154,770	-	3,154,770	27,350,100	-	27,350,100
Employee Benefits	3000	17,465,516	-	17,465,516	34,050,654	-	34,050,654
Supplies and Material	4000	-	-	-	581,258	-	581,258
Other Operating Expenses	5000	1,957,277	-	1,957,277	13,782,509	-	13,782,509
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures							
Prior to Exclusions		66,778,280	-	66,778,280	130,473,745	-	130,473,745

Santa Clarita Community College District
 Reconciliation of *Education Code* Section 84362 (50% Law) Calculation
 Year Ended June 30, 2025

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Exclusions</u>							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	\$ 1,534,111	\$ -	\$ 1,534,111	\$ 1,534,111	\$ -	\$ 1,534,111
Student Health Services Above Amount Collected	6441	-	-	-	13,914	-	13,914
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	1,062,094	-	1,062,094
Objects to Exclude							
Rents and Leases	5060	-	-	-	91,856	-	91,856
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-

Santa Clarita Community College District
 Reconciliation of *Education Code* Section 84362 (50% Law) Calculation
 Year Ended June 30, 2025

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	\$ -	\$ -	\$ -	\$ 2,777,239	\$ -	\$ 2,777,239
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		1,534,111	-	1,534,111	5,479,214	-	5,479,214
Total for ECS 84362, 50% Law		\$ 65,244,169	\$ -	\$ 65,244,169	\$ 124,994,531	\$ -	\$ 124,994,531
% of CEE (Instructional Salary Cost/Total CEE)		52.20%		52.20%	100.00%		100.00%
50% of Current Expense of Education					\$ 62,497,266		\$ 62,497,266

Santa Clarita Community College District
 Proposition 30 Education Protection Account (EPA) Expenditure Report
 Year Ended June 30, 2025

Activity Classification	Object Code				Unrestricted
EPA Revenues:	8630				\$ 26,977,550
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	\$ 26,977,550	\$ -	\$ -	\$ 26,977,550
Total Expenditures for EPA		\$ 26,977,550	\$ -	\$ -	\$ 26,977,550
Revenues Less Expenditures					\$ -

Santa Clarita Community College District
 Reconciliation of Governmental Funds to the Statement of Net Position
 June 30, 2025

Amounts reported for governmental activities in the Statement of Net Position are different because

Total fund balance and retained earnings		
General Funds	\$ 23,524,725	
Special Revenue Funds	9,652,603	
Capital Project Funds	74,568,470	
Debt Service Funds	18,570,460	
Internal Service Funds	<u>5,017,499</u>	
Total fund balance and retained earnings - all District funds		\$ 131,333,757
Lease receivables and deferred inflows of resources related to leases are reported in the Statement of Net Position, but were not reported in District's CCFS-311 report.		
Lease receivables	529,902	
Deferred inflows of resources related to leases	<u>(488,038)</u>	
		41,864
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	531,651,550	
Accumulated depreciation and amortization is	<u>(154,940,080)</u>	
Total capital assets, net		376,711,470
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the District's funds.		
Deferred outflows of resources at year-end consist of:		
Deferred outflows of resources related to debt refunding	9,548,199	
Deferred outflows of resources related to OPEB	1,918,849	
Deferred outflows of resources related to pensions	<u>46,526,670</u>	
Total deferred outflows of resources		57,993,718
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term liabilities is recognized when it is incurred.		
		(5,514,897)

Santa Clarita Community College District
 Reconciliation of Governmental Funds to the Statement of Net Position
 June 30, 2025

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities at year end consist of:

General obligation bonds and associated premiums	\$(378,910,261)
Certificates of participation and associated premiums	(4,512,799)
Leases	(636,535)
Subscription-based IT arrangements	(1,136,726)
Compensated absences	(34,307,474)
Early retirement plan	(6,100,914)
Other long term liability	(2,000,000)
Aggregate net other postemployment benefits (OPEB) liability	(17,255,619)
Aggregate net pension liability	(126,324,479)

In addition, the District has issued 'capital appreciation' general obligation bonds. The accretion of interest unmatured on the general obligation bonds to date is	(14,008,136)
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Total long-term liabilities	\$(585,192,943)
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Deferred inflows of resources represent an acquisition of net position in a future period and is not reported in the District's funds.

Deferred inflows of resources amount to and related to

Deferred inflows of resources related to OPEB	(5,926,481)
Deferred inflows of resources related to pensions	(9,763,137)

Total deferred inflows of resources	(15,689,618)
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Total net position (deficit)	\$ (40,316,649)
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Note 1 - Purpose of Schedules**District Organization**

This schedule provides information about the District's governing board members, administration members, and auxiliary organizations in good standing as of June 30, 2025.

Schedule of Expenditures of Federal Awards (SEFA)Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the SEFA) 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 SEFA 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, or cash flows of the District.

Summary of Significant Accounting Policies

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

Indirect Cost Rate

The District has not elected to use the 10% de minimis cost rate.

Schedule of Expenditures of State Awards

The accompanying schedule of expenditures of state awards includes the state grant activity of the District and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The information in this schedule is presented to comply with reporting requirements of the California Community Colleges Chancellor's Office.

Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance

FTES is a measurement of the number of students attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis for making apportionments of State funds to community college districts. This schedule provides information regarding the attendance of students based on various methods of accumulating attendance data.

Reconciliation of *Education Code* Section 84362 (50 Percent Law) Calculation

California *Education Code* section 84362 requires the District to expend a minimum of 50% of the unrestricted General Fund monies on salaries of classroom instructors. This is reported annually to the California Community Colleges Chancellor's Office. This schedule provides a reconciliation of the amount reported to the California Community Colleges Chancellor's Office and the impact of any audit adjustments and/or corrections noted during the audit.

Proposition 30 Education Protection Account (EPA) Expenditure Report

This schedule provides information about the District's EPA revenues and summarizes the expenditures of EPA revenues.

Reconciliation of Governmental Funds to the Statements of Net Position

This schedule provides a reconciliation of the adjustments necessary to bring the District's internal fund financial statements, prepared on a modified accrual basis, to the government-wide full accrual basis financial statements required under GASB Statements No. 34 and No. 35 business-type activities reporting model.

Independent Auditor's Reports
June 30, 2025

**Santa Clarita
Community College District**



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

To the Board of Trustees
Santa Clarita Community College District
Santa Clarita, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities of Santa Clarita Community College District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated February 11, 2026.

Adoption of New Accounting Standard

As discussed in Note 2 and 13 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, for the year ended June 30, 2025. Accordingly, a restatement has been made to the business-type activities net position as of July 1, 2024 to restate beginning net position. Our opinion is not modified with respect to this matter.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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. 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*.

We noted certain matters that we reported to management of the District in a separate letter dated February 11, 2026.

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.

A handwritten signature in black ink that reads "Erik Sully LLP". The signature is written in a cursive, flowing style.

Ontario, California
February 11, 2026



Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Trustees
Santa Clarita Community College District
Santa Clarita, California

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Santa Clarita Community College District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2025. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Santa Clarita Community College District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the 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.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Ontario, California
February 11, 2026



Independent Auditor's Report on State Compliance

To the Board of Trustees
Santa Clarita Community College District
Santa Clarita, California

Report on State Compliance

Opinion on State Compliance

We have audited Santa Clarita Community College District's (the District) compliance with the types of compliance requirements described in the 2024-2025 California Community Colleges Chancellor's Office *Contracted District Audit Manual* applicable to the state laws and regulations identified below, for the year ended June 30, 2025.

In our opinion, Santa Clarita Community College District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations identified below that were audited for the year ended June 30, 2025.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the 2024-2025 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's compliance with the requirements identified below.

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed in the table below has occurred, whether due to fraud or error, and express an opinion on the District’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the 2024-2025 California Community Colleges Chancellor’s Office *Contracted District Audit Manual* 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 listed in the table below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the 2024-2025 California Community Colleges Chancellor’s Office *Contracted District Audit Manual*, 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, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control over compliance. Accordingly, we express no such opinion.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any material noncompliance that we identify during the audit.

Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine the District’s compliance with state laws and regulations applicable to the following:

Section 411	SCFF Data Management Control Environment
Section 412	SCFF Supplemental Allocation Metrics
Section 413	SCFF Success Allocation Metrics
Section 421	Salaries of Classroom Instructors (50 Percent Law)
Section 423	Apportionment for Activities Funded From Other Sources
Section 424	Student Centered Funding Formula Base Allocation: FTES
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Dual Enrollment (CCAP)
Section 430	Scheduled Maintenance Program
Section 431	Gann Limit Calculation

Section 444	Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475	Disabled Student Programs and Services (DSPS)
Section 490	Propositions 1D and 51 State Bond Funded Projects
Section 491	Education Protection Account Funds
Section 492	Student Representation Fee
Section 494	State Fiscal Recovery Fund
Section 498	COVID-19 Recovery Block Grant Expenditures

The District reports no Apprenticeship Related and Supplemental Instruction (RSI) Funds; therefore, the compliance tests within this section were not applicable.

The District received no funding through Propositions 1D and 51 State Bond Funded Projects; therefore, the compliance tests within this section were not applicable.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the 2024-2025 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.



Ontario, California
February 11, 2026

Schedule of Findings and Questioned Costs
June 30, 2025

**Santa Clarita
Community College District**

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major program	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major program

Name of Federal Program or Cluster	Federal Financial Assistance Listing
Student Financial Assistance Cluster	84.007, 84.033, 84.063, 84.268
Dollar threshold used to distinguish between type A and type B programs	\$797,061
Auditee qualified as low-risk auditee?	Yes

STATE COMPLIANCE

Type of auditor's report issued on compliance for state programs	Unmodified
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None reported.

None reported.

None reported.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.



To Management and the Board of Trustees
Santa Clarita Community College District
Santa Clarita, California

In planning and performing our audit of the financial statements of Santa Clarita Community College District (the District) for the year ended June 30, 2025, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated February 11, 2026, on the financial statements of the District.

Journal Entry Process

Observation

When reviewing a sample of journal entries, it was noted that reviews were not consistently occurring.

Recommendation

It is our recommendation that the District review and update its journal entry procedures to ensure that all journal entries undergo a consistent review process.

We will review the status of the current year comments during our next audit engagement.

A handwritten signature in dark blue ink that reads "Eide Bailly LLP".

Ontario, California
February 11, 2026

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (this “Disclosure Undertaking”) is executed and delivered by the Santa Clarita Community College District (the “District”) as of _____, 2026 in connection with the execution and delivery of its General Obligation Bonds, Election of 2016, Series 2026-1 and General Obligation Bonds, Election of 2016, Series 2026-2 (Federally Taxable) (together, the “Bonds”). The Bonds are being issued pursuant to a Resolution adopted by the Board of Trustees of the District on January 21, 2026 (the “District Resolution”). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the District Resolution.

In consideration of the execution and delivery of the Bonds by the District and the purchase of such Bonds by the Underwriter described below, the District hereby covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the District for the benefit of the Bondholders and in order to assist Raymond James & Associates, Inc. (the “Underwriter”) in complying with Rule 15c2-12(b)(5) (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

SECTION 2. Additional Definitions. In addition to the above definitions and the definitions set forth in the District Resolution, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 4 and 5 of this Disclosure Undertaking.

“Bondholder” or “Holder” means any holder of the Bonds or any beneficial owner of the Bonds so long as they are immobilized with DTC.

“Commission” means the Securities and Exchange Commission.

“Dissemination Agent” shall initially be the District, or, any alternate or successor dissemination agent, designated in writing by the Interim Superintendent-President or the Interim Assistant Superintendent/Vice President, Business Services (or otherwise by the District), which Dissemination Agent has evidenced its acceptance in writing.

“Financial Obligation” as used in this Disclosure Undertaking is defined in the Rule as (i) a debt obligation; (ii) derivative instrument entered into in connection with, or pledged as a 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 MSRB consistent with the Rule.

“Listed Event” means any of the events listed in Section 6 of this Disclosure Undertaking.

“MSRB” shall mean the Municipal Securities Rulemaking Board, through its Electronic Municipal Market Access (“EMMA”) website located at <http://emma.msrb.org>, or any other entity designated or authorized by the Commission.

SECTION 3. CUSIP Numbers and Final Official Statement. The CUSIP Numbers for the Bonds have been assigned. The Final Official Statement relating to the Bonds is dated _____, 2026.

SECTION 4. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent (if other than the District), not later than nine months after the end of the District's fiscal year (currently ending June 30), on or prior to March 30, 2027, commencing with the report for the fiscal year ending June 30, 2026, to provide to the MSRB, in a format prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 5 of this Disclosure Undertaking. As of the date of this Certificate, the format prescribed by the MSRB is the Electronic Municipal Market Access system. Information regarding requirement for submissions to EMMA is available at <http://emma.msrb.org>.

The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 5 of this Disclosure Undertaking; provided that the audited financial statements of the District may be submitted, when and if available, separately from the balance of the relevant Annual Report. If the District does not have audited financial statements available when it submits the relevant Annual Report, it shall submit unaudited financial statements, as described in Section 5(a) below.

(b) Not later than 15 Business Days prior to the filing date required in paragraph (a) above for providing the Annual Report to the MSRB, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide to the MSRB an Annual Report by the date required in paragraph (a) above, the District shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent (if other than the District) shall:

- (i) determine each year prior to the date for providing the Annual Report the format for filing with the MSRB; and
- (ii) file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Undertaking, stating the date it was provided to the MSRB.

SECTION 5. Content of Annual Report. The District's Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 4(a) hereof, the financial information included in the Annual Report may be unaudited, and the District will provide audited financial information to the MSRB as soon as practical after it has been made available to the District.

(b) Material financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the audited financial statements described in paragraph (a) above):

- (i) State funding received by the District for the last completed fiscal year;
- (ii) Full-time equivalent students, or equivalent information, of the District for the last completed fiscal year;

- (iii) outstanding District indebtedness;
- (iv) summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the current fiscal year;
- (v) assessed valuation of taxable property in the District for the current fiscal year;
- (vi) twenty largest local taxpayers in the District in terms of their secured assessed valuations for the current fiscal year; and
- (vii) secured tax levy collections and delinquencies within the District for the last completed fiscal year, except to the extent the Teeter Plan, if adopted by Los Angeles County, applies to both the 1% general purpose *ad valorem* property tax levy and to the tax levy for general obligation bonds of the District.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the MSRB or to the Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each other document so incorporated by reference.

SECTION 6. Reporting of Designated Listed Events.

(a) The District agrees to provide or cause to be provided to the MSRB notice of the occurrence of any of the following events with respect to the Bonds not later than ten (10) Business Days after the occurrence of the event:

- (i) Principal and interest payment delinquencies;
- (ii) Unscheduled draws on any debt service reserves reflecting financial difficulties;
- (iii) Unscheduled draws on any credit enhancements reflecting financial difficulties;
- (iv) Substitution of credit or liquidity providers, or their failure to perform;
- (v) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
- (vi) Tender offers;
- (vii) Defeasances;
- (viii) Rating changes;
- (ix) Bankruptcy, insolvency, receivership or similar event of the District; or
- (x) 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.

For purposes of item (ix) above, the described event shall be deemed to occur when any of the following shall 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 other governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority have supervision or jurisdiction over substantially all of the assets or business of the District.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten (10) business days after the occurrence of the event:

(i) Unless described in paragraph 6(a)(v) hereof, other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

(ii) Modifications to rights of Owners;

(iii) Optional, unscheduled or contingent Bond calls;

(iv) Release, substitution or sale of property securing repayment of the Bonds, if applicable;

(v) Non-payment related defaults;

(vi) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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;

(vii) Appointment of a successor or additional Paying Agent or the change of name of a Paying Agent; or

(viii) Incurrence of a Financial Obligation, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect security holders.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 4 hereof, as provided in Section 4(b) hereof.

(d) If the District determines that the occurrence of a Listed Event described in Section 6(b) hereof is material under applicable federal security laws, the District shall within ten (10) business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections (a)(vii) or (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the District Resolution.

SECTION 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Undertaking shall terminate when the District is no longer an obligated person with respect to

the Bonds, as provided in the Rule, upon the defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 8. Dissemination Agent. The Interim Superintendent-President or Interim Assistant Superintendent/Vice President, Business Services may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist in carrying out the District's obligations under this Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is no other designated Dissemination Agent in place, the District shall act as the Dissemination Agent.

The Dissemination Agent, if other than the District, shall be paid compensation for its services provided hereunder, and reimbursement for its costs and expenses. The Dissemination Agent shall not be responsible for the form or content of any document provided by the District hereunder.

SECTION 9. Amendment. Notwithstanding any other provision of this Disclosure Undertaking, the District may amend this Disclosure Undertaking under the following conditions, provided no amendment to this Disclosure Undertaking shall be made that affects the rights, duties or obligations of the Dissemination Agent without its written consent:

(a) The amendment may be made only 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 the obligated person, or type of business conducted;

(b) This Disclosure Undertaking, as amended, would 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 amendment does not materially impair the interests of Holders, as determined either by parties unaffiliated with the District or another obligated person (such as the Bond Counsel) or by the written approval of the Bondholders; provided, that the Annual Report 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.

SECTION 10. Additional Information. If the District chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Undertaking, the District shall have no obligation under this Disclosure Undertaking to update such information or to include it in any future disclosure or notice of occurrence of a Designated Material Event.

Nothing in this Disclosure Undertaking shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Designated Material Event, in addition to that which is required by this Disclosure Undertaking.

SECTION 11. Default. The District shall give notice to the MSRB of any failure to provide the Annual Report when the same is due hereunder, which notice shall be given prior to July 1 of that year. In the event of a failure of the District to comply with any provision of this Disclosure Undertaking, any Bondholder 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 Undertaking. A default under this Disclosure Undertaking shall not be deemed an event of

default under the District Resolution, and the sole remedy under this Disclosure Undertaking in the event of any failure of the District to comply with this Disclosure Undertaking shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the District, the Dissemination Agent, the Underwriter and Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Record Keeping. The District shall maintain records of all Annual Reports and notices of material Listed Events including the content of such disclosure, the names of the entities with whom such disclosure were filed and the date of filing such disclosure.

SECTION 14. Governing Law. This Disclosure Undertaking shall be governed by the laws of the State of California, applicable to contracts made and performed in such State of California.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, Santa Clarita Community College District has executed this Continuing Disclosure Undertaking as of the date first set forth herein.

SANTA CLARITA COMMUNITY COLLEGE
DISTRICT

By: _____
Interim Assistant Superintendent/Vice President,
Business Services

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Santa Clarita Community College District

Name of Issue: \$_____ General Obligation Bonds, Election of 2016, Series 2026-1

\$_____ General Obligation Bonds, Election of 2016, Series 2026-2 (Federally Taxable)

Date of Issuance: _____, 2026

NOTICE IS HEREBY GIVEN that the above-named Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 4(a) of the Disclosure Undertaking dated as of _____, 2026. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

[ISSUER/DISSEMINATION AGENT]

By: _____

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC 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 Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedure" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Paying Agent, the District, the County 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, or interest in the Bonds.

General

The Depository Trust Company ("DTC") will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest 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 S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The foregoing internet address is included for reference only, and the information on this internet site is not incorporated by reference herein.*

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the 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 notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

Principal, premium, if any, 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 the 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, Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the 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.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Bonds are required to be printed and delivered in such principal amount or amounts, in authorized denominations, and registered in whatever name or names DTC shall designate.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). Discontinuance of use of the system of book-entry transfers through DTC may require the approval of DTC Participants under DTC's operational arrangements. In that event, printed certificates for the Bonds will be printed and delivered in such principal amount or amounts, in authorized denominations, and registered in whatever name or names DTC shall designate.

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

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

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

The principal of the Bonds and any premium and interest upon the redemption thereof prior to the maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the office of the Paying Agent, initially U.S. Bank Trust Company, National Association. Interest on the Bonds will be paid by the Paying Agent by check or draft mailed to the person whose name appears on the registration books of the Paying Agent as the registered owner, and to that person's address appearing on the registration books as of the close of business on the Record Date. At the written request of any registered owner of at least \$1,000,000 in aggregate principal, payments shall be wired to a bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for a Bond of any authorized denomination of the same tenor, maturity and principal or denominational amount upon presentation and surrender at the principal corporate trust office of the Paying Agent, initially U.S. Bank Trust Company, National Association, together with a request for exchange signed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only on the Bond registration books upon presentation and surrender of the Bond at such office of the Paying Agent together with an assignment executed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of any authorized denomination or denominations requested by the owner equal in the aggregate to the unmatured principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required to exchange or transfer any Bond during the period from the Record Date through the next Interest Payment Date.

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APPENDIX F

THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS

The following information concerning the Los Angeles County Treasury Pool (the “Treasury Pool”) has been provided by the Treasurer and Tax Collector (the “Treasurer”) of Los Angeles County (the “County”) and has not been confirmed or verified by either the District or the Underwriter (each as defined in the forepart of this Official Statement). Moreover, neither the District nor the Underwriter makes any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date.

The Treasury Pool general information and portfolio statistics can be found at <https://ttc.lacounty.gov/monthly-reports/>. The foregoing internet address is included for reference only, and the information on such internet site is not incorporated by reference herein.

In accordance with California Government Code Section 53600 et seq., the Treasurer manages funds deposited with it by the District. The County is required to invest such funds in accordance with California Government Code Section 53635 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.

All investments in the Treasurer’s investment portfolio conform to the statutory requirements of California Government Code Section 53635 et seq., authorities delegated by the County Board of Supervisors and the Treasurer’s investment policy.

Neither the District nor the Underwriter has made an independent investigation of the investments in the Treasury Pool and have made no assessment of the current County investment policy. The value of the various investments in the Treasury Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the County Board of Supervisors, may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Treasury Pool will not vary significantly from the values described as attached hereto.

[SEE ATTACHED]

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ELIZABETH BUENROSTRO GINSBERG
TREASURER AND TAX COLLECTOR

**COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR**

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 437
Los Angeles, California 90012
Telephone: (213) 974-2101 Fax: (213) 626-1812
ttc.lacounty.gov and propertytax.lacounty.gov

Board of Supervisors

HILDA L. SOLIS
First District

HOLLY J. MITCHELL
Second District

LINDSEY P. HORVATH
Third District

JANICE HAHN
Fourth District

KATHRYN BARGER
Fifth District

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

March 11, 2025

18 March 11, 2025

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

EDWARD YEN
EXECUTIVE OFFICER

Dear Supervisors:

**DELEGATION OF AUTHORITY TO INVEST AND
ANNUAL ADOPTION OF THE TREASURER AND TAX COLLECTOR
INVESTMENT POLICY
(ALL DISTRICTS) (3-VOTES)**

SUBJECT

Delegation of authority to invest and reinvest County funds and funds of other depositors in the County Treasury to the Treasurer and Tax Collector (Treasurer), and adoption of the Treasurer and Tax Collector Investment Policy.

IT IS RECOMMENDED THAT THE BOARD:

1. Delegate the authority to the Treasurer to invest and reinvest County funds and funds of other depositors in the County Treasury.
2. Adopt the attached Treasurer and Tax Collector Investment Policy (Investment Policy).

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The requested actions allow the Treasurer to continue to invest County funds and funds of other depositors in the County Treasury pursuant to the Investment Policy. On March 19, 2024, pursuant to Government Code (GC) Section 27000.1, and subject to GC Section 53607, your Board delegated to the Treasurer the annual authority to invest and reinvest funds of the County and funds of other depositors in the County Treasury. GC Section 27000.1 states that subsequent to your Board's delegation, the Treasurer shall thereafter assume full responsibility for those transactions until your Board either revokes its delegation of authority, by ordinance, or decides not to renew the annual delegation, as provided in GC Section 53607. This action requests renewal of the annual delegation.

GC Section 53646 permits your Board to annually approve the Investment Policy. The primary objectives of the Investment Policy, in priority order, are to maintain the safety of principal, to provide liquidity, and to achieve a return on funds invested. These objectives align with those in State law. Each year, my office reviews the Investment Policy to incorporate changes deemed necessary to meet our primary objectives and to ensure that it aligns with any changes in the GC.

Based on our analysis and in consideration of current market conditions, we recommend no changes to the Investment Policy for 2025. However, we have provided the annual update to the limitation calculation for intermediate-term, medium-term, and long-term holdings (Attachment III).

Update on Environmental, Social and Corporate Governance (ESG)

On March 9, 2021, your Board approved changes to the Investment Policy in areas related to the consideration of Environmental, Social and Corporate Governance (ESG). Consistent with the 2021 Investment Policy, we incorporated Sustainalytics ESG scores as part of our analysis of investment issuers and have taken action to reduce investments if an issuer's composite ESG score is weaker than the median score for its industry. To date, the consideration of ESG scores in determining our issuers' investment limits has not impacted the County Treasury's return on investments.

In Fiscal Year (FY) 2023-24, the percentage of approved issuers with ESG scores increased to 58%, from 57% the prior year. Our purchase volume from issuers with ESG scores increased, from \$30.3 billion in FY 2022-23, to \$33.2 billion in FY 2023-24. This increase is largely attributable to the growth in the investment pool size.

Implementation of Strategic Plan Goals

The recommended action supports County Strategic Plan North Star 3, Realize tomorrow's government today; Focus Area Goal G, Internal Controls and Processes; Strategy ii. Manage and Maximize County Assets.

FISCAL IMPACT/FINANCING

The investment of surplus County funds and funds of other depositors allows these funds to earn a return which is credited to the depositor, net of administrative expenses.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Pursuant to GC Section 27000.1, your Board may delegate by ordinance the authority to invest and reinvest funds of the County and funds of other depositors in the County Treasury to the Treasurer. On January 23, 1996, your Board adopted Ordinance 96-0007 adding Los Angeles County Code Section 2.52.025, which delegated such authority to the Treasurer, subject to annual renewal pursuant to GC Section 53607. GC 53646 permits the Treasurer to render annually to your Board a statement of Investment Policy, to be reviewed and approved at a public meeting. This GC Section also requires that any change in the Investment Policy be submitted to your Board for review and approval at a public meeting.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact on current services.

The Honorable Board of Supervisors

3/11/2025

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Respectfully submitted,

A handwritten signature in cursive script that reads "Elizabeth B. Ginsberg". The signature is written in black ink and is positioned above the printed name.

ELIZABETH BUENROSTRO GINSBERG

Treasurer and Tax Collector

EBG:LP:DJJ:JK:bp

Enclosures

c: Chief Executive Officer
Executive Officer, Board of Supervisors
Auditor-Controller
County Counsel

**COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR
INVESTMENT POLICY**

Authority to Invest

Pursuant to Government Code Section 27000.1 and Los Angeles County Code 2.52.025, the Los Angeles County Board of Supervisors has delegated to the Treasurer the authority to invest and reinvest the funds of the County and the funds of other depositors in the County Treasury.

Fundamental Investment Policy

The Treasurer, a trustee, is inherently a fiduciary and subject to the prudent investor standard. Accordingly, when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing investments, the investment decisions SHALL be made with the care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity would use with like aims.

All investments SHALL be governed by the Government Code and comply with the specific limitations set forth within this Investment Policy. Periodically, it may be necessary and prudent to make investment decisions beyond the limitations set forth in the Investment Policy that are otherwise permissible by California Government Code. In these special circumstances, ONLY the Treasurer is permitted to give written approval to operate outside the limitations set forth within this Investment Policy.

Pooled Surplus Investment Portfolio

The Treasurer SHALL establish and maintain a Pooled Surplus Investment (PSI) portfolio. The PSI portfolio SHALL be used to provide safe, liquid investment opportunities for pooled surplus funds deposited into the County Treasury.

The investment policies of the PSI portfolio SHALL be directed by and based on three prioritized objectives. The primary objective SHALL be to ensure the safety of principal. The secondary objective SHALL be to meet the liquidity needs of the PSI participants, which might be reasonably anticipated. The third objective SHALL be to achieve a return on funds invested, without undue compromise of the first two objectives.

PSI revenue/loss distribution SHALL be shared on a pro-rata basis with the PSI participants. PSI revenue/loss distribution will be performed monthly, net of administrative costs authorized by Government Code Section 27013 which includes employee salaries and benefits and services and supplies, for investing, depositing or handling funds, and the distribution of interest income, based on the PSI participants' average daily fund balance as recorded on the Auditor-Controller's accounting records. Administrative costs SHALL be deducted from the monthly PSI revenue/loss distribution on the basis of one-twelfth of the budgeted costs and adjusted periodically to actual costs.

Investments purchased with the intent to be held to maturity SHALL be accounted for in the Non-Trading partition of the PSI portfolio. Investments purchased with the intent to be sold prior to maturity SHALL be accounted for in the Trading partition of the PSI portfolio. The investments in the Trading partition SHALL NOT exceed \$500 million without specific written approval of the Treasurer.

In the event that a decision is made to transfer a given security from one partition to another, it MAY be transferred at cost; however, the difference between the market value, exclusive of accrued interest, at the time of transfer and the purchase price, exclusive of accrued interest, SHALL be computed and disclosed as unrealized profit or loss.

All PSI investments SHALL be categorized according to the period of time from settlement date to maturity date as follows:

- SHORT-TERM investments are for periods of up to ONE YEAR.
- INTERMEDIATE-TERM investments are for periods of ONE YEAR to THREE YEARS.
- MEDIUM-TERM investments are for periods of over THREE YEARS to FIVE YEARS.
- LONG-TERM investments are for periods of over FIVE YEARS.

PSI investments SHALL be limited to the short-term category except that the Investment Office of the Treasurer's Office MAY make PSI investments in accordance with the limitations imposed in Attachments I, II, III, and IV (all of which are attached hereto and incorporated by this reference.)

The weighted average maturity target of the PSI portfolio is a range between 1.0 and 4.0 years. For purposes of maturity classification, the maturity date SHALL be the nominal maturity date or the unconditional put option date, if one exists.

The total PSI portfolio investments with maturities in excess of one year SHALL NOT exceed 75% of the last 24 months' average total cash and investments, after adjustments, as indicated in Attachment III.

Business Continuity Plan

The Treasurer's Business Continuity Plan (BCP) serves to sustain the performance of mission-critical Treasury functions in the event of a local or widespread emergency. The BCP includes written guidelines to perform critical Treasury functions, contact

information for key personnel, authorized bank representatives and broker/dealers. The Treasurer's Office implemented its BCP in 2007.

Liquidity of PSI Investments

Short-term liquidity SHALL further be maintained and adjusted monthly so that sufficient anticipated cash is available to fully meet unanticipated withdrawals of discretionary deposits, adjusted for longer-term commitments, within 90 days.

Such liquidity SHALL be monitored where, at the beginning of each month, the par value for maturities in the next 90 days plus projected PSI deposits for 90 days, divided by the projected PSI withdrawals for 90 days plus discretionary PSI deposits, is equal to or greater than one.

The liquidation of investments is not required solely because the discretionary liquidity withdrawal ratio is less than one; however, investments SHALL be limited to a maximum maturity of 30 days until such time as the discretionary liquidity withdrawal ratio is equal to or greater than one.

The sale of any PSI instrument purchased in accordance with established policies is not required solely because an institution's credit rating is lowered after the purchase of the instrument.

Specific Purpose Investment Portfolio

The Treasurer SHALL maintain a Specific Purpose Investment (SPI) portfolio to manage specific investment objectives of the SPI participants. Specific investments may be made with the approval of the requesting entity's governing body and the approval of the Treasurer. Revenue/loss distribution of the SPI portfolio SHALL be credited to the specific entity for which the investment was made. The Treasurer reserves the right to establish and charge the requesting entity fees for maintaining the entity's SPI portfolio.

Investments SHALL be limited to the short-term category, as defined above in the previous section for PSI investments, except when requested by a depositing entity and with the approval of the Treasurer, a longer term investment MAY be specifically made and held in the SPI portfolio.

The sale of any SPI instrument purchased in accordance with established policies is not required solely because an institution's credit rating is lowered after the purchase of the instrument.

Execution, Delivery, and Monitoring of Investments

The Treasurer SHALL designate, in writing, personnel authorized to execute investment transactions.

All transactions SHALL be executed on a delivery versus payment basis.

The Treasurer or his authorized designees, in purchasing or obtaining any securities in a negotiable, bearer, registered, or nonregistered format, requires delivery of the securities to the Treasurer or designated custodial institution, by book entry, physical delivery, or by third party custodial agreement.

All investment transactions made by the Investment Office SHALL be reviewed by the Internal Controls Branch to assure compliance with this Investment Policy.

Reporting Requirements

The Treasurer SHALL provide the Board of Supervisors with a monthly report consisting of, but not limited to, the following:

- All investments detailing each by type, issuer, date of maturity, par value, historical cost, market value and the source of the market valuation.
- Month-end bank balances for accounts under the control of the Treasurer.
- A description of funds, investments, or programs that are under the management of contracted parties, including lending programs for the Treasurer.
- A description of all investment exceptions, if any, to the Investment Policy.
- A statement denoting the ability of the PSI portfolio to meet the anticipated cash requirements for the participants for the next six months.

Discretionary Treasury Deposits and Withdrawal of Funds

At the sole discretion of the Treasurer, PSI deposits may be accepted from local agencies not required to deposit their funds with the Los Angeles County Treasurer, pursuant to Government Code Section 53684.

At the time such deposits are made, the Treasurer may require the depositing entity to provide annual cash flow projections or an anticipated withdrawal schedule for deposits in excess of \$1 million. Such projections may be adjusted periodically as prescribed by the Treasurer but in no event less than semi-annually.

In accordance with Government Code Section 27136, all requests for withdrawal of such funds, for the purpose of investing or depositing these funds elsewhere SHALL be evaluated, prior to approving or disapproving the request, to ensure that the proposed withdrawal will not adversely affect the principal deposits of the other PSI participants.

If it is determined that the proposed withdrawal will negatively impact the principal deposits of the other PSI participants, the Treasurer may delay such withdrawals until the impact can be mitigated.

Broker/Dealers Section

Broker/Dealers SHALL be limited to primary government dealers as designated by the Federal Reserve Bank or institutions meeting one of the following:

- A. Broker/Dealers with minimum capitalization of \$500 million and who meet all five of the below listed criteria:
 - 1. Be licensed by the State as a Broker/Dealer, as defined in Section 25004 of the Corporations Code, or a member of a Federally regulated securities exchange and;
 - 2. Be a member of the Financial Industry Regulatory Authority and;
 - 3. Be registered with the Securities and Exchange Commission and;
 - 4. Have been in operation for more than five years; and
 - 5. Have a minimum annual trading volume of \$100 billion in money market instruments or \$500 billion in United States (U.S.) Treasuries and Agencies.

- B. Emerging firms that meet all of the following:
 - 1. Be licensed by the State as a Broker/Dealer, as defined in Section 25004 of the Corporations Code, or a member of a Federally regulated securities exchange and;
 - 2. Maintain office(s) in California and;
 - 3. Maintain a minimum capitalization of \$250,000 and, at the time of application, have a maximum capitalization of no more than \$10 million.

Commercial Paper and Negotiable Certificates of Deposit may be purchased directly from issuers approved by the Treasurer.

An approved Treasurer Broker/Dealer list SHALL be maintained. Firms SHALL be removed from the approved Broker/Dealer list and trading suspended with firms failing to accurately and timely provide the following information:

- A. Confirmation of daily trade transactions and all open trades in effect at month-end.
- B. Response to auditor requests for confirmation of investment transactions.
- C. Response to the Internal Controls Branch requests for needed information.

Honoraria, Gifts, and Gratuities Limitations

The Treasurer, Chief Deputy Treasurer and Tax Collector and designated Treasurer and Tax Collector employees SHALL be governed by the provision of the State's Political Reform Act, the Los Angeles County Code relating to Lobbyists, and the Los Angeles County Code relating to post government employment of County officials.

Investment Limitations

The Investment Office SHALL NOT invest in inverse floating rate notes, range notes, or interest only strips that are derived from a pool of mortgages.

The Investment Office SHALL NOT invest in any security that could result in zero interest if held to maturity.

For investment transactions in the PSI portfolio, the Investment Office SHALL obtain approval of the Treasurer before recognizing any loss exceeding \$100,000 per transaction, calculated using amortized cost.

Proceeds from the sale of notes or funds set aside for the repayment of notes SHALL NOT be invested for a term that exceeds the term of the notes. Funds from bond proceeds may be invested in accordance with Government Code Section 53601(m), which permits investment according to the statutory provisions governing the issuance of those bonds, or in lieu of any statutory provisions to the contrary, in accordance with the approved financing documents for the issuance.

Consideration of Environmental, Social, and Corporate Governance (ESG) Scores

The Treasurer considers that environmental, social and governance (ESG) factors may financially impact the safety, liquidity and yield of investment opportunities. The Treasurer therefore may pursue pragmatic and cost-effective means to consider such factors to fulfill the objectives set forth for the PSI Portfolio.

The Treasurer may also seek to further the County's sustainability goals and enhance the transition to a green economy, consistent with the County's Sustainability Plan, Our County, in its investment decisions, as long as such investments achieve substantially equivalent safety, liquidity and yield compared to other investment opportunities.

Permitted Investments

Permitted Investments SHALL be limited to the following:

A. Obligations of the U.S. Government, its agencies and instrumentalities

1. Maximum maturity: None.
2. Maximum total par value: None.
3. Maximum par value per issuer: None.
4. Federal agencies: Additional limits in Section G apply if investments are Floating Rate Instruments.

B. Municipal Obligations from the approved list of municipalities (Attachment IV)

1. Maximum maturity: As limited in Attachment IV.
2. Maximum total par value: 10% of the PSI portfolio.

C. Asset-Backed Securities

1. Maximum maturity: Five years.
2. Maximum total par value: 20% of the PSI portfolio.
3. Maximum par value per issuer: Per limits outlined in Attachment I for issuer's current credit rating.
4. All Asset-Backed securities must be rated in a rating category of "AA" or its equivalent or better rating and the issuer's corporate debt rating must be in a rating category of "A" or its equivalent or better by a Nationally Recognized Statistical Rating Organization (NRSRO).

D. Bankers' Acceptance Domestic and Foreign

1. Maximum maturity: 180 days and limits outlined in Attachment I for issuer's current credit rating.
2. Maximum total par value: 40% of the PSI portfolio.
3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.
4. The aggregate total of Bankers' Acceptances and Negotiable Certificates of Deposits SHALL NOT exceed:
 - a) The total shareholders' equity of depository bank.
 - b) The total net worth of depository bank.

E. Negotiable Certificates of Deposit (CD)

1. Maximum maturity: Three years and limits outlined in Attachment I for issuer's current credit rating.
2. Maximum total par value: Aggregate total of Domestic and Euro CD's are limited to 30% of the PSI portfolio.
3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.
4. Must be issued by:
 - a) National or State-chartered bank, or
 - b) Savings association or Federal association, or
 - c) Federal or State credit union, or
 - d) Federally licensed or State-licensed branch of a foreign bank.
5. Euro CD's:
 - a) Maximum maturity: One year and limits outlined in Attachment I for issuer's current credit rating.

- b) Maximum total par value: 10% of the PSI portfolio.
 - c) Maximum par value per issuer: Per limits outlined in Attachment I for issuer's current credit rating.
 - d) Limited to London branch of National or State-chartered banks.
6. The aggregate total of Bankers Acceptances and Negotiable Certificates of Deposits SHALL NOT exceed:
- a) The total shareholders' equity of depository bank.
 - b) The total net worth of the depository bank.

F. Corporate and Depository Notes

- 1. Maximum maturity: Three years and limits outlined in Attachment I for the issuer's current credit rating.
- 2. Maximum total par value: 30% of the PSI portfolio.
- 3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.
- 4. Notes MUST be issued by:
 - a) Corporations organized and operating within the U.S.
 - b) Depository institutions licensed by the U.S or any State and operating within the U.S.
- 5. Additional limits in Section G apply if note is a Floating Rate Note Instrument.

G. Floating Rate Notes

Floating Rate Notes included in this category are defined as any instrument that has a coupon or interest rate that is adjusted periodically due to changes in a base or benchmark rate.

- 1. Maximum maturity: Seven years, provided that Board of Supervisors' authorization to exceed maturities in excess of five years is in effect, of which a maximum of \$100 million par value may be greater than five years to maturity.

2. Maximum total par value: 10% of the PSI portfolio.
3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.
4. Benchmarks SHALL be limited to commercially available U.S. dollar denominated indexes.
5. The Investment Office SHALL obtain the prospectus or the issuer term sheet prior to purchase for all Floating Rate Notes and SHALL include the following on the trade ticket:
 - a) Specific basis for the benchmark rate.
 - b) Specific computation for the benchmark rate.
 - c) Specific reset period.
 - d) Notation of any put or call provisions.

H. Commercial Paper

1. Maximum maturity: 270 days and limits outlined in Attachment I for the issuer's current credit rating.
2. Maximum total par value: 40% of the PSI portfolio.
3. Maximum par value per issuer: The lesser of 10% of the PSI portfolio or the limits outlined in Attachment I for the issuer's current credit rating.
4. Credit: Issuing Corporation - Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (a) or paragraph (b):
 - a) The entity meets the following criteria:
 - 1) Is organized and operating in the U.S. as a general corporation.
 - 2) Has total assets in excess of \$500 million.
 - 3) Has debt other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by a NRSRO.

b) The entity meets the following criteria:

- 1) Is organized in the U.S. as a Limited Liability Company or Special Purpose Corporation.
- 2) Has program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond.
- 3) Has commercial paper that is rated "A-1" or higher, or the equivalent, by a NRSRO.

I. Shares of Beneficial Interest

1. Money Market Fund (MMF) - Shares of beneficial interest issued by diversified management companies known as money market mutual funds, registered with the Securities and Exchange Commission in accordance with Section 270.2a-7 of Title 17 of the Code of Federal Regulation. The company SHALL have met either of the following criteria:

- a) Attained the highest possible rating by not less than two NRSROs.
- b) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized in Government Code Section 53601 and with assets under management in excess of five hundred million dollars (\$500,000,000).

Maximum total par value: 15% of the PSI portfolio. However, no more than 10% of the PSI may be invested in any one fund.

2. State of California's Local Agency Investment Fund (LAIF) pursuant to Government Code Section 16429.1.

3. Trust Investments – Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in securities and obligations authorized in Section 53601 (a) to (o) of the Government Code. To be eligible, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

- a) The adviser is registered or exempt from registration with the Securities and Exchange Commission.
- b) The adviser has not less than five years of experience investing in the

securities and obligations authorized in Section 53601 (a) to (o) of the Government Code.

- c) The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

J. Repurchase Agreement

1. Maximum maturity: 30 days.
2. Maximum total par value: \$1 billion.
3. Maximum par value per dealer: \$500 million.
4. Agreements must be in accordance with approved written master repurchase agreement.
5. Agreements must be fully secured by obligations of the U.S. Government, its agencies and instrumentalities. The market value of these obligations that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities and the value shall be adjusted no less than monthly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102% no later than the next business day. If a repurchase agreement matures the next business day after purchase, the repurchase agreement is not out of compliance with this collateralization requirement if the value of the collateral falls below the 102% requirement at the close of business on settlement date.

K. Reverse Repurchase Agreement

1. Maximum term: One year.
2. Maximum total par value: \$500 million. Maximum par value is limited to a combined total of reverse repurchase agreements and securities lending agreements of 20% of the base value of the portfolio.
3. Maximum par value per broker: \$250 million.
4. Dealers limited to those primary dealers or those Nationally or State chartered banks that have a significant banking relationship with the County as defined in Government Code Section 53601(j)(4)(B) approved specifically by the

Treasurer.

5. Agreements SHALL only be made for the purpose of enhancing investment revenue.
6. Agreements must be in accordance with approved written master repurchase agreement.
7. Securities eligible to be sold with a simultaneous agreement to repurchase SHALL be limited to obligations of the U.S. Government and its agencies and instrumentalities.
8. The security to be sold on a reverse repurchase agreement SHALL have been owned and fully paid for by the Treasurer for a minimum of 30 days prior to sale.
9. The proceeds of the reverse repurchase agreement SHALL be invested in authorized instruments with a maturity less than 92 days unless the agreement includes a codicil guaranteeing a minimum earning or spread to maturity.
10. The proceeds of the reverse repurchase agreement SHALL be invested in instruments with maturities occurring at or before the maturity of the reverse repurchase agreement.
11. In no instance SHALL the investment from the proceeds of a reverse repurchase agreement be sold as part of a subsequent reverse repurchase agreement.

L. Forwards, Futures and Options

Forward contracts are customized contracts traded in the Over The Counter Market where the holder of the contract is OBLIGATED to buy or sell a specific amount of an underlying asset at a specific price on a specific future date.

Future contracts are standardized contracts traded on recognized exchanges where the holder of the contract is OBLIGATED to buy or sell a specific amount of an underlying asset at a specific price on a specific future date.

Option contracts are those traded in either the Over The Counter Market or recognized exchanges where the purchaser has the RIGHT but not the obligation to buy or sell a specific amount of an underlying asset at a specific price within a specific time period.

1. Maximum maturity: 90 days.
2. Maximum aggregate par value: \$100 million.
3. Maximum par value per counterparty: \$50 million. Counterparties for Forward and Option Contracts limited to those on the approved Treasurer and Tax Collector list and must be rated "A" or better from at least one nationally recognized rating agency.
4. The underlying securities SHALL be an obligation of the U.S. Government and its agencies and instrumentalities.
5. Premiums paid to an option seller SHALL be recognized as an option loss at the time the premium is paid and SHALL not exceed \$100,000 for each occurrence or exceed a total of \$250,000 in any one quarter. Premiums received from an option purchase SHALL be recognized as an option gain at the time the premium is received.
6. Complex or hybrid forwards, futures or options defined as agreements combining two or more categories are prohibited unless specific written approval of the Treasurer is obtained PRIOR to entering into the agreement.
7. Open forward, future, and option contracts SHALL be marked to market weekly and a report SHALL be prepared by the Internal Controls Branch.
8. In conjunction with the sale of bonds, the Treasurer MAY authorize exceptions to maturity and par value limits for forwards, futures and options.

M. Interest Rate Swaps

Interest Rate Swaps SHALL be used only in conjunction with the sale of bonds approved by the Board of Supervisors. In accordance with Government Code Section 53534, these agreements SHALL be made only if all bonds are rated in one of the three highest rating categories by two nationally recognized rating agencies and only upon receipt, from any rating agency rating the bonds, of written evidence that the agreement will not adversely affect the rating. Further, the counterparty to such an agreement SHALL be rated "A" or better from at least one nationally recognized rating agency selected by the Treasurer, or the counterparty SHALL provide an irrevocable letter of credit from an institution rated "A" or better from at least one nationally recognized rating agency acceptable to the Treasurer.

N. Securities Lending Agreement

Securities lending agreements are agreements under which the Treasurer agrees to transfer securities to a borrower who, in turn agrees to provide collateral to the Treasurer. During the term of the agreement, both the securities and the collateral are held by a third party. At the conclusion of the agreement, the securities are transferred back to the Treasurer in return for the collateral.

1. Maximum term: 180 days.
2. Maximum par value: Maximum par value is limited to a combined total of reverse repurchase agreements and securities lending agreements of 20% of the base value of the portfolio.
3. Dealers limited to those primary dealers or those Nationally or State chartered banks that have a significant banking relationship with the County as defined in Government Code Section 53601(j)(4)(B) approved specifically by the Treasurer.
4. Agreements SHALL only be made for the purpose of enhancing investment revenue.
5. Securities eligible to be sold with a simultaneous agreement to repurchase SHALL be limited to obligations of the U.S. Government and its agencies and instrumentalities.
6. The security to be sold on securities lending agreement SHALL have been owned and fully paid for by the Treasurer for a minimum of 30 days prior to sale.
7. The proceeds of the securities lending agreement SHALL be invested in authorized instruments with a maturity less than 92 days unless the agreement includes a codicil guaranteeing a minimum earning or spread to maturity.
8. In no instance SHALL the investment from the proceeds of a securities lending agreement be sold as part of a subsequent reverse repurchase agreement or securities lending agreement.

O. Supranationals

Supranationals are multilateral lending institutions that provide development financing, advisory services and other financial services to their member

countries to promote improved living standards through sustainable economic growth.

Supranational investments are U.S. dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by any of the supranational institutions identified in Government Code Section 53601(q), with a maximum remaining maturity of five years or less, and which are eligible for purchase and sale within the United States. Supranational investments shall be rated in a rating category of "AA" or its equivalent or better by a NRSRO and shall not exceed 30% of the PSI portfolio.

1. Maximum maturity: Five years and limits outlined in Attachment I for issuer's current credit rating.
2. Maximum total par value: 30% of the PSI portfolio.
3. Maximum par value per issuer: Per limits outlined in Attachment I for issuer's current credit rating.

Permitted Investments are also subject to limitation based on the ESG score of individual issuers in comparison to the ESG score of the issuer's business sector, as rated by Sustainalytics. The limitation methodology is shown in Attachment II.

**MINIMUM CREDIT RATING
DOMESTIC ISSUERS**

Investment Type	Maximum Maturity	Issuer Rating (1)			Investment Limit
		S&P Global	Moody's Analytics	Fitch Ratings	
Bankers' Acceptance	180 days	A-1/AAA	P-1/Aaa	F1/AAA	\$750MM
		A-1/AA	P-1/Aa	F1/AA	\$600MM
		A-1/A	P-1/A	F1/A	\$450MM, of which 50% may be over 90 days to a maximum of 180 days
Certificates of Deposit	3 years	A-1/AAA	P-1/Aaa	F1/AAA	\$750MM, of which 50% may be over 180
		A-1/AA	P-1/Aa	F1/AA	\$600MM, of which 50% may be over 180
		A-1/A	P-1/A	F1/A	\$450MM, of which 50% may be over 90 days to a maximum of 180 days
Corporate Notes, Asset Backed Securities (ABS) and Floating Rate Notes (FRN)	Corporate: 3 years ABS: 5 years FRN: 5 years (2)	A-1/AAA	P-1/Aaa	F1/AAA	\$750MM, of which 50% may be over 180
		A-1/AA	P-1/Aa	F1/AA	\$600MM, of which 50% may be over 180
		A-1/A	P-1/A	F1/A	\$450MM, of which 50% may be over 90 days to a maximum of 180 days

Notes:

- (1) All issuers must attain the required ratings from at least two of the three Nationally Recognized Statistical Rating Organizations (S&P Global, Moody's Analytics, and Fitch Ratings).
- (2) Seven years, if Board of Supervisors' authorization to exceed maturities in excess of five years is in effect, of which a maximum of \$100 MM (million) par value may be greater than five years to maturity.

**MINIMUM CREDIT RATING
FOREIGN ISSUERS**

Investment Type	Maximum Maturity	Issuer Rating (1)			Investment Limit
		S&P Global	Moody's Analytics	Fitch Ratings	
Bankers' Acceptance	180 days	A-1/AAA	P-1/Aaa	F1/AAA	\$600MM
		A-1/AA	P-1/Aa	F1/AA	\$450MM
		A-1/A	P-1/A	F1/A	\$300MM, of which 50% may be over 90 days to a maximum of 180 days.
Certificates of Deposit	3 years	A-1/AAA	P-1/Aaa	F1/AAA	\$600MM, of which 50% may be over 180
		A-1/AA	P-1/Aa	F1/AA	\$450MM, of which 50% may be over 180
		A-1/A	P-1/A	F1/A	\$300MM, of which 50% may be over 90 days to a maximum of 180 days
Corporate Notes, Asset Backed Securities (ABS) and Floating Rate Notes (FRN)	Corporate: 3 years ABS: 5 years FRN: 5 years (2)	A-1/AAA	P-1/Aaa	F1/AAA	\$600MM, of which 50% may be over 180
		A-1/AA	P-1/Aa	F1/AA	\$450MM, of which 50% may be over 180
		A-1/A	P-1/A	F1/A	\$300MM, of which 50% may be over 90 days to a maximum of 180 days

Notes:

- (1) All issuers must attain the required ratings from at least two of the three Nationally Recognized Statistical Rating Organizations (S&P Global, Moody's Analytics, and Fitch Ratings).
- (2) Seven years, if Board of Supervisors' authorization to exceed maturities in excess of five years is in effect, of which a maximum of \$100 MM (million) par value may be greater than five years to maturity.

County of Los Angeles
 Treasurer and Tax Collector
 Investment Policy
 ATTACHMENT I-c.

**MINIMUM CREDIT RATING
 SUPRANATIONAL ISSUERS**

Issuer Rating (1)			Investment Limit (2)
S&P Global	Moody's Analytics	Fitch Ratings	
AAA	Aaa	aaa	30% of PSI Portfolio, of which 20% of the PSI Portfolio may be between 2 and 5 years.
AA	Aa	aa	20% of PSI Portfolio, of which 10% of the PSI Portfolio may be between 2 and 5 years.

Notes:

- (1) The issuer must attain the required ratings from at least two of the three Nationally Recognized Statistical Rating Organizations (S&P Global, Moody's Analytics, and Fitch Ratings).
- (2) Maximum combined par value for all issuers is limited to 30% of the PSI portfolio.

County of Los Angeles
Treasurer and Tax Collector
Investment Policy
ATTACHMENT I-d.

**MINIMUM CREDIT RATING
COMMERCIAL PAPER**

Maximum Maturity	Issuer Rating (1) (2)			Investment Limit (3)
	S&P Global	Moody's Analytics	Fitch Ratings	
270 days	A-1	P-1	F1	\$1.5 Billion

Notes:

- (1) The issuer must attain the required ratings from at least two of the three Nationally Recognized Statistical Rating Organizations (S&P Global, Moody's Analytics, and Fitch Ratings).
- (2) If an issuer has a long-term rating, it must be rated in a rating category of "A" or its equivalent or higher.
- (3) Maximum combined par value for all issuers is limited to 40% of the PSI portfolio.

**ENVIRONMENTAL, SOCIAL, AND CORPORATE GOVERNANCE (ESG) SCORE
IMPACT ON INVESTMENT LIMITS**

If an issuer's Sustainalytics ESG score is weaker than the median Sustainalytics ESG score of its business sector, investment limits will be subject to the following investment limit reductions:

Score Differential	Percentage Reduction of Investment Limit
≤ 5 points weaker	0%
5 ≤ 10 points weaker	15%
10 ≤ 20 points weaker	30%
> 20 points weaker	50%

**LIMITATION CALCULATION FOR
INTERMEDIATE-TERM, MEDIUM-TERM AND LONG-TERM HOLDINGS
(Actual \$)**

Average Investment Balance and Available Cash (1)	\$54,855,027,336
Less:	
▪ 50% of Discretionary Deposits (1)	(\$1,780,447,842)
Average Available Balance	\$53,074,579,494
Multiplied by the Percent Available for Investment Over One Year	75%
Equals the Available Balance for Investment Over One Year	\$39,805,934,621
Intermediate-Term (From 1 to 3 Years) ▪ One-third of the Available Balance for Investment	\$13,268,644,874
Medium-Term and Long-Term (Greater Than 3 Years) ▪ Two-thirds of Available Balance for Investment (2)	\$26,537,289,747

(1) 24 Month Average from December 2022 to November 2024.

(2) Any unused portion of the Medium-Term and Long-Term available balance may be used for Intermediate-Term investments.

APPROVED LIST OF MUNICIPAL OBLIGATIONS

1. Any obligation issued or caused to be issued by the County of Los Angeles on its behalf or on behalf of other Los Angeles County affiliates. If on behalf of other Los Angeles County affiliates, the affiliate must have a minimum rating of “A3” (Moody’s Analytics) or “A-” (S&P Global or Fitch Ratings). The maximum maturity is limited to 30 years.
2. Any short- or medium-term obligation issued by the State of California or a California local agency with a minimum Moody’s Analytics rating of “MIG-1” or “A2” or a minimum S&P Global rating of “SP-1” or “A.” Maximum maturity limited to five years.

THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS

The Treasurer and Tax Collector (Treasurer) of Los Angeles County has the delegated authority to invest funds on deposit in the County Treasury (Treasury Pool). As of February 28, 2026, investments in the Treasury Pool were held for local agencies including school districts, community college districts, special districts and discretionary depositors such as cities and independent districts in the following amounts:

<u>Local Agency</u>	<u>Invested Funds (in billions)</u>
County of Los Angeles and Special Districts	\$24.350
Schools and Community Colleges	28.136
Discretionary Participants	<u>3.536</u>
Total	\$56.022

The Treasury Pool participation composition is as follows:

Non-discretionary Participants	93.69%
Discretionary Participants:	
Independent Public Agencies	6.18%
County Bond Proceeds and Repayment Funds	<u>0.13%</u>
Total	100.00%

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer's prior approval. In Los Angeles County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State of California, and by a more restrictive Investment Policy developed by the Treasurer and adopted by the Los Angeles County Board of Supervisors on an annual basis. The Investment Policy adopted on March 11, 2025, reaffirmed the following criteria and order of priority for selecting investments:

1. Safety of Principal
2. Liquidity
3. Return on Investment

The Treasurer prepares a monthly Report of Investments summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted monthly to the Board of Supervisors. According to the Report of Investments dated March 31, 2026, the February 28, 2026, book value of the Treasury Pool was approximately \$56.022 billion, and the corresponding market value was approximately \$54.970 billion.

An internal controls system for monitoring cash accounting and investment practices is in place. The Treasurer's Compliance Auditor, who operates independently from the Investment Officer, reconciles cash and investments to fund balances daily. The Compliance Auditor's staff also reviews each investment trade for accuracy and compliance with the Board adopted Investment Policy. On a quarterly basis, the County's outside independent auditor (External Auditor) reviews the cash and investment reconciliations for completeness and accuracy. Additionally, the External Auditor reviews investment transactions on a quarterly basis for conformance with the approved Investment Policy and annually accounts for all investments.

The following table identifies the types of securities held by the Treasury Pool as of February 28, 2026:

<u>Type of Investment</u>	<u>% of Pool</u>
Certificates of Deposit	3.84
U.S. Government and Agency Obligations	65.81
Bank Acceptances	0.00
Commercial Paper	30.32
Municipal Obligations	0.03
Corporate Notes & Deposit Notes	0.00
Repurchase Agreements	0.00
Asset Backed Instruments	0.00
Other	<u>0.00</u>
	100.00

The Treasury Pool is highly liquid. As of February 28, 2026, approximately 41.97% of the investments mature within 60 days, with an average of 374 days to maturity for the entire portfolio.

