

# PRELIMINARY OFFICIAL STATEMENT DATED JUNE 23, 2025

NEW ISSUE - FULL BOOK-ENTRY

INSURED RATING: Standard & Poor's: "AA"  
UNDERLYING RATING: Standard & Poor's: "A+"  
See "RATINGS" herein.

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

**\$20,820,000\***

## NEWMAN-CROWS LANDING UNIFIED SCHOOL DISTRICT (Stanislaus County, California) General Obligation Bonds Election of 2020, Series B

**Dated: Date of Delivery**

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

**Authority and Purpose.** The above captioned bonds (the "Bonds") are being issued by the Newman-Crows Landing Unified School District (the "District") pursuant to certain provisions of the California Government Code and a resolution of the Board of Education of the District adopted on April 14, 2025 (the "Bond Resolution"). The Bonds were authorized at an election of the registered voters of the District held on November 3, 2020, which authorized the issuance of \$25,820,000 principal amount of general obligation bonds for the purpose of financing the renovation, construction and improvement of school facilities. The Bonds are the second and final series of bonds to be issued under this authorization and the proceeds will be applied to finance voter-approved facilities projects, to pay for the District's outstanding 2022 General Obligation Bond Anticipation Notes at maturity on August 1, 2025, and to pay related costs of issuance. See "THE FINANCING PLAN" and "THE BONDS – Authority For Issuance."

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

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

**Payments.** The Bonds are dated the date of delivery set forth below and are being issued as current interest bonds. The Bonds accrue interest at the rates set forth on the inside cover page hereof, payable semi-annually on each February 1 and August 1 until maturity, commencing February 1, 2026. Payments of principal of and interest on the Bonds will be paid by Zions Bancorporation, National Association, as the designated paying agent, registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS - Description of the Bonds."

**Redemption.** The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS – Optional Redemption" and "Mandatory Sinking Fund Redemption."

**Bond Insurance.** Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue a Municipal Bond Insurance Policy (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as APPENDIX H to this Official Statement. See "BOND INSURANCE" and "APPENDIX H."



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### MATURITY SCHEDULE

(See inside cover)

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

*The Bonds will be offered when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Jones Hall LLP, San Francisco, California, Bond Counsel to the District, and subject to certain other conditions. Jones Hall LLP is also serving as Disclosure Counsel to the District, and Norton Rose Fulbright US LLP, Los Angeles, California is serving as counsel to the Underwriter. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC, on or about July 16, 2025\*.*

**RAYMOND JAMES®**

The date of this Official Statement is \_\_\_\_\_, 2025.

*\*Preliminary; subject to change.*

# MATURITY SCHEDULE

**NEWMAN-CROWS LANDING UNIFIED SCHOOL DISTRICT**  
(Stanislaus County, California)  
**General Obligation Bonds,**  
**Election of 2020, Series B**

**Base CUSIP<sup>†</sup>: 65154L**

| <b>Maturity Date<br/>(August 1)</b> | <b>Principal<br/>Amount</b> | <b>Interest Rate</b> | <b>Yield</b> | <b>Price</b> | <b>CUSIP<sup>†</sup></b> |
|-------------------------------------|-----------------------------|----------------------|--------------|--------------|--------------------------|
|-------------------------------------|-----------------------------|----------------------|--------------|--------------|--------------------------|

<sup>†</sup> CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services ("CGS"), managed on behalf of the American Bankers Association by FactSet Research Systems Inc. © 2025 CUSIP Global Services. All rights reserved. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience only. Neither of the District nor the Underwriter take any responsibility for the accuracy of such numbers.

**NEWMAN-CROWS LANDING UNIFIED SCHOOL DISTRICT**  
(Stanislaus County, California)

**BOARD OF EDUCATION**

Don Cabral (Area 2), *President*  
Frank Rivas (Area 5), *Clerk*  
Lyzette Gonzalez (Area 3), *Member*  
Maribel Cerutti (Area 1), *Member*  
Derek Wach (Area 4), *Member*

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**DISTRICT ADMINISTRATION**

Justin Pruett, *Superintendent*  
Caralyn Mendoza, *Assistant Superintendent, Chief Business Official\**

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**PROFESSIONAL SERVICES**

**MUNICIPAL ADVISOR**

Dale Scott & Company, Inc.  
*San Francisco, California*

**BOND AND DISCLOSURE COUNSEL**

Jones Hall LLP  
*San Francisco, California*

**BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT**

Zions Bancorporation, National Association  
*Los Angeles, California*

**UNDERWRITER'S COUNSEL**

Norton Rose Fulbright US LLP  
*Los Angeles, California*

\*Effective July 1, 2025, Caralyn Mendoza will no longer serve as the District's Assistant Superintendent, Chief Business Official. Her successor effective July 1, 2025 is Cynthia Tapia.

## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

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

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

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

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

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

**Bond Insurance.** Build America Mutual Assurance Company (“BAM” or the “Bond Insurer”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, the Bond Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted here from, other than with respect to the accuracy of the information regarding the Bond Insurer, supplied by the Bond Insurer and presented under the heading “BOND INSURANCE” and in APPENDIX H.

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

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

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

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

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

# TABLE OF CONTENTS

|   | <u>Page</u> |
|---|-------------|
| INTRODUCTION .....  | 1           |
| THE FINANCING PLAN .....  | 4           |
| SOURCES AND USES OF FUNDS .....   | 5           |
| THE BONDS.....  | 6           |
| Authority for Issuance .....  | 6           |
| Description of the Bonds.....   | 6           |
| Book-Entry Only System.....   | 6           |
| Optional Redemption .....   | 7           |
| Mandatory Sinking Fund Redemption.....  | 7           |
| Notice of Redemption .....  | 8           |
| Partial Redemption of Bonds .....   | 8           |
| Right to Rescind Notice of Redemption .....   | 8           |
| Registration, Transfer and Exchange of Bonds .....  | 8           |
| Defeasance.....   | 9           |
| APPLICATION OF PROCEEDS OF THE BONDS.....   | 11          |
| Building Funds .....  | 11          |
| Debt Service Fund .....   | 11          |
| Investment of Proceeds of Bonds .....   | 12          |
| DEBT SERVICE SCHEDULES .....  | 13          |
| SECURITY FOR THE BONDS.....   | 15          |
| <i>Ad Valorem</i> Property Taxes .....  | 15          |
| Debt Service Fund .....   | 16          |
| Not a County Obligation.....  | 16          |
| PROPERTY TAXATION.....  | 16          |
| Property Tax Collection Procedures .....  | 16          |
| Taxation of State-Assessed Utility Property.....  | 18          |
| Assessed Valuation .....  | 18          |
| Reassessments and Appeals of Assessed Value.....  | 21          |
| Tax Rates.....  | 23          |
| Tax Levies and Delinquencies - Teeter Plan .....  | 23          |
| Major Taxpayers .....   | 25          |
| Direct and Overlapping Debt.....  | 25          |
| BOND INSURANCE .....  | 27          |
| Municipal Bond Insurance Policy .....   | 27          |
| Build America Mutual Assurance Company.....   | 27          |
| TAX MATTERS .....   | 29          |
| Tax Exemption .....   | 29          |
| Other Tax Considerations .....  | 30          |
| Form of Opinion .....   | 30          |
| CERTAIN LEGAL MATTERS .....   | 31          |
| Legality for Investment.....  | 31          |
| Absence of Material Litigation.....   | 31          |
| Compensation of Certain Professionals.....  | 31          |
| CYBER RISKS .....   | 31          |
| CONTINUING DISCLOSURE .....   | 32          |
| RATINGS.....  | 33          |
| UNDERWRITING .....  | 33          |
| ADDITIONAL INFORMATION.....   | 33          |
| EXECUTION.....  | 34          |
| APPENDIX A – GENERAL AND FINANCIAL INFORMATION FOR THE NEWMAN-CROWS LANDING<br>UNIFIED SCHOOL DISTRICT .....            | A-1         |
| APPENDIX B - NEWMAN-CROWS LANDING UNIFIED SCHOOL DISTRICT AUDITED FINANCIAL STATEMENTS<br>FOR FISCAL YEAR 2023-24 ..... | B-1         |
| APPENDIX C - GENERAL AND DEMOGRAPHIC INFORMATION ABOUT THE CITY OF NEWMAN<br>AND STANISLAUS COUNTY.....                 | C-1         |
| APPENDIX D - PROPOSED FORM OF OPINION OF BOND COUNSEL .....   | D-1         |
| APPENDIX E - FORM OF CONTINUING DISCLOSURE CERTIFICATE .....  | E-1         |
| APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM .....   | F-1         |
| APPENDIX G - STANISLAUS COUNTY INVESTMENT POLICY AND INVESTMENT REPORT.....   | G-1         |
| APPENDIX H - SPECIMEN MUNICIPAL BOND INSURANCE POLICY .....   | H-1         |

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**\$20,820,000\***  
**NEWMAN-CROWS LANDING UNIFIED SCHOOL DISTRICT**  
**(Stanislaus County, California)**  
**General Obligation Bonds,**  
**Election of 2020, Series B**

The purpose of this Official Statement, which includes the cover page, inside cover page and attached appendices, is to set forth certain information concerning the sale and delivery of the general obligation bonds captioned above (the “**Bonds**”) by the Newman-Crows Landing Unified School District (the “**District**”) of Stanislaus County (the “**County**”), State of California (the “**State**”).

## **INTRODUCTION**

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

**The District.** The District, which includes approximately 150 square miles in Stanislaus County (the “**County**”) located along Interstate 5, provides educational services to residents in and around the City of Newman and other unincorporated portions of the County including the region known as Crows Landing. The District currently operates four elementary schools, one junior high school, one high school, one continuation high school, and one community day school. Enrollment in the 2025-26 academic year is budgeted for 3,030 students. The District’s fiscal year 2024-25 total assessed value is \$2,062,551,720. For more information regarding the District and its finances, see “THE DISTRICT” herein. See also Appendix C hereto for demographic and other statistical information regarding the City of Newman and the County.

**Purpose.** The net proceeds of the Bonds will be used to finance school construction and improvements to the school facilities as approved by the voters at an election held in the District on November 3, 2020 (the “**Bond Election**”), to provide funds to pay of the District’s outstanding 2022 General Obligation Bond Anticipation Notes on August 1, 2025 (the “**2022 BAN**”), and to pay related costs of issuance. See “THE FINANCING PLAN” herein.

**Authority for Issuance of the Bonds.** Issuance of the Bonds was approved by the requisite 55% of the voters of the District voting at the Bond Election and will be issued pursuant to certain provisions of the Government Code of the State, commencing with Section 53506 thereof (the “**Bond Law**”), and pursuant to a resolution adopted by the Board of Education of the District on April 14, 2025 (the “**Bond Resolution**”). See “THE BONDS - Authority for Issuance” herein.

**Payment and Registration of the Bonds.** The Bonds mature in the years and in the amounts as set forth on the inside cover page hereof. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers of the Bonds (“**Beneficial Owners**”) will not receive physical certificates representing their interest in the Bonds. See “THE BONDS” and “APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

**Redemption.** The Bonds are subject to redemption prior to maturity as described herein. See “THE BONDS – Optional Redemption” and “– Mandatory Sinking Fund Redemption.”

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*\*Preliminary; subject to change.*

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

**Legal Matters.** Issuance of the Bonds is subject to the approving opinion of Jones Hall LLP, San Francisco, California, as bond counsel (“**Bond Counsel**”), to be delivered in substantially the form attached hereto as Appendix D. Jones Hall LLP, San Francisco, California, will also serve as Disclosure Counsel to the District (“**Disclosure Counsel**”). Norton Rose Fulbright US LLP, Los Angeles, California, is serving as counsel to the Underwriter (“**Underwriter’s Counsel**”). Payment of the fees of Bond Counsel, Disclosure Counsel and Underwriter’s Counsel is contingent upon issuance of the Bonds. See “APPENDIX D – Proposed Form of Opinion of Bond Counsel.”

**Bond Insurance.** Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“**BAM**” or the “**Bond Insurer**”) will issue its municipal bond insurance policy for the Bonds (the “**Policy**”). The Policy guarantees the scheduled payment of principal and interest on the Bonds when due, as set forth in the form of the Policy included as APPENDIX H to this Official Statement. See “BOND INSURANCE” and APPENDIX H.

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

**Offering and Delivery.** The Bonds are offered when, as and if issued and received by the Underwriter, subject to approval as to the legality by Bond Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about the date identified on the cover page hereof.

**Continuing Disclosure.** The District has covenanted and agreed that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate executed in connection with the Bonds. The form of the Continuing Disclosure Certificate is included in Appendix E hereto. See “CONTINUING DISCLOSURE” herein.

**Cyber Risks.** The District, like other school districts and governmental and business entities, faces risks relating to the use and application of computer software and hardware for educational, operational and management purposes. It collects, processes, and distributes significant amounts of private, protected and personal information regarding students, staff, parents, visitors, vendors and contractors. The District, and other entities it relies on, may face cybersecurity threats, attacks or incidents from time to time. No assurance can be given that cyber threats or attacks against the District or third-party entities or service providers including the County will not directly or indirectly impact the District and its operations. See “CYBER RISKS.”



**Other Information.** This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this Official Statement and information concerning the Notes are available from the District from the Superintendent's Office at 1223 Main Street, Newman, California 95360, telephone (209) 862-2933. The District may impose a charge for copying, mailing and handling.

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

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

END OF INTRODUCTION

*[Remainder of page intentionally left blank]*

## THE FINANCING PLAN

Measure X of 2020 Bond Projects. The net proceeds of the Bonds will be used to finance projects approved by the voters at the Bond Election, at which voters authorized the issuance of up to \$25,820,000 in general obligation bonds for facilities projects (the “**2020 Authorization**”). The abbreviated form of the ballot measure (limited to 75 words or less) presented to voters is as follows:

*“With no increase in estimated tax rates, shall Newman-Crows Landing Unified School District’s measure to expand vocational education classrooms; increase student internet/technology access; retrofit/construct classrooms/P.E. facilities; upgrade school security/student safety/emergency preparedness; be adopted, authorizing \$25.82 million in bonds, extending but not increasing current rates (averaging less than \$48/\$100,000 assessed valuation) until repaid, raising average \$1.8 million/year, with legal interest rates, annual audits, independent oversight and qualifying for State reimbursement?”*

As part of the ballot materials presented to District voters at the Bond Election, the voters authorized a specific list of projects (the “**2020 Project List**”) which are eligible to be funded with proceeds of bonds sold pursuant to the 2020 Authorization, including the Bonds described herein. The District makes no representation as to the specific application of the proceeds of the Bonds, the completion of any projects listed on the 2020 Project List, or whether bonds authorized by the 2020 Authorization will provide sufficient funds to complete any particular project listed in the 2020 Project List. The District has previously issued one series of bonds pursuant to the authority of the 2020 Authorization in the principal amount of \$5,000,000, leaving \$20,820,000 of authorized but unissued bonds as of this date, prior to the issuance of the Bonds. The Bonds will be the second and final series of general obligation bonds issued pursuant to the 2020 Authorization.

2022 BAN Payment. Pursuant to applicable provisions of State law, on March 22, 2022 the District issued its 2022 BAN in the original denominational amount of \$14,765,544 (\$15,760,000 maturity value) for the purpose of obtaining interim financing for projects on the 2020 Project List. The 2022 BAN matures on August 1, 2025, and will be paid from a portion of the proceeds of the Bonds. Said proceeds will be irrevocably deposited with Zions Bancorporation, National Association, as escrow agent (the “**Escrow Agent**”), pursuant to the terms of an Escrow Agreement, by and between the District and the Escrow Agent.

## SOURCES AND USES OF FUNDS

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

### **Sources of Funds**

Principal Amount of Bonds  
Net Original Issue Premium  
**Total Sources**

### **Uses of Funds**

Deposit to Building Fund  
Deposit to Debt Service Fund  
Deposit to Escrow Agreement<sup>(1)</sup>  
Costs of Issuance<sup>(2)</sup>  
**Total Uses**

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(1) Funds on deposit herein will be applied to pay the 2022 BAN upon maturity on August 1, 2025.

(2) All estimated costs of issuing the Bonds including, but not limited to, fees of Bond Counsel and Disclosure Counsel, the Municipal Advisor, the Paying Agent, Underwriter's discount, printing costs, bond insurance premium and the rating agency.

*[Remainder of page intentionally left blank]*

## THE BONDS

### Authority for Issuance

The Bonds will be issued under the Bond Law and the Bond Resolution.

### Description of the Bonds

The Bonds mature in the years and in the amounts as set forth on the inside cover page hereof. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Beneficial Owners will not receive physical certificates representing their interest in the Bonds. See “Book-Entry Only System” below and “APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

The Bonds shall be issued in the denominations of \$5,000 principal amount each or any integral multiple thereof. Interest on the Bonds is payable semiannually on each February 1 and August 1, commencing February 1, 2026 (each, an “**Interest Payment Date**”). Each Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it will bear interest from such date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the fifteenth (15<sup>th</sup>) day of the month preceding the Interest Payment Date (the “**Record Date**”), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to January 15, 2026, in which event it will bear interest from the date of delivery of the Bonds identified on the cover page hereof. Notwithstanding the foregoing, if interest on any Bond is in default at the time of authentication thereof, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Payments of principal of and interest on the Bonds will be paid by the Paying Agent to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds.

### Book-Entry Only System

The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company (“**DTC**”). Beneficial Owners will not receive physical certificates representing their interest in the Bonds. Payments of principal of and interest on the Bonds will be paid by Zions Bancorporation, National Association, Los Angeles, California (the “**Paying Agent**”), to DTC for subsequent disbursement to DTC Participants which will remit such payments to the Beneficial Owners of the Bonds.

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

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

## Optional Redemption\*

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

**Selection of Bonds for Purpose of Redemption.** For the purpose of selection for optional redemption, Bonds will be deemed to consist of \$5,000 portions, and any such portion may be separately redeemed. Whenever less than all of the outstanding Bonds of any one maturity are designated for redemption, the Paying Agent shall select the outstanding Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For purposes of such selection, each Bond will be deemed to consist of individual bonds of \$5,000 principal amounts. The Bonds may all be separately redeemed.

## Mandatory Sinking Fund Redemption\*

The Bonds maturing on August 1, 20\_\_ (the “**Term Bonds**”), are subject to mandatory sinking fund redemption on August 1 of each year in accordance with the schedule set forth below. The Term Bonds so called for mandatory sinking fund redemption shall be redeemed in the sinking fund payments amounts and on the dates set forth below, without premium.

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

| Redemption Date<br>(August 1) | Sinking Fund<br>Redemption |
|-------------------------------|----------------------------|
| _____                         | _____                      |

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

\* Preliminary; subject to change.

## **Notice of Redemption**

The Paying Agent will cause notice of any redemption to be mailed, first class mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption, to the respective owners of any Bonds designated for redemption, at their addresses appearing on the registration books. Such notice may be a conditional notice of redemption and subject to rescission as described below. Such mailing is not a condition precedent to such redemption and the failure to mail or to receive any such notice will not affect the validity of the proceedings for the redemption of such Bonds. In addition, the Paying Agent will give notice of redemption by telecopy or certified, registered or overnight mail to the Municipal Securities Rulemaking Board and each of the Securities Depositories (as such term is defined in the Bond Resolution) at least two days prior to such mailing to the Bond owners.

Such notice shall state the redemption date and the redemption price and, if less than all of the then-outstanding Bonds are to be called for redemption, shall designate the serial numbers of the Bonds to be redeemed by giving the individual number of each Bond or by stating that all Bonds between two stated numbers, both inclusive, or by stating that all of the Bonds of one or more maturities have been called for redemption, and shall require that such Bonds be then surrendered at the designated office of the Paying Agent for redemption at the said redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date. Neither failure to receive any such notice nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon.

## **Partial Redemption of Bonds**

Upon the surrender of any Bond redeemed in part only, the Paying Agent shall authenticate 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 County and the District shall be released and discharged thereupon from all liability to the extent of such payment.

## **Right to Rescind Notice of Redemption**

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

## **Registration, Transfer and Exchange of Bonds**

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

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

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

No exchanges of Bonds shall be required to be made (a) fifteen days prior to an Interest Payment Date or the date established by the Paying Agent for selection of Bonds for redemption until the close of business on the Interest Payment Date or day on which the applicable notice of redemption is given or (b) with respect to a Bond after such Bond has been selected or called for redemption in whole or in part.

### **Defeasance**

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

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

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

- (i) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption is given as provided in the Bond Resolution or provision satisfactory to the Paying Agent is made for the giving of such notice, the amount to be deposited or held will be the principal amount or redemption price of such Bonds and all unpaid interest thereon to the redemption date; or

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

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

**“Federal Securities”** means: (a) any direct general non-callable obligations of the United States of America, including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America; (b) any obligations the timely payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America or which are secured by obligations described in the preceding clause (a); (c) the interest component of Resolution Funding Corporation strips which have been stripped by request to the Federal Reserve Bank of New York in book-entry form; (d) pre-refunded municipal bonds rated in the highest rating category by any Rating Agency; and (e) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies: (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) participation certificates of the General Services Administration; (iv) Federal Financing Bank bonds and debentures; (v) guaranteed Title XI financings of the U.S. Maritime Administration; (vi) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development; and (vii) obligations of the Federal Home Loan Bank (FHLB).



## APPLICATION OF PROCEEDS OF THE BONDS

### Building Fund

Pursuant to the Bond Resolution, the net proceeds from the sale of the Bonds (net of any premium received) will be paid and credited to the fund established and held by the Stanislaus County Treasurer (the “**County Treasurer**”) and designated as the “Newman-Crows Landing Unified School District, Election of 2020, Series B Building Fund” (the “**Building Fund**”). Amounts credited to the Building Fund will be expended by the District solely for the financing of projects for which the Bond proceeds are authorized to be expended under the 2020 Authorization (which includes related costs of issuance). All interest and other gain arising from the investment of proceeds of the Bonds will be retained in the Building Fund and used for the purposes thereof. Pursuant to the Bond Resolution and applicable provisions of the California Education Code, a portion of the proceeds of the Bonds may be deposited with a fiscal agent for the purpose of paying costs of issuance. All money remaining in the Building Fund upon completion of the projects (if any) will be transferred to the Debt Service Fund (as defined below). See also “APPENDIX G - STANISLAUS COUNTY INVESTMENT POLICY AND INVESTMENT REPORT” herein.

Notwithstanding the foregoing, a portion of the proceeds of the Bonds will be deposited in an Escrow Fund established pursuant to the Escrow Agreement, by and between the District and the Escrow Agent, and applied to the payment of the 2022 BAN at maturity. See “SOURCES AND USES OF FUNDS” herein.

### Debt Service Fund

Pursuant to the Bond Resolution, premium, if any, received by the County on behalf of the District from the sale of the Bonds, will be deposited and kept separate and apart in the fund established and held by the County Treasurer and designated as the “Newman-Crows Landing Unified School District Election of 2020, Series B General Obligation Bonds Debt Service Fund” (the “**Debt Service Fund**”), which is pledged for the payment of the principal of and interest on the Bonds when and as the same become due. All taxes levied by the County for the payment of the principal of and interest on the Bonds will be deposited in the Debt Service Fund by the County promptly upon apportionment of said levy.

Any moneys remaining in the Debt Service Fund after the Bonds and the interest thereon have been paid, shall be transferred to any other interest and sinking fund or account for outstanding general obligation bond indebtedness of the District, including refunding bonds, and in the event there is no such debt outstanding, shall be transferred to the District’s general fund upon the order of the County Auditor-Controller (the “**County Auditor**”), as provided in Section 15234 of the California Education Code.

## **Investment of Proceeds of Bonds**

All moneys held in any of the funds or accounts established with the County under the Bond Resolution will be invested in Authorized Investments (as defined in the Bond Resolution) in accordance with the investment policies of the County, as such policies exist at the time of investment. Obligations purchased as an investment of moneys in any fund or account will be deemed to be part of such fund or account. All interest or gain derived from the investment of amounts in any of the funds or accounts established under the Bond Resolution will be deposited in the fund or account from which such investment was made, and will be expended for the purposes thereof.

In accordance with Government Code Section 53600 *et seq.*, the County Treasurer manages funds deposited with it by the District. The County is required to invest such funds in accordance with California Government Code Sections 53601 *et seq.* In addition, counties are required to establish their own investment policies which may impose limitations beyond those required by the Government Code. See "APPENDIX G - STANISLAUS COUNTY INVESTMENT POLICY AND INVESTMENT REPORT."

*[Remainder of page intentionally left blank]*

## DEBT SERVICE SCHEDULES

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

### NEWMAN-CROWS LANDING UNIFIED SCHOOL DISTRICT Bonds Debt Service Schedule

| Bond Year<br>Ending<br>August 1 | Principal | Interest | Total<br>Debt Service |
|---------------------------------|-----------|----------|-----------------------|
| 2025                            |           |          |                       |
| 2026                            |           |          |                       |
| 2027                            |           |          |                       |
| 2028                            |           |          |                       |
| 2029                            |           |          |                       |
| 2030                            |           |          |                       |
| 2031                            |           |          |                       |
| 2032                            |           |          |                       |
| 2033                            |           |          |                       |
| 2034                            |           |          |                       |
| 2035                            |           |          |                       |
| 2036                            |           |          |                       |
| 2037                            |           |          |                       |
| 2038                            |           |          |                       |
| 2039                            |           |          |                       |
| 2040                            |           |          |                       |
| 2041                            |           |          |                       |
| 2042                            |           |          |                       |
| 2043                            |           |          |                       |
| 2044                            |           |          |                       |
| 2045                            |           |          |                       |
| 2046                            |           |          |                       |
| 2047                            |           |          |                       |
| 2048                            |           |          |                       |
| Total                           |           |          |                       |

**Combined General Obligation Bonds Debt Service.** The District has other general obligation bond indebtedness outstanding. The following table shows the combined debt service schedule with respect to the District's outstanding bonded indebtedness together with the Series C Bonds, assuming no optional redemptions. See Appendix A under the heading "DISTRICT FINANCIAL INFORMATION – Existing Debt Obligations" for additional information.

**NEWMAN-CROWS LANDING UNIFIED SCHOOL DISTRICT  
Combined General Obligation Bonds Debt Service Schedule**

| <b>Period<br/>Ending<br/>(Aug. 1)</b> | <b>Combined<br/>General<br/>Obligation Bond<br/>Annual Debt<br/>Service</b> | <b>The Bonds<br/>Annual Debt<br/>Service</b> | <b>Aggregate<br/>Annual Debt<br/>Service</b> |
|---------------------------------------|---|--|--|
| 2025                                  | \$3,169,437.50  |  |  |
| 2026                                  | 2,753,837.50  |  |  |
| 2027                                  | 2,455,687.50  |  |  |
| 2028                                  | 2,533,837.50  |  |  |
| 2029                                  | 2,614,187.50  |  |  |
| 2030                                  | 2,696,537.50  |  |  |
| 2031                                  | 2,778,837.50  |  |  |
| 2032                                  | 2,865,837.50  |  |  |
| 2033                                  | 2,955,137.50  |  |  |
| 2034                                  | 3,048,537.50  |  |  |
| 2035                                  | 3,150,837.50  |  |  |
| 2036                                  | 1,976,225.00  |  |  |
| 2037                                  | 2,049,020.00  |  |  |
| 2038                                  | 2,135,572.50  |  |  |
| 2039                                  | 2,219,965.00  |  |  |
| 2040                                  | 1,256,160.00  |  |  |
| 2041                                  | 959,115.00  |  |  |
| 2042                                  | 1,004,912.50  |  |  |
| 2043                                  | 1,051,660.00  |  |  |
| 2044                                  | 1,096,840.00  |  |  |
| 2045                                  | 1,152,060.00  |  |  |
| 2046                                  | 1,201,410.00  |  |  |
| 2047                                  | 1,259,890.00  |  |  |
| 2048                                  | 1,316,590.00  |  |  |
| 2049                                  | 1,381,180.00  |  |  |
| 2050                                  | 482,750.00  |  |  |
| 2051                                  | 504,250.00  |  |  |
| 2052                                  | 523,750.00  |  |  |
| 2053                                  | 541,250.00  |  |  |
| 2054                                  | 561,750.00  |  |  |
| <b>TOTAL</b>                          | <b>\$53,697,063.00</b>  |  |  |

## SECURITY FOR THE BONDS

### **Ad Valorem Property Taxes**

**Bonds Payable from Ad Valorem Property Taxes.** The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied on taxable property within the District and collected by the County. The County is empowered and is obligated to annually levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates). In no event is the District obligated to pay principal of and interest on the Bonds out of any funds or properties of the District other than *ad valorem* taxes levied upon all taxable property in the District; provided, however, nothing in the Bond Resolution prevents the District from making advances of its own moneys howsoever derived to any of the uses or purposes permitted by law.

**Other Debt Payable from Ad Valorem Property Taxes.** In addition to the Bonds and the District's other outstanding general obligation bonds, there is other debt issued by entities within the jurisdiction of the District, which is payable from *ad valorem* taxes levied on parcels in the District. See "PROPERTY TAXATION – Tax Rates" and "- Direct and Overlapping Debt" below.

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

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

**Lien on Ad Valorem Tax Revenues.** Pursuant to Senate Bill 222 effective January 1, 2016, voter-approved general obligation bonds which are secured by *ad valorem* tax collections, including the Bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds. In addition, the District has granted a consensual lien on said revenues pursuant to the Bond Resolution. Said liens attach automatically and are valid and binding from the time the bonds are executed and delivered. The liens are enforceable against the school district or community college district, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the liens and without the need for any further act.

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

Economic and other factors beyond the District's control, such as economic recession, deflation of property values, outbreaks of disease, a relocation out of the District or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire, drought or other natural disaster, could cause a reduction in the assessed value within the District and necessitate a corresponding increase in the annual tax rate. See "PROPERTY TAXATION – Assessed Valuations – Factors Relating to Increases/Decreases in Assessed Value." See also below under the heading "--Disclosure Relating to COVID-19 Pandemic."

## **Debt Service Fund**

As described herein under the heading "APPLICATION OF PROCEEDS OF THE BONDS - Debt Service Fund," the County Treasurer will establish the Debt Service Fund for the Bonds. All taxes levied by the County for the payment of the principal of and interest on the Bonds will be deposited in the Debt Service Fund by the County promptly upon the receipt. The Debt Service Fund is pledged for the payment of the principal of and interest on the Bonds when and as the same become due. The County will transfer amounts in the Debt Service Fund to the Paying Agent to the extent necessary to pay the principal of and interest on the Bonds as the same becomes due and payable.

## **Not a County Obligation**

No part of any fund or account of the County is pledged or obligated to the payment of the Bonds. The Bonds are payable solely from the proceeds of an *ad valorem* tax levied and collected by the County, for the payment by the District of principal of and interest on the Bonds. Although the County is obligated to collect the *ad valorem* tax for the payment of the Bonds and deliver to the Paying Agent the debt service due on the Bonds, the Bonds are not a debt (or a pledge of the full faith and credit) of the County.

# **PROPERTY TAXATION**

## **Property Tax Collection Procedures**

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

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1-1/2% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County.

Property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1. A bill enacted in 1983, SB813 (Statutes of 1983, Chapter 498), however, provided for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Thus, this legislation eliminated delays in the realization of increased property taxes from new assessments. As amended, SB813 provided increased revenue to taxing jurisdictions to the extent that supplemental assessments of new construction or changes of ownership occur subsequent to the January 1 lien date and result in increased assessed value.

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

Disclaimer Regarding Property Tax Collection Procedures. The property tax collection procedures described above are subject to amendment based on legislation or executive order which may be enacted by the State legislature or declared by the Governor from time to time. The District cannot predict whether future amendments or orders will occur and what impact, if any, said future amendments or orders could have on the procedures relating to the levy and collection of property taxes, and related interest and penalties.

## Taxation of State-Assessed Utility Property

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

## Assessed Valuation

**Assessed Valuation History.** The table below shows a recent history of the District’s assessed valuation.

### NEWMAN-CROWS LANDING UNIFIED SCHOOL DISTRICT Assessed Valuations of All Taxable Property Fiscal Years 2010-11 to 2024-25

| Fiscal Year | Local Secured | Utility  | Unsecured    | Total         | % Change |
|-------------|---------------|----------|--------------|---------------|----------|
| 2010-11     | \$874,151,456 | \$12,648 | \$40,349,897 | \$914,514,001 | --%      |
| 2011-12     | 870,334,490   | 0        | 51,471,559   | 921,806,049   | 0.8      |
| 2012-13     | 881,434,734   | 11,761   | 43,400,309   | 924,846,804   | 0.3      |
| 2013-14     | 944,846,407   | 11,761   | 40,414,661   | 985,272,829   | 6.5      |
| 2014-15     | 1,076,954,595 | 11,761   | 41,400,818   | 1,118,367,174 | 13.5     |
| 2015-16     | 1,175,541,743 | 11,761   | 41,675,824   | 1,217,229,328 | 8.8      |
| 2016-17     | 1,261,687,573 | 13,591   | 41,149,793   | 1,302,850,957 | 7.0      |
| 2017-18     | 1,347,654,928 | 13,591   | 40,930,571   | 1,388,599,090 | 6.6      |
| 2018-19     | 1,440,594,124 | 13,591   | 43,242,284   | 1,483,849,999 | 6.9      |
| 2019-20     | 1,576,613,004 | 13,591   | 43,630,538   | 1,622,257,133 | 9.3      |
| 2020-21     | 1,668,002,130 | 14,898   | 43,952,709   | 1,711,969,737 | 5.5      |
| 2021-22     | 1,725,170,796 | 14,898   | 44,976,183   | 1,770,162,057 | 3.4      |
| 2022-23     | 1,821,762,296 | 14,898   | 42,503,704   | 1,864,280,898 | 5.3      |
| 2023-24     | 1,911,398,215 | 14,898   | 74,793,215   | 1,986,206,328 | 6.5      |
| 2024-25     | 1,972,042,575 | 15,420   | 90,492,725   | 2,062,551,720 | 3.8      |

Source: California Municipal Statistics, Inc.



**Bonding Capacity.** As a unified school district, the District may issue bonds in an amount up to 2.50% of the assessed valuation of taxable property within its boundaries. The District's gross bonding capacity (also commonly referred to as the "bonding limit" or "debt limit") is \$51.5 million and its net bonding capacity is \$23.8 million, which takes into account current outstanding debt before issuance of the Bonds. Refunding bonds may be issued without regard to this limitation; however, once issued, the outstanding principal of any refunding bonds is included when calculating the District's bonding capacity. Bond anticipation notes are not included in a bonding capacity calculation. The District in the process of applying for a waiver of bonding capacity to issue bonds in an amount up to 3.25% of the assessed valuation of taxable property within its boundaries, but said waiver is not necessary to permit the issuance of the Bonds described herein.

**Factors Relating to Increases/Decreases in Assessed Value.** Economic Conditions; Disasters. As indicated in the previous table, assessed valuations are subject to change in each year. Increases or decreases in assessed valuation result from a variety of factors including but not limited to general economic conditions, supply and demand for real property in the area, government regulations such as zoning, and man-made or natural disasters which include but are not limited to earthquakes, fires/wildfires, floods, drought, mudslides and the consequences of climate change such as heat waves, droughts, extreme winds events, sea level rise and floods, which could have an impact on assessed values. The State including the region in which the District is located has in recent years experienced significant natural disasters such as earthquakes, droughts, mudslides, wildfires and floods. Climate change can also cause hazards such as heat waves, droughts and floods, which could have an impact on assessed values. Fault lines are also located throughout the State causing seismic activity including in the vicinity of the District. Public health disasters such as the COVID-19 pandemic could also have direct and indirect impacts on economic conditions and property values.

Future Conditions Unknown. The District cannot predict or make any representations regarding the effects that prolonged droughts or wildfires or any other type of natural or manmade disasters, including the COVID-19 pandemic, and related conditions have or may have on the value of taxable property within the District, or to what extent the effects said disasters might have on economic activity in the District or throughout the State.

**Assessed Valuation by Jurisdiction.** The following table shows the assessed valuation of local secured property within the District by jurisdiction for fiscal year 2024-25.

**NEWMAN-CROWS LANDING UNIFIED SCHOOL DISTRICT  
2024-25 Assessed Valuation by Jurisdiction**

| <b><u>Jurisdiction:</u></b>      | <b><u>Assessed Valuation<br/>in District</u></b> | <b><u>% of<br/>District</u></b> | <b><u>Assessed Valuation<br/>of Jurisdiction</u></b> | <b><u>% of Jurisdiction<br/>in District</u></b> |
|----------------------------------|--|---------------------------------|--|---|
| City of Newman                   | \$ 983,710,549                                   | 47.69%                          | \$983,710,549  | 100.00%   |
| Unincorporated Stanislaus County | 1,078,841,171                                    | 52.31                           | 21,357,537,432                                       | 5.05%   |
| Total District                   | \$2,062,551,720                                  | 100.00%                         |  |   |
| Stanislaus County                | \$2,062,551,720                                  | 100.00%                         | \$69,652,149,044                                     | 2.96%   |

Source: California Municipal Statistics, Inc.

**Assessed Valuation by Land Use.** The following table shows the land use of property in the District, as measured by assessed valuation and the number of parcels for fiscal year 2024-25.

**NEWMAN-CROWS LANDING UNIFIED SCHOOL DISTRICT  
2024-25 Assessed Valuation and Parcels by Land Use**

|                                 | <b>2024-25<br/>Assessed Valuation <sup>(1)</sup></b> | <b>% of<br/>Total</b> | <b>No. of<br/>Parcels</b> | <b>% of<br/>Total</b> |
|---------------------------------|--|-----------------------|---------------------------|-----------------------|
| <b>Non-Residential:</b>         |  |                       |                           |                       |
| Agricultural                    | \$581,346,814  | 29.48%                | 1,139                     | 18.76%                |
| Commercial                      | 60,297,541   | 3.06                  | 130                       | 2.14                  |
| Vacant Commercial               | 4,109,065  | 0.21                  | 30                        | 0.49                  |
| Industrial/Food Processing      | 157,436,634  | 7.98                  | 53                        | 0.87                  |
| Vacant Industrial               | 2,396,805  | 0.12                  | 24                        | 0.40                  |
| Recreational                    | 240,073  | 0.01                  | 7                         | 0.12                  |
| Government/Social/Institutional | 3,496,740  | 0.18                  | 150                       | 2.47                  |
| Subtotal Non-Residential        | \$809,323,672  | 41.04%                | 1,533                     | 25.25%                |
| <b>Residential:</b>             |  |                       |                           |                       |
| Single Family Residence         | \$1,117,599,263                                      | 56.67%                | 4,052                     | 66.74%                |
| 2+ Residential Units/Apartments | 23,687,223   | 1.20                  | 70                        | 1.15                  |
| Mobile Home Park                | 2,560,424  | 0.13                  | 4                         | 0.07                  |
| Vacant Residential              | 18,871,993   | 0.96                  | 412                       | 6.79                  |
| Subtotal Residential            | \$1,162,718,903                                      | 58.96%                | 4,538                     | 74.75%                |
| <b>Total</b>                    | <b>\$1,972,042,575</b>                               | <b>100.00%</b>        | <b>6,071</b>              | <b>100.00%</b>        |

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

**Assessed Valuation of Single Family Residential Parcels.** The following table shows a breakdown of the assessed valuations of improved single-family residential parcels in the District and the average and median assessed value for single family parcels, for fiscal year 2024-25.

**NEWMAN-CROWS LANDING UNIFIED SCHOOL DISTRICT  
Per Parcel 2024-25 Assessed Valuation of Single Family Homes**

| Single Family Residential<br>2024-25<br><u>Assessed Valuation</u> | <u>No. of<br/>Parcels</u>                | <u>2024-25<br/>Assessed Valuation</u> |                                  | <u>Average<br/>Assessed Valuation</u> | <u>Median<br/>Assessed Valuation</u> |                                  |
|---|--|---------------------------------------|----------------------------------|---------------------------------------|--------------------------------------|----------------------------------|
|   | <u>No. of<br/>Parcels <sup>(1)</sup></u> | <u>% of<br/>Total</u>                 | <u>Cumulative<br/>% of Total</u> | <u>Total<br/>Valuation</u>            | <u>% of<br/>Total</u>                | <u>Cumulative<br/>% of Total</u> |
|   | 4,052                                    |                                       |                                  | \$1,117,599,263                       | \$275,814                            | \$263,355                        |
| \$0 - \$24,999  | 12                                       | 0.296%                                | 0.296%                           | \$ 254,277                            | 0.023%                               | 0.023%                           |
| \$25,000 - \$49,999   | 93                                       | 2.295                                 | 2.591                            | 3,758,886                             | 0.336                                | 0.359                            |
| \$50,000 - \$74,999   | 128                                      | 3.159                                 | 5.750                            | 7,832,168                             | 0.701                                | 1.060                            |
| \$75,000 - \$99,999   | 181                                      | 4.467                                 | 10.217                           | 16,112,809                            | 1.442                                | 2.502                            |
| \$100,000 - \$124,999   | 186                                      | 4.590                                 | 14.808                           | 20,899,557                            | 1.870                                | 4.372                            |
| \$125,000 - \$149,999   | 268                                      | 6.614                                 | 21.422                           | 36,898,488                            | 3.302                                | 7.673                            |
| \$150,000 - \$174,999   | 325                                      | 8.021                                 | 29.442                           | 52,716,468                            | 4.717                                | 12.390                           |
| \$175,000 - \$199,999   | 268                                      | 6.614                                 | 36.056                           | 50,020,357                            | 4.476                                | 16.866                           |
| \$200,000 - \$224,999   | 253                                      | 6.244                                 | 42.300                           | 53,802,195                            | 4.814                                | 21.680                           |
| \$225,000 - \$249,999   | 207                                      | 5.109                                 | 47.409                           | 49,241,834                            | 4.406                                | 26.086                           |
| \$250,000 - \$274,999   | 218                                      | 5.380                                 | 52.789                           | 57,318,244                            | 5.129                                | 31.215                           |
| \$275,000 - \$299,999   | 228                                      | 5.627                                 | 58.416                           | 65,307,580                            | 5.844                                | 37.058                           |
| \$300,000 - \$324,999   | 228                                      | 5.627                                 | 64.042                           | 71,295,823                            | 6.379                                | 43.438                           |
| \$325,000 - \$349,999   | 235                                      | 5.800                                 | 69.842                           | 79,226,516                            | 7.089                                | 50.527                           |
| \$350,000 - \$374,999   | 208                                      | 5.133                                 | 74.975                           | 75,314,672                            | 6.739                                | 57.266                           |
| \$375,000 - \$399,999   | 182                                      | 4.492                                 | 79.467                           | 70,504,402                            | 6.309                                | 63.574                           |
| \$400,000 - \$424,999   | 169                                      | 4.171                                 | 83.638                           | 69,803,990                            | 6.246                                | 69.820                           |
| \$425,000 - \$449,999   | 155                                      | 3.825                                 | 87.463                           | 67,733,971                            | 6.061                                | 75.881                           |
| \$450,000 - \$474,999   | 112                                      | 2.764                                 | 90.227                           | 51,851,331                            | 4.640                                | 80.520                           |
| \$475,000 - \$499,999   | 119                                      | 2.937                                 | 93.164                           | 57,974,976                            | 5.187                                | 85.708                           |
| \$500,000 and greater   | 277                                      | 6.836                                 | 100.000                          | 159,730,719                           | 14.292                               | 100.000                          |
|   | 4,052                                    | 100.000%                              |                                  | \$1,117,599,263                       | 100.000%                             |                                  |

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

## Reassessments and Appeals of Assessed Value

There are generally two means by which assessed values can be reassessed or appealed that could adversely impact property tax revenues within the District, being a temporary reduction based on Proposition 8 (defined below), or a challenge to the base year value of property.

Pursuant to California Proposition 8 of November 1978 (“**Proposition 8**”), property owners may apply for a reduction of their property tax assessment by filing a written application, in a form prescribed by the SBE, with the appropriate county board of equalization or assessment appeals board. County assessors may also independently reduce assessed values based upon factors such as property damage or reductions in the fair market value of the taxable property. In most cases, an appeal is filed because the applicant believes that present market conditions (such as lower residential home sale prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. Such reductions are subject to yearly reappraisals and may be adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution” in Appendix A.

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

County assessors, at their discretion, may also, from time to time, review certain property types purchased between specific time periods (e.g., all single family homes and condominiums purchased shortly prior to widespread declines in the fair market value of residential real estate within the county, as occurred in the State between the years 2009 and 2011) and may proactively, temporarily reduce the assessed value of qualifying properties to Proposition 8 assessed values without owner appeal.

A property that has been reassessed under Proposition 8, whether pursuant to owner appeal or due to county assessor review, is subsequently reviewed annually to determine its lien date value. Assuming no change in ownership or new construction, and if and as market conditions improve, the assessed value of a property with a Proposition 8 assessed value in place may increase as of each property tax lien date by more than the standard annual inflationary factor growth rate allowed under Article XIII A (currently, a 2% annual maximum) until such assessed value again equals the Article XIII A base year value for such property as adjusted for inflation and years of ownership, at which point such property is again taxed pursuant to Article XIII A and base year values may not be increased by more than the standard Article XIII A annual inflationary factor growth rate. A change in ownership while a property is subject to a Proposition 8 reassessment assessed valuation will cause such assessed valuation to become fixed as a new Article XIII A base year value for such property. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution” in Appendix A.

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

## Tax Rates

The table below summarizes the total *ad valorem* tax rates levied by all taxing entities in a representative tax rate area in the City of Newman portion of the District (TRA 3-027) during fiscal years 2020-21 through 2024-25.

### NEWMAN-CROWS LANDING UNIFIED SCHOOL DISTRICT

#### Typical Tax Rates

(City of Newman TRA 3-027)<sup>(1)</sup>

Dollars per \$100 of Assessed Valuation

Fiscal Years 2020-21 through 2024-25

|  | <u>2020-21</u> | <u>2021-22</u> | <u>2022-23</u> | <u>2023-24</u> | <u>2024-25</u> |
|--|----------------|----------------|----------------|----------------|----------------|
| General                                      | \$1.000000     | \$1.000000     | \$1.000000     | \$1.000000     | \$1.000000     |
| Newman-Crows Landing Unified School District | .113896        | .124426        | .119935        | .115992        | .122619        |
| Yosemite Community College District          | .022778        | .024006        | .023417        | .023108        | .026244        |
| Total  | \$1.136674     | \$1.148432     | \$1.143352     | \$1.139100     | \$1.148863     |

(1) 2024-25 assessed valuation of TRA 3-027 is \$194,884,524 which is 9.45% of the District's total assessed valuation.

Source: California Municipal Statistics, Inc.

## Tax Levies and Delinquencies - Teeter Plan

The Board of Supervisors of the County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “**Teeter Plan**”), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, each entity levying property taxes in the County may draw on the amount of uncollected secured taxes credited to its fund, in the same manner as if the amount credited had been collected. The County’s Teeter Plan currently covers the one percent general fund apportionment levy, and also other *ad valorem* taxes, such as those levied to repay the Bonds. The plan also includes special assessments/direct charges, as long as the taxing entity is a Teeter participant.

So long as the Teeter Plan remains in effect, the District’s receipt of revenues with respect to the levy of *ad valorem* property taxes will not be dependent upon actual collections of the *ad valorem* property taxes by the County. However, under the statute creating the Teeter Plan, the Board of Supervisors can under certain circumstances terminate the Teeter Plan in part or in its entirety with respect to the entire County and, in addition, the Board of Supervisors can terminate the Teeter Plan with respect to the District if the delinquency rate for all *ad valorem* property taxes levied within the District in any year exceeds 3%. In the event that the Teeter Plan were terminated, the amount of the levy of *ad valorem* property taxes in the District would depend upon the collections of the *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District.

The current practice of the County under the Teeter Plan is to pay the District 100% of the *ad valorem* taxes payable annually to the District in connection with general obligation bond indebtedness and to retain any penalties or delinquencies collected to offset such gross payment. In addition, the District cannot predict the impact, if any, that changes or modifications to property tax collection procedures might have on the County’s Teeter Plan.

Finally, the ability of the County to maintain the Teeter Plan may depend on its financial resources and may be affected by future property tax delinquencies. Property tax delinquencies

may be impacted by economic and other factors beyond the District's or the County's control, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression could be caused by many factors outside the control of the District, including high interest rates, reduced consumer confidence, reduced real wages or reduced economic activity as a result of the spread of COVID-19 or other outbreak of disease or natural or manmade disaster.

*There can be no assurances that the County will continue the Teeter Plan in the future, or that the County will not discontinue the Teeter Plan or remove the District from the Teeter Plan in the future.*

Notwithstanding the application of the Teeter Plan as described above, the tables below show recent secured tax charge and delinquency rates with respect to the District's general obligation bond levy.

**NEWMAN-CROWS LANDING UNIFIED SCHOOL DISTRICT**  
**Secured Tax Charges and Delinquencies**  
**Fiscal Years 2019-20 through 2023-24**

| <b>Tax Year</b> | <b>Secured Tax Charge<sup>(1)</sup></b> | <b>Amount Delinquent June 30</b> | <b>% Delinquent June 30</b> |
|-----------------|---|----------------------------------|-----------------------------|
| 2019-20         | \$2,219,028                             | \$49,397                         | 2.23%                       |
| 2020-21         | 1,880,035                               | 35,064                           | 1.87                        |
| 2021-22         | 2,131,042                               | 43,088                           | 2.02                        |
| 2022-23         | 2,171,395                               | 45,314                           | 2.09                        |
| 2023-24         | 2,210,539                               | 50,418                           | 2.28                        |

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

## Major Taxpayers

The following table shows the 20 largest taxpayers in the District as determined by their secured assessed valuations in fiscal year 2024-25. The District cannot determine from County assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below. A large concentration of ownership in a single individual or entity results in a greater amount of tax collections which are dependent upon that property owner's ability or willingness to pay property taxes.

### NEWMAN-CROWS LANDING UNIFIED SCHOOL DISTRICT Largest 2024-25 Local Secured Taxpayers

|     | Property Owner                         | Primary Land Use        | 2024-25<br>Assessed<br>Valuation | % of<br>Total <sup>(1)</sup> |
|-----|--|-------------------------|----------------------------------|------------------------------|
| 1.  | Reworld Stanislaus                     | Power Generation        | \$ 79,737,793                    | 4.04%                        |
| 2.  | Saputo Cheese USA Inc.                 | Food Processing         | 41,416,334                       | 2.10                         |
| 3.  | K and T Ranch                          | Agricultural            | 25,304,245                       | 1.28                         |
| 4.  | Cerutti Bros Inc.                      | Agricultural            | 23,182,869                       | 1.18                         |
| 5.  | Sukhjot S. Sandhu                      | Agricultural            | 20,889,936                       | 1.06                         |
| 6.  | Moonshine Dairy                        | Agricultural            | 19,589,425                       | 0.99                         |
| 7.  | Maninder Singh Sandhu                  | Agricultural            | 15,151,782                       | 0.77                         |
| 8.  | Salvador Salazar                       | Agricultural            | 14,542,984                       | 0.74                         |
| 9.  | Stewart & Jasper Orchards              | Agricultural            | 12,563,807                       | 0.64                         |
| 10. | LGI Homes California                   | Residential Development | 11,420,554                       | 0.58                         |
| 11. | JEM-G2 LP                              | Agricultural            | 11,095,103                       | 0.56                         |
| 12. | Stewart & Jasper Poultry<br>Ranch Inc. | Agricultural            | 11,020,838                       | 0.56                         |
| 13. | California Transplants LLC             | Agricultural            | 10,810,591                       | 0.55                         |
| 14. | Beltran Farms                          | Agricultural            | 10,409,224                       | 0.53                         |
| 15. | Jon E. Maring                          | Agricultural            | 8,696,541                        | 0.44                         |
| 16. | World International LLC                | Golf Course/Residential | 8,255,034                        | 0.42                         |
| 17. | Ronald K. De Pauw                      | Agricultural            | 8,089,996                        | 0.41                         |
| 18. | Shiraz Ranch LLC                       | Agricultural            | 7,439,261                        | 0.38                         |
| 19. | George J. & Marlene M. Souza           | Agricultural            | 7,131,399                        | 0.36                         |
| 20. | Bradford E. & Kristi J. Nyman          | Agricultural            | 7,040,571                        | 0.36                         |

(1) 2024-25 local secured assessed valuation: \$1,972,042,575.

Source: California Municipal Statistics, Inc.

## Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the “**Debt Report**”) prepared by California Municipal Statistics, Inc. for debt issued as of May 1, 2025. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

**NEWMAN-CROWS LANDING UNIFIED SCHOOL DISTRICT**  
**Statement of Direct and Overlapping Bonded Debt**  
**(Debt Issued as of May 1, 2025)**

2024-25 Assessed Valuation: \$2,062,551,720

| <u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>                           | <u>% Applicable</u> | <u>Debt 5/1/25</u>              |
|--|---------------------|---------------------------------|
| Yosemite Community College District  | 2.199%              | \$ 5,042,090                    |
| <b>Newman-Crows Landing Unified School District</b>                              | <b>100.</b>         | <b>42,429,566<sup>(1)</sup></b> |
| Western Hills Water District Diablo Grande Community Facilities District No. 1   | 100.                | 37,970,000                      |
| California Municipal Finance Authority Community Facilities District No. 2023-12 | 100.                | 1,095,000                       |
| <b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>                      |                     | <b>\$86,536,656</b>             |

| <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>                                  |             |                    |
|---|-------------|--------------------|
| Stanislaus County Certificates of Participation                                   | 2.961%      | \$ 117,848         |
| <b>Newman-Crows Landing Unified School District Certificates of Participation</b> | <b>100.</b> | <b>2,154,000</b>   |
| Turlock Mosquito and Vector Control District Pension Obligation Bonds             | 7.206       | 81,959             |
| <b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>                             |             | <b>\$2,353,807</b> |

OVERLAPPING TAX INCREMENT DEBT (Successor Agency): \$642,927

COMBINED TOTAL DEBT \$89,533,390<sup>(2)</sup>

Ratios to 2024-25 Assessed Valuation:

**Direct Debt (\$42,429,566) ..... 2.06%**  
Total Direct and Overlapping Tax and Assessment Debt ..... 4.20%  
**Combined Direct Debt (\$44,583,566) ..... 2.16%**  
Combined Total Debt ..... 4.34%

Ratios to Redevelopment Incremental Valuation (\$250,288,185):

Total Overlapping Tax Increment Debt ..... 0.26%

(1) Excludes the Bonds. Excludes accreted values. Includes the District's 2022 General Obligation Bond Anticipation Note issued in the original denominational amount of \$14,765,544 which will be paid at maturity on August 1, 2025 with the proceeds of the Bonds. See Appendix A under the heading "DISTRICT FINANCIAL INFORMATION - Existing Debt Obligations."

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.  
Source: California Municipal Statistics, Inc.



## BOND INSURANCE

*The following information has been furnished by the Bond Insurer for use in this Official Statement. No representation is made as to the accuracy or completeness of this information, or the absence of material adverse changes therein at any time subsequent to the date hereof. Reference is made to APPENDIX H for a specimen of the Policy.*

### Municipal Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“**BAM**” or the “**Bond Insurer**”) will issue a Municipal Bond Insurance Policy (the “**Policy**”) for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as APPENDIX H to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

### Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: [www.bambonds.com](http://www.bambonds.com).

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated “AA/Stable” by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC (“**S&P**”). An explanation of the significance of the rating and current reports may be obtained from S&P at <https://www.spglobal.com/en/>. The rating of BAM should be evaluated independently. The rating reflects S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

### *Capitalization of BAM*

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2025 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$482.1 million, \$246.4 million and \$235.7 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at [www.bambonds.com](http://www.bambonds.com), is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

### *Additional Information Available from BAM*

**Credit Insights Videos.** For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at <https://bambonds.com/insights/#video> (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

**Credit Profiles.** Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at <https://bambonds.com/credit-profiles>. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

**Disclaimers.** The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

## **TAX MATTERS**

### **Tax Exemption**

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

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

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

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of

ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

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

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

### **Other Tax Considerations**

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

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

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

### **Form of Opinion**

A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix D.

## **CERTAIN LEGAL MATTERS**

### **Legality for Investment**

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

### **Absence of Material Litigation**

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

The District may be or may become a party to lawsuits and claims which are unrelated to the Bonds or actions taken with respect to the Bonds and which have arisen in the normal course of operating the District. The District maintains certain insurance policies which provide coverage under certain circumstances and with respect to certain types of incidents. In the opinion of the District, there currently are no known uninsured claims or actions pending which could have a material adverse effect on the financial position or operations of the District. The District cannot predict what types of claims may arise in the future.

### **Compensation of Certain Professionals**

Payment of the fees and expenses of Bond Counsel, Disclosure Counsel, Underwriter's Counsel, and Dale Scott & Company, Inc., as municipal advisor to the District, is contingent upon issuance of the Bonds.

## **CYBER RISKS**

The District, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the District may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. The District may also be approached by online fraudsters posing as legitimate vendors or other entities, with the intent to commit financial fraud and obtain District funds or other assets.

The District has never had a major cyber breach or online fraud event that resulted in a financial loss. The District has implemented cyber security measures to safeguard its systems, including participating in joint cybersecurity trainings with the County, upgrading servers which have the most current security measures and engaging in staff cyber awareness training. District insurance policies include standard coverage for cyber incidents.

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

## **CONTINUING DISCLOSURE**

The District will execute a Continuing Disclosure Certificate in connection with the issuance of the Bonds in the form attached hereto as Appendix E. The District has covenanted therein, for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District to the Municipal Securities Rulemaking Board (an **"Annual Report"**) not later than nine months after the end of the District's fiscal year (which currently is June 30), commencing by March 31, 2026 with the report for the 2024-25 Fiscal Year, and to provide notices of the occurrence of certain enumerated events. Such notices will be filed by the District with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in an Annual Report or the notices of enumerated events is set forth in "APPENDIX E – FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter of the Bonds in complying with S.E.C. Rule 15c2-12(b)(5) (the **"Rule"**).

The District has made undertakings pursuant to the Rule in connection with other bond and debt issuances. A review of filing requirements and completed filings in the previous five years has been undertaken and the following instances of material non-compliance in the previous five years were identified: (1) the late filing of assessed values for fiscal year 2019-20, (2) the late filing of the fiscal year 2021-22 audited financial statement, and (3) the timely filing of the fiscal year 2021-22 operating data and fiscal year 2022-23 Budget but not linking such information to all outstanding CUSIPs (which has since been remedied).

The District has engaged the services of Dale Scott & Company, Inc. to serve as its dissemination agent in connection with its undertakings, including the undertaking in connection with the Bonds.

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

## **RATINGS**

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**"), is expected to assign its rating of "AA" to the Bonds, based on the understanding that the Bond Insurer will deliver its Policy with respect to the Bonds upon delivery. See "BOND INSURANCE."

In addition, S&P has assigned an underlying rating of "A+" to the Bonds. The District has provided certain additional information and materials to S&P (some of which does not appear in this Official Statement to the extent deemed not material for investment purposes). Such ratings reflect only the view of S&P and an explanation of the significance of such ratings and outlook may be obtained only from S&P. There is no assurance that any credit rating given to the Bonds will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely by S&P if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

## **UNDERWRITING**

The Bonds are being purchased by Raymond James & Associates, Inc., as underwriter (the "**Underwriter**"). The Underwriter has agreed to purchase the Bonds at a price of \$\_\_\_\_\_ which is equal to the initial principal amount of the Bonds of \$\_\_\_\_\_, plus original issue premium of \$\_\_\_\_\_, less an Underwriter's discount of \$\_\_\_\_\_, less \$\_\_\_\_\_ applied to costs of issuance. The obligations of the Underwriter are subject to certain conditions precedent, and it will be obligated to purchase all such Bonds if any Bonds are purchased. The Underwriter intends to offer the Bonds to the public initially at the yields set forth on the inside cover page of this Official Statement, which yields may subsequently change without any requirement of prior notice.

## **ADDITIONAL INFORMATION**

The discussions herein about the Bond Resolution and the Continuing Disclosure Certificate are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and for full and complete statements of such provisions reference is made to such documents. A copy of the Continuing Disclosure Certificate is attached hereto as Appendix E, and a copy of the Bond Resolution is available from the Underwriter and following delivery of the Bonds will be on file at the offices of the Paying Agent in Los Angeles, California.

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

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

## **EXECUTION**

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

**NEWMAN-CROWS LANDING UNIFIED SCHOOL  
DISTRICT**

By: \_\_\_\_\_  
Superintendent



## APPENDIX A

### GENERAL AND FINANCIAL INFORMATION FOR THE NEWMAN-CROWS LANDING UNIFIED SCHOOL DISTRICT

*The information in this and other sections concerning the Newman-Crows Landing Unified School District's (the "**District**") operations and operating budget is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the General Fund of the District. The Bonds are payable solely from the proceeds of an ad valorem tax required to be levied by the County in an amount sufficient for the payment thereof. See "SECURITY FOR THE BONDS" in the front half of the Official Statement.*

### DISTRICT GENERAL INFORMATION

#### General Information

The District, which includes approximately 150 square miles in Stanislaus County (the "**County**") located along Interstate 5, provides educational services to residents in and around the City of Newman and other unincorporated portions of the County including the region known as Crows Landing. The District currently operates four elementary schools, one junior high school, one high school, one continuation high school, and one community day school. Enrollment in the 2025-26 academic year is budgeted for 3,030 students.

For more information about the District and its finances, see Appendix B. For demographic information about the City of Newman and the County, see Appendix C.

#### Administration

**Board of Education.** The District is governed by a five-member Board of Education, each member of which is elected by member area to a four-year term. The management and policies of the District are administered by a Superintendent and a staff that provides business, pupil, personnel, administrative and instructional support services. Current members of the Board of Education, together with their office and the date their term expires, are listed below.

#### BOARD OF EDUCATION Newman-Crows Landing Unified School District

| Name                      | Position  | Term Expires  |
|---------------------------|-----------|---------------|
| Don Cabral (Area 2)       | President | December 2026 |
| Frank Rivas (Area 5)      | Clerk     | December 2026 |
| Lyzette Gonzalez (Area 3) | Member    | December 2028 |
| Maribel Cerutti (Area 1)  | Member    | December 2028 |
| Derek Wach (Area 4)       | Member    | December 2028 |

***Superintendent and Administrative Personnel.*** The Superintendent of the District is appointed by the Board of Education and reports to the Board of Education. The Superintendent is responsible for management of the District’s day-to-day operations and supervises the work of other key District administrators. Following are certain members of the senior management of the District:

**DISTRICT ADMINISTRATORS  
Newman-Crows Landing Unified School District**

| <b><u>Name</u></b> | <b><u>Title</u></b>                                |
|--------------------|--|
| Justin Pruett      | Superintendent                                     |
| Caralyn Mendoza    | Assistant Superintendent, Chief Business Official* |

\*Effective July 1, 2025, Caralyn Mendoza will no longer serve as the District’s Assistant Superintendent, Chief Business Official. Her successor effective July 1, 2025 is Cynthia Tapia.

**Recent Enrollment Trends**

The following table shows historical enrollment and average daily attendance (“**ADA**”) for the District.

**ANNUAL ENROLLMENT AND ADA  
FISCAL YEARS 2017-18 THROUGH 2025-26†  
NEWMAN-CROWS LANDING UNIFIED SCHOOL DISTRICT**

| <b>School Year</b> | <b>Enrollment</b> | <b>% Change</b> | <b>ADA*</b> | <b>% Change</b> |
|--------------------|-------------------|-----------------|-------------|-----------------|
| 2017-18            | 3,127             | --%             | 3,015       | --%             |
| 2018-19            | 3,225             | 3.1             | 3,080       | 2.2             |
| 2019-20            | 3,210             | (0.4)           | 3,071       | (0.3)           |
| 2020-21            | 3,213             | 0.0             | 3,071       | 0.0             |
| 2021-22            | 3,142             | (2.2)           | 2,831       | (7.8)           |
| 2022-23            | 3,189             | 1.5             | 2,877       | 1.6             |
| 2023-24            | 3,161             | (0.9)           | 2,943       | 2.3             |
| 2024-25†           | 3,085             | (2.4)           | 2,952       | 0.3             |
| 2025-26†           | 3,030             | (1.8)           | 2,908       | (1.5)           |

\*Funded ADA.

†Estimated Actuals/Budgeted.

Source: *Newman-Crows Landing Unified School District.*

The District’s enrollment is projected to become relatively stable over the next three years. Even though there are housing developments proposed, the District does not project increased revenue until new homes are occupied and enrollment has increased.

## Employee Relations

For fiscal year 2025-26, the District has budgeted for 164.0 full time equivalent (“FTE”) certificated employees, 195.0 FTE classified employees and 70 management, supervisor and confidential FTE employees. The certificated, classified and other employees of the District are represented by two bargaining units, as set forth in the following table.

### BARGAINING UNITS Newman-Crows Landing Unified School District

| Bargaining Unit                            | Employee Type Represented | Contract Expiration Date |
|--|---------------------------|--------------------------|
| Newman-Crows Landing Teacher’s Association | Certificated              | June 30, 2024*           |
| California Schools Employee Association    | Classified                | June 30, 2027            |

\* Employees continue to operate under expired contracts during negotiations, which are ongoing.  
Source: Newman-Crows Landing Unified School District.

## Risk Management

The District is a member of the California’s Valued Trust (“CVT”) public entity risk pool and the Central Region School Insurance Group (“CRSIG”). The District pays an annual premium to each entity for its dental and vision, workers’ compensation, and property and liability coverage. The relationships between the District and the pools are such that they are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are available from the respective entities.

The District has appointed no members to the governing board of CVT. During the year ended June 30, 2024, the District made payment of \$437,661 to CVT for dental and vision insurance.

One District board member has been appointed to the governing board of CRSIG.

During the year ended June 30, 2024, the District made payment of \$806,230 to CRSIG for property, liability, and workers’ compensation insurance.

For more information regarding the District’s Risk Management, see Note 14 of Appendix B hereto.

## DISTRICT FINANCIAL INFORMATION

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

### Education Funding Generally

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

From 1973-74 to 2012-13, California school districts operated under general purpose revenue limits established by the State Legislature. In general, revenue limits were calculated for each school district by multiplying (1) the ADA for such district by (2) a base revenue limit per unit of ADA. The revenue limit calculations were adjusted annually in accordance with a number of factors designated primarily to provide cost of living increases and to equalize revenues among all California school districts of the same type. Funding of a district's revenue limit was provided by a mix of local property taxes and State apportionments of basic and equalization aid. Generally, the State apportionments amounted to the difference between the District's revenue limit and its local property tax revenues. Districts which had local property tax revenues that exceeded their revenue limit entitlements were deemed a “Basic Aid District” and received full funding from local property tax revenues, and were entitled to keep those tax revenues which exceeded their revenue limit funding entitlement. A district which was not a Basic Aid District was known as a “Revenue Limit District.”

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

- A base grant for each local education agency per unit of ADA, which varies with respect to different grade spans. The base grant is \$2,375 more than the average revenue limit provided prior to LCFF implementation. The base grants will be adjusted upward each year to reflect cost-of-living increases. In addition, grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in grades K-3 and the provision of career technical education in grades 9-12.
- A 20% supplemental grant for English learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.

- An additional concentration grant of up to 65% (which was increased from 50% as part of the State's trailer bill to the 2021-22 State Budget - Assembly Bill 130) of a local education agency's base grant, based on the number of English learners, students from low-income families and foster youth served by the local agency that comprise more than 55% of enrollment.
- An economic recovery target to ensure that almost every local education agency receives at least their pre-recession funding level, adjusted for inflation, at full implementation of the LCFF.

The LCFF was implemented for fiscal year 2013-14 and was phased in gradually. Beginning in fiscal year 2013-14, an annual transition adjustment was required to be calculated for each school district, equal to each district's proportionate share of the appropriations included in the State budget (based on the percentage of each district's students who are low-income, English learners, and foster youth ("**Targeted Students**")), to close the gap between the prior-year funding level and the target allocation at full implementation of LCFF. In each year, districts had the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district's funding gap. The legislation implementing LCFF also included a "hold harmless" provision which provided that a district or charter school would maintain total revenue limit and categorical funding at least equal to its 2012-13 level, unadjusted for changes in ADA or cost of living adjustments.

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

Funding levels used in the LCFF entitlement calculations for fiscal year 2024-25 are set forth in the following table.

**Fiscal Year 2024-25 Base Grant Funding\* Under LCFF  
by Grade Span**

| <b>Entitlement Factor</b>   | <b>TK/K-3</b> | <b>4-6</b> | <b>7-8</b> | <b>9-12</b> |
|---|---------------|------------|------------|-------------|
| A. 2023-24 Base Grant per ADA                                     | \$9,919       | \$10,069   | \$10,367   | \$12,015    |
| B. 2024-25 COLA for LCFF (A x 1.07%)                              | \$106         | \$108      | \$111      | \$129       |
| C. 2024-25 Base Grant per ADA before Grade Span Adjustments (A+B) | \$10,025      | \$10,177   | \$10,478   | \$12,144    |
| D. Grade Span Adjustments (TK-3: C x 10.4%; 9-12: C x 2.6%)       | \$1,043       | n/a        | n/a        | \$316       |
| E. 2024-25 Base Grant/Adjusted Base Grant per ADA (C + D)         | \$11,068      | \$10,177   | \$10,478   | \$12,460    |

\*Add-ons to the Base Grant, as may be applicable, are: (1) Supplemental Grant: For the supplemental grant funding entitlement, for each grade span, the calculation is the base grant or adjusted base grant per ADA, times total funded ADA, times Unduplicated Pupil Percentage, times 20%, (2) Concentration Grant: For the concentration grant funding entitlement, the calculation is the base grant or adjusted base grant per ADA, times total funded ADA, times portion of Unduplicated Pupil Percentage that exceeds 55%, times 65%, and (3) Transitional Kindergarten Add-On: For the TK add-on funding, the amount is the rate of \$3,077 times the school district's current year TK ADA.

Source: California Department of Education.

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

County superintendents review and provide support to the districts under their jurisdiction, and the State Superintendent of Public Instruction performs a corresponding role for county offices of education. In addition, the State Budget for fiscal year 2013-14 created the California Collaborative for Education Excellence to advise and assist school districts, county offices of education, and charter schools in achieving the goals identified in their plans. Under the LCFF and related legislation, the State will continue to measure student achievement through statewide assessments, produce an Academic Performance Index for schools and subgroups of students, determine the contents of the school accountability report card, and establish policies to implement the federal accountability system.

### **District Accounting Practices**

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

District accounting is organized on the basis of funds, with each group consisting of a separate accounting entity. The major fund classification is the general fund which accounts for all financial resources not requiring a special fund placement. The District's fiscal year begins on July 1 and ends on June 30.

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

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

## Financial Statements

**General.** The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. The District's June 30, 2024 Audited Financial Statements were prepared by Eide Bailly LLP, Fresno, California and are attached hereto as Appendix B. Audited financial statements for the District for prior fiscal years are on file with the District and available for public inspection at Newman-Crows Landing Unified School District, 1223 Main Street, Newman, California 95360; telephone (209) 862-2933. The District has not requested, and the auditor has not provided, any review or update of such Financial Statements in connection with inclusion in this Official Statement. Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to the District. This District may impose a charge for copying, mailing and handling.

*[Remainder of page intentionally left blank]*

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

**GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**Fiscal Years 2020-21 through 2023-24 (Audited)<sup>(1)</sup>**  
**Newman-Crows Landing Unified School District**

|   | <b>Audited<br/>2020-21</b> | <b>Audited<br/>2021-22</b> | <b>Audited<br/>2022-23</b> | <b>Audited<br/>2022-23</b> | <b>Audited<br/>2023-24</b> |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| <b>SOURCES</b>  |                            |                            |                            |                            |                            |
| LCFF Sources <sup>(2)</sup>                               | \$33,557,266               | \$33,384,156               | \$36,153,305               | \$40,769,985               | \$42,944,943               |
| Federal revenues  | 1,495,957                  | 4,999,624                  | 3,712,524                  | 6,227,992                  | 3,569,122                  |
| Other state revenues                                      | 4,324,023                  | 5,198,002                  | 7,556,603                  | 14,388,904                 | 8,616,390                  |
| Other local revenues                                      | 3,183,325                  | 2,868,043                  | 2,526,581                  | 3,899,934                  | 5,069,158                  |
| Total Revenues  | 42,560,571                 | 46,449,825                 | 49,949,013                 | 65,286,815                 | 60,199,613                 |
| <b>EXPENDITURES</b>                                       |                            |                            |                            |                            |                            |
| Instruction   | 24,085,603                 | 23,492,235                 | 25,901,369                 | 30,451,021                 | 33,317,261                 |
| Instruction-related services:                             |                            |                            |                            |                            |                            |
| Supervision of instruction                                | 594,503                    | 563,676                    | 482,024                    | 659,727                    | 897,974                    |
| Library, media and technology                             | 1,266,204                  | 3,051,493                  | 1,714,992                  | 1,890,622                  | 995,582                    |
| School site administration                                | 2,655,703                  | 3,147,815                  | 2,836,845                  | 3,641,518                  | 3,811,879                  |
| Pupil services:   |                            |                            |                            |                            |                            |
| Home-to-school transportation                             | 546,742                    | 177,358                    | 515,969                    | 623,157                    | 667,821                    |
| Food services   | 43,306                     | 115,219                    | 55,539                     | 53,821                     | 130,648                    |
| All other pupil services                                  | 4,208,820                  | 3,938,569                  | 4,997,416                  | 5,002,969                  | 6,946,709                  |
| General administration:                                   |                            |                            |                            |                            |                            |
| Data processing services                                  | --                         | --                         | 83,513                     | --                         | --                         |
| All other general administration                          | 3,202,532                  | 3,256,779                  | 3,808,725                  | 4,747,761                  | 5,736,485                  |
| Plant services  | 3,973,748                  | 3,975,077                  | 4,422,213                  | 5,232,567                  | 6,162,843                  |
| Ancillary services  | 313,903                    | 250,751                    | 373,585                    | 958,000                    | 1,407,403                  |
| Community services  | 132                        | --                         | --                         | 3,403                      | 3,647                      |
| Other outgo   | 888,733                    | 548,621                    | 320,928                    | 1,039,050                  | 559,498                    |
| Facilities acquisition and maintenance                    | 1,239,339                  | 653,833                    | 622,000                    | 2,167,296                  | 1,246,975                  |
| Debt service: principal <sup>(2)</sup>                    | 102,421                    | 107,683                    | 58,209                     | 167,200                    | 158,710                    |
| Debt service: interest <sup>(2)</sup>                     | 36,678                     | 23,156                     | 20,678                     | 16,054                     | 14,846                     |
| Total Expenditures  | 43,158,367                 | 43,302,265                 | 46,214,005                 | 56,654,166                 | 62,058,281                 |
| Excess of (Deficiency) Revenues Over (Under) Expenditures | (597,796)                  | 3,147,560                  | 3,735,008                  | 8,632,649                  | (1,858,668)                |
| <b>OTHER FINANCING SOURCES(USES)</b>                      |                            |                            |                            |                            |                            |
| Operating Transfers in                                    | --                         | --                         | --                         | --                         | --                         |
| Proceeds from leases                                      | --                         | --                         | --                         | --                         | 324,495                    |
| Other sources   | --                         | --                         | 76,993                     | --                         | --                         |
| Operating transfers out                                   | --                         | --                         | --                         | (312,696)                  | --                         |
| Total Other Financing Sources (Uses)                      | --                         | --                         | 76,993                     | (312,696)                  | 324,495                    |
| NET change in fund balance                                | (597,796)                  | 3,147,560                  | 3,812,001                  | 8,319,953                  | (1,534,173)                |
| Fund Balance, July 1                                      | 6,861,961                  | 6,264,165                  | 9,411,725                  | 13,223,726                 | 21,543,679                 |
| Fund Balance, June 30                                     | \$6,264,165                | \$9,411,725                | \$13,223,726               | \$21,543,679               | \$20,009,506               |

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

(2) Debt service includes early retirement incentives and other employee obligations.

Source: Newman-Crows Landing Unified School District's Audited Financial Statements.



## District Budget and Interim Financial Reporting

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

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

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

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

A State law adopted in 1991 ("**A.B. 1200**") imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200, each school district is required to file interim certifications with the County Superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent two fiscal years. The County Superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that is deemed unable to meet its financial obligations for the remainder of the current fiscal year or the subsequent fiscal

year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or two subsequent fiscal years.

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

***District's Budget Approval/Disapproval and Certification History.*** Each of the District's interim reports in the previous five fiscal years and the current fiscal year have been certified as positive. Copies of the District's budget, interim reports and certifications may be obtained upon request from the Superintendent of the District, Newman-Crows Landing Unified School District, 1223 Main Street, Newman, California 95360; telephone (209) 862-2933. The District may impose charges for copying, mailing and handling.

*[Remainder of page intentionally left blank]*

**General Fund Fiscal Year 2024-25 and 2025-26.** The following table shows the income and expense statements for the District's general fund for fiscal year 2024-25 (estimated actuals) and fiscal year 2025-26 (budgeted).

**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GENERAL FUND - RESTRICTED/UNRESTRICTED  
Fiscal Year 2024-25 (Estimated Actuals) and Fiscal Year 2025-26 (Budgeted)\*  
Newman-Crows Landing Unified School District**

|   | <b>2024-25<br/>Estimated Actuals</b> | <b>2025-26<br/>Budgeted</b> |
|---|--------------------------------------|-----------------------------|
| <u>Revenues</u>                                     |                                      |                             |
| LCFF Sources  | \$42,554,027                         | \$42,848,553                |
| Federal revenues                                    | 2,595,169                            | 2,501,843                   |
| Other state revenues                                | 9,286,258                            | 7,458,469                   |
| Other local revenues                                | 4,080,634                            | 4,097,306                   |
| Total Revenues                                      | 58,516,088                           | 56,906,171                  |
| <u>Expenditures</u>                                 |                                      |                             |
| Certificated salaries                               | 23,113,632                           | 21,540,946                  |
| Classified salaries                                 | 11,429,731                           | 11,560,758                  |
| Employee benefits                                   | 14,774,583                           | 14,897,182                  |
| Books and supplies                                  | 3,935,941                            | 2,473,494                   |
| Services and other operating expenditures           | 10,196,041                           | 9,531,575                   |
| Capital outlay                                      | 1,704,690                            | 785,496                     |
| Other outgo (excluding Transfers of Indirect Costs) | 733,053                              | 636,204                     |
| Other Outgo – Transfers of Indirect Costs           | (733,053)                            | (175,303)                   |
| Total expenditures                                  | 65,715,997                           | 61,250,352                  |
| Excess of revenues over/(under) expenditures        | (7,199,909)                          | (4,344,181)                 |
| Other Financing Sources/Uses                        |                                      |                             |
| Transfers In  | --                                   | --                          |
| Transfers Out                                       | --                                   | --                          |
| Other Sources                                       | --                                   | --                          |
| Total Financing Sources/Uses                        | --                                   | --                          |
| Net change in fund balance                          | (7,199,909)                          | (4,344,181)                 |
| Fund balance, July 1                                | 19,969,115                           | 12,769,206                  |
| Fund balance, June 30                               | \$12,769,206                         | \$8,425,025                 |

\*Columns may not sum to totals due to rounding.

Source: Newman-Crows Landing Unified School District.

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

State Reserve Cap. Under State law (Education Code Section 42127.01), there are certain restrictions on the amount of reserves that can be maintained by school districts under certain circumstances. This reserve cap requirement does not apply to small school districts (ADA of fewer than 2,501 students) or Basic Aid school districts. When applicable, the reserve cap requires that a school district's adopted or revised budget shall not contain a combined assigned

or unassigned ending general fund balance of more than 10% of those funds. The applicability of the reserve cap is based on the balance in the State's Public School System Stabilization Account and is triggered in a fiscal year when the balance is equal to or exceeds 3% of the combined total of general fund revenues appropriated for school districts. A county superintendent of schools may grant a school district under its jurisdiction an exemption from the requirements for up to two consecutive fiscal years within a three-year period if the school district provides documentation indicating that extraordinary fiscal circumstances, including, but not limited to, multiyear infrastructure or technology projects, substantiate the need for a combined assigned or unassigned ending general fund balance that is in excess of the reserve cap. The reserve cap was triggered in fiscal years 2022-23 and 2023-24 but was not triggered for fiscal year 2024-25 and is not projected to be triggered in fiscal year 2025-26.

### **Attendance - Revenue Limit and LCFF Funding**

Funding Trends per ADA. As previously described, prior to fiscal year 2013-14, school districts in the State derived most State funding based on a formula which considered a revenue limit per unit of ADA. With the implementation of the LCFF, commencing in fiscal year 2013-14, school districts receive base funding based on ADA, and may also be entitled to supplemental funding, concentration grants and funding based on an economic recovery target. The following table sets forth total LCFF funding and ADA for the District for fiscal years 2021-22 through 2025-26 (Projected).

#### **AVERAGE DAILY ATTENDANCE AND FUNDING TRENDS Newman-Crows Landing Unified School District Fiscal Years 2021-22 through 2025-26 (Budgeted)**

| <b>Fiscal Year</b>     | <b>ADA</b> | <b>Total LCFF Funding</b> |
|------------------------|------------|---------------------------|
| 2021-22                | 2,831      | \$36,153,305              |
| 2022-23                | 2,877      | 40,769,985                |
| 2023-24                | 2,943      | 42,944,943                |
| 2024-25 <sup>(1)</sup> | 2,952      | 42,554,027                |
| 2025-26 <sup>(1)</sup> | 2,908      | 42,848,553                |

(1) Estimated Actuals/Budgeted.

Source: California Department of Education and Newman-Crows Landing Unified School District.

Unduplicated Pupil Count. The District's unduplicated pupil count for purposes of supplemental and concentration grant funding under LCFF, to the extent applicable, is approximately 67%. Under LCFF, school districts with a more than 55% unduplicated student count qualify for supplemental funding and concentration grant funding.

### **Revenue Sources**

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

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

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

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

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

In January 2025, the federal government announced possible cuts to federal funding for educational agencies. President Trump has also signed an executive order aimed at terminating the United States Department of Education. The District cannot predict the types of possible federal funding cuts that may occur, the extent of such cuts, if any, and the impact on the District's revenues or operations, if any, as a result of a possible termination of the Department of Education, or due to other factors such as an increase by the federal government in deportation efforts.

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

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

For additional discussion of State aid to school districts, see "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS."

**Other Local Revenues.** In addition to local property taxes, the District receives additional local revenues from items such as interest earnings and other local sources such as developer fees.

## **District Retirement Systems**

Qualified employees of the District are covered under multiple-employer defined benefit pension plans maintained by agencies of the State. Certificated employees are members of the State Teachers' Retirement System ("**STRS**") and classified employees are members of the Public Employees' Retirement System ("**PERS**"). Both STRS and PERS are operated on a Statewide basis. *The information set forth below regarding the STRS and PERS programs, other*

*than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not be construed as a representation by either the District or the Underwriter.*

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

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

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

**STRS EMPLOYER CONTRIBUTION RATES**  
**Effective Dates of July 1, 2021 through July 1, 2025**

| <b>Effective Date</b> | <b>Employer<br/>Contribution Rate</b> |
|-----------------------|---------------------------------------|
| July 1, 2021          | 16.92%                                |
| July 1, 2022          | 19.10                                 |
| July 1, 2023          | 19.10                                 |
| July 1, 2024          | 19.10                                 |
| July 1, 2025          | 19.10                                 |

*Source: STRS.*

The State also continues to contribute to STRS, and its contribution rate in fiscal year 2024-25 is 8.328% and will remain at 8.328% in fiscal year 2025-26.

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

**STRS EMPLOYER CONTRIBUTIONS**  
**Newman-Crows Landing Unified School District**  
**Fiscal Years 2021-22 through 2025-26 (Budgeted)**

| Fiscal Year            | Amount    |
|------------------------|-----------|
| 2021-22                | 3,030,542 |
| 2022-23                | 3,732,871 |
| 2023-24                | 3,976,026 |
| 2024-25 <sup>(1)</sup> | 6,340,050 |
| 2025-26 <sup>(1)</sup> | 6,186,258 |

(1) Estimated Actuals/Budgeted; includes State on-behalf contribution which is not included in the figures shown for the prior years.

Source: Newman-Crows Landing Unified School District.

The STRS defined benefit program continues to have an unfunded actuarial liability estimated at approximately \$86.7 billion, on a market value of assets basis, as of June 30, 2024, which is the date of the last actuarial valuation.

**PERS.** All full-time and some part-time classified employees participate in PERS, an agent multiple-employer contributory public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State. PERS provides retirement, disability, and death benefits to plan members and beneficiaries. The District is part of a cost-sharing pool within PERS known as the “Schools Pool.” Benefit provisions are established by State statutes, as legislatively amended. Contributions to PERS are made by employers and employees. Each fiscal year, employers are required to contribute an amount based on an actuarially determined employer rate, and employees make contributions which vary based on their date of hire.

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

**EMPLOYER CONTRIBUTION RATES (PERS)**  
**Fiscal Years 2021-22 through 2025-26**

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

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

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

**PERS CONTRIBUTIONS**  
**Newman-Crows Landing Unified School District**  
**Fiscal Years 2020-21 through 2025-26 (Budgeted)**

| <b>Fiscal Year</b>     | <b>Amount</b> |
|------------------------|---------------|
| 2020-21                | \$1,278,565   |
| 2021-22                | 1,629,725     |
| 2022-23                | 2,244,027     |
| 2023-24                | 2,877,691     |
| 2024-25 <sup>(1)</sup> | 3,064,078     |
| 2025-26 <sup>(1)</sup> | 3,183,660     |

(1) Second Interim Projection.  
Source: Newman-Crows Landing Unified School District.

PERS continues to have an unfunded liability which, on a market value of assets basis, was approximately \$40.6 billion (on a market value of assets basis) as of June 30, 2024, which is the date of the last actuarial valuation.



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

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

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

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

**Additional Information - STRS and PERS.** Additional information regarding the District's retirement programs is available in Note 12 to the District's audited financial statements attached hereto as APPENDIX B. In addition, both STRS and PERS issue separate comprehensive financial reports that include financial statements and required supplemental information. Copies of such reports may be obtained from STRS and PERS, respectively, as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; and (ii) PERS, 400 Q Street, Sacramento, California 95811.

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

## Other Post-Employment Retirement Benefits

**The Plan Generally.** The post-employment Benefits Plan (the “Plan”) is a single-employer defined benefit healthcare plan administered by the District for other post-employment benefits (“OPEB”). The Plan provides medical insurance coverage, as prescribed in various employee labor agreements and plan documents, to retirees and their spouses meeting eligibility requirements. The District’s Board has the authority to establish or amend the benefit terms offered by the Plan. As of June 30, 2024, the District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the Districts total OPEB liability.

Membership of the Plan as of June 30, 2024 consisted of 32 retirees and beneficiaries currently receiving benefits, and 410 active plan members.

**Actuarial assumptions.** As described in Note 9 of the District’s audited financial statement for the year ended June 30, 2024 (See Appendix B hereto), the District’s OPEB liability was determined by an actuarial valuation as of June 30, 2024. The total OPEB liability as of June 30, 2024 was \$5,454,548. The assumptions used in the actuarial report are summarized in Note 9.

**Changes in OPEB Liability.** The changes in total OPEB liability are summarized in the following table.

### Newman-Crows Landing Unified School District Changes in the Total OPEB Liability

|  |                           |
|--|---------------------------|
| <b>Balance at June 30, 2023</b>                    | <b><u>\$5,958,719</u></b> |
| Service Cost                                       | 355,558                   |
| Interest   | 222,512                   |
| Differences between expected and actual experience | (743,171)                 |
| Changes in assumptions                             | (258,509)                 |
| Benefit payments                                   | <u>(80,561)</u>           |
| Net changes in total OPEB liability                | <u>(504,171)</u>          |
| <b>Balance at June 30, 2024</b>                    | <b><u>\$5,454,548</u></b> |

*Source: Newman-Crows Landing Unified School District’s Audited Financial Statements.*

**OPEB Expense.** For the year ended June 30, 2024, the District recognized OPEB expense of \$431,079.

For more information regarding the District’s OPEB and assumptions used in its most recent actuarial study, see Note 9 of Appendix B hereto.

## Existing Debt Obligations

**General.** In addition to the District's ongoing obligations with respect to retirement plans and OPEB described above, the District has outstanding general obligation bond indebtedness and long-term financing leases. The District has never defaulted on the payment of principal or interest on any of its long-term indebtedness.

**General Obligation Bonds.** The District has voter-approved general obligation bonds and refunding bonds outstanding which have been issued pursuant to the authority obtained from voters at elections in past years, and are secured by *ad valorem* property taxes levied and collected in the District as described below.

### NEWMAN-CROWS LANDING UNIFIED SCHOOL DISTRICT Schedule of Outstanding General Obligation Bond Indebtedness†

| Dated Date   | Series   | Amount of<br>Original Issue | Outstanding as of<br>June 1, 2025* |
|--------------|--|-----------------------------|------------------------------------|
| 06/02/2010   | General Obligation Bonds, Election of 2008, Series B | \$3,907,486.65              | \$3,054,020.80                     |
| 06/07/2016   | 2016 General Obligation Refunding Bonds              | 8,790,000.00                | 7,450,000.00                       |
| 04/04/2017   | General Obligation Bonds, 2016 Election, Series A    | 5,510,000.00                | 5,320,000.00                       |
| 06/21/2017   | 2017 General Obligation Refunding Bonds              | 5,925,000.00                | 1,955,000.00                       |
| 05/02/2018   | General Obligation Bonds, 2016 Election, Series B    | 5,580,000.00                | 4,885,000.00                       |
| 04/17/2024   | General Obligation Bonds, 2020 Election, Series A    | 5,000,000.00                | 5,000,000.00                       |
| <b>Total</b> |  | <b>\$34,712,486.65</b>      | <b>\$27,664,020.80</b>             |

†See below for description of 2022 Bond Anticipation Note.

\*Excluding accreted interest.

**2022 Bond Anticipation Notes.** On March 22, 2022 the District issued its 2022 General Obligation Bond Anticipation Note in the original denominational amount of \$14,765,544 (\$15,760,000 maturity value) for the purpose of obtaining interim financing for certain voter-approved capital facilities projects. The 2022 BAN matures on August 1, 2025, and will be paid from a portion of the proceeds of the Bonds which are described in this Official Statement. Said proceeds will be irrevocably deposited with Zions Bancorporation, National Association, as escrow agent (the "**Escrow Agent**"), pursuant to the terms of an Escrow Agreement, by and between the District and the Escrow Agent. A summary of the issue is as follows:

### 2022 BOND ANTICIPATION NOTE Newman-Crows Landing Unified School District

| Maturity       | Denominational<br>Amount | Accretion Rate | Maturity Value |
|----------------|--------------------------|----------------|----------------|
| August 1, 2025 | \$14,765,544             | 1.950%         | \$15,760,000*  |

\*To be paid in full with the proceeds of the Bonds described in this Official Statement.

Source: Newman-Crows Landing Unified School District.

**Successful 2024 Bond Measures.** The District placed two bond measures on the November 2024 ballot, Measure S for \$30 million in general obligation bonds, and Measure T for \$27 million in general obligation bonds. Both measures received the required minimum of 55 percent affirmative vote for success. No bonds have yet been issued pursuant to said bond measures.

**2015 Long Term Lease Refinancing (Private Placement).** On December 17, 2015, the District caused the execution and delivery of a Lease and Sublease Agreement for the purpose of refinancing an outstanding series of \$5,935,000 original principal amount of Refunding Certificates of Participation. The 2015 Lease was delivered in the aggregate principal amount of \$5,051,000 bearing an interest rate of 2.980% per annum, with the final lease payment due on February 1, 2030.

**Financed Purchase.** The District has entered into an agreement to finance the purchase of solar. Such an agreement is, in substance, a purchase and is reported as a financial purchase. The District's liability on the agreement is summarized below:

**FINANCED PURCHASE**  
**Newman-Crows Landing Unified School District**

| Year<br>Ending<br>June 30, | Principal | Interest | Total     |
|----------------------------|-----------|----------|-----------|
| 2025                       | \$67,406  | \$6,016  | \$73,422  |
| 2026                       | 71,783    | 1,635    | 73,418    |
| TOTAL                      | \$139,189 | \$7,651  | \$146,840 |

*Source: Newman-Crows Landing Unified School District's Audited Financial Statements.*

**Capital Leases.** The District has entered into agreements to lease various facilities and equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The District's liability on lease agreements with options to purchase is summarized below:

**CAPITAL LEASES**  
**Newman-Crows Landing Unified School District**

|                        |           |
|------------------------|-----------|
| Balance, July 1, 2023  | \$324,495 |
| Payments               | (94,521)  |
| Balance, June 30, 2024 | \$340,138 |

*Source: Newman-Crows Landing Unified School District.*

**Investment of District Funds**

In accordance with Government Code Section 53600 *et seq.*, the Stanislaus County Treasurer manages funds deposited with it by the District. The County is required to invest such funds in accordance with California Government Code Sections 53601 *et seq.* In addition, counties are required to establish their own investment policies which may impose limitations beyond those required by the Government Code. See "APPENDIX G - STANISLAUS COUNTY INVESTMENT POLICY AND QUARTERLY INVESTMENT REPORT."

## **Effect of State Budget on Revenues**

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

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

## **STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS**

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

### **State Budgeting for Education Generally**

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

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

## The Budget Process

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

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

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

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

## Available Public Resources

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

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

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

## The 2024-25 State Budget

**Overview of the 2024-25 State Budget.** The Governor signed the fiscal year 2024-25 State budget on June 29, 2024, which was amended through a series of legislative trailer bills (the “**2024-25 State Budget**”). The 2024-25 State Budget notes that the State has experienced significant revenue volatility and unprecedented revenue growth that was quickly followed by a sharp and deep correction back toward historical trends. The 2024-25 State Budget also notes that the unprecedented Internal Revenue Service tax filing and payment postponement in the year 2023 significantly clouded the State’s revenue forecast, and indicates that, with the revenue picture now clearer, the 2024-25 State Budget takes steps to ensure California is on sound fiscal footing by setting the State on a fiscally responsible long-term path that protects vital programs.

The 2024-25 State Budget includes provisions intended to address a budget deficit of approximately \$46.8 billion while also creating positive fund balance in State’s Special Fund for Economic Uncertainties (the “**SFEU**”) in fiscal years 2024-25 and 2025-26 and maintaining core programs for vulnerable populations. The 2024-25 State Budget includes approximately \$16.0 billion in budgetary reductions, comprising (a) an approximately 7.95% reduction in the State’s operations budget resulting in State general fund savings of approximately \$2.2 billion, (b) a \$1.5 billion permanent reduction in State departments’ budgets for vacant positions, (c) a reduction of approximately \$0.4 billion in State Department of Corrections and Rehabilitation budget in fiscal year 2024-25 and a total reduction of approximately \$0.7 billion in fiscal years 2022-23 through 2024-25, (d) \$1.1 billion reduction in various affordable housing programs, and (e) a reduction of \$0.7 billion for various healthcare workforce housing programs.

The 2024-25 State Budget includes a \$13.6 billion increase in revenues by means of additional revenue sources and internal borrowing from special funds, which incorporates suspension of net operating loss deductions for companies with over \$1.0 million in taxable income and limits business tax credits to \$5.0 million in fiscal years 2023-2024 through 2025-2026, and increased managed care organization tax generating \$5.1 billion in fiscal year 2024-25, \$4.6 billion in fiscal year 2025-26, and \$4.0 billion in fiscal year 2026-27. Significantly, the 2024-25 State Budget provides for the withdrawal of approximately \$12.2 billion from the State Rainy Day Fund (the “**Rainy Day Fund**”) over fiscal years 2024-25 and 2025-26, and approximately \$0.9 billion from the State Safety Net Reserve in fiscal year 2024-25.

Additional balancing measures include \$6.0 billion in fund shifts, such as (a) applying a prior CalPERS supplemental pension payment to the State’s overall pension liability which reduces the State’s required employer contributions in fiscal year 2024-25 by \$1.7 billion, (b) shifts approximately \$1.0 billion in expenditures from the State general fund to the State’s greenhouse gas reduction fund for the Formula and Competitive Transit and Intercity Rail Capital Program, and (c) shifts approximately \$3.0 billion in expenditures from the State general fund to the State’s greenhouse gas reduction fund for clean energy and other climate programs. The 2024-25 State Budget also delays funding for programs such as the State food assistance program expansion, developmental services, childcare slots and the State’s broadband program by a total amount of approximately \$3.1 billion and includes approximately \$2.1 billion in payroll and University of California and California State University compact deferrals. Some of the core programs maintained in the 2024-25 State Budget include funding of the Proposition 98 minimum guarantee at approximately \$115.3 billion for school districts and community colleges, Medi-Cal expansion of health care, multiple programs supporting the expansion of the continuum of behavioral health treatment and infrastructure capacity for providing behavioral health services, State supplemental payment base grants, CalWORKs base grants, in-home supportive services and certain broadband programs.

The 2024-25 State Budget projects total resources available in fiscal year 2023-24 of approximately \$236.5 billion, including revenues and transfers of approximately \$189.4 billion and a prior year balance of approximately \$47.1 billion, and total expenditures in fiscal year 2023-24 of approximately \$223.1 billion. The 2024-25 State Budget projects total resources available for fiscal year 2024-25 of approximately \$225.6 billion, inclusive of revenues and transfers of approximately \$212.1 billion and a prior year balance of approximately \$13.4 billion. The 2024-25 State Budget projects total expenditures in fiscal year 2024-25 of approximately \$211.5 billion, inclusive of non-Proposition 98 expenditures of approximately \$128.9 billion and Proposition 98 expenditures of approximately \$82.6 billion. The 2024-25 State Budget projects total reserve balances of \$22.2 billion at the end of fiscal year 2024-25. This includes \$17.6 billion in the State Rainy Day Fund, \$3.5 billion in the State's SFEU, and \$1.1 billion in the Proposition 98 Rainy Day Fund. The 2024-25 State Budget includes total funding of \$133.8 billion for all K-12 education programs, including \$81.5 billion from the State's general fund and \$52.3 billion from other funds. The 2024-25 State Budget reflects significant Proposition 98 funding that enables increased support for core programs such as the LCFF, special education, transitional kindergarten, nutrition, and preschool.

Certain budgeted programs and adjustments for K-12 education set forth in the 2024-25 State Budget include:

Proposition 98 Minimum Guarantee. The 2024-25 State Budget suspends the Proposition 98 minimum guarantee in fiscal year 2023-24 and projects the Proposition 98 minimum guarantee to be in Test 1 in fiscal year 2024-25. In Test 1 years, the Proposition 98 minimum guarantee is equal to the percentage of State general fund appropriated for K-14 schools in the fiscal year 1986-87. Suspending the Proposition 98 minimum guarantee is projected to create a maintenance factor obligation of approximately \$8.3 billion in fiscal year 2023-24 and is projected to result in a \$4.1 billion maintenance factor payment in fiscal year 2024-25, which will be paid in addition to the Proposition 98 minimum guarantee level in fiscal year 2024-25. The 2024-25 State Budget reflects Proposition 98 funding levels of \$103.7 billion in fiscal year 2022-23, \$98.5 billion in fiscal year 2023-24, and \$115.3 billion in fiscal year 2024-25. Such funding represents approximately 39.2% of the State's general fund revenues, plus local property tax revenues and a \$4.1 billion maintenance factor payment. To accommodate enrollment increases related to the expansion of transitional kindergarten, the 2024-25 State Budget increased the funding level from approximately 38.6% to approximately 39.2% to increase the percentage of State general fund revenues due to the minimum guarantee.

Proposition 98 Rainy Day Fund. The 2024-25 State Budget includes a withdrawal of the entire \$8.4 billion balance in the Proposition 98 Rainy Day Fund in fiscal year 2023-24 and a discretionary payment of approximately \$1.1 billion in fiscal year 2024-25, leaving a projected balance of \$1.1 billion at the end of fiscal year 2024-25. Because there is no ending balance at the end of the 2023-24 fiscal year and a balance of \$1.1 billion at the end of the 2024-25 fiscal year, school district reserve caps would not be triggered in fiscal year 2024-25 and are not projected to be triggered in fiscal year 2025-26.



Local Control Funding Formula. The 2024-25 State Budget includes LCFF cost-of-living adjustment of 1.07%. The cost-of-living adjustment, when combined with population growth adjustments, increases discretionary funding for local agencies by approximately \$983 million. To fully fund the LCFF, the 2024-25 State Budget withdraws approximately \$5.3 billion from the Proposition 98 Rainy Day Fund to support LCFF costs in fiscal year 2023-24 and uses available reappropriation and reversion funding of \$253.9 million to support ongoing LCFF costs in fiscal year 2024-25.

Deferrals. The 2024-25 State Budget reflects LCFF apportionment deferrals from fiscal year 2023-24 to fiscal year 2024-25 of approximately \$3.6 billion and from fiscal year 2024-25 to fiscal year 2025-26 of approximately \$246 million. Additionally, the 2024-25 State Budget reflects approximately \$2.3 billion in categorical program deferrals from fiscal year 2022-23 to fiscal year 2023-24, with the deferred categorical amount being repaid using Proposition 98 Rainy Day Fund resources.

Learning Recovery Emergency Block Grant. The 2024-25 State Budget focuses the use of allocated but unexpended Learning Recovery Emergency Block Grant funds on actions to address the needs of students most impacted by learning loss, based on an assessment of needs, and incorporates the use of these funds into the existing Local Control and Accountability Plan development process.

Employee Protections. To ensure stable employment for school staff, the 2024-25 State Budget includes a suspension of the August 15, 2024 layoff window for certificated and classified staff.

Instructional Continuity and Attendance Program. The 2024-25 State Budget includes statutory changes to allow local educational agencies to provide attendance recovery opportunities to students to make up lost instructional time, thereby offsetting student absences, and mitigating learning loss, as well as related fiscal impacts to local educational agencies. Beginning in fiscal year 2024-25, the 2024-25 State Budget allows local educational agencies to add up to 10 days of attendance recovery time per pupil to the attendance data submitted to the California Department of Education for funding purposes. Beginning July 1, 2025, the 2024-25 State Budget requires local educational agencies to include an instructional continuity plan in their School Safety Plan as a component of their emergency funding application (J-13A waiver). The plan must include procedures for student engagement within 5 days of an emergency and a plan to provide hybrid or remote learning opportunities to students within 10 instructional days. The 2024-25 State Budget also includes a \$4.0 million in one-time Proposition 98 general fund resources to research and develop new models of hybrid and remote learning to support students' attendance, including developing and disseminating guidance and resources for local educational agencies to develop their own hybrid and remote learning programs to enable instructional continuity.

Teacher Professional Development and Preparation. To expand the state's educator training infrastructure, the 2024-25 State Budget (a) provides \$25 million of one-time Proposition 98 general fund resources to support necessary costs, including training for educators to administer literacy screenings to meet the requirement to screen students in kindergarten through second grade for risk of reading difficulties, including dyslexia, by the 2025-26 school year; and (b) provides \$20.0 million in one-time Proposition 98 general fund resources for a county office of education to work with the University of California Subject Matter Projects, as well as other well-qualified governmental or non-profit

providers, to develop and provide training aligned with the new California Mathematics Framework for mathematics coaches and leaders who in turn can provide training and support to mathematics teachers to deliver high-quality instruction.

State Preschool Program. The 2024-25 State Budget provides approximately \$53.7 billion of State's general fund resources to support reimbursement rate increases previously supported by available one-time federal stimulus funding. The 2024-25 State Budget reflects one-time savings of \$190.7 million general fund and \$522.3 million Proposition 98 general fund. The 2024-25 State Budget authorized State Preschool Program providers to serve two-year-old children, in addition to three and four-year old children, until June 30, 2027. The 2024-25 State Budget maintains that the State Preschool Program continue to require providers to reserve 5% of funded enrollment for children with disabilities. However, the 2024-25 State Budget suspends provisions to increase this requirement to 7.5% in fiscal year 2025-26 and 10% in fiscal year 2026-27.

Transitional Kindergarten. The 2024-25 State Budget provides approximately \$988.7 million in Proposition 98 general fund resources for the 2023-24 school year to support the second year of expanded eligibility for transitional kindergarten to all children turning five-years-old between September 2 and April 2. The 2024-25 State Budget also provides approximately \$390.2 million in Proposition 98 general fund resources to support the second year of adding one additional certificated or classified staff person in each transitional kindergarten classroom. Additionally, the 2024-25 State Budget provides approximately \$1.5 billion in ongoing Proposition 98 general fund resources beginning in fiscal year 2024-25 to support the third year of expanded eligibility for transitional kindergarten to all children turning five-years-old between September 2 and June 2. The 2024-25 State Budget also provides approximately \$515.5 million in ongoing Proposition 98 general fund resources to support the third year of adding one additional certificated or classified staff person in each transitional kindergarten classroom.

The 2024-25 State Budget solution-oriented measures that directly impact funding for school districts include forgoing planned investments of (a) \$875.0 million to support the school facility program, (b) \$550.0 million support to the State preschool, transitional kindergarten and full-day kindergarten facilities grant program, and (c) \$500.0 million one-time investment in zero-emission school buses. The 2024-25 State Budget provides approximately \$907.1 million to support arts and music in schools, an additional \$179.4 million in ongoing Proposition 98 general fund resources and an additional \$120.8 million one-time Proposition 98 general fund resources to fully fund the universal school meals program in fiscal years 2023-24 and 2024-25, \$9.0 million in one-time Proposition 98 general fund resources for the classified school employee summer assistance program, \$7.0 million in one-time Proposition 98 general fund resources to support inquiry-based science instruction and assessment through the development of a bank of curriculum-embedded performance tasks, and \$5.0 million each for the State teachers collaborative for holocaust and genocide education and school programs in rural districts.

For the full text of the 2024-25 State Budget, see the California Department of Finance website at [www.dof.ca.gov](http://www.dof.ca.gov) or [www.ebudget.ca.gov](http://www.ebudget.ca.gov). *The references to these Internet websites are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

**LAO Analysis of the 2024-25 State Budget.** The Legislative Analyst's Office (the "LAO"), a nonpartisan State office which provides fiscal and policy information and advice to the State legislature, released its report on the 2024-25 State Budget entitled "The 2024-25 Budget: Overview of the Spending Plan" on September 6, 2024 (the "**2024-25 State Budget Analysis**"). In the 2024-25 State Budget Analysis, the LAO assesses the budget problem that was addressed in the 2024-25 State Budget and analyzes the major proposals for K-12 education.

The LAO estimates that the State addressed a budget shortfall of \$55.0 billion, which is larger than the budget shortfall of \$47.0 billion cited in the 2024-25 State Budget. The main driver for the \$8.0 billion difference is the difference in treatment of assumptions about baseline spending for schools and community colleges.

The LAO notes that the 2024-25 State Budget uses various maneuvers to address the budget shortfall, including reserve withdrawals, spending reductions, revenue increases, and cost shifts. The LAO indicates that spending-related adjustments (including school spending) were the largest component of the budget package, accounting for \$39.0 billion and approximately 70% of the total solutions. The LAO also shows that reserve withdrawals were the second largest component, totaling \$6.0 billion from the State Rainy Day Fund and the Safety Net Reserve. The report further details that cost shifts and revenue-related solutions were smaller components, amounting to \$2.0 billion and \$8.0 billion, respectively. The LAO estimates \$16.0 billion in one time or temporary spending solutions (excluding school spending) and \$4.0 billion in ongoing reductions, which grow to approximately \$6 billion over time.

The LAO notes that the budget emergency proclamation by the Governor on June 26, 2024 allowed the 2024-25 State Budget to withdraw approximately \$5.0 billion from the State Rainy Day Fund. The 2024-25 State Budget also includes a withdrawal of the \$900.0 million balance from the Safety Net Reserve.

The LAO estimates that, pursuant to the 2024-25 State Budget, the State would end the 2024-25 fiscal year with \$21.1 billion in General Fund reserves, including \$17.6 billion in the State Rainy Day Fund and \$3.5 billion in the SFEU. The LAO also estimates that the State would have room under the State appropriations limit in fiscal years 2022-23 through 2024-25. The LAO projects that revenues from the major tax sources would grow from fiscal year 2023-24 to fiscal year 2024-25, but not enough to offset the revenue shortfalls in the prior and current fiscal years.

The LAO explains that the 2024-25 State Budget includes \$12.7 billion in reductions to Proposition 98 funding for schools and community colleges over fiscal years 2022-23 through 2024-25. This includes a reduction to the Proposition 98 funding by \$2.6 billion for fiscal year 2022-23. For fiscal year 2023-24, the 2024-25 State Budget invokes a provision allowing the State to suspend the minimum requirement and reduces the amount of Proposition 98 funding by \$8.3 billion. The LAO states that these reductions lower the Proposition 98 requirement on an ongoing basis but create an obligation to increase funding more rapidly in the future. Additionally, the 2024-25 State Budget introduces a new type of fiscal maneuver that accrues \$6.2 billion in previous school and community college payments to future fiscal years. Specifically, the State will not recognize these payments as a cost to the State general fund in the year it provided them, i.e., fiscal year 2022-23. The maneuver does not delay or reduce any payments to schools or community colleges, nor does it reduce the Proposition 98 funding requirement in future fiscal years.

The LAO notes that the 2024-25 State Budget contains reserve withdrawals from the Proposition 98 Rainy Day Fund to mitigate the funding reductions to schools in fiscal year 2023-24. Additionally, the LAO estimates cost savings because the Coronavirus Disease 2019 disease (“COVID-19”) attendance policies preserving attendance numbers to pre-pandemic levels are being phased out. The LAO describes other minor savings for schools and community colleges from (1) deferring payments from fiscal year 2024-25 to fiscal year 2025-26, (2) reducing funding for the State Preschool program that is expected to go unused, and (3) repurposing certain unspent appropriations from previous years. The payment deferral involved deferring \$487.0 million in payments from fiscal year 2024-25 to fiscal year 2025-26 by delaying a portion of payment to school districts from June 2025 to July 2025. The LAO notes that school districts may be exempt from this deferral if they can show the delay would cause fiscal insolvency. The purpose of the deferral is to reduce spending in fiscal year 2024-25 to the minimum level required by Proposition 98.

The LAO indicates that after accounting for these actions, the State has \$1.5 billion available to augment school and community college programs. The LAO highlights that the budget allocates \$1.0 billion of this amount to cover a 1.07 percent cost-of-living adjustment for existing programs. For schools, the 2024-25 State Budget also provides an increase of \$300.0 million to cover cost increases of universal school meals. For community colleges, the 2024-25 Budget also provides \$75.0 million to cover increased costs.

The 2024-25 State Budget Analysis is available on the LAO website at [www.lao.ca.gov](http://www.lao.ca.gov). The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

## **The 2025-26 State Budget Proposal**

The Governor sent the fiscal year 2025-26 budget proposal to the legislature on January 10, 2025 (the “**2025-26 State Budget Proposal**”). The 2025-26 State Budget Proposal presents a balanced budget with what are noted as significant reserves in the coming fiscal year, resulting in an upgrade to the State’s financial forecast in the near term and modest upward revisions in the long term. A stronger-than-anticipated performance of the economy, stock market, and cash receipts, combined with an improved economic outlook, are noted as contributors to an upgraded revenue forecast, with General Fund revenues, before accounting for transfers and tax policy proposals, projected to be higher by approximately \$16.5 billion (2.7%) than was assumed in the 2024 Budget Act for the three-year budget window of fiscal years 2023-24 through 2025-26.

The 2025-26 State Budget Proposal provides for \$228.9 billion in general fund spending and nearly \$17 billion in combined reserves—including nearly \$11 billion in the State’s Rainy Day Fund and an additional discretionary set-aside of \$4.5 billion in the Special Fund for Economic Uncertainties. Although the proposal is noted as balanced, it anticipates shortfalls in subsequent fiscal years that are driven by expenditures exceeding revenues, noting additional decisions may be necessary at the May Revision to maintain a balanced budget in the coming year, and also on an ongoing basis. Noted risk factors relating to the economy and State revenues include stock market and asset price volatility and declines, particularly those affecting high-income earners - as well as geopolitical instability.

Certain budgeted programs and adjustments for K-12 education set forth in the 2025-26 State Budget Proposal include Proposition 98 funding for K-14 schools set at \$118.9 billion for fiscal year 2025-26, and a LCFF cost-of-living adjustment of 2.43%. The proposal also reflects

full implementation of universal transitional kindergarten, increased funding for universal school meals, and implementation of grants that will be fully disbursed in fiscal year 2025-26 to support the community school model to support improved educational outcomes at more than 2,000 public schools.

The 2025-26 State Budget Proposal includes a \$100 million one-time Proposition 98 General Fund for California community colleges to expand Credit for Prior Learning and to begin building the infrastructure for the State's first "Career Passport." The Career Passport system will allow students to create formal documentation of their marketable skills and abilities developed through work, classes, apprenticeships, internships or other experiences both inside and outside the classroom, with the intent of scaling the system in future years to be applicable at both the secondary and higher education levels. The 2025-26 State Budget Proposal also allocates \$500 million in one-time funding for literacy and mathematics coaches in high-poverty schools.

The proposal notes that it is maintaining efficiency reductions included in the 2024-25 State Budget intended to address ongoing statewide General Fund budget pressures, and that California State University should continue planning for a reduction of 7.95% in ongoing General Fund support starting in the 2025-26 fiscal year, with the University of California subject to a similar reduction of 7.95%.

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

**LAO Analysis of the 2025-26 State Budget Proposal.** The LAO released its report on the 2025-26 State Budget Proposal entitled "The 2025-26 Budget: Overview of the Governor's Budget" on January 13, 2025 (the "**2025-26 State Budget Proposal Analysis**"). In the 2025-26 State Budget Proposal Analysis, the LAO notes that the underlying condition of the Governor's budget is roughly balanced. However, the LAO (and the 2025-26 State Budget Proposal) anticipates budget deficits in future years and recommends action from the Governor and the State legislature. In addition, while the 2025-26 State Budget Proposal's upgraded revenue forecast is reasonable considering recent collection trends, the LAO is concerned that these gains are largely tied to gains in the stock market and not to improvements in the State's broader economy. Furthermore, the 2025-26 State Budget Proposal Analysis recommends that the State legislature continue to develop a plan to address future budget problems as existing underlying budget dynamics (i.e., revenues have not caught up with expenditures, expenditure growth exceeds estimated revenue growth, and the legislature's use of one-time funds) pose especially challenging trade-offs in addressing future deficits. Finally, the LAO notes that while the Governor's proposals for rethinking the State's reserve policies are merited, it believes that further changes are warranted, including, increases to the amount of funds that are saved each year.

The 2025-26 State Budget Proposal Analysis is available on the LAO website at <https://lao.ca.gov/Publications/Report/4951>. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

## May Revision to the 2025-26 State Budget Proposal

On May 14, 2025, the Governor released the May Revision to the 2025-26 State Budget Proposal (the “**May Revision**”). The May Revision reflects a budget shortfall of \$27.6 billion, which is a decrease of \$10.4 billion from the \$38 billion shortfall projected in the 2025-26 State Budget Proposal. The May Revision notes that the State faces a \$12 billion shortfall largely due to substantial changes in federal policy, specially, broad-based tariffs and increased expenditure growth above the Governor’s Budget, most notably in Medi-Cal.

**Budget Shortfall Solutions.** The May Revision solves a \$12 billion deficit for 2025-26 through the following categories of solutions. Unlike the last two years during which the State also faced budget deficits, this year’s approach includes a significant number of reductions to ongoing programs that result in greater savings in future years.

*Reductions.* The May Revision includes \$5 billion in total solutions in 2025-26. This category grows to \$14.8 billion in 2028-29, including:

- Enrollment Freeze for Full-Scope Medi-Cal Expansion for Undocumented Adults, Adults 19 and Older—\$86.5 million in 2025-26, growing to \$3.3 billion in 2028-29.
- Medi-Cal Premiums, Adults 19 and Older—Implementation cost of \$30 million in 2025-26, growing to savings of \$2.1 billion in 2028-29 for individuals with certain statuses, those who will eventually qualify for federal funds, and individuals enrolled in the Medi-Cal full-scope expansion.
- Medi-Cal Asset Test Limits—\$94 million in 2025-26, growing to \$791 million in 2028-29.
- Elimination of Long-Term Care Benefits—\$333.3 million in 2025-26, growing to \$800 million in 2026-27 for individuals with certain statuses, those who will eventually qualify for federal funds, and individuals enrolled in the Medi-Cal full-scope expansion.
- Prospective Payment System Payments to Federally Qualified Health Centers and Rural Health Clinics—\$452.5 million in 2025-26, growing to \$1.1 billion in 2026-27.
- Specialty Drug Coverage for Weight Loss—\$85 million in 2025-26, growing to \$680 million in 2028-29.
- Cap In-Home Supportive Services Overtime and Travel Hours at 50 Hours—\$707.5 million in 2025-26, growing to \$893.4 million in 2028-29.
- Require Provider Mandates for Quality Incentive Payment Incentive Eligibility—\$221.7 million ongoing beginning in 2026-27.

*Revenue/Internal Borrowing.* The May Revision includes \$5.3 billion in total solutions for 2025-26 under revenue/internal borrowing, including:

- Proposition 35 Support for Medi-Cal Rate Increases—\$1.3 billion in 2025-26 and \$263.7 million in 2026-27.
- Medical Providers Interim Payment Fund Loan—\$3.4 billion due to extending the repayment deadline.
- Unfair Competition Law Fund Loan—\$150 million in 2025-26.
- Labor and Workforce Development Fund Loan—\$400 million in 2025-26.

*Fund Shifts.* The May Revision shows a \$1.5 billion greenhouse gas reduction fund for CalFire operations in 2025-26, growing to \$1.9 billion in 2028-29.

*Triggers.* In addition to these solution categories, the May Revision includes triggers for two future spending commitments:

- California Food Assistance Program Expansion—\$117.2 million in 2027-28, growing to \$163.2 million in 2028-29.
- Foster Care Tiered Rate Structure Trigger—\$338.9 million in 2027-28, growing to \$522.1 million in 2028-29.

**Education.** Important education highlights from the May Revision include:

- \$8.4 billion withdrawal from the Public School System Stabilization Account to support TK-12 schools and community colleges.
- A reduction of \$177.5 million in remaining, unused General Fund from a \$2 billion one-time allocation provided to the Office of Public School Construction in the 2023 Budget Act for TK-12 school facilities.
- A reduction of \$19.3 million ongoing Proposition 98 General Fund and \$10.2 million ongoing General Fund to reflect the suspension of the statutory cost-of-living adjustment for the California State Preschool Program in 2025-26.
- \$2.1 billion ongoing Proposition 98 General Fund (inclusive of all prior years' investments) to support the full implementation of universal TK.
- \$1.2 billion ongoing Proposition 98 General Fund to support further lowering the average student-to-adult ratio from 12:1 to 10:1 in every TK classroom.

The 2025-26 State Budget is required to be passed by the Legislature by June 15, 2025, prior to the start of the new fiscal year, though the trend in recent years has been for the approval of a largely symbolic bill by that deadline with a substantive agreement emerging later.

**LAO Publications on the May Revision and the Multiyear Budget Outlook.** The LAO's initial comments on the May Revision as of May 17, 2025 included the following key takeaways:

- A Budget Problem Has Emerged Since January. Since January, when the 2025-26 State Budget Proposal was roughly balanced, a budget problem has emerged. The LAO estimates the administration solved a \$14 billion budget problem (similar

to the \$12 billion budget problem cited by the Governor in the May Revision). The budget problem is driven by two key factors: higher baseline spending, most notably in Medi-Cal, and lower revenues, reflecting diminished expectations for both the personal income tax and the corporation tax.

- The Governor Mainly Proposes Addressing the Budget Problem With Spending Solutions. The May Revision proposes \$9.5 billion in spending solutions, including about \$5 billion in spending reductions. A significant share of these spending solutions are ongoing and grow to \$17.5 billion by the last year of the administration's forecast, helping to address, but not fully solve, the State's persistent multiyear deficits. Notably, the administration does not propose using any more in reserves to address this new budget problem, which the LAO notes is prudent.
- Recommend Legislature Maintain Overall May Revision Structure. The LAO recommends the Legislature address the budget shortfall with a similar approach that the administration took, namely adopting solutions that primarily put the State on more solid fiscal footing, rather than those that delay or exacerbate future problems. Moreover, the LAO recommends avoiding committing to new activities. Finally, the State's persistent fiscal imbalance and the added downside risks, particularly from potential federal actions, suggest a need for a more proactive approach. As such, the LAP views the Governor's focus on reducing multiyear spending as a reasonable and appropriate step. That said, the Legislature could allocate the mix of solutions differently, for example, by changing the types of programs, types of reductions, or mix of spending and revenue solutions adopted.

In addition, the LAO prepared a Multiyear Budget Outlook dated May 24, 2025, which presents its forecast of the condition of the state General Fund budget through fiscal year 2028-29 under its revenue and spending estimates and assuming the Governor's May Revision policies are adopted. In sum, it notes that its assessment and that of the administration are very similar, being that the State is likely to face persistent future deficits. These deficits range from \$10 billion to \$20 billion through fiscal year 2028-29. As such, the LAO notes that the Governor's approach to the May Revision reflects the reality of the budget challenge before the Legislature. While the Governor focuses solutions in Medi-Cal, constituting \$11 billion of the total \$16 billion in solutions, the LAO notes that the Legislature could pursue a different mix of spending and/or revenue solutions than those proposed. Either way, the LAO recommends the Legislature maintain at least the level of ongoing solutions proposed by the Governor in the May Revision. This is important because, going forward, the budget problems will become more difficult to solve. The LAO notes that the Legislature likely will need to adopt additional solutions that increase ongoing revenues or reduce ongoing spending, both of which involve the most difficult and consequential trade-offs for policy makers.

***State Legislature Passes Budget Bill.*** On June 13, 2025, the State Legislature passed Senate Bill 101, the fiscal year 2025-26 State budget bill, which includes a total of \$325 billion in spending. It addresses a projected \$12 billion shortfall by employing a mix of spending cuts, borrowing, and other solutions. The proposal now heads to Governor Newsom for his signature, veto, or line-item veto by a deadline of Friday, June 27, 2025.



For the full text of the 2025-26 State Budget Proposal and the May Revision to the 2025-26 State Budget Proposal and related items, see the DOF website at [www.dof.ca.gov](http://www.dof.ca.gov). Publication of the LAO can be found at [www.lao.ca.gov](http://www.lao.ca.gov). *The references to these Internet websites are shown for reference and convenience only and the information contained on such websites are not incorporated by reference into this Official Statement. The information contained on these websites may not be current and have not been reviewed by the District or the Underwriter for accuracy or completeness.*

**Disclaimer Regarding State Budgets.** The execution of State budgets may be affected by numerous factors, including but not limited to: (i) shifts in costs from the federal government to the State, (ii) national, State and international economic conditions, (iii) litigation risks, (iv) rising health care costs and/or other unfunded liabilities, such as pension or OPEB, and (v) numerous other factors, all or any of which could cause the revenue and spending projections included in such budgets to be unattainable. The District cannot predict the impact that the 2024-25 State Budget or subsequent State budgets, or future changes (if any) in the budget due to shifts in the economy or other factors, will have on its own finances and operations. However, the Bonds described herein are secured by *ad valorem* property taxes levied and collected on taxable property in the District, without limit as to rate or amount, and are not secured by a pledge of revenues of the District or its general fund.

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

### **Legal Challenges to State Funding of Education**

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

## CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

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

### Constitutionally Required Funding of Education

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

### Article XIII A of the California Constitution

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

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

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

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

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

## **Article XIII B of the California Constitution**

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

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

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

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

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

### **Unitary Property**

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

### **Articles XIIIC and XIID of the California Constitution**

On November 5, 1996, the voters of the State of California approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the California Constitution Articles XIIIC and XIID (respectively, "**Article XIIIC**" and "**Article XIID**"), which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the “Title and Summary” of Proposition 218 prepared by the California Attorney General, Proposition 218 limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.” Among other things, Article XIIC establishes that every tax is either a “general tax” (imposed for general governmental purposes) or a “special tax” (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4.

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

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

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

## Proposition 98

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

The Accountability Act also changes how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 school districts. Any such transfer to K-14 school districts would be excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year would automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K 14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIII B surplus. The maximum amount of excess tax revenues which could be transferred to K 14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

## Proposition 111

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

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

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

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

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

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

***School Funding Guarantee.*** There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (a) 40.9% of State general fund revenues (the “**first test**”) or (b) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIII B by reference to *per capita* personal income) and enrollment (the “**second test**”). Under Proposition 111, schools will receive the greater of (a) the first test, (b) the second test, or (c) a third test, which will replace the second test in any year when growth in *per capita* State general fund revenues from the prior year is less than the annual growth in California per capita personal income (the “**third test**”). Under the third test, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and *per capita* State general fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test will become a “credit” to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

## **Proposition 39**

On November 7, 2000, California voters approved an amendment (commonly known as “**Proposition 39**”) to the California Constitution. This amendment (a) allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1% limit in order to repay the bonds and (b) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by

the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, including the District, community college districts, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1% of the value of property. Prior to the approval of Proposition 39, property taxes could only exceed this limit to pay for (a) any local government debts approved by the voters prior to July 1, 1978 or (b) bonds to acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

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

The Bonds described in this Official Statement were authorized pursuant to the provisions of Proposition 39 and will be issued in compliance with Proposition 39 and its related legislation.

## **Proposition 1A and Proposition 22**

On November 2, 2004, California voters approved Proposition 1A, which amended the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (a) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (b) shift property taxes from local governments to schools or community colleges, (c) change how property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature or (d) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Under Proposition 1A, beginning in 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (a) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (b) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amended the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, a constitutional initiative entitled the "Local Taxpayer, Public Safety, and Transportation Protection Act of 2010," approved on November 2, 2010, superseded many of the provision of Proposition 1A. This initiative amends the State constitution to prohibit the legislature



from diverting or shifting revenues that are dedicated to funding services provided by local government or funds dedicated to transportation improvement projects and services. Under this proposition, the State is not allowed to take revenue derived from locally imposed taxes, such as hotel taxes, parcel taxes, utility taxes and sales taxes, and local public transit and transportation funds. Further, in the event that a local governmental agency sues the State alleging a violation of these provisions and wins, then the State must automatically appropriate the funds needed to pay that local government. This Proposition was intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. Proposition 22 did not prevent the California State Legislature from dissolving State redevelopment agencies pursuant to AB 1X26, as confirmed by the decision of the California Supreme Court decision in *California Redevelopment Association v. Matosantos* (2011).

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

### **Proposition 30 and Proposition 55**

The Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment, also known as "**Proposition 30**", temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposed an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposed an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017. This excise tax was levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018, Proposition 30 increases for such period the marginal personal income tax rate by: (a) 1% for taxable income over \$250,000 but less than \$300,000 for single filers (over \$340,000 but less than \$408,000 for head of household filers and over \$500,000 but less than \$600,000 for joint filers), (b) 2% for taxable income over \$300,000 but less than \$500,000 for single filers (over \$408,000 but less than \$680,000 for head of household filers and over \$600,000 but less than \$1,000,000 for joint filers), and (c) 3% for taxable income over \$500,000 for single filers (over \$680,000 for head of household filers and over \$1,000,000 for joint filers). Proposition 55 (described below) extended said increases to personal income rates through the end of 2030.

The revenues generated from the temporary tax increases will be included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. See "Proposition 98" and "Proposition 111" above. From an accounting perspective, the revenues generated from the temporary tax increases will be deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the "**EPA**"). Pursuant to Proposition 30, funds in the EPA will be allocated quarterly, with 89% of such funds provided to school districts and 11% provided to community college districts. The funds will be distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than \$200 per unit of ADA and no community college district will receive less than \$100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that, the

appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing boards are prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

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

### **California Senate Bill 222**

Senate Bill 222 ("**SB 222**") was signed by the California Governor on July 13, 2015, and became effective on January 1, 2016. SB 222 amended Section 15251 of the California Education Code and added Section 52515 to the California Government Code to provide that voter approved general obligation bonds which are secured by *ad valorem* property tax collections are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds. Said lien shall attach automatically and is valid and binding from the time the bonds are executed and delivered. The lien is enforceable against the issuer, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any further act. The effect of SB 222 is the treatment of general obligation bonds, such as the Bonds, as secured debt in bankruptcy due to the existence of a statutory lien.

### **Proposition 19**

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

### **Proposition 2 (2024)**

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

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

### **Future Initiatives**

Article XIII A, Article XIII B, Article XIII C and Article XIII D of the California Constitution and Propositions 98, 22, 26, 30, 39 and 2 were each adopted as measures that qualified for the ballot under the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

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**APPENDIX B**

**NEWMAN-CROWS LANDING UNIFIED SCHOOL DISTRICT  
AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2023-24**

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Financial Statements  
June 30, 2024

# Newman-Crows Landing Unified School District

# Newman-Crows Landing Unified School District

Table of Contents

June 30, 2024

---

|   |    |
|---|----|
| Independent Auditor's Report .....  | 1  |
| Management's Discussion and Analysis .....  | 5  |
| Government-Wide Financial Statements  |    |
| Statement of Net Position .....   | 14 |
| Statement of Activities.....  | 15 |
| Government Fund Financial Statements  |    |
| Balance Sheet – Governmental Funds .....  | 16 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....   | 17 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....  | 18 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....  | 19 |
| Fiduciary Fund Financial Statements   |    |
| Statement of Net Position – Fiduciary Funds .....   | 21 |
| Statement of Changes in Net Position – Fiduciary Funds .....  | 22 |
| Notes to Financial Statements .....   | 23 |
| Required Supplementary Information  |    |
| Budgetary Comparison Schedule – General Fund .....  | 63 |
| Schedule of Changes in the District's Total OPEB Liability and Related Ratios .....   | 64 |
| Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program.....   | 66 |
| Schedule of the District's Proportionate Share of the Net Pension Liability .....   | 68 |
| Schedule of the District's Contributions .....  | 70 |
| Notes to Required Supplementary Information .....   | 72 |
| Supplementary Information   |    |
| Schedule of Expenditures of Federal Awards .....  | 74 |
| Schedule of Average Daily Attendance.....   | 77 |
| Schedule of Instructional Time .....  | 78 |
| Reconciliation of Annual Financial and Budget Report with Audited Financial Statements .....  | 79 |
| Schedule of Financial Trends and Analysis .....   | 80 |
| Combining Balance Sheet – Non-Major Governmental Funds .....  | 81 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds.....   | 82 |
| Notes to Supplementary Information.....   | 84 |
| Other Information   |    |
| Local Education Agency Organization Structure (Unaudited) .....   | 86 |
| Independent Auditor's Reports   |    |
| 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 <i>Government Auditing Standards</i> ..... | 87 |



|  |     |
|--|-----|
| Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance ..... | 89  |
| Independent Auditor’s Report on State Compliance and on Internal Control Over Compliance .....   | 92  |
| Schedule of Findings and Questioned Costs  |     |
| Summary of Auditor’s Results.....  | 96  |
| Financial Statement Findings .....   | 97  |
| Federal Awards Findings and Questioned Costs.....  | 98  |
| State Compliance Findings and Questioned Costs.....  | 99  |
| Summary Schedule of Prior Audit Findings.....  | 103 |



## Independent Auditor's Report

To the Governing Board  
Newman-Crows Landing Unified School District  
Newman, California

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Newman-Crows Landing Unified School District (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Newman-Crows Landing Unified School District, as of June 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

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

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

### ***Supplementary Information***

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

### ***Other Information***

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Fresno, California  
January 29, 2025



Justin Pruett  
*Superintendent*

Kim Bettencourt  
*Assistant Superintendent  
Educational  
Services/Special Education*

Jessie Ceja, Ed.D.  
*Assistant Superintendent  
Human Resources/Support  
Services*

Caralyn Mendoza  
*Assistant Superintendent  
Chief Business Officer*

Nanci Fox  
*Executive Assistant*

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Newman-Crows Landing Unified School District's 2023-2024 annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2024, with comparative information for the year ended June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section.

### OVERVIEW OF THE FINANCIAL STATEMENTS

#### The Financial Statements

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

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

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

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

The Fiduciary Funds are custodial funds. Custodial funds focus reporting on net position and changes in net position.

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

The Primary unit of the government is the Newman-Crows Landing Unified School District.

#### Board of Trustees

*Don Cabral, President • Frank Rivas, Clerk • Tim Bazar • RoseLee Hurst, • Janice Conforti*  
*1223 Main Street - Newman, California 95360 – ph: 209.862.2933 – fax: 209.862.0113*

## **REPORTING THE DISTRICT AS A WHOLE**

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

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

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

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

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

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

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

### **Fund Financial Statements**

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

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

## **THE DISTRICT AS TRUSTEE**

### **Reporting the District's Fiduciary Responsibilities**

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

## **THE DISTRICT AS A WHOLE**

### **Net Position**

The District's net position was \$(0.7) million for the fiscal year ended June 30, 2024, and \$0.5 million for the fiscal year ended June 30, 2023, an decrease of \$1.2 million. Of this amount, \$17.8 million was restricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School Board's ability to use net position for day-to-day operations. Our analysis below focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities for the past two fiscal years.



Table 1

|                                  | Governmental<br>Activities |               |
|----------------------------------|----------------------------|---------------|
|                                  | 2024                       | 2023          |
| Assets                           |                            |               |
| Current and other assets         | \$ 37,167,693              | \$ 39,702,767 |
| Capital assets                   | 56,566,101                 | 50,329,777    |
| Total assets                     | 93,733,794                 | 90,032,544    |
| Deferred Outflows of Resources   | 18,040,739                 | 15,606,863    |
| Liabilities                      |                            |               |
| Current liabilities              | 5,178,781                  | 5,581,940     |
| Long-term liabilities            | 101,976,426                | 93,589,619    |
| Total liabilities                | 107,155,207                | 99,171,559    |
| Deferred Inflows of Resources    | 5,343,746                  | 6,013,704     |
| Net Position                     |                            |               |
| Net investment in capital assets | 12,376,893                 | 11,671,697    |
| Restricted                       | 17,798,447                 | 17,647,068    |
| Unrestricted (deficit)           | (30,899,760)               | (28,864,621)  |
| Total net position (deficit)     | \$ (724,420)               | \$ 454,144    |

The \$(0.7) million in net position of governmental activities represents the accumulated results of all past years' operations.

### Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities*. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the past two years along with the variance between the two fiscal years.

Table 2

|                                      | Governmental<br>Activities |                      |
|--------------------------------------|----------------------------|----------------------|
|                                      | 2024                       | 2023                 |
| Revenues                             |                            |                      |
| Program revenues                     |                            |                      |
| Charges for services and sales       | \$ 1,024,732               | \$ 329,118           |
| Operating grants and contributions   | 17,126,423                 | 19,466,696           |
| Capital grants and contributions     | 17                         | 4                    |
| General revenues                     |                            |                      |
| Federal and State aid not restricted | 35,417,259                 | 33,856,094           |
| Property taxes                       | 11,610,587                 | 10,743,082           |
| Other general revenues               | 3,673,301                  | 8,050,183            |
| Total revenues                       | <u>68,852,319</u>          | <u>72,445,177</u>    |
| Expenses                             |                            |                      |
| Instruction-related                  | 40,912,354                 | 36,706,875           |
| Pupil services                       | 11,974,663                 | 9,332,592            |
| Administration                       | 5,706,333                  | 4,892,135            |
| Plant services                       | 6,626,523                  | 5,548,492            |
| All other services                   | 4,811,010                  | 4,040,596            |
| Total expenses                       | <u>70,030,883</u>          | <u>60,520,690</u>    |
| Change in net position               | <u>\$ (1,178,564)</u>      | <u>\$ 11,924,487</u> |

### Governmental Activities

As reported in the Statement of Activities, the cost of all of our governmental activities this year was \$70.0 million as compared to \$60.5 million in the prior year. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$11.6 million because the cost was paid by those who benefited from the programs or by other governments and organizations who subsidized certain programs with grants and contributions of \$18.2 million. We paid for the remaining "public benefit" portion of our governmental activities with \$35.4 million in Federal and State unrestricted funds and with \$3.7 million in other revenues, like interest and general entitlements.

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

# Newman-Crows Landing Unified School District

## Management's Discussion and Analysis

June 30, 2024

Table 3

|                     | Total Cost of Services |                      | Net Cost of Services   |                        |
|---------------------|------------------------|----------------------|------------------------|------------------------|
|                     | 2024                   | 2023                 | 2024                   | 2023                   |
| Instruction-related | \$ 40,912,354          | \$ 36,706,875        | \$ (31,833,462)        | \$ (24,270,282)        |
| Pupil services      | 11,974,663             | 9,332,592            | (6,391,087)            | (4,351,809)            |
| Administration      | 5,706,333              | 4,892,135            | (5,206,987)            | (3,875,313)            |
| Plant services      | 6,626,523              | 5,548,492            | (6,340,596)            | (5,321,499)            |
| All other services  | 4,811,010              | 4,040,596            | (2,107,579)            | (2,905,969)            |
| Total               | <u>\$ 70,030,883</u>   | <u>\$ 60,520,690</u> | <u>\$ (51,879,711)</u> | <u>\$ (40,724,872)</u> |

## THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$32.0 million while the prior year reported a balance of \$34.1 million, which is a decrease in combined governmental funds of \$2.1 million from last year. The General Fund decreased by \$1.5 million from the prior year. The Building Fund had a decrease of \$1.6 million due to construction costs. The District's Non-Major Governmental Funds increased by \$1.0 million.

Table 4

| Governmental Fund                                   | Balances and Activity |  |   |                      |
|---|-----------------------|--|---|----------------------|
|   | July 1, 2023          | Revenues and<br>Other Financing<br>Sources | Expenditures<br>and Other<br>Financing Uses | June 30, 2024        |
| General   | \$ 21,543,679         | \$ 60,524,108                              | \$ 62,058,281                               | \$ 20,009,506        |
| Student Activities                                  | 375,475               | 704,612                                    | 737,318                                     | 342,769              |
| Adult Education                                     | 1,704                 | 132,974                                    | 129,110                                     | 5,568                |
| Cafeteria   | 2,478,185             | 3,910,397                                  | 3,348,646                                   | 3,039,936            |
| Building  | 6,344,587             | 5,353,758                                  | 6,960,876                                   | 4,737,469            |
| Capital Facilities                                  | 66,303                | 1,124,362                                  | 486,726                                     | 703,939              |
| State School Building Lease-Purchase                | 337                   | 17   | -   | 354                  |
| County School Facilities                            | 1,154,177             | 63,947                                     | 833,644                                     | 384,480              |
| Special Reserve Fund for Capital<br>Outlay Projects | 2,914                 | 150  | -   | 3,064                |
| Bond Interest and Redemption                        | 2,153,466             | 3,068,209                                  | 2,459,848                                   | 2,761,827            |
| Total   | <u>\$ 34,120,827</u>  | <u>\$ 74,882,534</u>                       | <u>\$ 77,014,449</u>                        | <u>\$ 31,988,912</u> |

**General Fund Budgetary Highlights**

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted June 17, 2024. A schedule showing the District’s original and final budget amounts compared with amounts actually paid and received is provided in our annual report. There were not significant general fund revenue changes, however there was slightly more state revenue with the passage of Proposition 28.

The District’s final budget reflected a projected decrease in General Fund balance of approximately \$1.0 million. Revenues and other sources were approximately \$0.8 million more than budgeted, while expenditures were approximately \$1.3 million more than budgeted, leaving the fund with a decrease of approximately \$1.5 million.

**CAPITAL ASSETS AND LONG-TERM LIABILITIES**

**Capital Assets**

At June 30, 2024, net capital assets were \$56.6 million as compared to \$50.3 million in the prior year. This amount represents a net increase (including additions, deductions, depreciation, and amortization) of \$6.2 million from last year.

Table 5

|                                   | Governmental<br>Activities |                      |
|-----------------------------------|----------------------------|----------------------|
|                                   | 2024                       | 2023                 |
| Land and construction in progress | \$ 9,748,496               | \$ 12,546,446        |
| Buildings and improvements        | 44,363,533                 | 35,694,257           |
| Equipment                         | 2,114,392                  | 1,979,836            |
| Right-to-use leased assets        | 339,680                    | 109,238              |
| Total                             | <u>\$ 56,566,101</u>       | <u>\$ 50,329,777</u> |

This year’s additions included the installation of new HVAC Units at multiple sites and updates to the weight rooms at both Yolo and Orestimba. We present more detailed information about our capital assets in the Notes to Financial Statements.

### Long-Term Liabilities

At the end of this year, the District had \$101.9 million in long-term liabilities outstanding versus \$93.6 million last year, an increase of \$8.3 million. These liabilities consisted of:

Table 6

|                                  | Governmental<br>Activities |                      |
|----------------------------------|----------------------------|----------------------|
|                                  | 2024                       | 2023                 |
| Long-Term Liabilities            |                            |                      |
| General obligation bonds         | \$ 33,944,111              | \$ 30,029,626        |
| Certificates of participation    | 2,530,000                  | 2,886,000            |
| Public financing authority bonds | 15,457,408                 | 15,160,017           |
| Unamortized premiums             | 1,930,419                  | 1,716,936            |
| Financed purchase agreements     | 139,189                    | 203,378              |
| Leases                           | 340,138                    | 110,164              |
| Net OPEB liability               | 5,522,897                  | 6,116,122            |
| Aggregate net pension liability  | 42,041,158                 | 37,367,376           |
| Total                            | <u>\$ 101,905,320</u>      | <u>\$ 93,589,619</u> |

The District's S&P bond rating as of the most recent bond issuance was "A+". In addition, the District's S&P COP rating as of the most recent COP issuance was "A".

At year-end, the District has a net pension liability of \$42.0 million versus \$37.4 million last year, an increase of \$4.6 million, or 12.3%. The District also reported deferred outflows of resources from pension activities of \$16.4 million, and deferred inflows of resources from pension activities of \$1.9 million. This net pension related activity had an aggregate negative impact on the District's net position of \$27.5 million.

We present more detailed information regarding our long-term liabilities in the Notes to Financial Statements.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

In considering the District Budget for the 2024-2025 year, the District Board and management determined that Local Control Funding Formula revenue will be based on 2,966.02 ADA (including County Operated). Due to the State COVID-19 ADA mitigation, the ADA will be based on a formula, not necessarily on actual ADA, using the highest calculation option.

#### **SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2023-2024**

Construction is complete on the Von Renner Elementary School Multipurpose Room, and is underway on the TK classroom modernizations. The District is preparing to go to bid on a restroom building at Hunt Elementary School.

#### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Chief Business Official at the Newman-Crows Landing Unified School District, 1223 Main Street, Newman, California 95360, or e-mail at [cmendoza@nclUSD.k12.ca.us](mailto:cmendoza@nclUSD.k12.ca.us).

# Newman-Crows Landing Unified School District

## Statement of Net Position

June 30, 2024

|  | Governmental<br>Activities |
|--|----------------------------|
| Assets   |                            |
| Deposits and investments   | \$ 33,868,799              |
| Receivables  | 3,245,675                  |
| Stores inventories   | 53,219                     |
| Capital assets not depreciated or amortized                                  | 9,748,496                  |
| Capital assets, net of accumulated depreciation and amortization             | 46,817,605                 |
| Total assets   | 93,733,794                 |
| Deferred Outflows of Resources   |                            |
| Deferred outflows of resources related to OPEB                               | 1,633,256                  |
| Deferred outflows of resources related to pensions                           | 16,407,483                 |
| Total deferred outflows of resources   | 18,040,739                 |
| Liabilities  |                            |
| Accounts payable   | 4,660,340                  |
| Unearned revenue   | 518,441                    |
| Long-term liabilities  |                            |
| Long-term liabilities other than OPEB and pensions due within one year       | 2,239,689                  |
| OPEB liability due in one year   | 71,106                     |
| Long-term liabilities other than OPEB and pensions due in more than one year | 52,101,576                 |
| Net other postemployment benefits liability (OPEB) due in more than one year | 5,522,897                  |
| Aggregate net pension liabilities  | 42,041,158                 |
| Total liabilities  | 107,155,207                |
| Deferred Inflows of Resources  |                            |
| Deferred inflows of resources related to OPEB                                | 3,440,243                  |
| Deferred inflows of resources related to pensions                            | 1,903,503                  |
| Total deferred inflows of resources  | 5,343,746                  |
| Net Position   |                            |
| Net investment in capital assets   | 12,376,893                 |
| Restricted for   |                            |
| Debt service   | 2,761,827                  |
| Capital projects   | 1,088,773                  |
| Educational programs   | 10,634,059                 |
| Child nutrition  | 2,971,019                  |
| Student activities   | 342,769                    |
| Unrestricted (deficit)   | (30,899,760)               |
| Total net position (deficit)   | \$ (724,420)               |

# Newman-Crows Landing Unified School District

Statement of Activities  
Year Ended June 30, 2024

| Functions/Programs  | Expenses             | Program Revenues                     |  |  | Net (Expenses)<br>Revenues and<br>Changes in<br>Net Position |
|---|----------------------|--------------------------------------|--|--|--|
|   |                      | Charges for<br>Services and<br>Sales | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |  |
| Governmental Activities                                   |                      |                                      |  |  |  |
| Instruction   | \$ 35,033,282        | \$ 241,487                           | \$ 7,650,865                             | \$ 17                                  | \$ (27,140,913)  |
| Instruction-related activities                            |                      |                                      |  |  |  |
| Supervision of instruction                                | 910,766              | 10,499                               | 110,095                                  | -                                      | (790,172)  |
| Instructional library, media,<br>and technology           | 1,005,337            | 34,596                               | 266,980                                  | -                                      | (703,761)  |
| School site administration                                | 3,962,969            | 31,638                               | 732,715                                  | -                                      | (3,198,616)  |
| Pupil services  |                      |                                      |  |  |  |
| Home-to-school transportation                             | 1,373,095            | 7                                    | 175,470                                  | -                                      | (1,197,618)  |
| Food services   | 3,534,080            | 111,596                              | 3,400,674                                | -                                      | (21,810)   |
| All other pupil services                                  | 7,067,488            | 251,630                              | 1,644,199                                | -                                      | (5,171,659)  |
| Administration  |                      |                                      |  |  |  |
| Data processing   | 54,252               | -                                    | -  | -                                      | (54,252)   |
| All other administration                                  | 5,652,081            | 45,759                               | 453,587                                  | -                                      | (5,152,735)  |
| Plant services  | 6,626,523            | 27,632                               | 258,295                                  | -                                      | (6,340,596)  |
| Ancillary services  | 1,411,147            | -                                    | 1,307,314                                | -                                      | (103,833)  |
| Community services  | 740,965              | 226                                  | 706,832                                  | -                                      | (33,907)   |
| Interest on long-term liabilities                         | 2,099,400            | -                                    | -  | -                                      | (2,099,400)  |
| Other outgo   | 559,498              | 269,662                              | 419,397                                  | -                                      | 129,561  |
| Total governmental<br>activities                          | <u>\$ 70,030,883</u> | <u>\$ 1,024,732</u>                  | <u>\$ 17,126,423</u>                     | <u>\$ 17</u>                           | <u>(51,879,711)</u>  |
| General Revenues and Subventions                          |                      |                                      |  |  |  |
| Property taxes, levied for general purposes               |                      |                                      |  |  | 8,489,281  |
| Property taxes, levied for debt service                   |                      |                                      |  |  | 2,623,965  |
| Taxes levied for other specific purposes                  |                      |                                      |  |  | 497,341  |
| Federal and State aid not restricted to specific purposes |                      |                                      |  |  | 35,417,259   |
| Interest, investment earnings and fair value adjustments  |                      |                                      |  |  | 1,538,501  |
| Miscellaneous revenues                                    |                      |                                      |  |  | <u>2,134,800</u>   |
| Subtotal, general revenues and subventions                |                      |                                      |  |  | <u>50,701,147</u>  |
| Change in Net Position                                    |                      |                                      |  |  | (1,178,564)  |
| Net Position  |                      |                                      |  |  | <u>454,144</u>   |
| Net Position - Ending (deficit)                           |                      |                                      |  |  | <u>\$ (724,420)</u>  |



# Newman-Crows Landing Unified School District

## Balance Sheet – Governmental Funds

June 30, 2024

|  | General<br>Fund      | Building<br>Fund    | Non-Major<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|---------------------|------------------------------------|--------------------------------|
| <b>Assets</b>                              |                      |                     |                                    |                                |
| Deposits and investments                   | \$ 21,437,990        | \$ 5,433,453        | \$ 6,997,356                       | \$ 33,868,799                  |
| Receivables                                | 2,749,752            | 15,193              | 480,730                            | 3,245,675                      |
| Due from other funds                       | -                    | -                   | 58,171                             | 58,171                         |
| Stores inventories                         | -                    | -                   | 53,219                             | 53,219                         |
| <b>Total assets</b>                        | <b>\$ 24,187,742</b> | <b>\$ 5,448,646</b> | <b>\$ 7,589,476</b>                | <b>\$ 37,225,864</b>           |
| <b>Liabilities and Fund Balances</b>       |                      |                     |                                    |                                |
| <b>Liabilities</b>                         |                      |                     |                                    |                                |
| Accounts payable                           | \$ 3,601,624         | \$ 711,177          | \$ 347,539                         | \$ 4,660,340                   |
| Due to other funds                         | 58,171               | -                   | -                                  | 58,171                         |
| Unearned revenue                           | 518,441              | -                   | -                                  | 518,441                        |
| <b>Total liabilities</b>                   | <b>4,178,236</b>     | <b>711,177</b>      | <b>347,539</b>                     | <b>5,236,952</b>               |
| <b>Fund Balances</b>                       |                      |                     |                                    |                                |
| Nonspendable                               | 5,000                | -                   | 53,219                             | 58,219                         |
| Restricted                                 | 10,628,491           | 4,737,469           | 7,169,956                          | 22,535,916                     |
| Committed                                  | 511                  | -                   | -                                  | 511                            |
| Assigned                                   | 4,436,804            | -                   | 18,762                             | 4,455,566                      |
| Unassigned                                 | 4,938,700            | -                   | -                                  | 4,938,700                      |
| <b>Total fund balances</b>                 | <b>20,009,506</b>    | <b>4,737,469</b>    | <b>7,241,937</b>                   | <b>31,988,912</b>              |
| <b>Total liabilities and fund balances</b> | <b>\$ 24,187,742</b> | <b>\$ 5,448,646</b> | <b>\$ 7,589,476</b>                | <b>\$ 37,225,864</b>           |

Newman-Crows Landing Unified School District  
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2024

---

|   |               |
|---|---------------|
| Total Fund Balance - Governmental Funds | \$ 31,988,912 |
|---|---------------|

Amounts Reported for Governmental Activities in the  
Statement of Net Position are Different Because

Capital assets used in governmental activities are not financial  
resources and, therefore, are not reported as assets in  
governmental funds.

|  |                     |
|--|---------------------|
| The cost of capital assets is                | \$ 99,287,747       |
| Accumulated depreciation and amortization is | <u>(42,721,646)</u> |

|                    |            |
|--------------------|------------|
| Net capital assets | 56,566,101 |
|--------------------|------------|

Deferred outflows of resources represent a consumption of net  
position in a future period and is not reported in the governmental  
funds. Deferred outflows of resources amounted to and related to

|                                      |                   |
|--------------------------------------|-------------------|
| Other postemployment benefits (OPEB) | 1,633,256         |
| Net pension liability                | <u>16,407,483</u> |

|                                      |            |
|--------------------------------------|------------|
| Total deferred outflows of resources | 18,040,739 |
|--------------------------------------|------------|

Deferred inflows of resources represent an acquisition of net position  
that applies to a future period and is not reported in the governmental  
funds. Deferred inflows of resources amount to and related to

|                                      |                    |
|--------------------------------------|--------------------|
| Other postemployment benefits (OPEB) | (3,440,243)        |
| Net pension liability                | <u>(1,903,503)</u> |

|                                     |             |
|-------------------------------------|-------------|
| Total deferred inflows of resources | (5,343,746) |
|-------------------------------------|-------------|

|   |              |
|---|--------------|
| Net pension liability is not due and payable in the current period,<br>and is not reported as a liability in the funds. | (42,041,158) |
|---|--------------|

|   |             |
|---|-------------|
| The District's OPEB liability is not due and payable in the current period,<br>and is not reported as a liability in the funds. | (5,594,003) |
|---|-------------|

Long-term liabilities are not due and payable in the current period  
and, therefore, are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of

|   |              |
|---|--------------|
| General obligation bonds including unamortized premiums | (30,459,942) |
| Bond anticipation notes                                 | (15,457,408) |
| Certificates of participation                           | (2,530,000)  |
| Financed purchase agreements                            | (139,189)    |
| Leases  | (340,138)    |

In addition, capital appreciation bonds were issued.

|   |                    |
|---|--------------------|
| The accretion of interest to date on the bonds is | <u>(5,414,588)</u> |
|---|--------------------|

|                             |                     |
|-----------------------------|---------------------|
| Total long-term liabilities | <u>(54,341,265)</u> |
|-----------------------------|---------------------|

|  |                     |
|--|---------------------|
| Total net position - governmental activities | <u>\$ (724,420)</u> |
|--|---------------------|

**Newman-Crows Landing Unified School District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds**  
**Year Ended June 30, 2024**

|  | General<br>Fund      | Building<br>Fund    | Non-Major<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|---------------------|------------------------------------|--------------------------------|
| <b>Revenues</b>  |                      |                     |                                    |                                |
| Local Control Funding Formula (LCFF)                         | \$ 42,944,943        | \$ -                | \$ -                               | \$ 42,944,943                  |
| Federal sources  | 3,569,122            | -                   | 2,298,648                          | 5,867,770                      |
| Other State sources  | 8,616,390            | -                   | 1,634,148                          | 10,250,538                     |
| Other local sources  | 5,069,158            | 301,800             | 4,495,548                          | 9,866,506                      |
| <b>Total revenues</b>  | <b>60,199,613</b>    | <b>301,800</b>      | <b>8,428,344</b>                   | <b>68,929,757</b>              |
| <b>Expenditures</b>  |                      |                     |                                    |                                |
| Current  |                      |                     |                                    |                                |
| Instruction  | 33,317,261           | -                   | 91,868                             | 33,409,129                     |
| Instruction-related activities                               |                      |                     |                                    |                                |
| Supervision of instruction                                   | 897,974              | -                   | -                                  | 897,974                        |
| Instructional library, media,<br>and technology              | 995,582              | -                   | -                                  | 995,582                        |
| School site administration                                   | 3,811,879            | -                   | 30,701                             | 3,842,580                      |
| Pupil services   |                      |                     |                                    |                                |
| Home-to-school transportation                                | 667,821              | -                   | -                                  | 667,821                        |
| Food services  | 130,648              | -                   | 3,147,309                          | 3,277,957                      |
| All other pupil services                                     | 6,946,709            | -                   | -                                  | 6,946,709                      |
| Administration   |                      |                     |                                    |                                |
| All other administration                                     | 5,736,485            | -                   | 81,516                             | 5,818,001                      |
| Plant services   | 6,162,843            | 10,639              | 39,375                             | 6,212,857                      |
| Ancillary services   | 1,407,403            | -                   | -                                  | 1,407,403                      |
| Community services   | 3,647                | -                   | 737,318                            | 740,965                        |
| Other outgo  | 559,498              | -                   | -                                  | 559,498                        |
| Facility acquisition and construction                        | 1,246,975            | 6,715,279           | 747,005                            | 8,709,259                      |
| Debt service   |                      |                     |                                    |                                |
| Principal  | 158,710              | -                   | 1,936,000                          | 2,094,710                      |
| Interest and other   | 14,846               | 234,958             | 963,199                            | 1,213,003                      |
| <b>Total expenditures</b>                                    | <b>62,058,281</b>    | <b>6,960,876</b>    | <b>7,774,291</b>                   | <b>76,793,448</b>              |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | <b>(1,858,668)</b>   | <b>(6,659,076)</b>  | <b>654,053</b>                     | <b>(7,863,691)</b>             |
| <b>Other Financing Sources (Uses)</b>                        |                      |                     |                                    |                                |
| Transfers in   | -                    | -                   | 221,001                            | 221,001                        |
| Proceeds from leases   | 324,495              | -                   | -                                  | 324,495                        |
| Proceeds from sale of bonds                                  | -                    | 5,051,958           | 355,323                            | 5,407,281                      |
| Transfers out  | -                    | -                   | (221,001)                          | (221,001)                      |
| <b>Net Financing Sources (Uses)</b>                          | <b>324,495</b>       | <b>5,051,958</b>    | <b>355,323</b>                     | <b>5,731,776</b>               |
| <b>Net Change in Fund Balances</b>                           | <b>(1,534,173)</b>   | <b>(1,607,118)</b>  | <b>1,009,376</b>                   | <b>(2,131,915)</b>             |
| <b>Fund Balance - Beginning</b>                              | <b>21,543,679</b>    | <b>6,344,587</b>    | <b>6,232,561</b>                   | <b>34,120,827</b>              |
| <b>Fund Balance - Ending</b>                                 | <b>\$ 20,009,506</b> | <b>\$ 4,737,469</b> | <b>\$ 7,241,937</b>                | <b>\$ 31,988,912</b>           |

Newman-Crows Landing Unified School District  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental  
Funds to the Statement of Activities  
Year Ended June 30, 2024

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Total Net Change in Fund Balances - Governmental Funds \$ (2,131,915)

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expense in the Statement of Activities.

This is the amount by which capital outlay exceed depreciation and amortization expense in the period.

|                                       |    |                    |
|---------------------------------------|----|--------------------|
| Capital outlay                        | \$ | 9,054,143          |
| Depreciation and amortization expense |    | <u>(2,806,647)</u> |

|                        |  |           |
|------------------------|--|-----------|
| Net expense adjustment |  | 6,247,496 |
|------------------------|--|-----------|

|  |  |           |
|--|--|-----------|
| The District issued capital appreciation general obligations bonds. The accretion of interest on the general obligation bonds during the current fiscal year was |  | (791,876) |
|--|--|-----------|

|   |  |          |
|---|--|----------|
| Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds. |  | (11,172) |
|---|--|----------|

|  |  |           |
|--|--|-----------|
| Lease agreements were entered into for right-to-use assets. The present value of these leases is reported in the governmental funds as a source. On the other hand, the leases are not revenues in the Statement of Activities, but rather constitute as long-term liabilities in the Statement of Net Position. |  | (324,495) |
|--|--|-----------|

|   |  |           |
|---|--|-----------|
| In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year. |  | (715,259) |
|---|--|-----------|

|  |  |           |
|--|--|-----------|
| In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year. |  | (332,570) |
|--|--|-----------|

|  |  |             |
|--|--|-------------|
| Proceeds received from bond anticipation notes are a revenue in the governmental funds, but increase long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities. |  | (5,000,000) |
|--|--|-------------|

Newman-Crows Landing Unified School District  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental  
Funds to the Statement of Activities  
Year Ended June 30, 2024

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Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.

|                                |           |
|--------------------------------|-----------|
| Premium on issuance recognized | (407,281) |
| Premium amortization           | 193,798   |

Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

|                               |           |
|-------------------------------|-----------|
| General obligation bonds      | 1,580,000 |
| Certificates of participation | 356,000   |
| Financed purchase agreements  | 64,189    |
| Leases                        | 94,521    |

|   |                              |
|---|------------------------------|
| Change in net position of governmental activities | <u><u>\$ (1,178,564)</u></u> |
|---|------------------------------|

Newman-Crows Landing Unified School District  
Statement of Net Position – Fiduciary Funds  
June 30, 2024

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|                            | <u>Custodial<br/>Funds</u> |
|----------------------------|----------------------------|
| Assets                     |                            |
| Deposits and investments   | <u>\$          49,761</u>  |
| Net Position               |                            |
| Restricted for individuals | <u>\$          49,761</u>  |

Newman-Crows Landing Unified School District  
Statement of Changes in Net Position – Fiduciary Funds  
Year Ended June 30, 2024

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|  | <u>Custodial<br/>Funds</u> |
|--|----------------------------|
| Additions                                    |                            |
| Change in market value                       | \$ 2,060                   |
| Interest                                     | <u>1,326</u>               |
| Total additions                              | <u>3,386</u>               |
| Deductions                                   |                            |
| Payments to awardees and other organizations | <u>656,237</u>             |
| Net Decrease in Fiduciary Net Position       | (652,851)                  |
| Net Position - Beginning                     | <u>702,612</u>             |
| Net Position - Ending                        | <u><u>\$ 49,761</u></u>    |

## **Note 1 - Summary of Significant Accounting Policies**

### **Financial Reporting Entity**

The Newman-Crows Landing Unified School District (the District) was organized in 1916, under the laws of the State of California. The District operates under a locally-elected five-member Board form of government and provides educational services to grades K - 12 as mandated by the State and/or Federal agencies. The District operates four elementary schools, one junior high school, one high school, one continuation school, and one community day school.

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

### **Basis of Presentation - Fund Accounting**

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

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

### **Major Governmental Funds**

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

Three funds currently defined as special revenue funds in the California State Accounting Manual (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 12, Child Development Fund, Fund 14, Deferred Maintenance Fund, and Fund 17, Special Reserve Non-Capital Outlay Fund, were not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds function effectively as extensions of the General Fund, and accordingly have been combined with the General Fund for presentation in these audited financial statements. As a result, the General Fund reflects an increase in fund balance of \$40,391.



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

### Non-Major Governmental Funds

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

- **Student Activities Fund** The Student Activities Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.
- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.
- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

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

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).
- **State School Building Lease-Purchase Fund** The State School Building Lease-Purchase Fund is used primarily to account separately for State apportionments for the reconstruction, remodeling, or replacement of existing school buildings or the acquisition of new school sites and buildings, as provided in the Leroy F. Greene State School Building Lease-Purchase Law of 1976 (*Education Code* Section 17000 et seq.).
- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities

Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070.10 et seq.).

- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

**Debt Service Funds** The Debt Service funds are used to account for the accumulation of resources for, and the payment of, principal and interest on general long-term liabilities.

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

**Fiduciary Funds** Fiduciary funds are used to account for resources held for the benefit of parties outside the District and are not available to support the District's own programs. Fiduciary funds are custodial funds.

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

#### **Basis of Accounting - Measurement Focus**

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

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

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

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

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.
- **Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

**Revenues – Exchange and Non-Exchange Transactions** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

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

### **Investments**

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

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

### **Stores Inventories**

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental type funds.

### **Capital Assets, Depreciation, and Amortization**

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

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

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

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, 2024.

The District records the value of intangible right-to-use assets based on the underlying leased asset in accordance with GASB Statement No. 87, *Leases*. The right-to-use intangible asset is amortized each year for the term of the contract or useful life of the underlying asset.

### **Interfund Balances**

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

### **Accrued Liabilities and Long-Term Liabilities**

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

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

### **Premiums**

In the government-wide financial statements, long-term liabilities are reported as liabilities in the Statement of Net Position. Debt premiums related to those obligations are deferred and amortized over the life of the bonds using the straight-line method.

### **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 or expenditure until then. The District reports deferred outflows of resources for pension related items and for OPEB related items.

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

### **Pensions**

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

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

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

### **Leases**

The District recognizes a lease liability and an intangible right-to-use leased asset (leased asset) in the government-wide financial statements. At the commencement of the lease term, the District measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, plus certain initial direct costs. Subsequently, the leased asset is amortized on a straight-line basis over the lease term or useful life of the underlying asset.

### **Fund Balances - Governmental Funds**

As of June 30, 2024, fund balances of the governmental funds are classified as follows:

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

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

**Committed** - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board.

**Assigned** - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the chief business official may assign amounts for specific purposes.

**Unassigned** - all other spendable amounts.

### **Spending Order Policy**

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

### **Minimum Fund Balance Policy**

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

### **Net Position**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$17,798,447 of restricted net position.

**Interfund Activity**

Transfers between governmental activities in the government-wide financial statements are reported in the same manner as general revenues.

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

**Estimates**

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

**Property Tax**

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



## Note 2 - Deposits and Investments

### Summary of Deposits and Investments

Deposits and investments as of June 30, 2024, are classified in the accompanying financial statements as follows:

|                                |                             |
|--------------------------------|-----------------------------|
| Governmental funds             | \$ 33,868,799               |
| Fiduciary funds                | <u>49,761</u>               |
| Total deposits and investments | <u><u>\$ 33,918,560</u></u> |

Deposits and investments as of June 30, 2024, consist of the following:

|                                |                             |
|--------------------------------|-----------------------------|
| Cash on hand and in banks      | \$ 321,956                  |
| Cash in revolving              | 5,000                       |
| Investments                    | <u>33,591,604</u>           |
| Total deposits and investments | <u><u>\$ 33,918,560</u></u> |

### Policies and Practices

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

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

**General Authorizations**

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

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

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County Pool which purchases a combination of shorter term and longer term investments and which also times cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District maintains an investment of \$33,591,604 in the Stanislaus County Treasury Investment Pool that has an average weighted maturity of 297 days.

**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, 2024, \$113,446 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

**Custodial Credit Risk - Investments**

Credit risk is the risk that an issuer of an investment will not fulfil its obligations 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 with the Stanislaus County Investment Pool is currently not rated, nor is it required to be rated.

**Note 3 - Receivables**

Receivables at June 30, 2024, consist of intergovernmental grants, entitlements, and local sources. All receivables are considered collectible in full.

|                               | General<br>Fund     | Building<br>Fund | Non-Major<br>Governmental<br>Funds | Total               |
|-------------------------------|---------------------|------------------|------------------------------------|---------------------|
| Federal Government            |                     |                  |                                    |                     |
| Categorical aid               | \$ 836,278          | \$ -             | \$ 306,064                         | \$ 1,142,342        |
| State Government              |                     |                  |                                    |                     |
| Categorical aid               | -                   | -                | 174,666                            | 174,666             |
| Lottery                       | 195,216             | -                | -                                  | 195,216             |
| State grants and entitlements | 1,275,119           | -                | -                                  | 1,275,119           |
| Local Sources                 | 443,139             | 15,193           | -                                  | 458,332             |
| Total                         | <u>\$ 2,749,752</u> | <u>\$ 15,193</u> | <u>\$ 480,730</u>                  | <u>\$ 3,245,675</u> |

# Newman-Crows Landing Unified School District

Notes to Financial Statements

June 30, 2024

## Note 4 - Capital Assets

Capital assets activity for the fiscal year ended June 30, 2024, was as follows:

|   | Balance<br>July 1, 2023 | Additions     | Deductions      | Balance<br>June 30, 2024 |
|---|-------------------------|---------------|-----------------|--------------------------|
| <b>Governmental Activities</b>                          |                         |               |                 |                          |
| Capital assets not being depreciated or amortized       |                         |               |                 |                          |
| Land  | \$ 3,154,569            | \$ -          | \$ -            | \$ 3,154,569             |
| Construction in progress                                | 9,391,877               | 7,364,792     | (10,162,742)    | 6,593,927                |
| Total capital assets not being depreciated or amortized | 12,546,446              | 7,364,792     | (10,162,742)    | 9,748,496                |
| Capital assets being depreciated and amortized          |                         |               |                 |                          |
| Land improvements                                       | 6,307,516               | 7,978,465     | (100,072)       | 14,185,909               |
| Buildings and improvements                              | 67,198,283              | 2,979,304     | (40,252)        | 70,137,335               |
| Furniture and equipment                                 | 4,190,732               | 569,829       | -               | 4,760,561                |
| Right-to-use leased furniture and equipment             | 465,380                 | 324,495       | (334,429)       | 455,446                  |
| Total capital assets being depreciated and amortized    | 78,161,911              | 11,852,093    | (474,753)       | 89,539,251               |
| Total capital assets                                    | 90,708,357              | 19,216,885    | (10,637,495)    | 99,287,747               |
| Accumulated depreciation and amortization               |                         |               |                 |                          |
| Land improvements                                       | (5,102,890)             | (152,323)     | 100,072         | (5,155,141)              |
| Buildings and improvements                              | (32,708,652)            | (2,124,998)   | 29,080          | (34,804,570)             |
| Furniture and equipment                                 | (2,210,896)             | (435,273)     | -               | (2,646,169)              |
| Right-to-use leased furniture and equipment             | (356,142)               | (94,053)      | 334,429         | (115,766)                |
| Total accumulated depreciation and amortization         | (40,378,580)            | (2,806,647)   | 463,581         | (42,721,646)             |
| Net depreciable and amortizable capital assets          | 37,783,331              | 9,045,446     | (11,172)        | 46,817,605               |
| Governmental activities capital assets, net             | \$ 50,329,777           | \$ 16,410,238 | \$ (10,173,914) | \$ 56,566,101            |

# Newman-Crows Landing Unified School District

Notes to Financial Statements

June 30, 2024

Depreciation and amortization expense were charged to functional expenses as follows:

|   |                             |
|---|-----------------------------|
| Governmental Activities   |                             |
| Instruction   | \$ 1,247,793                |
| School site administration  | 54,252                      |
| Home-to-school transportation   | 705,274                     |
| Food services   | 217,008                     |
| Data processing   | 54,252                      |
| All other administration  | 175,431                     |
| Plant services  | 352,637                     |
|   | <u>                    </u> |
| Total depreciation and amortization expense - governmental activities | <u><u>\$ 2,806,647</u></u>  |

## Note 5 - Interfund Transactions

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

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2024, between major and non-major governmental funds are as follows:

| <u>Funds</u>                | <u>Due from<br/>Other Funds</u> | <u>Due to<br/>Other Funds</u> |
|-----------------------------|---------------------------------|-------------------------------|
| Major Governmental Fund     |                                 |                               |
| General                     | \$ -                            | \$ 58,171                     |
| Non-Major Governmental Fund |                                 |                               |
| Cafeteria                   | 58,171                          | -                             |
|                             | <u>                    </u>     | <u>                    </u>   |
| Total                       | <u><u>\$ 58,171</u></u>         | <u><u>\$ 58,171</u></u>       |

The General Fund owes the Cafeteria Non-Major Governmental Fund for indirect costs. \$ 58,171

### Operating Transfers

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers for the year ended June 30, 2024, consisted of the following:

The County Schools Facilities Non-Major Governmental Fund transferred to the Capital  
Facilities Non-Major Governmental Fund for ongoing construction projects. \$ 221,001

**Note 6 - Accounts Payable**

Accounts payable at June 30, 2024, consist of the following:

|                       | General<br>Fund     | Building<br>Fund  | Non-Major<br>Governmental<br>Funds | Total               |
|-----------------------|---------------------|-------------------|------------------------------------|---------------------|
| Vendor payables       | \$ 1,813,707        | \$ 711,177        | \$ 308,614                         | \$ 2,833,498        |
| LCFF apportionment    | 168,287             | -                 | -                                  | 168,287             |
| Salaries and benefits | 1,619,630           | -                 | 38,925                             | 1,658,555           |
| Total                 | <u>\$ 3,601,624</u> | <u>\$ 711,177</u> | <u>\$ 347,539</u>                  | <u>\$ 4,660,340</u> |

**Note 7 - Unearned Revenue**

Unearned revenue at June 30, 2024, consists of the following:

|                              | General<br>Fund   |
|------------------------------|-------------------|
| Federal financial assistance | \$ 92,383         |
| State categorical aid        | 426,058           |
| Total                        | <u>\$ 518,441</u> |

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

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

|   | Balance<br>July 1, 2023 | Additions           | Deductions            | Balance<br>June 30, 2024 | Due in<br>One Year  |
|---|-------------------------|---------------------|-----------------------|--------------------------|---------------------|
| Long-Term Liabilities                               |                         |                     |                       |                          |                     |
| General obligation bonds                            | \$ 30,029,626           | \$ 5,494,485        | \$ (1,580,000)        | \$ 33,944,111            | \$ 1,715,000        |
| Private placement-<br>certificates of participation | 2,886,000               | -                   | (356,000)             | 2,530,000                | 376,000             |
| Bond anticipation notes                             | 15,160,017              | 297,391             | -                     | 15,457,408               | -                   |
| Unamortized debt premiums                           | 1,716,936               | 407,281             | (193,798)             | 1,930,419                | -                   |
| Financed purchases                                  | 203,378                 | -                   | (64,189)              | 139,189                  | 67,406              |
| Leases  | 110,164                 | 324,495             | (94,521)              | 340,138                  | 81,283              |
| Total   | <u>\$ 50,106,121</u>    | <u>\$ 6,523,652</u> | <u>\$ (2,288,508)</u> | <u>\$ 54,341,265</u>     | <u>\$ 2,239,689</u> |

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local tax revenues. The General Fund, Capital Facilities Fund, and the Building Fund made payments for the certificates of participation. The financed purchase agreement payments are paid by the General Fund. The leases are paid by the fund using the right-to-use asset.

# Newman-Crows Landing Unified School District

## Notes to Financial Statements

June 30, 2024

### General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

| Issuance Date                     | Final Maturity Date | Interest Rate | Original Issue | Bonds Outstanding July 1, 2023 | Issued              | Interest Accreted | Redeemed              | Bonds Outstanding June 30, 2024 |
|-----------------------------------|---------------------|---------------|----------------|--------------------------------|---------------------|-------------------|-----------------------|---------------------------------|
| <u>Capital Appreciation Bonds</u> |                     |               |                |                                |                     |                   |                       |                                 |
| 4/6/09                            | 8/1/23              | 2.33-5.80%    | \$ 1,857,959   | \$ 164,140                     | \$ -                | \$ -              | \$ (164,140)          | \$ -                            |
| Accumulated accreted interest     |                     |               |                | 335,860                        | -                   | -                 | (335,860)             | -                               |
| 4/6/10                            | 8/1/35              | 6.03-8.00%    | 2,544,104      | 1,848,122                      | -                   | -                 | (80,118)              | 1,768,004                       |
| Accumulated accreted interest     |                     |               |                | 2,531,454                      | -                   | 279,435           | (144,882)             | 2,666,007                       |
| 4/6/10                            | 8/1/49              | 6.60%         | 1,363,383      | 1,363,383                      | -                   | -                 | -                     | 1,363,383                       |
| Accumulated accreted interest     |                     |               |                | 1,841,667                      | -                   | 215,050           | -                     | 2,056,717                       |
| <u>Bond Anticipation Notes</u>    |                     |               |                |                                |                     |                   |                       |                                 |
| 3/22/22                           | 8/1/25              | 1.95%         | 14,765,544     | 14,765,544                     | -                   | -                 | -                     | 14,765,544                      |
| Accumulated accreted interest     |                     |               |                | 394,473                        | -                   | 297,391           | -                     | 691,864                         |
| <u>Current Interest Bonds</u>     |                     |               |                |                                |                     |                   |                       |                                 |
| 3/10/16                           | 8/1/33              | 2.00-4.00%    | 8,790,000      | 7,930,000                      | -                   | -                 | (135,000)             | 7,795,000                       |
| 3/15/17                           | 8/1/39              | 4.00-5.00%    | 5,510,000      | 5,320,000                      | -                   | -                 | -                     | 5,320,000                       |
| 6/6/17                            | 8/1/26              | 3.00-5.00%    | 5,925,000      | 3,490,000                      | -                   | -                 | (560,000)             | 2,930,000                       |
| 4/17/18                           | 8/1/40              | 3.25-5.00%    | 5,580,000      | 5,205,000                      | -                   | -                 | (160,000)             | 5,045,000                       |
| 4/17/24                           | 8/1/54              | 3.75-5.00%    | 5,000,000      | -                              | 5,000,000           | -                 | -                     | 5,000,000                       |
| Total                             |                     |               |                | <u>\$ 45,189,643</u>           | <u>\$ 5,000,000</u> | <u>\$ 791,876</u> | <u>\$ (1,580,000)</u> | <u>\$ 49,401,519</u>            |

### Debt Service Requirements to Maturity

The capital appreciation bonds mature as follows:

| Bonds Maturing Fiscal Year | Initial Bond Value  | Accreted Interest   | Accreted Obligation | Unaccreted Interest | Maturity Value       |
|----------------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| 2025                       | \$ 77,364           | \$ 157,636          | \$ 235,000          | \$ -                | \$ 235,000           |
| 2026                       | 76,095              | 155,055             | 231,150             | 18,850              | 250,000              |
| 2027                       | 94,234              | 138,966             | 233,200             | 31,800              | 265,000              |
| 2028                       | 102,800             | 135,688             | 238,488             | 46,512              | 285,000              |
| 2029                       | 99,660              | 135,720             | 235,380             | 64,620              | 300,000              |
| 2030-2034                  | 668,712             | 971,294             | 1,640,006           | 1,029,994           | 2,670,000            |
| 2035-2039                  | 746,355             | 1,118,300           | 1,864,655           | 1,740,345           | 3,605,000            |
| 2040-2044                  | 349,737             | 527,593             | 877,330             | 597,670             | 1,475,000            |
| 2045-2049                  | 713,701             | 1,076,647           | 1,790,348           | 1,219,652           | 3,010,000            |
| 2050                       | 202,729             | 305,825             | 508,554             | 346,446             | 855,000              |
| Total                      | <u>\$ 3,131,387</u> | <u>\$ 4,722,724</u> | <u>\$ 7,854,111</u> | <u>\$ 5,095,889</u> | <u>\$ 12,950,000</u> |



# Newman-Crows Landing Unified School District

Notes to Financial Statements

June 30, 2024

The 2008 Series B Convertible Capital Appreciation Bonds are subject to mandatory redemption prior to maturity. These bonds will convert to Current Interest Bonds on August 1, 2032, and will bear interest to maturity as presented below:

| <u>Fiscal Year</u> | <u>Principal</u>    | <u>Interest to Maturity</u> | <u>Total</u>         |
|--------------------|---------------------|-----------------------------|----------------------|
| 2033-2034          | \$ -                | \$ 569,250                  | \$ 569,250           |
| 2035-2039          | 410,000             | 1,861,200                   | 2,271,200            |
| 2040-2044          | 1,475,000           | 1,550,175                   | 3,025,175            |
| 2045-2049          | 3,010,000           | 828,960                     | 3,838,960            |
| 2050               | 855,000             | 28,215                      | 883,215              |
| Total              | <u>\$ 5,750,000</u> | <u>\$ 4,837,800</u>         | <u>\$ 10,587,800</u> |

The current interest bonds mature as follows:

| <u>Fiscal Year</u> | <u>Principal</u>     | <u>Interest to Maturity</u> | <u>Total</u>         |
|--------------------|----------------------|-----------------------------|----------------------|
| 2025               | \$ 1,480,000         | \$ 1,019,917                | \$ 2,499,917         |
| 2026               | 1,890,000            | 991,938                     | 2,881,938            |
| 2027               | 1,550,000            | 910,963                     | 2,460,963            |
| 2028               | 1,305,000            | 855,963                     | 2,160,963            |
| 2029               | 1,405,000            | 818,363                     | 2,223,363            |
| 2030-2034          | 7,580,000            | 3,219,940                   | 10,799,940           |
| 2035-2039          | 4,760,000            | 2,019,707                   | 6,779,707            |
| 2040-2044          | 2,285,000            | 1,085,066                   | 3,370,066            |
| 2045-2049          | 1,240,000            | 817,500                     | 2,057,500            |
| 2050-2054          | 2,060,000            | 410,250                     | 2,470,250            |
| 2055               | 535,000              | 13,375                      | 548,375              |
| Total              | <u>\$ 26,090,000</u> | <u>\$ 12,162,982</u>        | <u>\$ 38,252,982</u> |

## Bond Anticipation Notes

The bond anticipation notes had a coupon rate of 1.95% and mature as follows:

| <u>Bonds Maturing Fiscal Year</u> | <u>Initial Bond Value</u> | <u>Accreted Interest</u> | <u>Accreted Obligation</u> | <u>Unaccreted Interest</u> | <u>Maturity Value</u> |
|-----------------------------------|---------------------------|--------------------------|----------------------------|----------------------------|-----------------------|
| 2026                              | <u>\$ 14,765,544</u>      | <u>\$ 691,864</u>        | <u>\$ 15,457,408</u>       | <u>\$ 302,592</u>          | <u>\$ 15,760,000</u>  |

# Newman-Crows Landing Unified School District

Notes to Financial Statements

June 30, 2024

## Certificates of Participation (Private Placement)

On December 17, 2015, the District sold certificates of participation to a sole agency in the amount of \$5,051,000 to refinance the District's 2009 outstanding variable rate certificates of participation. There is no payment demand clause in the purchase agreement.

The certificates mature through 2030 as follows:

| Year Ending<br>June 30, | Principal           | Interest          | Total               |
|-------------------------|---------------------|-------------------|---------------------|
| 2025                    | \$ 376,000          | \$ 72,578         | \$ 448,578          |
| 2026                    | 394,000             | 61,224            | 455,224             |
| 2027                    | 412,000             | 49,349            | 461,349             |
| 2028                    | 435,000             | 36,922            | 471,922             |
| 2029                    | 457,000             | 23,795            | 480,795             |
| 2030                    | 456,000             | 10,117            | 466,117             |
| Total                   | <u>\$ 2,530,000</u> | <u>\$ 253,985</u> | <u>\$ 2,783,985</u> |

## Financed Purchase Agreements

The District has entered into an agreement to finance the purchase of solar. Such an agreement is, in substance, a purchase and is reported as a financial purchase. The District's liability on the agreement is summarized below:

| Year Ending<br>June 30, | Principal         | Interest        | Total             |
|-------------------------|-------------------|-----------------|-------------------|
| 2025                    | \$ 67,406         | \$ 6,016        | \$ 73,422         |
| 2026                    | 71,783            | 1,635           | 73,418            |
| Total                   | <u>\$ 139,189</u> | <u>\$ 7,651</u> | <u>\$ 146,840</u> |

## Leases

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

| Lease           | Leases<br>Outstanding<br>July 1, 2023 | Addition          | Payments           | Leases<br>Outstanding<br>June 30, 2024 |
|-----------------|---------------------------------------|-------------------|--------------------|--|
| Copy machines   | \$ 108,047                            | \$ 302,918        | \$ (90,620)        | \$ 320,345                             |
| Postage machine | 2,117                                 | 21,577            | (3,901)            | 19,793                                 |
| Total           | <u>\$ 110,164</u>                     | <u>\$ 324,495</u> | <u>\$ (94,521)</u> | <u>\$ 340,138</u>                      |

**Copy Machine Leases**

The District entered into agreements to lease copiers for up to five years. Under the terms of the leases, the District paid monthly payments of \$8,018, which amounted to total principal and interest costs of \$91,287. The annual interest rates charged on the leases are between 0.26% - 2.07%. At June 30, 2024, the District has recognized a right-to-use leased asset of \$433,868 and a lease liability of \$320,345 related to these agreements. During the fiscal year, the District recorded \$38,691 in amortization expense and \$444 in interest expense for the right-to-use the copiers. The District also pays for each additional copy in excess of the contracted amount, which is not included in the measurement of the lease liability as they are variable in nature.

**Postage Machine Lease**

The District entered into an agreement to lease a postage machine for five years. Under the terms of the lease, the District paid monthly payments of \$363, which amounted to total principal and interest costs of \$3,933. The annual interest rate charged on the lease is 0.35%. At June 30, 2024, the District has recognized a right-to-use leased asset of \$21,577 and a lease liability of \$19,793 related to this agreement. During the fiscal year, the District recorded \$3,898 in amortization expense and \$33 in interest expense for the right-to-use the copiers.

The remaining principal and interest payment requirements for the lease obligation debt as of June 30, 2024 are as follows:

| Year Ending<br>June 30, | Principal         | Interest        | Total             |
|-------------------------|-------------------|-----------------|-------------------|
| 2025                    | \$ 81,283         | \$ 1,388        | \$ 82,671         |
| 2026                    | 74,664            | 1,004           | 75,668            |
| 2027                    | 67,075            | 664             | 67,739            |
| 2028                    | 65,361            | 380             | 65,741            |
| 2029                    | 51,755            | 111             | 51,866            |
| Total                   | <u>\$ 340,138</u> | <u>\$ 3,547</u> | <u>\$ 343,685</u> |

**Note 9 - Other Postemployment Benefit (OPEB) Liability**

For the fiscal year ended June 30, 2024, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

| OPEB Plan                                 | Net OPEB<br>Liability | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources | OPEB<br>Expense   |
|---|-----------------------|-----------------------------------|----------------------------------|-------------------|
| District Plan                             | \$ 5,454,548          | \$ 1,633,256                      | \$ 3,440,243                     | \$ 431,079        |
| Medicare Premium Payment<br>(MPP) Program | 139,455               | -                                 | -                                | (17,948)          |
| Total                                     | <u>\$ 5,594,003</u>   | <u>\$ 1,633,256</u>               | <u>\$ 3,440,243</u>              | <u>\$ 413,131</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.

**Plan Membership**

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

|   |            |
|---|------------|
| Inactive employees or beneficiaries currently receiving benefits payments | 32         |
| Active employees  | 410        |
| Total   | <u>442</u> |

**Benefits Provided**

The Plan provides medical insurance benefits to eligible retirees and their spouses. Benefits are for lifetime and the District's cap is \$157 per month. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

**Contributions**

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Newman-Crows Landing Teachers Association (NCLTA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, NCLTA, CSEA, and the unrepresented groups. For the measurement period of June 30, 2024, the District paid \$80,561 in benefits.

**Total OPEB Liability of the District**

The District’s total OPEB liability of \$5,454,548 was measured as of June 30, 2024, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of the same date.

**Actuarial Assumptions**

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

|                             |       |
|-----------------------------|-------|
| Inflation                   | 2.50% |
| Salary increases            | 2.75% |
| Discount rate               | 3.93% |
| Healthcare cost trend rates | 4.00% |

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 2017 CalPERS 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.

### Changes in the Total OPEB Liability

|  | Total OPEB<br>Liability |
|--|-------------------------|
| Balance, June 30, 2023                             | \$ 5,958,719            |
| Service cost                                       | 355,558                 |
| Interest   | 222,512                 |
| Differences between expected and actual experience | (743,171)               |
| Changes of assumptions                             | (258,509)               |
| Benefit payments                                   | (80,561)                |
| Net change in total OPEB liability                 | (504,171)               |
| Balance, June 30, 2024                             | \$ 5,454,548            |

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

Changes of Assumptions - The discount rate was changed from 3.65% to 3.93% 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:

| Discount Rate                 | Total OPEB<br>Liability |
|-------------------------------|-------------------------|
| 1% decrease (2.93%)           | \$ 6,657,675            |
| Current discount rate (3.93%) | 5,454,548               |
| 1% increase (4.93%)           | 4,517,798               |

### 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 healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rate:

| Healthcare Cost Trend Rate                | Total OPEB<br>Liability |
|---|-------------------------|
| 1% decrease (3.0%)                        | \$ 4,331,146            |
| Current healthcare cost trend rate (4.0%) | 5,454,548               |
| 1% increase (5.0%)                        | 6,985,510               |

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$431,079 and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ -                              | \$ 1,733,632                     |
| Changes of assumptions                             | 1,633,256                         | 1,706,611                        |
| Total  | <u>\$ 1,633,256</u>               | <u>\$ 3,440,243</u>              |

The deferred outflows of resources and deferred inflows of resources related to a change of assumptions and differences between expected and actual experience will be amortized over the Expected Average Remaining Service Life (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period and will be recognized in OPEB expense as follows:

| Year Ended<br>June 30, | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|------------------------|-----------------------------------|----------------------------------|
| 2025                   | \$ 162,729                        | \$ (309,720)                     |
| 2026                   | 162,729                           | (309,720)                        |
| 2027                   | 162,729                           | (309,720)                        |
| 2028                   | 162,729                           | (309,720)                        |
| 2029                   | 162,729                           | (309,720)                        |
| Thereafter             | 819,611                           | (1,891,643)                      |
| Total                  | <u>\$ 1,633,256</u>               | <u>\$ (3,440,243)</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, 2022, annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

**Benefits Provided**

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

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

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, 2024, the District reported a liability of \$139,455 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively, was 0.0460% and 0.0478%, resulting in a net decrease in the proportionate share of 0.0018%.

For the year ended June 30, 2024, the District recognized OPEB expense of \$(17,948).

**Actuarial Methods and Assumptions**

The June 30, 2023 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total OPEB liability to June 30, 2023, using the assumptions listed in the following table:

|   |                                       |                                       |
|---|---------------------------------------|---------------------------------------|
| Measurement Date                        | June 30, 2023                         | June 30, 2022                         |
| Valuation Date                          | June 30, 2022                         | June 30, 2021                         |
| Experience Study                        | July 1, 2015 through<br>June 30, 2018 | July 1, 2015 through<br>June 30, 2018 |
| Actuarial Cost Method                   | Entry age normal                      | Entry age normal                      |
| Investment Rate of Return               | 3.65%                                 | 3.54%                                 |
| Medicare Part A Premium Cost Trend Rate | 4.50%                                 | 4.50%                                 |
| Medicare Part B Premium Cost Trend Rate | 5.40%                                 | 5.40%                                 |



For the valuation as of June 30, 2022, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

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 179 or an average of 0.13% of the potentially eligible population (138,780).

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, 2023, 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, 2023, 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, 2023, was 3.65%, which is an increase of 0.11% from 3.54% as of June 30, 2022.

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

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

| Discount Rate                 | Net OPEB Liability |
|-------------------------------|--------------------|
| 1% decrease (2.65%)           | \$ 151,559         |
| Current discount rate (3.65%) | 139,455            |
| 1% increase (4.65%)           | 128,930            |

**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 Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percent lower or higher than the current rates:

| Medicare Costs Trend Rates   | Net OPEB Liability |
|--|--------------------|
| 1% decrease (3.50% Part A and 4.40% Part B)                        | \$ 128,312         |
| Current Medicare costs trend rates (4.50% Part A and 5.40% Part B) | 139,455            |
| 1% increase (5.50% Part A and 6.40% Part B)                        | 152,034            |

# Newman-Crows Landing Unified School District

Notes to Financial Statements

June 30, 2024

## Note 10 - Fund Balances

Fund balances are composed of the following elements:

|                                       | General<br>Fund | Building<br>Fund | Non-Major<br>Governmental<br>Funds | Total         |
|---------------------------------------|-----------------|------------------|------------------------------------|---------------|
| Nonspendable                          |                 |                  |                                    |               |
| Revolving cash                        | \$ 5,000        | \$ -             | \$ -                               | \$ 5,000      |
| Stores inventories                    | -               | -                | 53,219                             | 53,219        |
| Total nonspendable                    | 5,000           | -                | 53,219                             | 58,219        |
| Restricted                            |                 |                  |                                    |               |
| Legally restricted programs           | 10,628,491      | -                | 5,568                              | 10,634,059    |
| Student activities                    |                 | -                | 342,769                            | 342,769       |
| Food service                          | -               | -                | 2,971,019                          | 2,971,019     |
| Capital projects                      | -               | 4,737,469        | 1,088,773                          | 5,826,242     |
| Debt services                         | -               | -                | 2,761,827                          | 2,761,827     |
| Total restricted                      | 10,628,491      | 4,737,469        | 7,169,956                          | 22,535,916    |
| Committed                             |                 |                  |                                    |               |
| Deferred maintenance                  | 511             | -                | -                                  | 511           |
| Assigned                              |                 |                  |                                    |               |
| Prior year retro                      | 1,000,000       | -                | -                                  | 1,000,000     |
| Special Ed programming reserve        | 750,000         | -                | -                                  | 750,000       |
| Facilities reserve                    | 1,000,000       | -                | -                                  | 1,000,000     |
| Instructional materials reserve       | 1,297,119       | -                | -                                  | 1,297,119     |
| Transportation reserve                | 350,000         | -                | -                                  | 350,000       |
| Other assigned                        | 39,685          | -                | 18,762                             | 58,447        |
| Total assigned                        | 4,436,804       | -                | 18,762                             | 4,455,566     |
| Unassigned                            |                 |                  |                                    |               |
| Reserve for economic<br>uncertainties | 4,938,700       | -                | -                                  | 4,938,700     |
| Total                                 | \$ 20,009,506   | \$ 4,737,469     | \$ 7,241,937                       | \$ 31,988,912 |

**Note 11 - Risk Management****Employee Medical Benefits**

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

**Property and Liability**

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2024, the District participated in the Central Region School Insurance Group public entity risk pool for property and liability insurance coverage and participated in the Schools Excess Liability Fund Public Entity Risk Pool for excess liability 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 2024, the District participated in the Central Region School Insurance Group, an insurance purchasing pool. The intent of the Central Region School Insurance Group is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Central Region School Insurance Group. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the Central Region School Insurance Group. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage.

**Note 12 - Employee Retirement Systems**

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

# Newman-Crows Landing Unified School District

Notes to Financial Statements

June 30, 2024

For the fiscal year ended June 30, 2024, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

| Pension Plan | Net Pension Liability | Deferred Outflows of Resources | Deferred Inflows of Resources | Pension Expense     |
|--------------|-----------------------|--------------------------------|-------------------------------|---------------------|
| CalSTRS      | \$ 23,664,203         | \$ 8,379,428                   | \$ 1,621,260                  | \$ 3,843,535        |
| CalPERS      | 18,376,955            | 8,028,055                      | 282,243                       | 3,725,442           |
| Total        | <u>\$ 42,041,158</u>  | <u>\$ 16,407,483</u>           | <u>\$ 1,903,503</u>           | <u>\$ 7,568,977</u> |

The details of each plan are as follows:

## California State Teachers' Retirement System (CalSTRS)

### Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

### Benefits Provided

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

# Newman-Crows Landing Unified School District

Notes to Financial Statements

June 30, 2024

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

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

## Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2024, are presented above and the District's total contributions were \$3,976,026.

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

At June 30, 2024, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

|  |                      |
|--|----------------------|
| Total net pension liability, including State share       |                      |
| Proportionate share of net pension liability             | \$ 23,664,203        |
| State's proportionate share of the net pension liability | <u>11,338,185</u>    |
| Total  | <u>\$ 35,002,388</u> |

The net pension liability was measured as of June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively, was 0.0311% and 0.0318%, resulting in a net decrease in the proportionate share of 0.0007%.

# Newman-Crows Landing Unified School District

Notes to Financial Statements

June 30, 2024

For the year ended June 30, 2024, the District recognized pension expense of \$3,843,535. In addition, the District recognized pension expense and revenue of \$1,542,306 for support provided by the State. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Pension contributions subsequent to measurement date   | \$ 3,976,026                      | \$ -                             |
| Change in proportion and differences between contributions<br>made and District's proportionate share of contributions | 2,305,469                         | 355,105                          |
| Differences between projected and actual earnings<br>on pension plan investments                                       | 101,292                           | -                                |
| Differences between expected and actual experience<br>in the measurement of the total pension liability                | 1,859,617                         | 1,266,155                        |
| Changes of assumptions   | 137,024                           | -                                |
| Total  | <u>\$ 8,379,428</u>               | <u>\$ 1,621,260</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 of resources and deferred 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<br>June 30, | Deferred<br>Outflows/(Inflows)<br>of Resources |
|------------------------|--|
| 2025                   | \$ (744,494)                                   |
| 2026                   | (1,166,753)                                    |
| 2027                   | 1,917,384                                      |
| 2028                   | 95,155   |
| Total                  | <u>\$ 101,292</u>                              |

The deferred outflows of resources and deferred 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 (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARS� for the measurement period is seven years and will be recognized in pension expense as follows:

| Year Ended<br>June 30, | Deferred<br>Outflows/(Inflows)<br>of Resources |
|------------------------|--|
| 2025                   | \$ 759,939                                     |
| 2026                   | 518,286  |
| 2027                   | 361,076  |
| 2028                   | 319,392  |
| 2029                   | 470,441  |
| Thereafter             | 251,716  |
| Total                  | <u>\$ 2,680,850</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, 2022, and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of June 30, 2022, used the following methods and assumptions, applied to all prior periods included in the measurement:

|                           |                                    |
|---------------------------|------------------------------------|
| Valuation date            | June 30, 2022                      |
| Measurement date          | June 30, 2023                      |
| Experience study          | July 1, 2015 through June 30, 2018 |
| 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 involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

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 2020 in



conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2023, are summarized in the following table:

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

#### Discount Rate

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

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

| Discount Rate                 | Net Pension Liability |
|-------------------------------|-----------------------|
| 1% decrease (6.10%)           | \$ 39,694,812         |
| Current discount rate (7.10%) | 23,664,203            |
| 1% increase (8.10%)           | 10,348,914            |

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

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at:  
<https://www.calpers.ca.gov/page/forms-publications>.

**Benefits Provided**

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

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

|   | School Employer Pool (CalPERS)    |                                |
|---|-----------------------------------|--------------------------------|
|   | On or before<br>December 31, 2012 | On or after<br>January 1, 2013 |
| 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                       | 26.680%                           | 26.680%                        |

## Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2024, are presented above and the total District contributions were \$2,877,691.

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

As of June 30, 2024, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$18,376,955. The net pension liability was measured as of June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively, was 0.0508% and 0.0443%, resulting in a net increase in the proportionate share of 0.0065%.

For the year ended June 30, 2024, the District recognized pension expense of \$3,725,442. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Pension contributions subsequent to measurement date  | \$ 2,877,691                      | \$ -                             |
| Change in proportion and differences between contributions made and District's proportionate share of contributions | 1,670,196                         | -                                |
| Differences between projected and actual earnings on pension plan investments                                       | 1,962,921                         | -                                |
| Differences between expected and actual experience in the measurement of the total pension liability                | 670,627                           | 282,243                          |
| Changes of assumptions  | 846,620                           | -                                |
| Total   | <u>\$ 8,028,055</u>               | <u>\$ 282,243</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 of resources and deferred 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<br>June 30, | Deferred<br>Outflows/(Inflows)<br>of Resources |
|------------------------|--|
| 2025                   | \$ 366,161                                     |
| 2026                   | 216,923  |
| 2027                   | 1,318,749                                      |
| 2028                   | 61,088   |
| Total                  | <u>\$ 1,962,921</u>                            |

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

| Year Ended<br>June 30, | Deferred<br>Outflows/(Inflows)<br>of Resources |
|------------------------|--|
| 2025                   | \$ 1,201,479                                   |
| 2026                   | 1,122,804                                      |
| 2027                   | 580,917  |
| Total                  | <u>\$ 2,905,200</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, 2022, and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of June 30, 2022, used the following methods and assumptions, applied to all prior periods included in the measurement:

|                           |                                    |
|---------------------------|------------------------------------|
| Valuation date            | June 30, 2022                      |
| Measurement date          | June 30, 2023                      |
| Experience study          | July 1, 1997 through June 30, 2015 |
| Actuarial cost method     | Entry age normal                   |
| Discount rate             | 6.90%                              |
| Investment rate of return | 6.90%                              |
| Consumer price inflation  | 2.30%                              |
| Wage growth               | Varies by entry age and service    |

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

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

| Asset Class                    | Assumed Asset Allocation | Long-Term Expected Real Rate of Return |
|--------------------------------|--------------------------|--|
| Global Equity - cap-weighted   | 30%                      | 4.54%                                  |
| Global Equity non-cap-weighted | 12%                      | 3.84%                                  |
| Private Equity                 | 13%                      | 7.28%                                  |
| Treasury                       | 5%                       | 0.27%                                  |
| Mortgage-backed Securities     | 5%                       | 0.50%                                  |
| Investment Grade Corporates    | 10%                      | 1.56%                                  |
| High Yield                     | 5%                       | 2.27%                                  |
| Emerging Market Debt           | 5%                       | 2.48%                                  |
| Private Debt                   | 5%                       | 3.57%                                  |
| Real Assets                    | 15%                      | 3.21%                                  |
| Leverage                       | (5%)                     | (0.59%)                                |

#### Discount Rate

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

| Discount Rate                 | Net Pension Liability |
|-------------------------------|-----------------------|
| 1% decrease (5.90%)           | \$ 26,568,326         |
| Current discount rate (6.90%) | 18,376,955            |
| 1% increase (7.90%)           | 11,606,972            |

**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 \$1,813,542 (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. On behalf payments have not been included in the calculation of available reserves, but have not been included in the budgeted amounts reported in the General Fund - Budgetary Comparison Schedule.

**Note 13 - Commitments and Contingencies**

**Grants**

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2024.

**Litigation**

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

**Construction Commitments**

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

| <u>Capital Project</u>                      | <u>Remaining<br/>Construction<br/>Commitment</u> | <u>Expected<br/>Date of<br/>Completion</u> |
|---|--|--|
| Vonn Renner Elementary School TK classrooms | \$ 2,210,721                                     | December 2024                              |
| Hunt Elementary School restrooms            | 1,368,713  | July 2025                                  |
| Total                                       | <u>\$ 3,579,434</u>                              |  |

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

The District is a member of the California's Valued Trust (CVT) public entity risk pool and the Central Region School Insurance Group (CRSIG). The District pays an annual premium to each entity for its dental and vision, workers' compensation, and property and liability coverage. The relationships between the District and the pools are such that they are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are available from the respective entities.

The District has appointed no members to the governing board of CVT.

During the year ended June 30, 2024, the District made payment of \$437,661 to CVT for dental and vision insurance.

One District board member has been appointed to the governing board of CRSIG.

During the year ended June 30, 2024, the District made payment of \$806,230 to CRSIG for property, liability, and workers' compensation insurance.



Required Supplementary Information  
June 30, 2024

## Newman-Crows Landing Unified School District



# Newman-Crows Landing Unified School District

## Budgetary Comparison Schedule – General Fund

Year Ended June 30, 2024

|  | Budgeted Amounts     |                      | Actual               | Variances -<br>Positive<br>(Negative) |
|--|----------------------|----------------------|----------------------|---------------------------------------|
|  | Original             | Final                |                      | Final<br>to Actual                    |
| <b>Revenues</b>  |                      |                      |                      |                                       |
| Local Control Funding Formula                                | \$ 43,731,118        | \$ 43,866,914        | \$ 42,944,943        | \$ (921,971)                          |
| Federal sources  | 4,788,682            | 3,762,155            | 3,569,122            | (193,033)                             |
| Other State sources  | 7,568,766            | 8,283,644            | 8,616,390            | 332,746                               |
| Other local sources  | 3,537,186            | 3,795,947            | 5,069,158            | 1,273,211                             |
| <b>Total revenues <sup>1</sup></b>                           | <b>59,625,752</b>    | <b>59,708,660</b>    | <b>60,199,613</b>    | <b>490,953</b>                        |
| <b>Expenditures</b>  |                      |                      |                      |                                       |
| Current  |                      |                      |                      |                                       |
| Certificated salaries  | 22,671,856           | 22,117,972           | 22,054,656           | 63,316                                |
| Classified salaries  | 10,490,607           | 11,132,950           | 10,351,645           | 781,305                               |
| Employee benefits  | 13,905,932           | 13,050,764           | 12,955,183           | 95,581                                |
| Books and supplies   | 3,304,519            | 3,929,050            | 3,533,853            | 395,197                               |
| Services and operating expenditures                          | 7,330,973            | 8,872,203            | 11,013,869           | (2,141,666)                           |
| Other outgo  | 284,197              | 284,197              | 710,340              | (426,143)                             |
| Capital outlay   | 1,489,154            | 1,261,484            | 1,265,179            | (3,695)                               |
| Debt service   |                      |                      |                      |                                       |
| Debt service - principal                                     | 61,171               | 61,171               | 158,710              | (97,539)                              |
| Debt service - interest and other                            | 12,250               | 12,250               | 14,846               | (2,596)                               |
| <b>Total expenditures <sup>1</sup></b>                       | <b>59,550,659</b>    | <b>60,722,041</b>    | <b>62,058,281</b>    | <b>(1,336,240)</b>                    |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | <b>75,093</b>        | <b>(1,013,381)</b>   | <b>(1,858,668)</b>   | <b>(845,287)</b>                      |
| <b>Other Financing Sources</b>                               |                      |                      |                      |                                       |
| Proceeds from leases   | -                    | -                    | 324,495              | 324,495                               |
| <b>Net Change in Fund Balances</b>                           | <b>75,093</b>        | <b>(1,013,381)</b>   | <b>(1,534,173)</b>   | <b>(520,792)</b>                      |
| <b>Fund Balance - Beginning</b>                              | <b>21,543,679</b>    | <b>21,543,679</b>    | <b>21,543,679</b>    | <b>-</b>                              |
| <b>Fund Balance - Ending</b>                                 | <b>\$ 21,618,772</b> | <b>\$ 20,530,298</b> | <b>\$ 20,009,506</b> | <b>\$ (520,792)</b>                   |

<sup>1</sup> Due to the consolidation of Fund 12, Child Development Fund, Fund 14, Deferred Maintenance Fund, and Fund 17, Special Reserve Non-Capital Outlay Fund, for reporting purposes into the General Fund, additional revenues and expenditures pertaining to this fund are included in the actual revenues and expenditures, however, are not included in the original and final General Fund budgets.

Newman-Crows Landing Unified School District  
Schedule of Changes in the District's Total OPEB Liability and Related Ratios  
Year Ended June 30, 2024

|   | 2024                | 2023                | 2022                | 2021                |
|---|---------------------|---------------------|---------------------|---------------------|
| Total OPEB Liability                                    |                     |                     |                     |                     |
| Service cost  | \$ 355,558          | \$ 357,129          | \$ 547,714          | \$ 526,768          |
| Interest  | 222,512             | 203,141             | 172,656             | 160,701             |
| Experience (gains)/losses                               | (743,171)           | -                   | (1,054,983)         | -                   |
| Changes of assumptions                                  | (258,509)           | (126,324)           | (1,750,329)         | 64,869              |
| Benefit payments  | (80,561)            | (70,200)            | (79,158)            | (68,949)            |
| Net change in total OPEB liability                      | (504,171)           | 363,746             | (2,164,100)         | 683,389             |
| Total OPEB Liability - Beginning                        | 5,958,719           | 5,594,973           | 7,759,073           | 7,075,684           |
| Total OPEB Liability - Ending                           | <u>\$ 5,454,548</u> | <u>\$ 5,958,719</u> | <u>\$ 5,594,973</u> | <u>\$ 7,759,073</u> |
| Covered Payroll   | N/A <sup>1</sup>    | N/A <sup>1</sup>    | N/A <sup>1</sup>    | N/A <sup>1</sup>    |
| Total OPEB Liability as a Percentage of Covered Payroll | N/A <sup>1</sup>    | N/A <sup>1</sup>    | N/A <sup>1</sup>    | N/A <sup>1</sup>    |
| Measurement Date  | June 30, 2024       | June 30, 2023       | June 30, 2022       | June 30, 2021       |

<sup>1</sup> The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay;

<sup>1</sup> 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.

Newman-Crows Landing Unified School District  
Schedule of Changes in the District's Total OPEB Liability and Related Ratios  
Year Ended June 30, 2024

|   | 2020                    | 2019                    | 2018                    |
|---|-------------------------|-------------------------|-------------------------|
| Total OPEB Liability                                    |                         |                         |                         |
| Service cost  | \$ 357,186              | \$ 318,395              | \$ 309,873              |
| Interest  | 172,904                 | 149,352                 | 146,590                 |
| Experience (gains)/losses                               | (332,205)               | -                       | -                       |
| Changes of assumptions                                  | 2,148,327               | 246,560                 | -                       |
| Benefit payments  | (64,079)                | (57,506)                | (53,338)                |
| Net change in total OPEB liability                      | 2,282,133               | 656,801                 | 403,125                 |
| Total OPEB Liability - Beginning                        | 4,793,551               | 4,136,750               | 3,733,625               |
| Total OPEB Liability - Ending                           | <u>\$ 7,075,684</u>     | <u>\$ 4,793,551</u>     | <u>\$ 4,136,750</u>     |
| Covered Payroll   | <u>N/A <sup>1</sup></u> | <u>N/A <sup>1</sup></u> | <u>N/A <sup>1</sup></u> |
| Total OPEB Liability as a Percentage of Covered Payroll | <u>N/A <sup>1</sup></u> | <u>N/A <sup>1</sup></u> | <u>N/A <sup>1</sup></u> |
| Measurement Date  | June 30, 2020           | June 30, 2022           | June 30, 2021           |

<sup>1</sup> The OPEB Plan is not administered through a trust and cor

<sup>1</sup> 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.

Newman-Crows Landing Unified School District  
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program  
Year Ended June 30, 2024

| Year ended June 30,  | 2024             | 2023             | 2022             | 2021             |
|--|------------------|------------------|------------------|------------------|
| Proportion of the net OPEB liability   | 0.0460%          | 0.0478%          | 0.0431%          | 0.0507%          |
| Proportionate share of the net OPEB liability  | \$ 139,455       | \$ 157,403       | \$ 171,749       | \$ 214,843       |
| Covered payroll  | N/A <sup>1</sup> | N/A <sup>1</sup> | N/A <sup>1</sup> | N/A <sup>1</sup> |
| Proportionate share of the net OPEB liability<br>as a percentage of it's covered payroll | N/A <sup>1</sup> | N/A <sup>1</sup> | N/A <sup>1</sup> | N/A <sup>1</sup> |
| Plan fiduciary net position as a percentage<br>of the total OPEB liability               | (0.96%)          | (0.94%)          | (0.80%)          | (0.71%)          |
| Measurement Date   | June 30, 2023    | June 30, 2022    | June 30, 2021    | June 30, 2020    |

<sup>1</sup> 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.

Newman-Crows Landing Unified School District  
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program  
Year Ended June 30, 2024

| Year ended June 30,  | 2020             | 2019             | 2018             |
|--|------------------|------------------|------------------|
| Proportion of the net OPEB liability   | 0.0507%          | 0.0478%          | 0.0443%          |
| Proportionate share of the net OPEB liability  | \$ 188,750       | \$ 183,021       | \$ 186,275       |
| Covered payroll  | N/A <sup>1</sup> | N/A <sup>1</sup> | N/A <sup>1</sup> |
| Proportionate share of the net OPEB liability<br>as a percentage of it's covered payroll | N/A <sup>1</sup> | N/A <sup>1</sup> | N/A <sup>1</sup> |
| Plan fiduciary net position as a percentage<br>of the total OPEB liability               | (0.81%)          | (0.40%)          | 0.01%            |
| Measurement Date   | June 30, 2019    | June 30, 2018    | June 30, 2017    |

<sup>1</sup> 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.

Newman-Crows Landing Unified School District  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Year Ended June 30, 2024

|  | 2024                 | 2023                 | 2022                 | 2021                 | 2020                 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>CalSTRS</b>   |                      |                      |                      |                      |                      |
| Proportion of the net pension liability  | 0.0311%              | 0.0318%              | 0.0286%              | 0.0291%              | 0.0287%              |
| Proportionate share of the net pension liability   | \$ 23,664,203        | \$ 22,123,315        | \$ 13,036,232        | \$ 28,195,406        | \$ 25,877,034        |
| State's proportionate share of the net pension liability                                   | 11,338,185           | 11,079,270           | 6,559,326            | 14,534,735           | 14,117,650           |
| Total  | <u>\$ 35,002,388</u> | <u>\$ 33,202,585</u> | <u>\$ 19,595,558</u> | <u>\$ 42,730,141</u> | <u>\$ 39,994,684</u> |
| Covered payroll  | <u>\$ 19,543,827</u> | <u>\$ 17,911,005</u> | <u>\$ 20,570,669</u> | <u>\$ 16,040,725</u> | <u>\$ 15,518,163</u> |
| Proportionate share of the net pension liability<br>as a percentage of its covered payroll | <u>121.08%</u>       | <u>123.52%</u>       | <u>63.37%</u>        | <u>175.77%</u>       | <u>166.75%</u>       |
| Plan fiduciary net position as a percentage of the total<br>pension liability              | <u>81%</u>           | <u>81%</u>           | <u>87%</u>           | <u>72%</u>           | <u>73%</u>           |
| Measurement Date   | June 30, 2023        | June 30, 2022        | June 30, 2021        | June 30, 2020        | June 30, 2019        |
| <b>CalPERS</b>   |                      |                      |                      |                      |                      |
| Proportion of the net pension liability  | 0.0508%              | 0.0443%              | 0.0427%              | 0.0423%              | 0.0387%              |
| Proportionate share of the net pension liability   | \$ 18,376,955        | \$ 15,244,061        | \$ 8,674,487         | \$ 12,991,949        | \$ 11,286,164        |
| Covered payroll  | <u>\$ 8,845,199</u>  | <u>\$ 7,113,597</u>  | <u>\$ 6,176,643</u>  | <u>\$ 6,097,825</u>  | <u>\$ 5,426,448</u>  |
| Proportionate share of the net pension liability<br>as a percentage of its covered payroll | <u>207.76%</u>       | <u>214.29%</u>       | <u>140.44%</u>       | <u>213.06%</u>       | <u>207.98%</u>       |
| Plan fiduciary net position as a percentage of the total<br>pension liability              | <u>70%</u>           | <u>70%</u>           | <u>81%</u>           | <u>70%</u>           | <u>70%</u>           |
| Measurement Date   | June 30, 2023        | June 30, 2022        | June 30, 2021        | June 30, 2020        | June 30, 2019        |

Newman-Crows Landing Unified School District  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Year Ended June 30, 2024

|  | 2019                 | 2018                 | 2017                 | 2016                 | 2015                 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>CalSTRS</b>   |                      |                      |                      |                      |                      |
| Proportion of the net pension liability  | 0.0266%              | 0.0245%              | 0.0257%              | 0.0242%              | 0.0232%              |
| Proportionate share of the net pension liability   | \$ 24,483,518        | \$ 22,617,278        | \$ 20,804,823        | \$ 16,263,285        | \$ 13,537,379        |
| State's proportionate share of the net pension liability                                   | 14,017,959           | 13,380,190           | 11,843,815           | 8,601,485            | 8,174,454            |
| Total  | <u>\$ 38,501,477</u> | <u>\$ 35,997,468</u> | <u>\$ 32,648,638</u> | <u>\$ 24,864,770</u> | <u>\$ 21,711,833</u> |
| Covered payroll  | <u>\$ 14,397,824</u> | <u>\$ 13,135,628</u> | <u>\$ 12,892,777</u> | <u>\$ 10,772,309</u> | <u>\$ 10,355,842</u> |
| Proportionate share of the net pension liability<br>as a percentage of its covered payroll | <u>170.05%</u>       | <u>172.18%</u>       | <u>161.37%</u>       | <u>150.97%</u>       | <u>130.72%</u>       |
| Plan fiduciary net position as a percentage of the total<br>pension liability              | <u>71%</u>           | <u>69%</u>           | <u>70%</u>           | <u>74%</u>           | <u>77%</u>           |
| Measurement Date   | June 30, 2018        | June 30, 2017        | June 30, 2016        | June 30, 2015        | June 30, 2014        |
| <b>CalPERS</b>   |                      |                      |                      |                      |                      |
| Proportion of the net pension liability  | 0.0399%              | 0.0387%              | 0.0386%              | 0.0351%              | 0.0312%              |
| Proportionate share of the net pension liability   | \$ 10,646,133        | \$ 9,240,779         | \$ 7,616,821         | \$ 5,176,944         | \$ 3,541,790         |
| Covered payroll  | <u>\$ 5,397,515</u>  | <u>\$ 5,019,952</u>  | <u>\$ 4,739,158</u>  | <u>\$ 3,567,309</u>  | <u>\$ 3,188,446</u>  |
| Proportionate share of the net pension liability<br>as a percentage of its covered payroll | <u>197.24%</u>       | <u>184.08%</u>       | <u>160.72%</u>       | <u>145.12%</u>       | <u>111.08%</u>       |
| Plan fiduciary net position as a percentage of the total<br>pension liability              | <u>71%</u>           | <u>72%</u>           | <u>74%</u>           | <u>79%</u>           | <u>83%</u>           |
| Measurement Date   | June 30, 2018        | June 30, 2017        | June 30, 2016        | June 30, 2015        | June 30, 2014        |

Newman-Crows Landing Unified School District  
Schedule of the District's Contributions  
Year Ended June 30, 2024

|   | <u>2024</u>          | <u>2023</u>          | <u>2022</u>          | <u>2021</u>          | <u>2020</u>          |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>CalSTRS</b>  |                      |                      |                      |                      |                      |
| Contractually required contribution                                       | \$ 3,976,026         | \$ 3,732,871         | \$ 3,030,542         | \$ 3,322,163         | \$ 2,742,964         |
| Less contributions in relation to the contractually required contribution | <u>3,976,026</u>     | <u>3,732,871</u>     | <u>3,030,542</u>     | <u>3,322,163</u>     | <u>2,742,964</u>     |
| Contribution deficiency (excess)  | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          |
| Covered payroll   | <u>\$ 20,816,890</u> | <u>\$ 19,543,827</u> | <u>\$ 17,911,005</u> | <u>\$ 20,570,669</u> | <u>\$ 16,040,725</u> |
| Contributions as a percentage of covered payroll                          | <u>19.10%</u>        | <u>19.10%</u>        | <u>16.92%</u>        | <u>16.15%</u>        | <u>17.10%</u>        |
| <b>CalPERS</b>  |                      |                      |                      |                      |                      |
| Contractually required contribution                                       | \$ 2,877,691         | \$ 2,244,027         | \$ 1,629,725         | \$ 1,278,565         | \$ 1,202,552         |
| Less contributions in relation to the contractually required contribution | <u>2,877,691</u>     | <u>2,244,027</u>     | <u>1,629,725</u>     | <u>1,278,565</u>     | <u>1,202,552</u>     |
| Contribution deficiency (excess)  | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          |
| Covered payroll   | <u>\$ 10,785,948</u> | <u>\$ 8,845,199</u>  | <u>\$ 7,113,597</u>  | <u>\$ 6,176,643</u>  | <u>\$ 6,097,825</u>  |
| Contributions as a percentage of covered payroll                          | <u>26.680%</u>       | <u>25.370%</u>       | <u>22.910%</u>       | <u>20.700%</u>       | <u>19.721%</u>       |



Newman-Crows Landing Unified School District  
Schedule of the District's Contributions  
Year Ended June 30, 2024

|   | 2019                 | 2018                 | 2017                 | 2016                 | 2015                 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>CalSTRS</b>  |                      |                      |                      |                      |                      |
| Contractually required contribution                                       | \$ 2,526,357         | \$ 2,077,606         | \$ 1,652,462         | \$ 1,383,395         | \$ 956,581           |
| Less contributions in relation to the contractually required contribution | <u>2,526,357</u>     | <u>2,077,606</u>     | <u>1,652,462</u>     | <u>1,383,395</u>     | <u>956,581</u>       |
| Contribution deficiency (excess)  | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          |
| Covered payroll   | <u>\$ 15,518,163</u> | <u>\$ 14,397,824</u> | <u>\$ 13,135,628</u> | <u>\$ 12,892,777</u> | <u>\$ 10,772,309</u> |
| Contributions as a percentage of covered payroll                          | <u>16.28%</u>        | <u>14.43%</u>        | <u>12.58%</u>        | <u>10.73%</u>        | <u>8.88%</u>         |
| <b>CalPERS</b>  |                      |                      |                      |                      |                      |
| Contractually required contribution                                       | \$ 980,125           | \$ 838,288           | \$ 697,171           | \$ 561,448           | \$ 419,908           |
| Less contributions in relation to the contractually required contribution | <u>980,125</u>       | <u>838,288</u>       | <u>697,171</u>       | <u>561,448</u>       | <u>419,908</u>       |
| Contribution deficiency (excess)  | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          |
| Covered payroll   | <u>\$ 5,426,448</u>  | <u>\$ 5,397,515</u>  | <u>\$ 5,019,952</u>  | <u>\$ 4,739,158</u>  | <u>\$ 3,567,309</u>  |
| Contributions as a percentage of covered payroll                          | <u>18.062%</u>       | <u>15.531%</u>       | <u>13.888%</u>       | <u>11.847%</u>       | <u>11.771%</u>       |

**Note 1 - Purpose of Schedules**

**Budgetary Comparison Schedules**

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

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

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

At June 30, 2024, the District’s General Fund exceeded the budgeted amount in total as follows:

| Fund         | Expenditures and Other Uses |               |              |
|--------------|-----------------------------|---------------|--------------|
|              | Budget                      | Actual        | Excess       |
| General Fund | \$ 60,722,041               | \$ 62,058,281 | \$ 1,336,240 |

**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, the plan’s fiduciary net position, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - The discount rate was changed from 3.65% to 3.93% since the previous valuation.

**Schedule of the District’s Proportionate Share of the Net OPEB Liability - MPP Program**

This schedule presents information on the District’s proportionate share of the net OPEB Liability - MPP Program and the plan’s 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.

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

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

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

#### **Schedule of the District's Contributions**

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.



Supplementary Information  
June 30, 2024

## Newman-Crows Landing Unified School District

Newman-Crows Landing Unified School District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2024

| Federal Grantor/Pass-Through<br>Grantor/Program or Cluster Title                                      | Federal Financial<br>Assistance<br>Listing | Pass-Through<br>Entity<br>Identifying<br>Number | Federal<br>Expenditures |
|---|--|---|-------------------------|
| U.S. Department of Education  |  |   |                         |
| Passed through California Department of Education   |  |   |                         |
| Education Stabilization Fund  |  |   |                         |
| COVID-19 Elementary and Secondary School Relief II (ESSER II) Fund                                    | 84.425D                                    | 15547   | \$ 3,361                |
| COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss         | 84.425U                                    | 10155   | 689,762                 |
| COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund                        | 84.425U                                    | 15559   | 684,029                 |
| COVID-19 ESSER III State Reserve Emergency Needs  | 84.425U                                    | 15620   | 135,500                 |
| COVID-19 ESSER III State Reserve Learning Loss  | 84.425U                                    | 15621   | 126,915                 |
| COVID-19 American Rescue Plan – Homeless Children and Youth II (ARP HCY II)                           | 84.425W                                    | 15566   | 807                     |
| Subtotal  |  |   | <u>1,640,374</u>        |
| Title I, Part A, Basic Grants Low Income and Neglected  | 84.010                                     | 14329   | 752,432                 |
| Migrant Ed - Local Grant Program  | 84.011                                     | 14326   | 33,059                  |
| Strengthening Career and Technical Education for the 21st Century (Perkins V): Secondary, Section 131 | 84.048                                     | 14894   | 52,886                  |
| Title III, English Learner Student Program  | 84.365                                     | 14346   | 170,312                 |
| Title II, Part A, Supporting Effective Instruction  | 84.367                                     | 14341   | 109,049                 |
| Title IV, Part A, Student Support and Academic Enrichment   | 84.424                                     | 15396   | 51,315                  |
| Passed through Stanislaus SELPA   |  |   |                         |
| Special Education Cluster (IDEA)  |  |   |                         |
| Basic Local Assistance Entitlement, Part B, Section 611   | 84.027                                     | 13379   | 655,210                 |
| Subtotal Special Education Cluster (IDEA)   |  |   | <u>655,210</u>          |
| Total U.S. Department of Education  |  |   | <u>3,464,637</u>        |

Newman-Crows Landing Unified School District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2024

| Federal Grantor/Pass-Through<br>Grantor/Program or Cluster Title | Federal Financial<br>Assistance<br>Listing | Pass-Through<br>Entity<br>Identifying<br>Number | Federal<br>Expenditures |
|--|--|---|-------------------------|
| U.S. Department of Agriculture                                   |  |   |                         |
| Passed through California Department of Education                |  |   |                         |
| Child Nutrition Cluster  |  |   |                         |
| School Breakfast Needy   | 10.553                                     | 13526   | 555,218                 |
| School Lunch - Section 4   | 10.555                                     | 13523   | 29,456                  |
| Commodities  | 10.555                                     | 13524   | 119,038                 |
| School Lunch - Section 11  | 10.555                                     | 13524   | 1,087,679               |
| Local Food for Schools   | 10.555                                     | 15708   | 26,350                  |
| Subtotal   |  |   | 1,262,523               |
| Subtotal Child Nutrition Cluster                                 |  |   | 1,817,741               |
| Action for Healthy Kids  | 10.579                                     | [1]   | 52,792                  |
| Passed through California Department of Social Services          |  |   |                         |
| Child and Adult Care Food Program (CACFP)                        |  |   |                         |
| Cash in Lieu of Commodities                                      | 10.558                                     | 13389   | 25,364                  |
| CACFP Claims - Centers and Family Day Care Homes                 | 10.558                                     | 13393   | 365,420                 |
| Subtotal   |  |   | 390,784                 |
| Total U.S. Department of Agriculture                             |  |   | 2,261,317               |

[1] Pass-Through Entity Identifying Number not available

Newman-Crows Landing Unified School District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2024

| Federal Grantor/Pass-Through<br>Grantor/Program or Cluster Title                                | Federal Financial<br>Assistance<br>Listing | Pass-Through<br>Entity<br>Identifying<br>Number | Federal<br>Expenditures    |
|---|--|---|----------------------------|
| U.S. Department of Health and Human Services  |  |   |                            |
| Passed through Stanislaus County Department of Aging & Veterans Services                        |  |   |                            |
| Aging Cluster   |  |   |                            |
| Nutrition Services Under Title III -C of the Older Americans Act - Congregate Nutrition Program | 93.045                                     | [1]   | 21,392                     |
| Nutrition Services Incentive Program  | 93.053                                     | [1]   | 50,393                     |
|   |  |   | <u>71,785</u>              |
| Subtotal Aging Cluster  |  |   | <u>71,785</u>              |
| Total U.S. Department of Health and Human Services  |  |   | <u>71,785</u>              |
| Total Federal Financial Assistance  |  |   | <u><u>\$ 5,797,739</u></u> |

# Newman-Crows Landing Unified School District

## Schedule of Average Daily Attendance

Year Ended June 30, 2024

|   | Second Period<br>Report | Annual<br>Report |
|---|-------------------------|------------------|
| Regular ADA                             |                         |                  |
| Transitional kindergarten through third | 866.32                  | 866.19           |
| Fourth through sixth                    | 689.62                  | 686.65           |
| Seventh and eighth                      | 442.21                  | 441.42           |
| Ninth through twelfth                   | 940.70                  | 929.47           |
| Total regular ADA                       | 2,938.85                | 2,923.73         |
| Extended Year Special Education         |                         |                  |
| Transitional kindergarten through third | 0.25                    | 0.25             |
| Fourth through sixth                    | 0.33                    | 0.33             |
| Seventh and eighth                      | 0.13                    | 0.13             |
| Ninth through twelfth                   | 0.64                    | 0.64             |
| Total Extended Year Special Education   | 1.35                    | 1.35             |
| Community Day School                    |                         |                  |
| Seventh and eighth                      | 1.29                    | 1.19             |
| Ninth through twelfth                   | 1.58                    | 1.74             |
| Total community day school              | 2.87                    | 2.93             |
| Total ADA                               | 2,943.07                | 2,928.01         |



# Newman-Crows Landing Unified School District

Schedule of Instructional Time

Year Ended June 30, 2024

| Grade Level   | 1986-1987<br>Minutes<br>Requirement | 2023-2024<br>Actual<br>Minutes | Number of<br>Actual Days | Status   |
|---------------|-------------------------------------|--------------------------------|--------------------------|----------|
| Kindergarten  | 36,000                              | 56,140                         | 180                      | Complied |
| Grades 1 - 3  | 50,400                              |                                |                          |          |
| Grade 1       |                                     | 56,140                         | 180                      | Complied |
| Grade 2       |                                     | 56,140                         | 180                      | Complied |
| Grade 3       |                                     | 56,140                         | 180                      | Complied |
| Grades 4 - 8  | 54,000                              |                                |                          |          |
| Grade 4       |                                     | 56,140                         | 180                      | Complied |
| Grade 5       |                                     | 56,140                         | 180                      | Complied |
| Grade 6       |                                     | 59,230                         | 180                      | Complied |
| Grade 7       |                                     | 59,230                         | 180                      | Complied |
| Grade 8       |                                     | 59,230                         | 180                      | Complied |
| Grades 9 - 12 | 64,800                              |                                |                          |          |
| Grade 9       |                                     | 65,406                         | 180                      | Complied |
| Grade 10      |                                     | 65,406                         | 180                      | Complied |
| Grade 11      |                                     | 65,406                         | 180                      | Complied |
| Grade 12      |                                     | 65,406                         | 180                      | Complied |

Newman-Crows Landing Unified School District  
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements  
Year Ended June 30, 2024

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There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2024.

# Newman-Crows Landing Unified School District

## Schedule of Financial Trends and Analysis

Year Ended June 30, 2024

|   | (Budget)<br>2025 <sup>1</sup> | 2024           | 2023 <sup>1, 3</sup> | 2022 <sup>1, 3</sup> |
|---|-------------------------------|----------------|----------------------|----------------------|
| General Fund                                      |                               |                |                      |                      |
| Revenues  | \$ 56,732,019                 | \$ 60,197,638  | \$ 65,286,047        | \$ 49,950,609        |
| Other sources                                     | -                             | 324,495        | -                    | 37,980               |
| Total Revenues and Other Sources                  | 56,732,019                    | 60,522,133     | 65,286,047           | 49,988,589           |
| Expenditures                                      | 60,782,266                    | 62,058,281     | 56,654,166           | 46,174,993           |
| Other uses and transfers out                      | -                             | -              | 312,696              | -                    |
| Total Expenditures and Other Uses                 | 60,782,266                    | 62,058,281     | 56,966,862           | 46,174,993           |
| Increase/(Decrease) in Fund Balance               | (4,050,247)                   | (1,536,148)    | 8,319,185            | 3,813,596            |
| Ending Fund Balance                               | \$ 15,918,868                 | \$ 19,969,115  | \$ 21,505,263        | \$ 13,186,078        |
| Available Reserves <sup>2</sup>                   | \$ 4,862,581                  | \$ 4,938,700   | \$ 4,570,079         | \$ 3,690,959         |
| Available Reserves as a Percentage of Total Outgo | 8.00%                         | 7.96%          | 8.02%                | 7.99%                |
| Long-Term Liabilities                             | Not Available                 | \$ 101,976,426 | \$ 93,589,619        | \$ 78,931,000        |
| Average Daily Attendance at P-2                   | 2,940                         | 2,943          | 2,877                | 2,831                |

The General Fund balance has increased by \$6,783,037 over the past two years. The fiscal year 2024-2025 budget projects a decrease of \$4,050,247 (20.30%). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years but anticipates incurring an operating deficit during the 2024-2025 fiscal year. Total long-term liabilities have increase by \$23,045,426 over the past two years primarily due to the issuances in bonds and increases in the net pension liability.

Average daily attendance has increased by 112 over the past two years. A slight decline of 3 ADA is anticipated during fiscal year 2024-2025.

<sup>1</sup> Financial information for 2025, 2023, and 2022 is included for analytical purposes only and has not been subjected to audit.

<sup>2</sup> Available reserves consist of all amounts reserved for economic uncertainties contained within the General Fund.

<sup>3</sup> General Fund amounts do not include activity related to the consolidation of the Child Development Fund, the Deferred Maintenance Fund, and the Special Reserve Non-Capital Fund as required by GASB Statement No. 54.

Newman-Crows Landing Unified School District  
Combining Balance Sheet – Non-Major Governmental Funds  
June 30, 2024

|  | Student<br>Activities<br>Fund | Adult<br>Education<br>Fund | Cafeteria<br>Fund   | Capital<br>Facilities<br>Fund | State School<br>Building Lease<br>Purchase<br>Fund | County School<br>Facilities<br>Fund | Special Reserve<br>Fund for Capital<br>Outlay Projects | Bond<br>Interest and<br>Redemption<br>Fund | Total<br>Non-Major<br>Governmental<br>Funds |
|--|-------------------------------|----------------------------|---------------------|-------------------------------|--|-------------------------------------|--|--|---|
| <b>Assets</b>                              |                               |                            |                     |                               |  |                                     |  |  |   |
| Deposits and investments                   | \$ 342,769                    | \$ 13,050                  | \$ 2,600,676        | \$ 711,939                    | \$ 354   | \$ 563,677                          | \$ 3,064   | \$ 2,761,827                               | \$ 6,997,356                                |
| Receivables                                | -                             | -                          | 480,730             | -                             | -  | -                                   | -  | -  | 480,730                                     |
| Due from other funds                       | -                             | -                          | 58,171              | -                             | -  | -                                   | -  | -  | 58,171                                      |
| Stores inventories                         | -                             | -                          | 53,219              | -                             | -  | -                                   | -  | -  | 53,219                                      |
| <b>Total assets</b>                        | <b>\$ 342,769</b>             | <b>\$ 13,050</b>           | <b>\$ 3,192,796</b> | <b>\$ 711,939</b>             | <b>\$ 354</b>                                      | <b>\$ 563,677</b>                   | <b>\$ 3,064</b>  | <b>\$ 2,761,827</b>                        | <b>\$ 7,589,476</b>                         |
| <b>Liabilities and Fund Balances</b>       |                               |                            |                     |                               |  |                                     |  |  |   |
| <b>Liabilities</b>                         |                               |                            |                     |                               |  |                                     |  |  |   |
| Accounts payable                           | \$ -                          | \$ 7,482                   | \$ 152,860          | \$ 8,000                      | \$ -   | \$ 179,197                          | \$ -   | \$ -                                       | \$ 347,539                                  |
| <b>Fund Balances</b>                       |                               |                            |                     |                               |  |                                     |  |  |   |
| Nonspendable                               | -                             | -                          | 53,219              | -                             | -  | -                                   | -  | -  | 53,219                                      |
| Restricted                                 | 342,769                       | 5,568                      | 2,971,019           | 703,939                       | 354  | 384,480                             | -  | 2,761,827                                  | 7,169,956                                   |
| Assigned                                   | -                             | -                          | 15,698              | -                             | -  | -                                   | 3,064  | -  | 18,762                                      |
| <b>Total fund balances</b>                 | <b>342,769</b>                | <b>5,568</b>               | <b>3,039,936</b>    | <b>703,939</b>                | <b>354</b>   | <b>384,480</b>                      | <b>3,064</b>   | <b>2,761,827</b>                           | <b>7,241,937</b>                            |
| <b>Total liabilities and fund balances</b> | <b>\$ 342,769</b>             | <b>\$ 13,050</b>           | <b>\$ 3,192,796</b> | <b>\$ 711,939</b>             | <b>\$ 354</b>                                      | <b>\$ 563,677</b>                   | <b>\$ 3,064</b>  | <b>\$ 2,761,827</b>                        | <b>\$ 7,589,476</b>                         |

**Newman-Crows Landing Unified School District**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds**  
**Year Ended June 30, 2024**

|  | Student<br>Activities<br>Fund | Adult<br>Education<br>Fund | Cafeteria<br>Fund | Capital<br>Facilities<br>Fund | State School<br>Building Lease<br>Purchase<br>Fund | County School<br>Facilities<br>Fund | Special Reserve<br>Fund for Capital<br>Outlay Projects | Bond<br>Interest and<br>Redemption<br>Fund | Total<br>Non-Major<br>Governmental<br>Funds |
|--|-------------------------------|----------------------------|-------------------|-------------------------------|--|-------------------------------------|--|--|---|
| <b>Revenues</b>  |                               |                            |                   |                               |  |                                     |  |  |   |
| Federal sources  | \$ -                          | \$ -                       | \$ 2,298,648      | \$ -                          | \$ -   | \$ -                                | \$ -   | \$ -                                       | \$ 2,298,648                                |
| Other State sources  | -                             | 132,147                    | 1,487,136         | -                             | -  | -                                   | -  | 14,865                                     | 1,634,148                                   |
| Other local sources  | 704,612                       | 827                        | 124,613           | 903,361                       | 17   | 63,947                              | 150  | 2,698,021                                  | 4,495,548                                   |
| <b>Total revenues</b>  | <b>704,612</b>                | <b>132,974</b>             | <b>3,910,397</b>  | <b>903,361</b>                | <b>17</b>  | <b>63,947</b>                       | <b>150</b>   | <b>2,712,886</b>                           | <b>8,428,344</b>                            |
| <b>Expenditures</b>  |                               |                            |                   |                               |  |                                     |  |  |   |
| <b>Current</b>   |                               |                            |                   |                               |  |                                     |  |  |   |
| Instruction  | -                             | 91,868                     | -                 | -                             | -  | -                                   | -  | -  | 91,868                                      |
| Instruction-related activities                               |                               |                            |                   |                               |  |                                     |  |  |   |
| School site administration                                   | -                             | 30,701                     | -                 | -                             | -  | -                                   | -  | -  | 30,701                                      |
| Pupil services   |                               |                            |                   |                               |  |                                     |  |  |   |
| Food services  | -                             | -                          | 3,147,309         | -                             | -  | -                                   | -  | -  | 3,147,309                                   |
| Administration   |                               |                            |                   |                               |  |                                     |  |  |   |
| All other administration                                     | -                             | 6,541                      | 66,975            | 8,000                         | -  | -                                   | -  | -  | 81,516                                      |
| Plant services   | -                             | -                          | -                 | 39,375                        | -  | -                                   | -  | -  | 39,375                                      |
| Community services   | 737,318                       | -                          | -                 | -                             | -  | -                                   | -  | -  | 737,318                                     |
| Facility acquisition and construction                        | -                             | -                          | 134,362           | -                             | -  | 612,643                             | -  | -  | 747,005                                     |
| Debt service   |                               |                            |                   |                               |  |                                     |  |  |   |
| Principal  | -                             | -                          | -                 | 356,000                       | -  | -                                   | -  | 1,580,000                                  | 1,936,000                                   |
| Interest and other   | -                             | -                          | -                 | 83,351                        | -  | -                                   | -  | 879,848                                    | 963,199                                     |
| <b>Total expenditures</b>                                    | <b>737,318</b>                | <b>129,110</b>             | <b>3,348,646</b>  | <b>486,726</b>                | <b>-</b>   | <b>612,643</b>                      | <b>-</b>   | <b>2,459,848</b>                           | <b>7,774,291</b>                            |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | <b>(32,706)</b>               | <b>3,864</b>               | <b>561,751</b>    | <b>416,635</b>                | <b>17</b>  | <b>(548,696)</b>                    | <b>150</b>   | <b>253,038</b>                             | <b>654,053</b>                              |
| <b>Other Financing Sources (Uses)</b>                        |                               |                            |                   |                               |  |                                     |  |  |   |
| Transfers in   | -                             | -                          | -                 | 221,001                       | -  | -                                   | -  | -  | 221,001                                     |
| Proceeds from sale of bonds                                  | -                             | -                          | -                 | -                             | -  | -                                   | -  | 355,323                                    | 355,323                                     |
| Transfers out  | -                             | -                          | -                 | -                             | -  | (221,001)                           | -  | -  | (221,001)                                   |

Newman-Crows Landing Unified School District  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds  
Year Ended June 30, 2024

|                              | Student<br>Activities<br>Fund | Adult<br>Education<br>Fund | Cafeteria<br>Fund   | Capital<br>Facilities<br>Fund | State School<br>Building Lease<br>Purchase<br>Fund | County School<br>Facilities<br>Fund | Special Reserve<br>Fund for Capital<br>Outlay Projects | Bond<br>Interest and<br>Redemption<br>Fund | Total<br>Non-Major<br>Governmental<br>Funds |
|------------------------------|-------------------------------|----------------------------|---------------------|-------------------------------|--|-------------------------------------|--|--|---|
| Net Financing Sources (Uses) | -                             | -                          | -                   | 221,001                       | -  | (221,001)                           | -  | 355,323                                    | 355,323                                     |
| Net Change in Fund Balances  | (32,706)                      | 3,864                      | 561,751             | 637,636                       | 17   | (769,697)                           | 150  | 608,361                                    | 1,009,376                                   |
| Fund Balance - Beginning     | 375,475                       | 1,704                      | 2,478,185           | 66,303                        | 337  | 1,154,177                           | 2,914  | 2,153,466                                  | 6,232,561                                   |
| Fund Balance - Ending        | <u>\$ 342,769</u>             | <u>\$ 5,568</u>            | <u>\$ 3,039,936</u> | <u>\$ 703,939</u>             | <u>\$ 354</u>                                      | <u>\$ 384,480</u>                   | <u>\$ 3,064</u>  | <u>\$ 2,761,827</u>                        | <u>\$ 7,241,937</u>                         |

**Note 1 - Purpose of Schedules****Schedule of Expenditures of Federal Awards (SEFA)**Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of the Newman-Crows Landing Unified School District (the District) under programs of the federal government for the year ended June 30, 2024. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Newman-Crows Landing Unified School District, it is not intended to and does not present the net position, changes in net position or fund balances of Newman-Crows Landing Unified School District.

Summary of Significant Accounting Policies

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

Indirect Cost Rate

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

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2024, the District had food commodities totaling \$119,038 in inventory.

**Schedule of Average Daily Attendance (ADA)**

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

**Schedule of Instructional Time**

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

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

### **Reconciliation of Annual Financial and Budget Report with Audited Financial Statements**

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

### **Schedule of Financial Trends and Analysis**

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

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

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





Other Information  
June 30, 2024

## Newman-Crows Landing Unified School District

Organization

The Newman-Crows Landing Unified School District was organized in 1972 and consists of an area comprising approximately 384 square miles. The District operates four elementary schools, one junior high school, one high school, one continuation school, and one community day school. There were no boundary changes during the year.

Governing Board

| Member          | Office    | Term Expires |
|-----------------|-----------|--------------|
| Don Cabral, Jr. | President | 2026         |
| Frank Rivas     | Clerk     | 2026         |
| Tim Bazar       | Member    | 2024         |
| Janice Conforti | Member    | 2024         |
| RoseLee Hurst   | Member    | 2024         |

Administration

|               |                           |
|---------------|---------------------------|
| Justin Pruett | Superintendent of Schools |
|---------------|---------------------------|



Independent Auditor's Reports  
June 30, 2024

# Newman-Crows Landing Unified School District



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

To the Governing Board  
Newman-Crows Landing Unified School District  
Newman, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Newman-Crows Landing Unified School District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 29, 2025.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Fresno, California  
January 29, 2025



## **Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance**

To the Governing Board  
Newman-Crows Landing Unified School District  
Newman, California

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited Newman-Crows Landing Unified School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Report on Internal Control over Compliance***

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance

requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Fresno, California  
January 29, 2025





## **Independent Auditor's Report on State Compliance and on Internal Control Over Compliance**

To the Governing Board  
Newman-Crows Landing Unified School District  
Newman, California

### **Report on Compliance**

#### ***Opinion on State Compliance***

We have audited Newman-Crows Landing Unified School District's (the District) compliance with the requirements specified in the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the District's state program requirements identified below for the year ended June 30, 2024.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2024.

#### ***Basis for Opinion***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), and the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's state programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

| <u>2023-2024 K-12 Audit Guide Procedures</u>        | <u>Procedures Performed</u> |
|---|-----------------------------|
| Local Education Agencies Other Than Charter Schools |                             |
| Attendance  | Yes                         |
| Teacher Certification and Misassignments            | Yes                         |
| Kindergarten Continuance                            | Yes                         |
| Independent Study                                   | No (see below)              |
| Continuation Education                              | No (see below)              |
| Instructional Time                                  | Yes                         |
| Instructional Materials                             | Yes                         |
| Ratios of Administrative Employees to Teachers      | Yes                         |

| 2023-2024 K-12 Audit Guide Procedures                              | Procedures Performed |
|--|----------------------|
| Classroom Teacher Salaries   | Yes                  |
| Early Retirement Incentive   | Not Applicable       |
| GAAN Limit Calculation   | Yes                  |
| School Accountability Report Card                                  | Yes                  |
| Juvenile Court Schools   | Not Applicable       |
| Middle or Early College High Schools                               | Not Applicable       |
| K-3 Grade Span Adjustment  | Yes                  |
| Apprenticeship: Related and Supplemental Instruction               | Not Applicable       |
| Comprehensive School Safety Plan                                   | Yes                  |
| District of Choice   | Not Applicable       |
| Home to School Transportation Reimbursement                        | Yes                  |
| School Districts, County Offices of Education, and Charter Schools |                      |
| Proposition 28 Arts and Music in Schools                           | Yes                  |
| After/Before School Education and Safety Program                   | Yes                  |
| Proper Expenditure of Education Protection Account Funds           | Yes                  |
| Unduplicated Local Control Funding Formula Pupil Counts            | Yes                  |
| Local Control and Accountability Plan                              | Yes                  |
| Independent Study - Course Based                                   | Not Applicable       |
| Immunizations  | Not Applicable       |
| Educator Effectiveness   | Yes                  |
| Expanded Learning Opportunities Grant (ELO-G)                      | Yes                  |
| Career Technical Education Incentive Grant                         | Yes                  |
| Expanded Learning Opportunities Program                            | Yes                  |
| Transitional Kindergarten  | Yes                  |
| Charter Schools  |                      |
| Attendance   | Not Applicable       |
| Mode of Instruction  | Not Applicable       |
| Nonclassroom-Based Instruction/Independent Study                   | Not Applicable       |
| Determination of Funding for Nonclassroom-Based Instruction        | Not Applicable       |
| Annual Instructional Minutes - Classroom Based                     | Not Applicable       |
| Charter School Facility Grant Program                              | Not Applicable       |

We did not perform testing for Independent Study or Continuation Education because average daily attendance reported did not exceed thresholds for testing.

The term “Not Applicable” is used above to mean either the District did not offer the program during the current fiscal year, the District did not participate in the program during the current fiscal year, or the program applies to a different type of local education agency.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identify during the audit.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying Schedule of Findings and Questioned Costs as items 2024-001 through 2024-003.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 state 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 state 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 state 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2024-003 to be a material weakness.

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.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eric Sautley LLP". The signature is written in a cursive, flowing style.

Fresno, California  
January 29, 2025



Schedule of Findings and Questioned Costs  
June 30, 2024

# Newman-Crows Landing Unified School District

**Financial Statements**

|  |               |
|--|---------------|
| Type of auditor's report issued  | Unmodified    |
| Internal control over financial reporting                                    |               |
| Material weaknesses identified   | No            |
| Significant deficiencies identified not considered to be material weaknesses | 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 programs   | Unmodified    |
| Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a) | No            |

**Identification of major programs**

| <u>Name of Federal Program or Cluster</u>                                      | <u>Federal Financial Assistance Listing</u> |
|--|---|
| Title I, Part A, Basic Grants Low Income and Neglected Child Nutrition Cluster | 84.010<br>10.553, 10.555                    |
| Dollar threshold used to distinguish between type A and type B programs        | \$ 750,000                                  |
| Auditee qualified as low-risk auditee?   | No  |

**State Compliance**

|  |               |
|--|---------------|
| Internal control over state compliance programs                              |               |
| Material weaknesses identified   | Yes           |
| Significant deficiencies identified not considered to be material weaknesses | None Reported |
| Other matters to be reported   | Yes           |
| Type of auditor's report issued on compliance for programs                   | Unmodified    |

None reported.

None reported.



The following findings represent instances of noncompliance including questioned costs and a material weakness in internal control over State compliance that are required to be reported by the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. The findings have been coded as follows:

| Five Digit Code | AB 3627 Finding Type       |
|-----------------|----------------------------|
| 40000           | State Compliance           |
| 61000           | Classroom Teacher Salaries |
| 70000           | Instructional Materials    |

**2024-001      61000 - Classroom Teacher Salaries**

**Criteria or Specific Requirements**

In accordance with *Education Code* Section 41372, the District is required to expend at least 55% of General Fund expenditures on classroom teacher salaries.

**Condition**

In auditing Form CEA, it was noted the District did not meet the minimum percentage required for payment of classroom teachers. Audited amounts reported total current expense (Column 5) of \$53,851,268 and classroom compensation (Part II) of \$26,766,356, which represented 49.70% of current expense, resulting in a deficiency of 5.30% or \$2,854,117.

**Cause**

As a result of the District receiving significant sources of one-time funding to be used specifically for COVID-19 related expenditures, the District's ratio was not maintained.

**Effect**

The noncompliance resulted in the District being deficient by 5.30% or \$2,854,117.

**Questioned Costs**

There are no questioned costs related to this finding.

**Repeat Finding**

No.

**Recommendation**

The District should request a waiver from the Stanislaus County Superintendent of Schools for this issue.

**Corrective Action Plan and Views of Responsible Officials**

The District will submit a waiver request to the Stanislaus County Office of Education regarding the classroom teachers salaries shortage.

**2024-002      40000 - Expanded Learning Opportunities Program**

**Criteria or Specific Requirements**

*Education Code* Section 46120(b)(1)(A) requires that in-person before and after school expanded learning opportunities were offered on every school day and, when added to the school day, were no less than nine hours and *Education Code* Section 46120(c)(3) required the operational days to total 210.

**Condition**

The District Expanded Learning Opportunity Program operated 181 days of the required 210 operational days.

**Cause**

The District Expanded Learning Opportunity Program began September 25, 2023 and did not allow the District to offer the total required operational days. The District offered 181 operational days of the required 210 required operational days, leaving 29 days not offered.

**Effect**

The penalty amount was determined to be \$286,201 (29 days short times preloaded penalty factor for *Education Code* Section 46120(c)(3) of .0048 applied to the District's total entitlement of \$2,056,043); therefore, the District is out of compliance with *Education Code* Section 46120(c)(3).

**Questioned Costs**

The penalty was calculated to be \$286,201.

**Repeat Finding**

No.

**Recommendation**

We recommend the District offer the total required operational days in the 2024-2025 fiscal year.

**Corrective Action Plan and Views of Responsible Officials**

The District has implemented the program as of the beginning of the 2024-2025 fiscal year.

**2024-003      70000 - Sufficiency of Instructional Materials**

**Criteria or Specific Requirements**

According to *Education Code* Section 60119, school districts are required to hold public hearings regarding the sufficiency of instructional materials, post to the public when, where, and what time those hearings will occur, and adopt a resolution indicating the district is in compliance with this section of the *Education Code*, and has performed these required tasks within the timeline stated in the *Education Code*.

**Condition**

The District did not hold a public hearing, post to the public that hearing, or adopt a resolution regarding the District is in compliance with instructional material requirements.

**Cause**

Due to management believing the District no longer was required to perform the sufficiency of instructional materials public hearing and adoption of the associated resolution by the Board of directors, no such meeting occurred and no resolution was drafted and adopted for the 2023-2024 fiscal year.

**Effect**

The District was out of compliance with requirements of *Education Code* Section 60119.

**Questioned Costs**

There is no questioned cost associated with this exception.

**Repeat Finding (Yes or No)**

No.

**Recommendation**

The District should make sure all state compliance areas under audit are implemented each fiscal year.

**Corrective Action Plan and Views of Responsible Officials**

The administration will double check that the adoption of the sufficiency of instructional materials is calendared as a recurring items on the Board agenda by the deadline.

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

## **Financial Statement Findings**

### **2023-001      30000 – Internal Control Over Financial Reporting**

#### **Criteria or Specific Requirements**

School districts are responsible for maintaining accurate financial statement information including properly recording and reporting all financial transactions and balances and must be able to prepare financial statements that are free of material misstatements, including ensuring all necessary disclosures are present.

#### **Condition**

During our audit, we found the District did not record any activity in the Student Activities Fund or scholarship activity in the Special Purpose Trust Fund.

#### **Questioned Costs**

There are no questioned costs associated with this finding.

#### **Context**

In the closing process, activity in the Student Activities Fund or Special Purpose Trust Fund was not included in order to record the changes, year-over-year, in those funds.

#### **Cause**

The conditions appeared to be due to staff oversight.

#### **Effect**

The lack of recording activity in the Student Activities Fund or Special Purpose Trust Fund meant unaudited actuals were approved based on prior year amounts, which in turn misrepresented the true financial position of those two funds.

#### **Recommendation**

The District needs to implement a process for recording all activity in the Student Activities Fund or Special Purpose Trust Fund going forward.

#### **Current Status**

Implemented.

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## APPENDIX C

### GENERAL AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF NEWMAN AND STANISLAUS COUNTY

*The following information about the City of Newman (the “City”) and Stanislaus County (the “County”) is included only for the purpose of supplying general information regarding the area of the District. The Bonds are not a debt of the City, the County, the State of California (the “State”) or any of its political subdivisions (other than the District), and none of the City, the County, the State or any of its political subdivisions (other than the District) is liable therefor.*

**The City.** The City, which has an area of 1.4 square miles, is located on California Highway 33 between the towns of Gustine and Crows Landing, approximately 60 miles south of Sacramento, 90 miles east of San Jose, and 125 miles east of San Francisco.

**The County.** The County is located approximately 90 minutes southeast from both the City of San Francisco and Silicon Valley. The County covers approximately 1,521 square miles and reaches from the Sierra Nevada foothills on its eastern border, to California’s central coast. It is located in the geographic center of the State. The County seat is the City of Modesto.

#### Population

The County’s population at January 1, 2025, the most recent estimate, was 555,765 according to the State Department of Finance. The table below shows population estimates for the City, the County and the State of California, for the last five years.

#### CITY OF NEWMAN, STANISLAUS COUNTY AND STATE OF CALIFORNIA Population Estimates

|                     | 2021       | 2022       | 2023       | 2024       | 2025       |
|---------------------|------------|------------|------------|------------|------------|
| City of Newman      | 12,333     | 12,259     | 12,183     | 12,260     | 12,389     |
| Stanislaus County   | 551,722    | 549,272    | 548,423    | 553,614    | 555,765    |
| State of California | 39,369,530 | 39,179,680 | 39,228,444 | 39,420,663 | 39,529,101 |

Source: State Department of Finance estimates (as of January 1).

## Employment and Industry

The District is included in the Modesto Metropolitan Statistical Area (“MSA”). The unemployment rate in Stanislaus County was 6.8 percent in April 2025, down from a revised 7.2 percent in March 2025, and above the year-ago estimate of 6.7 percent. This compares with an unadjusted unemployment rate of 5.0 percent for California and 3.9 percent for the nation during the same period.

The table below provides information about employment by industry type for the County for calendar years 2020 through 2024.

**MODESTO MSA  
(Stanislaus County)  
Annual Average Civilian Labor Force, Employment and Unemployment,  
Employment by Industry  
(March 2024 Benchmark)**

|   | 2020    | 2021    | 2022    | 2023    | 2024    |
|---|---------|---------|---------|---------|---------|
| Civilian Labor Force <sup>(1)</sup>               | 244,300 | 243,000 | 245,100 | 249,300 | 253,600 |
| Employment  | 217,900 | 222,900 | 231,700 | 233,600 | 236,200 |
| Unemployment                                      | 26,400  | 20,100  | 13,300  | 15,700  | 17,500  |
| Unemployment Rate                                 | 10.8%   | 8.3%    | 5.4%    | 6.3%    | 6.9%    |
| <u>Wage and Salary Employment: <sup>(2)</sup></u> |         |         |         |         |         |
| Agriculture                                       | 14,500  | 14,000  | 13,900  | 12,500  | 12,700  |
| Mining, Logging, and Construction                 | 9,800   | 10,700  | 11,300  | 10,700  | 11,100  |
| Manufacturing                                     | 21,300  | 22,000  | 23,000  | 23,700  | 23,400  |
| Wholesale Trade                                   | 5,900   | 5,600   | 5,600   | 5,500   | 5,700   |
| Retail Trade                                      | 21,900  | 23,000  | 23,100  | 22,800  | 22,800  |
| Transportation, Warehousing, Utilities            | 9,000   | 9,100   | 10,100  | 10,700  | 10,200  |
| Information                                       | 800     | 800     | 800     | 800     | 700     |
| Financial Activities                              | 5,100   | 4,900   | 5,000   | 4,800   | 4,800   |
| Professional and Business Services                | 15,100  | 15,400  | 15,200  | 14,600  | 14,400  |
| Educational and Health Services                   | 34,600  | 35,000  | 35,600  | 36,900  | 38,900  |
| Leisure and Hospitality                           | 15,800  | 18,200  | 20,500  | 20,900  | 20,600  |
| Other Services                                    | 5,100   | 5,500   | 6,000   | 6,100   | 6,100   |
| Federal Government                                | 900     | 700     | 700     | 700     | 700     |
| State Government                                  | 2,100   | 2,000   | 2,100   | 2,200   | 2,300   |
| Local Government                                  | 25,900  | 25,700  | 27,000  | 28,300  | 29,600  |
| Total, All Industries <sup>(3)</sup>              | 187,700 | 192,600 | 199,900 | 201,000 | 203,900 |

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.



## Largest Employers

The following table lists the twenty-five largest employers within the County as of June 2025, being the most current date for which such information is available. The employers are listed in alphabetical order without regard to the number of employees.

### STANISLAUS COUNTY Major Employers (Listed Alphabetically) As of June 2025

| Employer Name                  | Location  | Industry                              |
|--------------------------------|-----------|---------------------------------------|
| Amazon Fulfillment Ctr         | Patterson | Mail Order Fulfillment Service        |
| Bartles & Jaymes Co            | Modesto   | Wineries (mfrs)                       |
| Behavioral Health & Recovery   | Modesto   | Mental Health Services                |
| Conagra Brands Inc             | Oakdale   | Food Products (whls)                  |
| Duarte Nursery                 | Hughson   | Nurserymen                            |
| Duarte Nursery Inc             | Hughson   | Nurserymen                            |
| E & J Gallo Winery             | Modesto   | Wineries (mfrs)                       |
| Emanuel Medical Ctr            | Turlock   | Hospitals                             |
| Foster Farms                   | Turlock   | Poultry Processing Plants (mfrs)      |
| Frito-Lay Inc                  | Modesto   | Potato Chips Corn Chips/Snacks (mfrs) |
| Health Services Agency         | Modesto   | Clinics                               |
| Macdonald Group At PMZ Real    | Modesto   | Real Estate                           |
| Memorial Medical Ctr           | Modesto   | Hospitals                             |
| Modesto Bee                    | Modesto   | Newspapers (publishers/Mfrs)          |
| Oak Valley Hospital District   | Oakdale   | Health Care Management                |
| Pacific Southwest Contr LLC    | Modesto   | Corrugated & Solid Fiber Boxes (mfrs) |
| Patterson City Sheriff Ofc     | Modesto   | City Government-Executive Offices     |
| Stanislaus County Ofc of Edu   | Modesto   | Home Health Service                   |
| Stanislaus County Welfare Dept | Modesto   | Government Offices-County             |
| Storer Coachways               | Modesto   | Buses-Charter & Rental                |
| Sysco Central California       | Modesto   | Grocers-Wholesale                     |
| Temsa                          | Turlock   | Nonclassified Establishments          |
| Turlock Irrigation District    | Turlock   | Utility Contractors                   |
| United States Postal Svc       | Modesto   | Post Offices                          |
| Walmart                        | Modesto   | Department Stores                     |

*Source: State of California Employment Development Department, extracted from the America's Labor Market Information System (ALMIS) Employer Database, 2025 1st Edition.*

## Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and nontax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the total effective buying income and median household effective buying income for City, the County, the State and the United States for the years 2021 through 2025.

**CITY OF NEWMAN, STANISLAUS COUNTY,  
STATE OF CALIFORNIA, AND UNITED STATES  
Effective Buying Income  
2021 through 2025**

| <u>Year</u> | <u>Area</u>       | <u>Total Effective<br/>Buying Income<br/>(000's Omitted)</u> | <u>Median Household<br/>Effective<br/>Buying Income</u> |
|-------------|-------------------|--|---|
| 2021        | City of Newman    | \$249,984  | \$57,247  |
|             | Stanislaus County | 12,472,918   | 55,452  |
|             | California        | 1,290,894,604  | 67,956  |
|             | United States     | 9,809,944,764  | 56,790  |
| 2022        | City of Newman    | \$282,665  | \$66,414  |
|             | Stanislaus County | 13,889,615   | 63,128  |
|             | California        | 1,243,564,816  | 65,870  |
|             | United States     | 9,487,165,436  | 55,303  |
| 2023        | City of Newman    | \$293,113  | \$66,296  |
|             | Stanislaus County | 14,125,584   | 63,716  |
|             | California        | 1,461,799,662  | 77,175  |
|             | United States     | 11,454,846,397   | 65,326  |
| 2024        | City of Newman    | \$335,109  | \$76,069  |
|             | Stanislaus County | 15,843,489   | 71,567  |
|             | California        | 1,510,708,521  | 80,973  |
|             | United States     | 11,987,185,826   | 67,876  |
| 2025        | City of Newman    | \$300,590  | \$68,488  |
|             | Stanislaus County | 15,349,499   | 69,398  |
|             | California        | 1,557,429,767  | 82,725  |
|             | United States     | 12,525,577,707   | 69,687  |

Source: Claritas, LLC.

## Commerce

Total taxable sales during calendar year 2024 in the City were reported to be \$64,311,158, a 9.11% increase over the total taxable sales of \$58,940,632 reported during calendar year 2023.

**CITY OF NEWMAN**  
**Taxable Retail Sales**  
**Number of Permits and Valuation of Taxable Transactions**  
**(Dollars in Thousands)**

|      | <u>Retail Stores</u>         |                                 | <u>Total All Outlets</u>     |                                 |
|------|------------------------------|---------------------------------|------------------------------|---------------------------------|
|      | <u>Number<br/>of Permits</u> | <u>Taxable<br/>Transactions</u> | <u>Number<br/>of Permits</u> | <u>Taxable<br/>Transactions</u> |
| 2020 | 131                          | \$34,361                        | 213                          | \$55,686                        |
| 2021 | 129                          | 38,445                          | 203                          | 58,967                          |
| 2022 | 121                          | 42,773                          | 191                          | 59,822                          |
| 2023 | 113                          | 43,541                          | 177                          | 58,941                          |
| 2024 | 116                          | 49,791                          | 185                          | 64,311                          |

*Source: State Department of Tax and Fee Administration.*

Total taxable sales during calendar year 2024 in the County were reported to be \$12,560,940,154, a 1.90% decrease from the total taxable sales of \$12,803,797,600 reported during calendar year 2023.

**STANISLAUS COUNTY**  
**Taxable Retail Sales**  
**Number of Permits and Valuation of Taxable Transactions**  
**(Dollars in Thousands)**

|      | <u>Retail Stores</u>         |                                 | <u>Total All Outlets</u>     |                                 |
|------|------------------------------|---------------------------------|------------------------------|---------------------------------|
|      | <u>Number<br/>of Permits</u> | <u>Taxable<br/>Transactions</u> | <u>Number<br/>of Permits</u> | <u>Taxable<br/>Transactions</u> |
| 2020 | 8,329                        | \$6,931,238                     | 13,500                       | \$10,087,295                    |
| 2021 | 7,848                        | 8,695,930                       | 12,854                       | 12,336,565                      |
| 2022 | 7,903                        | 8,691,722                       | 13,158                       | 13,020,438                      |
| 2023 | 7,641                        | 8,733,391                       | 12,837                       | 12,680,798                      |
| 2024 | 7,715                        | 8,652,761                       | 13,068                       | 12,560,940                      |

*Source: State Department of Tax and Fee Administration.*

## Construction Activity

The following tables show a five-year summary of the valuation of building permits issued in the City.

### CITY OF NEWMAN Building Permit Valuation (Valuation in Thousands of Dollars)

|                            | <u>2019</u>  | <u>2020</u>  | <u>2021</u>  | <u>2022</u>  | <u>2023</u>  |
|----------------------------|--------------|--------------|--------------|--------------|--------------|
| <u>Permit Valuation</u>    |              |              |              |              |              |
| New Single-family          | \$923.8      | \$200.0      | \$561.3      | \$2,707.2    | \$11,889.0   |
| New Multi-family           | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| Res. Alterations/Additions | <u>403.5</u> | <u>101.0</u> | <u>84.3</u>  | <u>643.7</u> | <u>745.3</u> |
| Total Residential          | 1,327.3      | 301.0        | 645.6        | 3,350.0      | 12,634.3     |
| <br>                       |              |              |              |              |              |
| New Commercial             | 729.0        | 14.1         | 24.0         | 837.0        | 0.0          |
| New Industrial             | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| New Other                  | 748.1        | 288.3        | 720.0        | 1,401.2      | 327.6        |
| Com. Alterations/Additions | <u>242.3</u> | <u>352.0</u> | <u>677.0</u> | <u>0.0</u>   | <u>33.0</u>  |
| Total Nonresidential       | 1,719.4      | 654.4        | 1,421.0      | 2,238.2      | 360.6        |
| <br>                       |              |              |              |              |              |
| <u>New Dwelling Units</u>  |              |              |              |              |              |
| Single Family              | 4            | 1            | 6            | 8            | 44           |
| Multiple Family            | <u>0</u>     | <u>0</u>     | <u>0</u>     | <u>0</u>     | <u>0</u>     |
| TOTAL                      | 4            | 1            | 6            | 8            | 44           |

Source: Construction Industry Research Board, Building Permit Summary.

The following tables show a five-year summary of the valuation of building permits issued in the County.

### STANISLAUS COUNTY Building Permit Valuation (Valuation in Thousands of Dollars)

|                            | <u>2019</u>      | <u>2020</u>     | <u>2021</u>     | <u>2022</u>      | <u>2023</u>      |
|----------------------------|------------------|-----------------|-----------------|------------------|------------------|
| <u>Permit Valuation</u>    |                  |                 |                 |                  |                  |
| New Single-family          | \$117,995.9      | \$138,915.1     | \$165,543.8     | \$217,803.9      | \$270,120.0      |
| New Multi-family           | 19,128.6         | 18,152.6        | 17,992.0        | 12,867.1         | 6,394.3          |
| Res. Alterations/Additions | <u>36,671.9</u>  | <u>31,153.3</u> | <u>27,562.7</u> | <u>40,236.7</u>  | <u>35,460.9</u>  |
| Total Residential          | 173,796.4        | 188,221.0       | 211,098.5       | 270,907.7        | 311,975.2        |
| <br>                       |                  |                 |                 |                  |                  |
| New Commercial             | 97,980.1         | 665,798.9       | 167,721.6       | 131,558.5        | 165,228.6        |
| New Industrial             | 30,302.6         | 17,429.8        | 14,000.0        | 120.0            | 1,442.0          |
| New Other                  | 30,777.1         | 30,371.3        | 34,862.0        | 54,393.4         | 112,108.4        |
| Com. Alterations/Additions | <u>104,465.8</u> | <u>68,270.3</u> | <u>47,614.7</u> | <u>155,867.6</u> | <u>141,622.9</u> |
| Total Nonresidential       | 263,525.6        | 781,870.3       | 264,198.3       | 341,939.5        | 420,401.9        |
| <br>                       |                  |                 |                 |                  |                  |
| <u>New Dwelling Units</u>  |                  |                 |                 |                  |                  |
| Single Family              | 569              | 646             | 707             | 842              | 1,041            |
| Multiple Family            | <u>178</u>       | <u>110</u>      | <u>80</u>       | <u>109</u>       | <u>85</u>        |
| TOTAL                      | 739              | 756             | 787             | 951              | 1,126            |

Source: Construction Industry Research Board, Building Permit Summary.

## PROPOSED FORM OF OPINION OF BOND COUNSEL

[Closing Date]

**OPINION:** \$\_\_\_\_\_ Newman-Crows Landing Unified School District  
(Stanislaus County, California)  
General Obligation Bonds, Election of 2020, Series B

1. The District is a duly created and validly existing unified school district with the power to issue the Bonds, and to perform its obligations under the Resolution and the Bonds.
2. The Resolution has been duly adopted by the Board, and constitutes a valid and binding obligation of the District enforceable upon the District in accordance with its terms.
3. The Bonds have been duly authorized, executed and delivered by the District, and are valid and binding general obligations of the District.

4. The Board of Supervisors of Stanislaus County is required to levy an *ad valorem* property tax upon the property in the District subject to taxation by the District, unlimited as to rate or amount, for the payment of principal of and interest on the Bonds.

5. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. It should be noted however that interest on the Bonds may be subject to the corporate alternative minimum tax. The opinions set forth in the preceding sentences are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

A Professional Law Corporation

## APPENDIX E

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$ \_\_\_\_\_  
**NEWMAN-CROWS LANDING UNIFIED SCHOOL DISTRICT**  
**(Stanislaus County, California)**  
**General Obligation Bonds,**  
**Election of 2020, Series B**

#### **CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (this “**Disclosure Certificate**”) is executed and delivered by the Newman-Crows Landing Unified School District (the “**District**”) in connection with the execution and delivery of the captioned bonds (the “**Bonds**”). The Bonds are being executed and delivered pursuant to a resolution adopted by the Board of Education of the District on April 14, 2025 (the “**Resolution**”). Zions Bancorporation, National Association, is initially acting as paying agent for the Bonds (the “**Paying Agent**”).

The District hereby covenants and agrees as follows:

**Section 1. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5), as amended.

**Section 2. Definitions.** In addition to the definitions set forth above and in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4.

“*Annual Report Date*” means the date not later than nine months after the end of each fiscal year of the District (currently ending June 30<sup>th</sup>), being by March 31.

“*Dissemination Agent*” means Dale Scott & Company, Inc. or any third party or any successor Dissemination Agent designated in writing by the District and which has filed with the District and the Paying Agent a written acceptance of such designation.

“*Listed Events*” means any of the events listed in Section 5(a).

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

“*Official Statement*” means the final official statement executed by the District in connection with the issuance of the Bonds.

*“Paying Agent”* means Zions Bancorporation, National Association, Los Angeles, California, or any successor thereto.

*“Participating Underwriter”* means Raymond James & Associates, Inc., the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

*“Rule”* means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

### **Section 3. Provision of Annual Reports.**

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2026 with the report for the 2024-25 fiscal year, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) notice in a timely manner to the MSRB in an electronic format as prescribed by the MSRB with a copy to the Paying Agent and Participating Underwriter.

(c) With respect to each Annual Report, the Dissemination Agent shall:

- (i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and
- (ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.



**Section 4. Content of Annual Reports.** The District's Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the following information shall be provided in the Annual Report:

- (i) the adopted budget of the District for the current fiscal year;
- (ii) assessed valuation of taxable properties in the District for the most recently completed fiscal year or, if available at the time of filing such Annual Report, for the current fiscal year;
- (iii) assessed valuation of properties of the top twenty taxpayers for the most recently completed fiscal year or, if available at the time of filing such Annual Report, for the current fiscal year;
- (iv) if the District is not a participant in a Teeter Plan, property tax collection delinquencies for the District for the most recently completed Fiscal Year or if not available at the time of the filing of the Annual Report for the prior fiscal year, and
- (v) such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(c) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

**Section 5. Reporting of Significant Events.**

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds in a timely manner as described in (b) below:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.

- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the District.
- (13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material.
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14) and (a)(15) of this Section contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(e) For purposes of Section 5(a)(15) and (a)(16), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

**Section 6. Identifying Information for Filings with the MSRB.** All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

**Section 7. Termination of Reporting Obligation.** The District’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

**Section 8. Dissemination Agent.** The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days’ written notice to the District and the Paying Agent.

**Section 9. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the District with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Resolution for amendments to the Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(c).

**Section 10. Additional Information.** Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**Section 11. Default.** If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

**Section 12. Duties, Immunities and Liabilities of Dissemination Agent.**

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent will have no duty or obligation to review any information provided to it by the District hereunder, and shall not be deemed to be acting in any fiduciary capacity for the District, the Bondholders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

**Section 13. Beneficiaries.** This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: \_\_\_\_\_, 2025

**NEWMAN-CROWS      LANDING      UNIFIED  
SCHOOL DISTRICT**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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## APPENDIX F

### DTC AND THE BOOK-ENTRY ONLY SYSTEM

*The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.*

*Neither the District nor the Paying Agent take any responsibility for the information contained in this Section.*

*No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.*

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (in this Appendix, the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned

subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com). *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting



rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from District or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

10. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

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

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## **APPENDIX G**

### **STANISLAUS COUNTY INVESTMENT POOL INVESTMENT POLICY AND INVESTMENT REPORT**

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2025

# STANISLAUS COUNTY TREASURY POOL INVESTMENT POLICY



Donna Riley  
Treasurer – Tax Collector  
Effective Date: July 1, 2025

## **TABLE OF CONTENTS**

|                     |   |    |
|---------------------|---|----|
| 1.                  | Purpose .....                                       | 2  |
| 2.                  | Scope .....   | 2  |
| 3.                  | Objective .....                                     | 2  |
| 4.                  | Delegation of Authority .....                       | 3  |
| 5.                  | Prudent Investor Standard .....                     | 3  |
| 6.                  | Ethics and Conflicts of Interest.....               | 3  |
| 7.                  | Treasury Oversight Committee .....                  | 3  |
| 8.                  | Limits on Honoraria, Gifts, and Gratuities .....    | 4  |
| 9.                  | Authorized Broker/Dealers and Institutions .....    | 4  |
| 10.                 | Authorized Investments .....                        | 5  |
| 11.                 | Non-Authorized Investments .....                    | 5  |
| 12.                 | Due Diligence.....                                  | 5  |
| 13.                 | Review of Investment Portfolio .....                | 6  |
| 14.                 | Collateralization .....                             | 6  |
| 15.                 | Safekeeping & Custody .....                         | 6  |
| 16.                 | Diversification .....                               | 6  |
| 17.                 | Maximum Maturities.....                             | 7  |
| 18.                 | Internal Controls .....                             | 7  |
| 19.                 | Performance Standards.....                          | 7  |
| 20.                 | Reporting.....                                      | 7  |
| 21.                 | Investment Policy Adoption .....                    | 8  |
| 22.                 | Investment Pool Expenses.....                       | 8  |
| 23.                 | Agencies' Voluntary Depositing and Withdrawal ..... | 8  |
| 24.                 | Investment Earnings Apportionment and Rate.....     | 9  |
| 25.                 | Exemptions and Amendments .....                     | 10 |
| <b>Attachments:</b> |   |    |
|                     | I – Authorized Investments .....                    | 11 |
|                     | II – Glossary .....                                 | 17 |

## **1. Purpose**

The purpose of the Stanislaus County Treasury Pool Investment Policy ("Policy") is to provide guidance for the investment of funds in excess of the current day anticipated expenditures. Investment responsibility has been entrusted and delegated to the Stanislaus County Treasurer ("Treasurer") in accordance with California State Law ("Law") and local ordinance. This policy is intended to provide guidelines to ensure compliance with State and local laws and the prudent money management and investment of funds in the Stanislaus County Treasury Pool ("Pool").

## **2. Scope**

This investment policy applies to all financial assets and investment activity of the County of Stanislaus ("County") including monies entrusted to the Treasurer and deposited into the Pool by County departments, County & City Schools, and Special Districts. The funds covered by this Policy are accounted for and incorporated in the County of Stanislaus Comprehensive Annual Financial Report (CAFR) and include:

- 2.1. General Fund
- 2.2. Special Revenue Funds
- 2.3. Debt Service Funds
- 2.4. Capital Project Funds
- 2.5. Enterprise Funds
- 2.6. Internal Service Funds
- 2.7. Fiduciary Funds

## **3. Objective**

The investment program shall provide for daily cash flow requirements while following the objectives of this Policy in priority order of Safety, Liquidity, and Return on Investment. In accordance with Government Code 53600.5, the primary objectives of the investment program for the Pool, in priority order, shall be:

### **3.1. Safety**

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a prudent manner as to ensure the preservation and return of capital in the overall portfolio. To attain this objective, investments will only be made in highly rated or strongly collateralized securities with a very high probability of maintaining the principal amount invested. The County will diversify its investments by type, issuer, and maturity among a variety of securities with independent returns.

### **3.2. Liquidity**

The investment portfolio will remain sufficiently liquid to meet all anticipated cash flow requirements of all the Pool's depositors. This may be accomplished through a variety of investment strategies, such as laddering investment maturities to meet historical cash flow needs, seasonal disbursements, and one-time disbursement requests by depositors. To further ensure liquidity, a portion of the Pool may be in highly liquid securities which can easily be sold on the secondary market or matched to known expenditures such as bond payments. In addition, reserves may be held in a local government investment pool offering same day withdrawal.

### **3.3. Return on Investments**

The investment portfolio strategy shall be designed with the objective of achieving a competitive market rate of return or yield, while adhering to credit quality requirements and liquidity needs. A market rate of return should correspond with the County's investment risk constraints identified in the Policy and the cash flow requirements of the depositors. Due to the primary objectives of safety and liquidity, the portfolio's yield may be lower than that of a higher risk and/or longer maturity investment pool.

### **3.4. Strategy**

The core investment strategy will call for securities to be held to maturity. The following exceptions may apply:

- 3.4.1 Liquidity needs of the portfolio require a security to be sold;
- 3.4.2 A security with declining credit may be sold early to minimize loss of principal; or
- 3.4.3 Sale of a security before maturity may be made if such sale will allow investment in a higher yielding instrument and any loss upon sale can be more than compensated by additional interest earnings within a six-month period.

## **4. Delegation of Authority**

In accordance with Government Code Section 27000-27013 and Government Code 53607, the Stanislaus County Board of Supervisors ("Board") has delegated the daily investment of Pool funds to the Treasurer. This is an annual delegation given to the Treasurer by the Board and can be revoked at any time. The Treasurer is responsible for all transactions undertaken and for establishing a system of controls to regulate the activities of staff authorized to invest, specifically the Assistant Treasurer-Tax Collector and the Chief Deputy Treasurer, and their procedures in the absence of the Treasurer.

## **5. Prudent Investor Standard**

In accordance with Government Code 53600.3, the County Treasurer is a fiduciary subject to the "Prudent Investor Standard" which shall be applied in the context of managing the overall portfolio. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the Treasurer shall act with care, skill, prudence, and diligence to meet the objectives set forth in the Policy to safeguard investment principal, maintain liquidity needs of the County and earn a reasonable competitive market rate of return.

## **6. Ethics and Conflicts of Interest**

Investment officials shall refrain from personal business activity that could conflict with proper execution and management of the Policy and investment program, or which could impair their ability to make impartial decisions. Investment officials must provide a public disclosure document (Form 700) by February 1 of each year or when material interest in financial institutions or personal investment positions require it. Furthermore, investment officials must refrain from undertaking personal investment transactions with the same individual(s) employed by the financial institution with whom business is conducted on behalf of the County. All bond issue participants, including but not limited to, underwriters, bond counsel, financial advisors, brokers, and dealers will disclose any fee sharing arrangements or fee splitting to the Treasurer prior to the execution of any transactions.

## **7. Treasury Oversight Committee**

In accordance with Government Codes 27130 - 27137 and 53646, the Board established a Treasury Oversight Committee ("Committee") in 1996. The purpose of the Committee is to review and monitor the Policy and regular reporting thereof. The Committee will cause an annual audit to be conducted to determine compliance with this Policy.



This policy shall be reviewed by the Treasurer annually, and any changes prepared by the Treasurer shall be reviewed and approved for propriety by the Committee, prior to being submitted for review and approval by the Board at a public meeting. The members of the Committee are the County Auditor-Controller (or designee), the County Superintendent of Schools (or designee) and a member of the public familiar with the investment industry.

In 2004, Government Code Section 27131 (b) was added to remove the mandate requiring counties to have a Committee. The Committee is now optional and no longer required. However, Stanislaus County chooses to maintain its Treasury Oversight Committee functionality as an added layer of oversight and transparency to the compliance of investment policies and government code.

Pursuant to Government Code Sections 27132.1, 27132.2 and 27132.3, Committee members are prohibited from:

- 7.1. Being an employee of an entity, which has contributed to the campaign fund of any candidate for local treasurer or legislative body either during membership or three years prior to membership.
- 7.2. Raising any money for a candidate for local treasurer or governing board.
- 7.3. Securing employment with bond underwriters, bond counsel, security brokerages or dealers, or like financial services while a Committee member or for three years after leaving the Committee.

An annual certification of compliance as prepared by the Treasurer shall be submitted by Committee members.

Pursuant to Government Code Section 27132.4, Committee meetings shall be open to the public and subject to the Ralph M. Brown Act.

## **8. Limits on Honoraria, Gifts, and Gratuities**

A limit of \$50 per calendar year is placed on the receipt of honoraria, gifts, and gratuities from advisors, brokers, dealers, bankers, or other persons with whom the County Treasury ("Treasury") conducts business by any member of the Committee, the Treasurer and any staff involved in the investment process. A Statement of Economic Interests (Form 700 from the California Fair Political Practices Commission) will be collected from the Treasurer-Tax Collector, Assistant Treasurer-Tax Collector, and Chief Deputy Treasurer on an annual basis. Committee members will confirm their understanding and agreement with these limitations annually.

The acceptance of transportation, meals, and/or refreshments received during regularly scheduled conferences (such as the California Association of County Treasurers and Tax Collectors – CACTTC) are not prohibited by this Policy.

## **9. Authorized Broker/Dealers and Institutions**

In accordance with Government Code 53601.5, the Treasurer shall maintain an approved list of broker/dealers and institutions authorized to provide investment services to the County. The approved list may include "primary" or regional dealers qualified under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule) with a minimum capitalization of \$250,000 and have at least one major office in the State of California.

Broker/Dealers staff assigned to Stanislaus County accounts must have at least five years of experience in California public agency investing with knowledge of investment products acceptable under the Stanislaus County Investment Policy and reside within the State of California. The firms and individuals assigned to the County accounts shall be reputable and trustworthy. No public deposit shall be made except in a qualified public depository as established by Law. All financial institutions and

broker/dealers proposing to conduct investment transactions with the County shall supply the following to the Treasurer for review:

- 9.1. Proof of registration with the Financial Industry Regulation Authority (FINRA)
- 9.2. Proof of registration with the State of California
- 9.3. Completed Broker/Dealer questionnaire
- 9.4. Certification of review and willingness to comply with all aspects of this Policy.

Broker/Dealers are prohibited from making political contributions to any candidate for the Board or Treasurer, which exceed the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board. The County is prohibited from selecting any broker/dealer or security firm within any consecutive 48-month period following a contribution exceeding the limit set forth in the aboverule.

A review of the financial condition and registrations of previously approved Broker/Dealer firms will be conducted by the Treasurer, at least annually or more often, as needed. A current audited financial statement is required to be on file for each financial institution and broker/dealer on the County's approved list.

## **10. Authorized Investments**

In accordance with Government Code 53601 and 53635, investments will only be made in authorized securities with a maturity date of five (5) years or less from the transaction settlement date unless otherwise approved by the Board. Such approval must be issued no less than three months prior to the purchase of any security exceeding the five-year maturity limit.

For the purpose of approved investments and compliance with the investment percentage limits compared to the overall portfolio balance, calculations shall be performed on the date the investment is purchased. If the percentage is legally compliant on the date of purchase, then compliance with the Law shall have been met. Calculations are to be based on the final maturity date, and neither duration nor average days may be used.

The investment instruments listed in Attachment 1 are authorized for investment and any instrument not listed are specifically prohibited. Authorized investments are allowed under California State Government Code 53601 and 53635 and concentration limitations are equivalent to, or more conservative than, the code allows.

## **11. Non-Authorized Investments**

In accordance with Government Code 53601.6, investments in derivative securities such as inverse floaters, range notes, or mortgage-derived, interest-only strips or any securities that could result in zero interest accrual if held to maturity are prohibited.

## **12. Due Diligence - Investment Pools and Mutual Funds**

Due diligence shall be performed by investigating any pool or fund prior to investing and on an annual basis thereafter. A completed questionnaire will be required which will answer the following questions:

- 12.1. A description of eligible investment securities, and a written statement of investment policy and objectives.
- 12.2. A description of interest calculations and how interest is distributed, and how gains and losses are treated.
- 12.3. A description of how the securities are safeguarded (including the settlement processes), how often the securities are priced, and the how often the program is audited for compliance.
- 12.4. A description of who may invest in the program, how often, what size deposit and withdrawal

are allowed.

12.5. A schedule for receiving statements and portfolio listings.

12.6. Are reserves, retained earnings, etc. utilized by the pool/fund?

12.7. A fee schedule, and when and how is it assessed.

12.8. Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

All Due Diligence reviews will be maintained with the annual investment files for a period of five (5) years. Third-party safekeeping arrangements will be approved by the Treasurer and will be corroborated by a written custodial agreement.

### **13. Review of Investment Portfolio**

The securities held by the Pool must be in compliance with Section 10.0 Authorized Investments at the time of purchase. The Treasurer shall review the portfolio, at least monthly, to identify any securities that may not comply with Section 10.0 Authorized Investments after the date of purchase and establish a procedure to report to the Board and Committee any major or critical incidences of non-compliance identified through review of the portfolio. To ensure diversification of the portfolio, purchases of the following types of investments will limit issuers to 10% across all asset types:

13.1 Certificates of Deposit

13.2 Negotiable Certificates of Deposit

13.3 Yankee Certificates of Deposit

13.4 Commercial Paper

13.5 Medium-Term and Corporate Notes

### **14. Collateralization**

In accordance with Government Code 53601, collateralization will be required on certificates of deposit and repurchase agreements. To anticipate market changes and provide a level of security for all funds, the collateralization level will be 110% of market value for certificates of deposit and 102% or greater based on the collateral type for repurchase agreements. Collateralization of any investment will be in accordance with securities approved under this policy. Collateral will always be held by an independent third party with whom the entity has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the entity and retained. The right of collateral substitution is granted.

### **15. Safekeeping & Custody**

In accordance with Government Code 53608, all security transactions, including collateral for repurchase agreements, entered into by the Treasurer shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third-party custodian designated by the Treasurer and evidenced by safekeeping statements. Third-party safekeeping arrangements will be approved by the Treasurer and will be corroborated by a written custodial agreement.

### **16. Diversification**

The Treasurer will diversify the Pool investments by security type and institution to achieve a diversified mix of independent maturities. No more than 10% of the total portfolio may be invested in the securities of any single issuer, across all investment types, other than the US Government, its agencies and instrumentalities.

## **17. Maximum Maturities**

Investment purchases shall not include securities maturing more than five years from the date of purchase unless previously approved by the County Board of Supervisors. If approved by the Board, reserve funds may be invested in securities exceeding five years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds. Board approval must be issued no less than three months prior to the purchase of any security exceeding the five-year maturity limit.

## **18. Internal Controls**

The Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Pool are protected from loss, theft, fraud or misuse. Accordingly, the Treasurer shall budget for independent review by an external auditor, with the scope of the audit to be determined by the Auditor-Controller in consultation of the Treasury Oversight Committee. This review will provide internal control by assuring investment transactions are in compliance with policies, procedures and laws.

The annual audit shall be supervised by a Certified Public Accountant (CPA) who shall render an opinion to the Committee. The opinion shall be forwarded to the Board for review and acceptance. The selection of the CPA shall be by the Stanislaus County Auditor-Controller as a Committee member.

## **19. Performance Standards**

The investment portfolio shall be designed with the objective of earning a rate of return throughout budgetary cycles, corresponding with the investment risk constraints and the cash flow needs of the Pool.

## **20. Reporting**

In accordance with Government Code 53607, a monthly report shall be prepared by the Treasurer no later than 30 days following the end of the monthly reporting period. A copy of the report will be forwarded to Committee members, and the Treasurer will maintain a file of their acceptance. The report will be forwarded to the Board for final review and acceptance. The report will be provided through both the Board and Treasurer's web sites.

The monthly report shall include:

- 20.1. A concise management summary of Pool activity and position rendered with statements of review and reconciliation with custodial records, source of market valuation, ability to meet next six (6) month's expenditures and for compliance with this Policy by the Treasurer.
- 20.2. A detailed listing of securities held at the end of the month grouped by investment type (e.g. CD, CP, MTN) and delineated as follows:
  - 20.2.1. Issuing agency (e.g. U.S. Government, FHLB, Toyota Motor Credit)
  - 20.2.2. Date purchased
  - 20.2.3. Date of maturity
  - 20.2.4. Par Value
  - 20.2.5. Book Value
  - 20.2.6. Market value
  - 20.2.7. Stated rate (coupon rate)
  - 20.2.8. Yield-to-Maturity

#### 20.2.9. Days-to-Maturity

20.3. A detailed listing of security transactions during the report period (purchases, sales and maturities) grouped by investment type and to include the following:

20.3.1. Date of transaction

20.3.2. Issuing agency (e.g. U.S. Government, FHLB, Toyota Motor Credit)

20.3.3. Purchase, Deposit, Sale, Maturity or Withdrawal Amount

20.3.4. Stated rate (coupon rate)

20.3.5. A summary of Pool position by investment type dollar amount, percentage of total portfolio and average weighted maturity showing compliance with Policy limitations.

20.3.6. A summary by investment type of purchases and sales/maturities and ending position.

### **21. Investment Policy Adoption**

In accordance with Government Code 53646, the Policy shall be adopted by resolution of the Board. The Policy shall be reviewed annually by the Board and any modifications made thereto must be approved by the Board.

The Treasurer shall establish written procedures for the operation of the investment program consistent with this Policy. The procedures will include reference to: safekeeping, master repurchase agreements, wire transfer agreements, banking service contracts and collateral/depository agreements. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the Treasurer.

### **22. Investment Pool Expenses**

The expenses for administration of the Pool shall be borne by all depositors by the utilization of investment earnings to offset the costs. Costs include normal Treasury costs for staff and support services in the areas of:

22.1. Handling, safekeeping, and depositing monies received;

22.2. Investment transactions and custodial safekeeping of securities;

22.3. Bank services; accounting, reporting, and auditing of deposit and investment transactions;

22.4. Training, informational, and educational materials and services related to financial markets, investments, and individual business and governmental entities' financial condition; and

22.5. Other duties and costs related to the management of Pool funds.

Appropriate costs normally charged as "Treasury/org 30400" on the Stanislaus County Auditor-Controller's records will incorporate and clearly define the Pool expenses.

### **23. Agencies' Voluntary Depositing and Withdrawal**

"Voluntary" agency depositing is discouraged due to the potential volatility of depositing and withdrawal, which may occur. The Pool is designed as an operating fund for the County and entities, which are required to deposit by Law or have historically utilized the efficiencies of the Treasury. Only those agencies which use the Treasury for operational purposes due to their ties to County departmental functions, area schools or special public districts and are either required or allowed to deposit funds in the Treasury are allowed to be participants in the Pool.

Withdrawals from the Pool, for investment purposes outside of the Pool, by non-County member agencies may be done if the following conditions are met:

- 23.1. The agency has provided the Treasurer with legal authority that it can invest funds outside of the Pool and specifying that responsibility for investment of funds now resides with the agency;
- 23.2. The agency shows evidence of maintaining a minimum cash balance of one month's normal payroll expenditures for 30 days prior to the date of request as verified by the County Auditor-Controller;
- 23.3. The agency withdraws a minimum of \$1,000,000 and will continue to maintain a minimum Pool cash balance of one month's normal payroll costs;
- 23.4. The agency makes its request in writing signed by an authorized representative of the agency's board; and
- 23.5. The agency must allow two business days for each five million dollars or increment thereof which is being withdrawn (e.g. a \$15,000,000 withdrawal would require that the Treasurer receive a completed request form with appropriate signatures and verifications 6 business days before the funds are released)

If the withdrawing agency's Pool cash balance falls below one month's payroll expense, the Treasurer may demand that funds be retrieved to restore the Pool cash balance to such level.

Reinvestment of funds from external investments (e.g. California State Local Agency Investment Fund) may be done without the above procedures. The Treasurer's Office may verify with the Auditor's Office, by email, that the agency has one month's payroll expenditures as cash in the Pool exclusive of the redemption of the external investment funds.

#### **24. Investment Earnings Apportionment and Rate**

The Pool's investment earnings shall be apportioned by the following method. The investment earnings, which have been received in cash and accumulated from the beginning to the end of each calendar quarter, shall be apportioned to each cash balance fund maintained within the Pool. The apportionment of earnings to any cash balance fund will be in direct proportion of that fund's average daily cash balance to the entire Pool's average daily cash balance for that same quarter.

Example:

|  |               |
|--|---------------|
| Earnings received for the quarter ending March 31  | \$5,000,000   |
| Fund ABC average daily cash balance during the quarter   | \$10,000,000  |
| Treasury Pool average daily cash balance during the quarter  | \$500,000,000 |
| Interest earnings apportioned to Fund ABC would be calculated as<br>\$5,000,000 x (\$10,000,000/\$500,000,000) | \$100,000     |

Cash balance accounts shall be maintained in and earnings apportionment shall be performed by the County Auditor-Controller's Office.

The cash earnings apportionment rate is calculated as the investment earnings received on a cash basis for the quarter divided by the average daily cash balance for the entire Pool, annualized (times four). In the example above the cash earnings apportionment rate would be 4% [(\$5,000,000 / \$500,000,000) x 4].

## **25. Exemptions and Amendments**

Any investment held prior to the adoption of changes to this Policy, which does not meet the revised guidelines of the Policy, shall be exempted from the requirements. Upon that investment's maturity or liquidation, the monies received shall be invested in accordance with this Policy.

### ATTACHMENT I – AUTHORIZED INVESTMENTS

| Authorized Investments  | Authorized by CA Gov Code | Maximum Maturity | Maximum % or \$ Limit of Portfolio | Issuer Concentration % Limit | Minimum Credit Quality | Additional Requirements |
|---|---------------------------|------------------|------------------------------------|------------------------------|------------------------|-------------------------|
| <b>Local Agency Bonds, Notes, and Warrants</b>  |                           |                  |                                    |                              |                        |                         |
| Bonds, notes, warrants, or other evidences of indebtedness of a local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency including Stanislaus County. | 53601 (a)(e)              | 5 years          | None                               | None                         | None                   | None                    |
| <b>U.S. Treasury Obligations</b>  |                           |                  |                                    |                              |                        |                         |
| United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.  | 53601 (b)                 | 5 years          | None                               | None                         | None                   | None                    |
| <b>California State Registered Warrants, Treasury Notes, and Bonds</b>  |                           |                  |                                    |                              |                        |                         |
| Registered State warrants or Treasury notes or bonds of this State, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the State or by a department, board, agency, or authority of the State.  | 53601 (c)                 | 5 years          | None                               | None                         | None                   | None                    |



| Authorized Investments   | Authorized by CA Gov Code | Maximum Maturity | Maximum % or \$ Limit of Portfolio | Issuer Concentration % Limit | Minimum Credit Quality | Additional Requirements |
|--|---------------------------|------------------|------------------------------------|------------------------------|------------------------|-------------------------|
| <b>State Registered Treasury Notes and Bonds</b>   |                           |                  |                                    |                              |                        |                         |
| Registered Treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a State or by a department, board, agency, or authority of any of the other 49 states, in addition to California. | 53601 (d)                 | 5 years          | None                               | None                         | None                   | None                    |
| <b>U.S. Agency Obligations</b>   |                           |                  |                                    |                              |                        |                         |
| Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.   | 53601 (f), 53601.6        | 5 years          | None                               | None                         | None                   | None                    |
| <b>Bankers' Acceptances</b>  |                           |                  |                                    |                              |                        |                         |
| Bankers' acceptances otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank.  | 53601 (g)                 | 180 days         | 40%                                | 30%                          | None                   | None                    |

| Authorized Investments  | Authorized by CA Gov Code   | Maximum Maturity | Maximum % or \$ Limit of Portfolio | Issuer Concentration % Limit | Minimum Credit Quality                 | Additional Requirements  |
|---|---|------------------|------------------------------------|------------------------------|--|--|
| <b>Commercial Paper</b>   |   |                  |                                    |                              |  |  |
| Commercial paper of "prime" quality only. The entity that issues the commercial paper shall meet all of the following conditions:<br>(A) Is organized and operating in the United States as a general corporation.<br>(B) Has total assets in excess of five hundred million dollars (\$500,000,000).<br>(C) Has debt other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by an NRSRO. | 53601 (h),<br>53601.2,<br>53635 (a)(1)                                | 270 days         | 40%                                | 10%                          | "A-1" by S&P or equivalent by an NRSRO | Must not exceed 10% of the outstanding commercial paper of one issuer. NRSRO is a nationally recognized statistical rating organization. |
| <b>Negotiable Certificates of Deposit</b>   |   |                  |                                    |                              |  |  |
| Negotiable certificates of deposit issued by a Nationally- or State-Chartered Bank, or by a Federally- or State-Licensed branch of a foreign bank. NCD's are highly liquid and actively traded in the secondary market.   | 53601 (i),<br>53638   | 5 years          | 30%                                | 10%                          | None                                   | The deposit shall not exceed the shareholder's equity of any depository bank.  |
| <b>Certificates of Deposit (Non-Negotiable)</b>   |   |                  |                                    |                              |  |  |
| Certificates of deposit issued by a nationally or state-chartered bank which are 110% collateralized by the institution with government securities.   | 53635,<br>53635.2,<br>53635.8,<br>53636,<br>53637,<br>53638,<br>53641 | 5 years          | None                               | 10%                          | None                                   | The deposit shall not exceed the shareholder's equity of any depository bank.  |

| Authorized Investments  | Authorized by CA Gov Code | Maximum Maturity | Maximum % or \$ Limit of Portfolio | Issuer Concentration % Limit | Minimum Credit Quality               | Additional Requirements  |
|---|---------------------------|------------------|------------------------------------|------------------------------|--------------------------------------|--|
| <b>Repurchase Agreement</b>   |                           |                  |                                    |                              |                                      |  |
| Repurchase Agreement for any security authorized by government code 53601 with an approved broker/dealer and a third-party custodial bank. Signed Master Repurchase Agreement is required.  | 53601 (j)                 | 1 year           | None                               | None                         | None                                 | The market value of the agreement's underlying securities shall be valued at 102% or greater. Reverse repurchase agreements are prohibited.  |
| <b>Medium-Term and Corporate Notes</b>  |                           |                  |                                    |                              |                                      |  |
| Debt securities issued by corporate or depository institutions operating or licensed in the United States with a maximum remaining maturity of five years or less.  | 53601 (k)                 | 5 years          | 30%                                | 10%                          | "A" by S&P or equivalent by an NRSRO | Notes purchased at par or a discount and payable at par or greater are preferred.  |
| <b>Mutual Funds (Beneficial Interest)</b>   |                           |                  |                                    |                              |                                      |  |
| Shares of beneficial interest issued by diversified management companies that invest in the securities and obligations as authorized by Government Code 53601 (a) to (l) inclusive and have assets under management in excess of \$500 million. | 53601 (l)(1)              | N/A              | 20%                                | 10%                          | See Additional Requirements          | Mutual Fund must receive highest rating by not less than two NRSROs or have an investment advisor registered or exempt from registration with the Securities & Exchange Commission (SEC) with at least five years' experience investing in instruments authorized by Sections 53601 and 53635 with assets under management in excess of \$500 million dollars. |

| Authorized Investments  | Authorized by CA Gov Code | Maximum Maturity | Maximum % or \$ Limit of Portfolio                 | Issuer Concentration % Limit | Minimum Credit Quality      | Additional Requirements   |
|---|---------------------------|------------------|--|------------------------------|-----------------------------|---|
| <b>Money Market Mutual Funds (Beneficial Interest)</b>  |                           |                  |  |                              |                             |   |
| Shares of beneficial interest issued by diversified management companies that are money market funds registered with the SEC under the Investment Company Act of 1940 (15 U.S.C. Sec 80a-1 et seq.) | 53601 (l)(2)              | N/A              | 20%  | None                         | See Additional Requirements | Money Market Mutual Fund must receive highest rating by not less than two NRSROs or have an investment advisor registered or exempt from registration with the SEC with at least five years' experience investing in money market mutual funds with assets under management in excess of \$500 million dollars. |
| <b>California Asset Management Program (CAMP)</b>   |                           |                  |  |                              |                             |   |
| CAMP is a California Joint Powers Authority established in 1989 for public agencies to jointly exercise their common power to invest surplus funds.   | 53601 (p)                 | N/A              | None   | N/A                          | None                        | To be used for reserves and liquidity   |
| <b>Local Agency Investment Fund (LAIF)</b>  |                           |                  |  |                              |                             |   |
| LAIF is a voluntary program created by statute in 1977 as an investment alternative for California's local governments and special districts.   | 16429.1 (b)               | N/A              | \$75 million or as approved by the State Treasurer | N/A                          | None                        | To be used for reserves and liquidity   |

| Authorized Investments  | Authorized by CA Gov Code | Maximum Maturity | Maximum % or \$ Limit of Portfolio | Issuer Concentration % Limit | Minimum Credit Quality                | Additional Requirements |
|---|---------------------------|------------------|------------------------------------|------------------------------|---------------------------------------|-------------------------|
| <b>Supranational Bonds and Notes</b>  |                           |                  |                                    |                              |                                       |                         |
| Obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC) and Inter-American Development Bank (IADB) and eligible for purchase and sale in the United States. | 53601 (q)                 | 5 years          | 30%                                | None                         | "AA" by S&P or equivalent by an NRSRO | None                    |

## ATTACHMENT II – GLOSSARY

**AGENCIES:** Federal agency securities and/or Government-sponsored enterprises.

**BANKERS' ACCEPTANCE (BA):** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

**BROKER:** A broker brings buyers and sellers together for a commission.

**CERTIFICATE OF DEPOSIT (CD):** A time deposit with a specific maturity evidenced by a Certificate. Large-denomination CD's are typically negotiable.

**COLLATERAL:** Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

**COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR):** The official annual report of the (*entity*). It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

**COUPON:** (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

**DEALER:** A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

**DELIVERY VERSUS PAYMENT:** There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

**DERIVATIVES:** (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

**DISCOUNT:** The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

**DISCOUNT SECURITIES:** Non-interest-bearing money market instruments that are issued at a discount and redeemed at maturity for full face value (*e.g., U.S. Treasury Bills.*)

**DIVERSIFICATION:** Dividing investment funds among a variety of securities offering independent returns.

**DURATION:** A measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years.

**FEDERAL AGENCIES:** Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

**FEDERAL HOME LOAN BANKS (FHLB):** Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks,

thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

**FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA):** FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

**GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae):** Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FHA mortgages. The term "pass-throughs" is often used to describe Ginnie Maes.

**LIQUIDITY:** A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

**LOCAL GOVERNMENT INVESTMENT POOL (LGIP):** The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

**MARKET VALUE:** The price at which a security is trading and could presumably be purchased or sold.

**MASTER REPURCHASE AGREEMENT:** A written contract covering all future transactions between the parties to repurchase—reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower.

**MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.

**MONEY MARKET:** The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

**MUTUAL FUND:** An investment company that pools cash and is able to invest in a variety of securities, including fixed-income securities and money market instruments, as outlined in the fund's prospectus.

**NRSRO:** National Recognized Statistical Rating Organization; current NRSROs include: A.M. Best Rating Services, Inc., DBRS, Inc., Egan-Jones Ratings Co., Fitch Ratings, Inc., HR Ratings de México, S.A. de C.V., Japan Credit Rating Agency, Ltd., Kroll Bond Rating Agency, Inc., Moody's Investors Service, Inc., & S&P Global Ratings.

**PORTFOLIO:** Collection of securities held by an investor.

**PRIMARY DEALER:** A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

**PRUDENT PERSON RULE:** An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state—the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of

capital.

**RATE OF RETURN:** The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

**REPURCHASE AGREEMENT (REPO):** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security “buyer” in effect lends the “seller” money for the period of the agreement, and the terms of the agreement are structured to compensate the buyer for this.

**REVERSE REPURCHASE AGREEMENT (REVERSE REPO):** Reverse repurchase agreements are forms of short-term lending and borrowing using bonds or securities as collateral.

**RULE G-37 OF THE MUNICIPAL SECURITIES RULEMAKING BOARD (MSRB):** Federal regulations to sever any connection between the making of political contributions and the awarding of municipal securities business.

**SAFEKEEPING:** A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank’s vaults for protection.

**SECONDARY MARKET:** A market made for the purchase and sale of outstanding issues following the initial distribution.

**SECURITIES & EXCHANGE COMMISSION (SEC):** Agency created by Congress to protect investors in securities transactions by administering securities legislation.

**SEC RULE 15(C)3-1:** See Uniform Net Capital Rule.

**STRUCTURED NOTES:** Notes issued by Government Sponsored Enterprises (FHLB, FNMA, SLMA, etc.) and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

**TREASURY BILLS:** A non-interest-bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

**TREASURY BONDS:** Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

**TREASURY NOTES:** Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

**UNIFORM NET CAPITAL RULE:** Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

**YIELD:** The annual rate of income returned on an investment, expressed as a percentage. (a) **INCOME YIELD** is obtained by dividing the current dollar income by the current market price for the security. (b) **NET YIELD** or **YIELD TO MATURITY** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.



**OFFICE OF TREASURER/TAX COLLECTOR**

Donna Riley  
Treasurer/Tax Collector

PO Box 3052, Modesto, CA 95353-0859  
Phone: 209.525.6524 Fax: 209.525-4333

**Stanislaus County Treasury – Pooled Investments**  
Monthly Investment Report  
March 2025

The Stanislaus County Treasury Pool yield to maturity for March 2025 was 3.410%, with an Average-Days-to-Maturity of 258 days.

With the current cash flow and investment schedule, the Pool will have sufficient cash to meet historical cash needs for the next six months, through the end of September 2025, as noted below. Surpluses in prior months are projected to carry forward, covering individual month deficits.

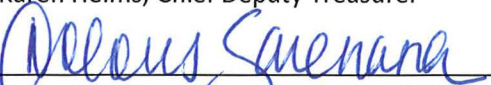
| Month  | Projected     |                 |                 | Maturities      | Projected<br>Surplus/(Deficit) |
|--------|---------------|-----------------|-----------------|-----------------|--------------------------------|
|        | Revenue       | Expenditures    | Net Cash Flow   |                 |                                |
| Apr-25 | \$450,686,467 | (\$279,065,001) | \$171,621,466   | \$1,032,053,000 | \$1,203,674,466                |
| May-25 | \$275,962,736 | (\$329,915,809) | (\$53,953,073)  | \$127,180,000   | \$73,226,927                   |
| Jun-25 | \$352,066,753 | (\$320,505,372) | \$31,561,381    | \$214,950,000   | \$246,511,381                  |
| Jul-25 | \$185,489,873 | (\$364,657,856) | (\$179,167,983) | \$211,000,000   | \$31,832,017                   |
| Aug-25 | \$263,739,073 | (\$281,486,870) | (\$17,747,797)  | \$172,441,000   | \$154,693,203                  |
| Sep-25 | \$350,173,986 | (\$295,933,141) | \$54,240,845    | \$74,755,000    | \$128,995,845                  |

The report has been prepared by the Chief Deputy Treasurer, reviewed by the Assistant Treasurer - Tax Collector, and submitted by the Treasurer/Tax Collector. The portfolio has been reviewed for compliance with the investment policy. The US Bank custodial statement is the source of market valuation for securities held by our custodial agent. All other securities are valued at cost.

The Treasury Monthly Investment Report for March 2025 has been provided to the Treasury Oversight Committee members for review.

  
\_\_\_\_\_  
Karen Helms, Chief Deputy Treasurer

4/29/25  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Dolores Sarenana, Asst Treasurer - Tax Collector

4/29/25  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Donna Riley, Treasurer - Tax Collector

05/01/2025  
\_\_\_\_\_  
Date

The County of Stanislaus Board of Supervisors has reviewed and accepted the March 2025 Treasurer's Monthly Investment Report.

  
\_\_\_\_\_  
Chair, Board of Supervisors

5/3/25  
\_\_\_\_\_  
Date



# Stanislaus County Treasury - Pooled Investments

## Investment Pool Summary

### March 2025

| CASHFLOW            | MARCH 2025          | YTD FY 24/25        | MARCH 2024          | YTD FY 23/24        |
|---------------------|---------------------|---------------------|---------------------|---------------------|
| BEG. CASH BALANCE   | \$ 2,885,153,216.65 | \$ 2,894,789,877.42 | \$ 2,714,311,882.89 | \$ 2,691,900,459.20 |
| RECEIPTS            | 408,421,046.77      | 3,392,521,202.75    | 386,337,128.98      | 3,124,349,514.17    |
| DISBURSEMENTS       | (356,491,579.14)    | (3,350,228,395.89)  | (327,120,211.29)    | (3,042,721,172.79)  |
| ENDING CASH BALANCE | \$ 2,937,082,684.28 | \$ 2,937,082,684.28 | \$ 2,773,528,800.58 | \$ 2,773,528,800.58 |

| INTEREST INCOME   | MARCH 2025      | YTD FY 24/25     | MARCH 2024      | YTD FY 23/24     |
|-------------------|-----------------|------------------|-----------------|------------------|
| INTEREST RECEIVED | \$ 7,983,509.22 | \$ 75,494,606.33 | \$ 5,707,114.06 | \$ 51,209,593.93 |
| TREASURY EXPENSE  | (98,686.13)     | (601,107.34)     | (72,167.73)     | (535,958.36)     |
| AUDITOR EXPENSE   | (12,842.19)     | (115,306.05)     | (6,806.40)      | (103,463.56)     |
| NET DISTRIBUTION  | \$ 7,871,980.90 | \$ 74,778,192.94 | \$ 5,628,139.93 | \$ 50,570,172.01 |

| BALANCE - 03/31/2025        | ORACLE BOOK<br>VALUE | MARKET<br>VALUE     | MAX INVEST.<br>AS % OF TOTAL | ORACLE BOOK VALUE<br>AS % OF TOTAL* | MAX DAYS<br>TO MATURE | AVG DAYS<br>TO MATURE | YTM<br>360 EQUIV. |
|-----------------------------|----------------------|---------------------|------------------------------|-------------------------------------|-----------------------|-----------------------|-------------------|
| BANK CERT. OF DEPOSIT       | \$ 1,000,000.00      | \$ 1,000,000.00     |                              | 0.03%                               | 1,825                 | 109                   | 4.300%            |
| NEGOTIABLE CERT. OF DEPOSIT | \$ 95,000,000.00     | \$ 95,110,600.00    | 30.00%                       | 3.25%                               | 1,825                 | 160                   | 4.972%            |
| COMMERCIAL PAPER            | 53,568,081.94        | 54,466,250.00       | 40.00%                       | 1.83%                               | 270                   | 80                    | 4.577%            |
| MANAGED POOL - CAMP         | 989,300,000.00       | 989,300,000.00      |                              | 33.87%                              |                       | 1                     | 4.399%            |
| AGENCIES                    | 869,437,505.58       | 859,145,567.51      |                              | 29.77%                              | 1,825                 | 459                   | 2.174%            |
| AGENCIES - AMORTIZING       | 147,825,702.78       | 148,509,300.00      |                              | 5.06%                               | 1,825                 | 86                    | 4.318%            |
| TREASURIES                  | 400,996,093.39       | 401,321,550.00      |                              | 13.73%                              | 1,825                 | 456                   | 3.889%            |
| TREASURIES - AMORTIZING     | 43,433,057.86        | 44,577,050.00       |                              | 1.49%                               | 1,825                 | 81                    | 4.748%            |
| MEDIUM TERM NOTES           | 319,911,224.80       | 312,663,222.67      | 30.00%                       | 10.95%                              | 1,825                 | 428                   | 1.837%            |
| TOTAL INVESTMENTS           | \$ 2,920,471,666.35  | \$ 2,906,093,540.18 |                              | 100.00%                             |                       | 258                   | 3.410%            |
| BOOK CASH BALANCE           | 16,611,017.93        | 16,611,017.93       |                              |                                     |                       |                       |                   |
| TOTAL                       | \$ 2,937,082,684.28  | \$ 2,922,704,558.11 |                              |                                     |                       |                       |                   |

#### BOOK & BANK BALANCE RECONCILIATION

|  |                  |
|--|------------------|
| ORACLE FMS ENDING BOOK CASH BALANCE                | \$ 16,423,056.94 |
| TREASURY DEPOSITS IN TRANSIT (VAULT)               | 187,960.99       |
| BANK RETURNED CHECKS                               | 0.00             |
| BOOK CASH BALANCE                                  | \$ 16,611,017.93 |
| <u>UNRECORDED BANK ITEMS</u>                       |                  |
| TREASURY/TAXES CREDIT CARD REVENUE                 | (2,536,703.48)   |
| TREASURY DEPOSITS IN TRANSIT (CASH/COIN SHIPMENTS) | (348,000.00)     |
| TREASURY CASH ON HAND (VAULT)                      | (187,960.99)     |
| <u>UNRECORDED BOOK ITEMS</u>                       |                  |
| BANK CREDITS/REVENUE                               | 2,311,572.33     |
| BANK DEBITS/WITHDRAWALS                            | (5,374,320.84)   |
| BANK RETURNED CHECKS                               | 0.00             |
| BANK CASH BALANCE                                  | \$ 10,475,604.95 |

#### ORACLE FMS TOTAL INVESTMENTS RECONCILIATION

|   |                     |
|---|---------------------|
| POOLED CASH - ALL FUNDS ON DEPOSIT                                    | \$ 2,878,415,781.37 |
| OUTSTANDING CHECKS/TRANSACTIONS                                       | \$ 50,794,922.01    |
| UNDISTRIBUTED YTD INTEREST ( <i>Lags one month for distribution</i> ) | \$ 7,871,980.90     |
| TOTAL CASH & INVESTMENTS  | \$ 2,937,082,684.28 |

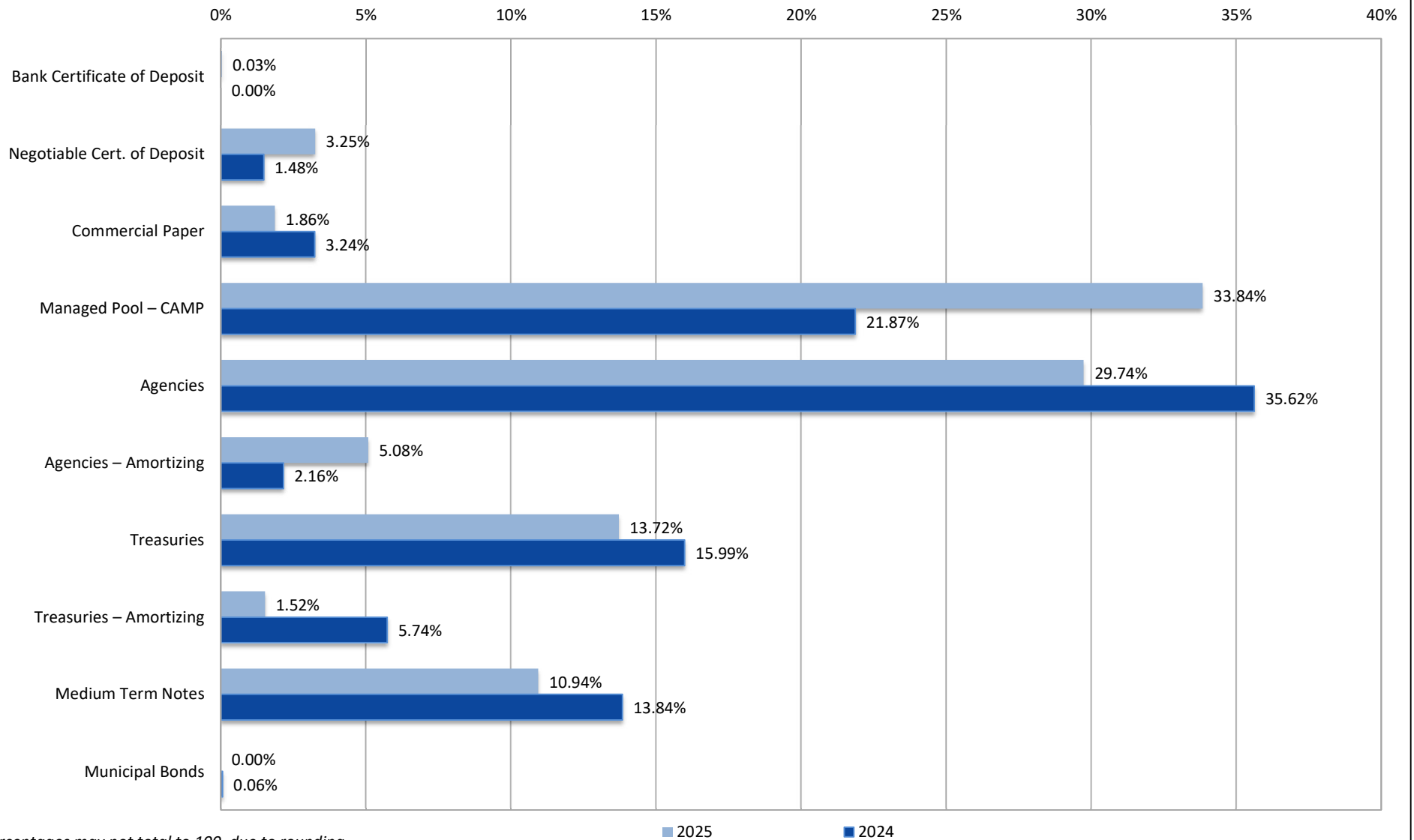
#### POOLED CASH PARTICIPANT DETAIL\*

|                   |         |                     |
|-------------------|---------|---------------------|
| COUNTY            | 34.92%  | \$ 1,005,246,096.09 |
| SCHOOL DISTRICTS  | 63.32%  | \$ 1,822,579,360.33 |
| SPECIAL DISTRICTS | 1.76%   | \$ 50,590,324.95    |
| TOTAL             | 100.00% | \$ 2,878,415,781.37 |

\*Percentages may not total to 100, due to rounding



**Stanislaus County Treasury - Pooled Investments**  
**Change in Asset Distribution Year-On-Year\***  
**March 2025 vs. March 2024**



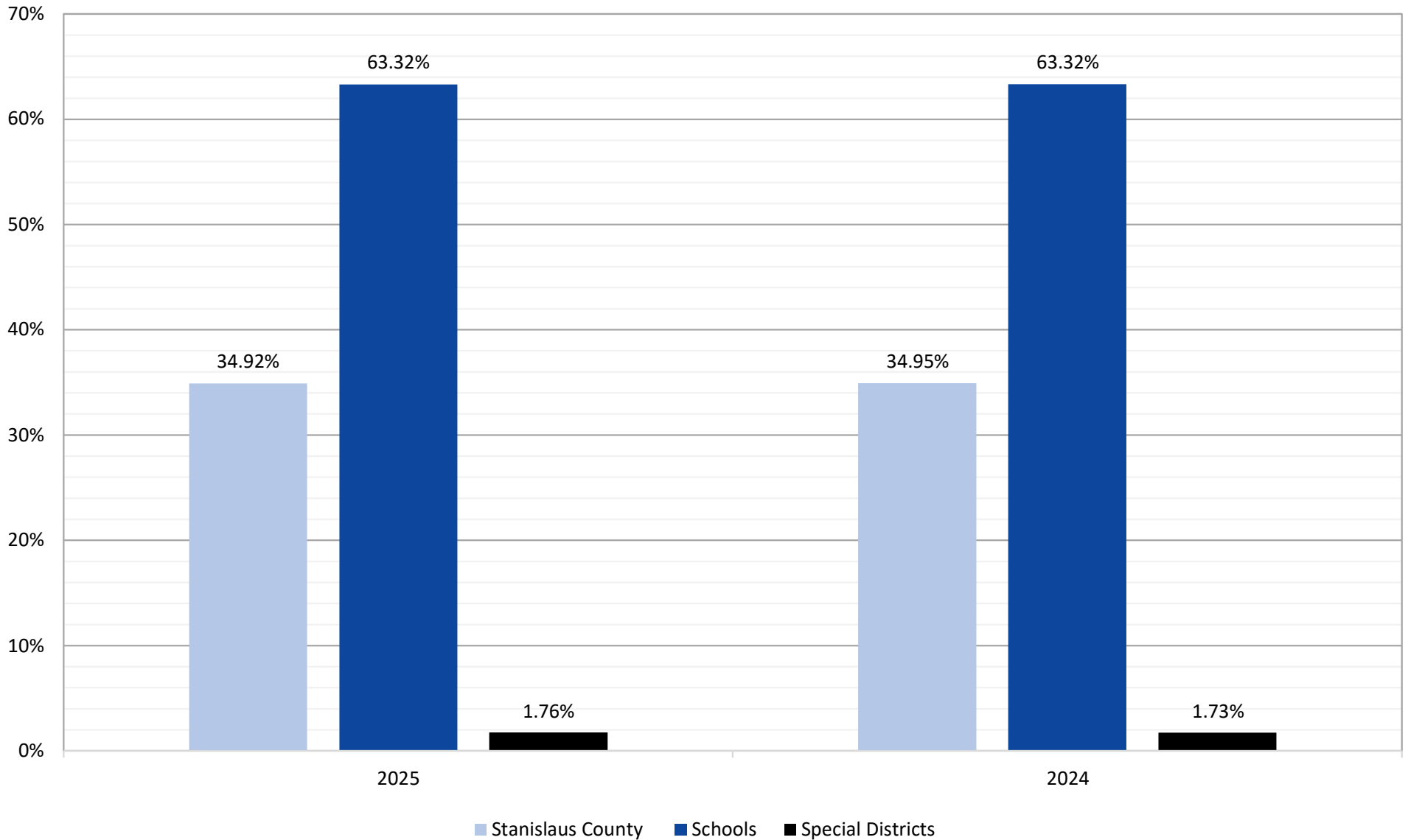
\*Percentages may not total to 100, due to rounding



# Stanislaus County Treasury - Pooled Investments

## Pool Participation Year-On-Year

### March 2025 vs. March 2024



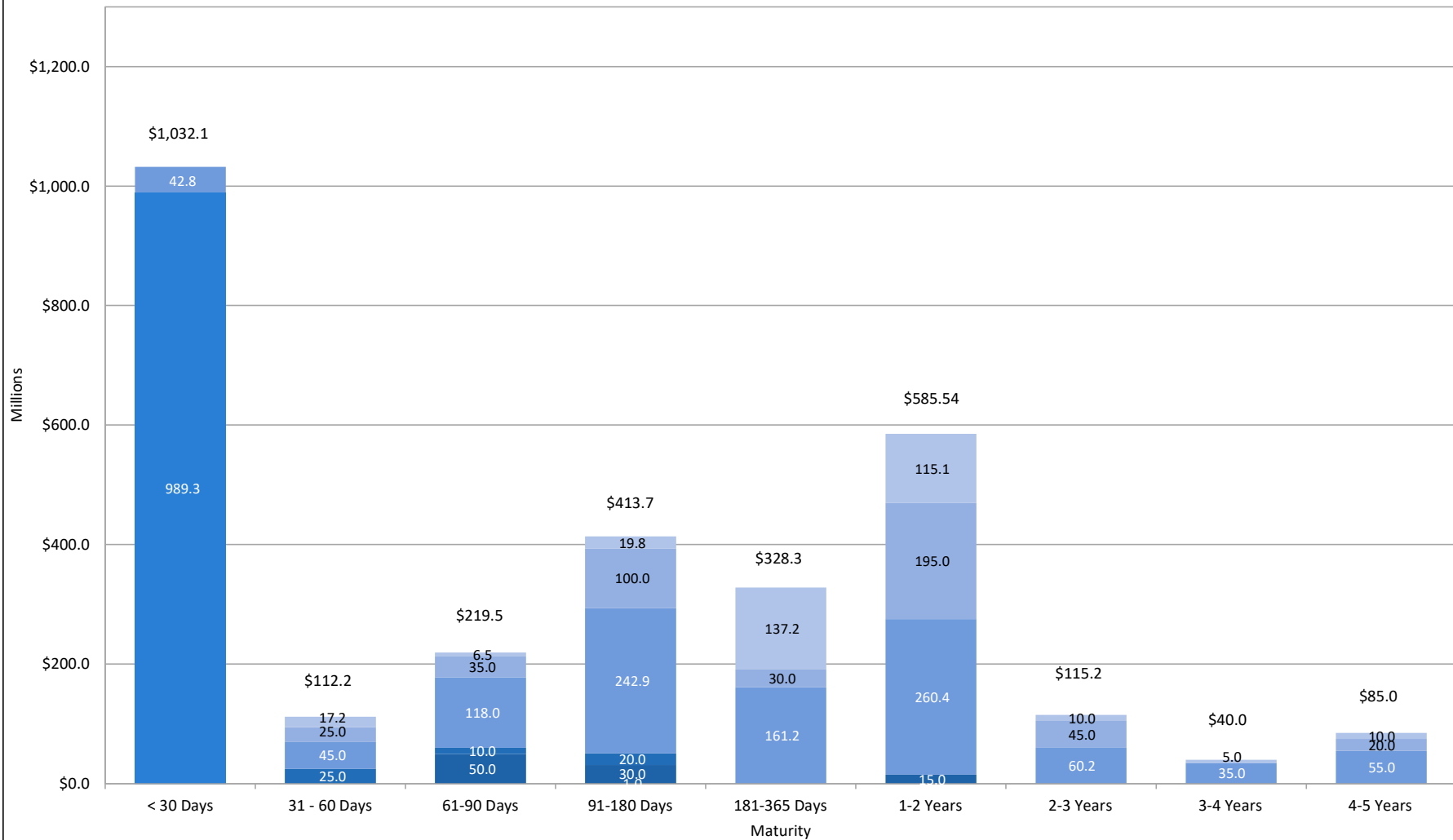


# Stanislaus County Treasury - Pooled Investments

## Maturity Distribution by Type

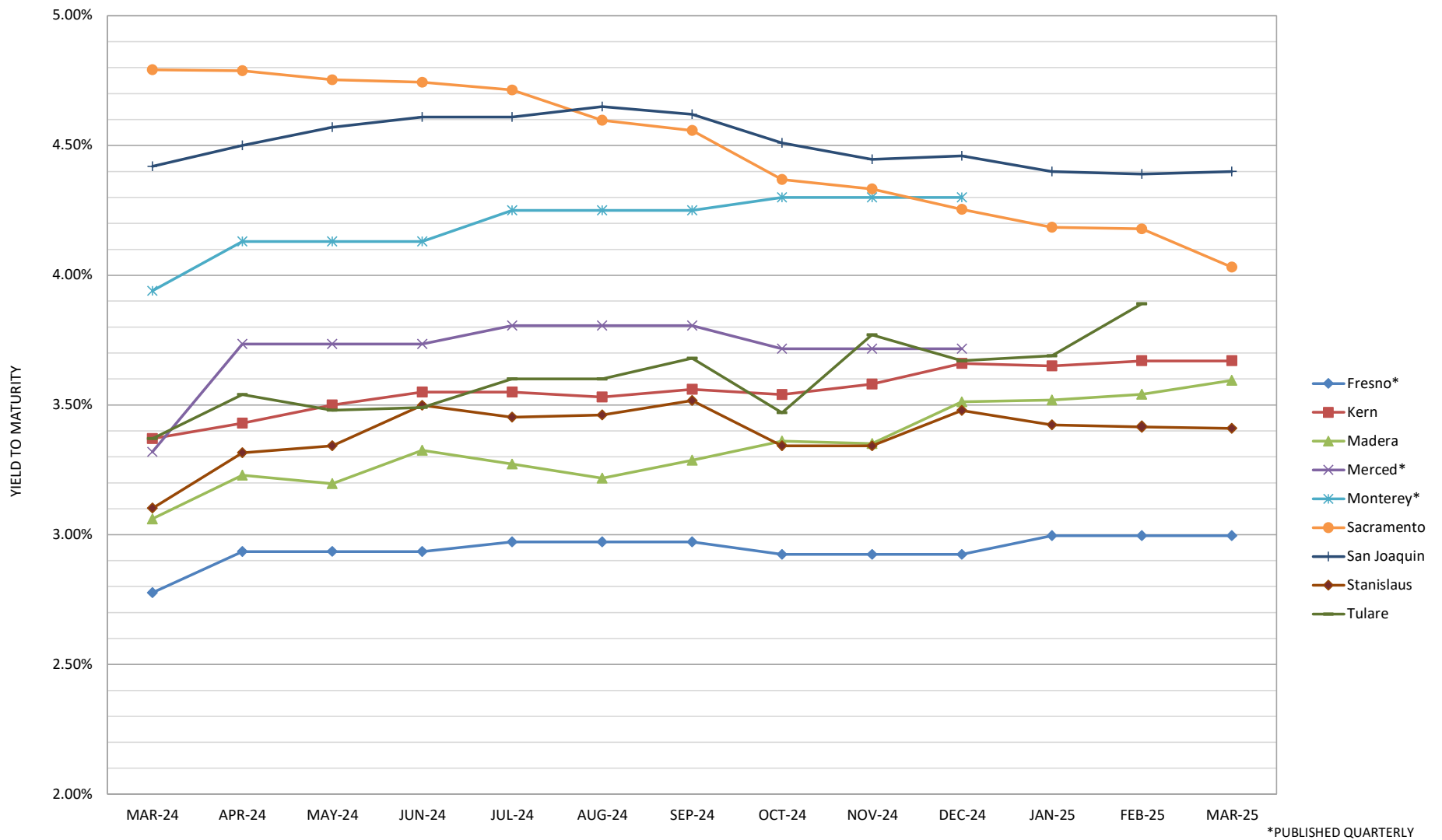
### March 2025

- Bank Certificate of Deposit
- Negotiable Certificate of Deposit
- Commercial Paper
- Managed Pool - CAMP
- Agencies Coupon & Amortizing
- Treasuries - Coupon & Amortizing
- Medium Term Notes
- Municipal Bonds





**Stanislaus County Treasury - Pooled Investments**  
**Comparison of Yield to Maturity for the Eight Comparable Counties**  
**March 2024 through March 2025**





**Stanislaus County Treasury - Pooled Investments**  
**Reconciliation of Received Interest**  
**March 2025**

| Date         | 90103<br>JPM Checking | 90110/11<br>Certificate of<br>Deposit | 90115<br>Commercial<br>Paper | 90125<br>Managed Pool -<br>LAIF | 90126<br>Managed Pool -<br>CAMP | 90130/31<br>Agencies -<br>Coupon &<br>Amortizing | 90132/33<br>Treasuries -<br>Coupon &<br>Amortizing | 90140<br>Medium Term<br>Notes | 90145<br>Municipal<br>Bonds | Treasury Total         | Oracle Cloud           | Variance    |
|--------------|-----------------------|---------------------------------------|------------------------------|---------------------------------|---------------------------------|--|--|-------------------------------|-----------------------------|------------------------|------------------------|-------------|
| 1            |                       |                                       |                              |                                 |                                 |  |  |                               |                             | \$ -                   |                        | \$ -        |
| 2            |                       |                                       |                              |                                 |                                 |  |  |                               |                             | -                      |                        | -           |
| 3            |                       |                                       |                              |                                 | 3,312,432.99                    | 751,566.39                                       |  | 178,076.25                    |                             | 4,242,075.63           | 4,242,075.63           | -           |
| 4            |                       |                                       |                              |                                 |                                 | 527,158.58                                       |  |                               |                             | 527,158.58             | \$ 527,158.58          | -           |
| 5            |                       |                                       |                              |                                 |                                 |  |  |                               |                             | -                      |                        | -           |
| 6            |                       |                                       |                              |                                 |                                 | 96,666.67  |  |                               |                             | 96,666.67              | 96,666.67              | -           |
| 7            |                       |                                       |                              |                                 |                                 |  |  | 106,250.00                    |                             | 106,250.00             | 106,250.00             | -           |
| 8            |                       |                                       |                              |                                 |                                 |  |  |                               |                             | -                      |                        | -           |
| 9            |                       |                                       |                              |                                 |                                 |  |  |                               |                             | -                      |                        | -           |
| 10           |                       |                                       |                              |                                 |                                 | 49,000.00  |  |                               |                             | 49,000.00              | 49,000.00              | -           |
| 11           |                       |                                       |                              |                                 |                                 | 14,500.00  |  | 86,773.50                     |                             | 101,273.50             | 101,273.50             | -           |
| 12           |                       |                                       |                              |                                 |                                 |  |  |                               |                             | -                      |                        | -           |
| 13           |                       |                                       |                              |                                 |                                 |  |  |                               |                             | -                      |                        | -           |
| 14           |                       |                                       |                              |                                 |                                 |  |  |                               |                             | -                      |                        | -           |
| 15           |                       |                                       |                              |                                 |                                 |  |  |                               |                             | -                      |                        | -           |
| 16           |                       |                                       |                              |                                 |                                 |  |  |                               |                             | -                      |                        | -           |
| 17           |                       |                                       |                              |                                 |                                 | 353,706.25                                       | 124,930.94   |                               |                             | 478,637.19             | 478,637.19             | -           |
| 18           |                       |                                       |                              |                                 |                                 | 364,272.22                                       |  |                               |                             | 364,272.22             | 364,272.22             | -           |
| 19           |                       |                                       |                              |                                 |                                 |  |  |                               |                             | -                      |                        | -           |
| 20           |                       |                                       |                              |                                 |                                 | 209,375.00                                       | 917,527.78   |                               |                             | 1,126,902.78           | 1,126,902.78           | -           |
| 21           |                       |                                       |                              |                                 |                                 |  |  |                               |                             | -                      |                        | -           |
| 22           |                       |                                       |                              |                                 |                                 |  |  |                               |                             | -                      |                        | -           |
| 23           |                       |                                       |                              |                                 |                                 |  |  |                               |                             | -                      |                        | -           |
| 24           |                       |                                       |                              |                                 |                                 |  |  | 89,003.74                     |                             | 89,003.74              | 89,003.74              | -           |
| 25           |                       |                                       |                              |                                 |                                 |  |  |                               |                             | -                      |                        | -           |
| 26           |                       |                                       |                              |                                 |                                 |  |  |                               |                             | -                      |                        | -           |
| 27           |                       |                                       |                              |                                 |                                 |  |  |                               |                             | -                      |                        | -           |
| 28           |                       |                                       |                              |                                 |                                 | 58,395.00  |  |                               |                             | 58,395.00              | 58,395.00              | -           |
| 29           |                       |                                       |                              |                                 |                                 |  |  |                               |                             | -                      |                        | -           |
| 30           |                       |                                       |                              |                                 |                                 |  |  |                               |                             | -                      |                        | -           |
| 31           | 63,286.63             |                                       |                              |                                 |                                 | 292,625.00                                       |  |                               |                             | 355,911.63             | 355,911.63             | -           |
| AMORT        |                       |                                       |                              |                                 |                                 | 36,620.48  | 326,998.11   | 24,343.69                     |                             | 387,962.28             | 387,962.28             | -           |
| <b>TOTAL</b> | <b>\$ 63,286.63</b>   | <b>\$ -</b>                           | <b>\$ -</b>                  | <b>\$ -</b>                     | <b>\$ 3,312,432.99</b>          | <b>\$ 2,753,885.59</b>                           | <b>\$ 1,369,456.83</b>                             | <b>\$ 484,447.18</b>          | <b>\$ -</b>                 | <b>\$ 7,983,509.22</b> | <b>\$ 7,983,509.22</b> | <b>\$ -</b> |



# Stanislaus County Pool FY 2025 Portfolio Management Portfolio Summary March 31, 2025

| Investments                        | Par Value               | Market Value            | Book Value              | % of Portfolio | Term       | Days to Maturity | YTM 360 Equiv. |
|------------------------------------|-------------------------|-------------------------|-------------------------|----------------|------------|------------------|----------------|
| Certificates of Deposit - Bank     | 1,000,000.00            | 1,000,000.00            | 1,000,000.00            | 0.03           | 365        | 109              | 4.300          |
| Negotiable CDs                     | 95,000,000.00           | 95,110,600.00           | 95,000,000.00           | 3.25           | 366        | 160              | 4.972          |
| Commercial Paper Disc. -Amortizing | 55,000,000.00           | 54,466,250.00           | 54,463,440.28           | 1.86           | 210        | 80               | 4.577          |
| Managed Pool Account - CAMP        | 989,300,000.00          | 989,300,000.00          | 989,300,000.00          | 33.84          | 1          | 1                | 4.399          |
| Federal Agency Coupon Securities   | 870,474,000.00          | 859,145,567.51          | 869,437,505.58          | 29.74          | 1,438      | 459              | 2.174          |
| Federal Agency Disc. -Amortizing   | 150,000,000.00          | 148,509,300.00          | 148,507,127.78          | 5.08           | 122        | 86               | 4.318          |
| Treasury Coupon Securities         | 405,000,000.00          | 401,321,550.00          | 400,996,093.39          | 13.72          | 897        | 456              | 3.889          |
| Treasury Discounts -Amortizing     | 45,000,000.00           | 44,577,050.00           | 44,557,970.00           | 1.52           | 268        | 81               | 4.748          |
| Medium Term Notes                  | 320,666,000.00          | 312,663,222.67          | 319,911,224.80          | 10.94          | 1,558      | 428              | 1.837          |
| <b>Investments</b>                 | <b>2,931,440,000.00</b> | <b>2,906,093,540.18</b> | <b>2,923,173,361.83</b> | <b>100.00%</b> | <b>748</b> | <b>258</b>       | <b>3.410</b>   |

| Total Earnings                  | March 31 Month Ending   | Fiscal Year To Date     |
|---------------------------------|-------------------------|-------------------------|
| Current Year                    | 8,319,994.19            | 70,572,354.71           |
| <b>Average Daily Balance</b>    | <b>2,865,993,108.62</b> | <b>2,733,609,844.19</b> |
| <b>Effective Rate of Return</b> | <b>3.42%</b>            | <b>3.44%</b>            |

Reporting period 03/01/2025-03/31/2025

Run Date: 04/17/2025 - 09:35

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**Stanislaus County Pool FY 2025**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**March 31, 2025**

Page 1

| CUSIP                                     | Investment # | Issuer                         | Average<br>Balance    | Purchase<br>Date | Par Value             | Market Value          | Book Value            | Stated<br>Rate | YTM<br>360   | YTM<br>365   | Days to<br>Maturity | Maturity<br>Date |
|---|--------------|--------------------------------|-----------------------|------------------|-----------------------|-----------------------|-----------------------|----------------|--------------|--------------|---------------------|------------------|
| <b>Certificates of Deposit - Bank</b>     |              |                                |                       |                  |                       |                       |                       |                |              |              |                     |                  |
| 286394423                                 | 4061         | Farmers & Merchants            |                       | 07/19/2024       | 1,000,000.00          | 1,000,000.00          | 1,000,000.00          | 4.300          | 4.300        | 4.360        | 109                 | 07/19/2025       |
| <b>Subtotal and Average</b>               |              |                                | <b>1,000,000.00</b>   |                  | <b>1,000,000.00</b>   | <b>1,000,000.00</b>   | <b>1,000,000.00</b>   |                | <b>4.300</b> | <b>4.360</b> | <b>109</b>          |                  |
| <b>Negotiable CDs</b>                     |              |                                |                       |                  |                       |                       |                       |                |              |              |                     |                  |
| 53947BY79                                 | 4044         | Lloyds Bank Corp               |                       | 06/24/2024       | 25,000,000.00         | 25,049,750.00         | 25,000,000.00         | 5.350          | 5.350        | 5.424        | 85                  | 06/25/2025       |
| 63873Q3Z5                                 | 4045         | Natixis Banque Popular NY      |                       | 06/24/2024       | 25,000,000.00         | 25,049,750.00         | 25,000,000.00         | 5.380          | 5.380        | 5.455        | 86                  | 06/26/2025       |
| 63873Q7J7                                 | 4077         | Natixis Banque Popular NY      |                       | 12/05/2024       | 20,000,000.00         | 20,011,800.00         | 20,000,000.00         | 4.550          | 4.550        | 4.613        | 148                 | 08/27/2025       |
| 85325VPE4                                 | 4076         | Standard Chartered Bk NY       |                       | 11/01/2024       | 10,000,000.00         | 10,002,300.00         | 10,000,000.00         | 4.560          | 4.560        | 4.623        | 149                 | 08/28/2025       |
| 85325VPW4                                 | 4078         | Standard Chartered Bk NY       |                       | 12/06/2024       | 15,000,000.00         | 14,997,000.00         | 15,000,000.00         | 4.500          | 4.500        | 4.563        | 430                 | 06/05/2026       |
| <b>Subtotal and Average</b>               |              |                                | <b>95,000,000.00</b>  |                  | <b>95,000,000.00</b>  | <b>95,110,600.00</b>  | <b>95,000,000.00</b>  |                | <b>4.972</b> | <b>5.041</b> | <b>160</b>          |                  |
| <b>Commercial Paper Disc. -Amortizing</b> |              |                                |                       |                  |                       |                       |                       |                |              |              |                     |                  |
| 22533TTB2                                 | 4086         | Credit Agri CIB                |                       | 12/18/2024       | 10,000,000.00         | 9,913,600.00          | 9,912,827.78          | 4.420          | 4.517        | 4.580        | 71                  | 06/11/2025       |
| 22533TU95                                 | 4095         | Credit Agri CIB                |                       | 02/28/2025       | 10,000,000.00         | 9,880,100.00          | 9,882,850.00          | 4.260          | 4.327        | 4.387        | 99                  | 07/09/2025       |
| 62479LVU6                                 | 4097         | MUFG Bank LTD/NY               |                       | 02/28/2025       | 10,000,000.00         | 9,820,800.00          | 9,823,269.45          | 4.270          | 4.364        | 4.424        | 149                 | 08/28/2025       |
| 63873JSL5                                 | 4062         | Natixis Banque Popular NY      |                       | 08/26/2024       | 25,000,000.00         | 24,851,750.00         | 24,844,493.05         | 4.570          | 4.785        | 4.851        | 49                  | 05/20/2025       |
| <b>Subtotal and Average</b>               |              |                                | <b>54,361,877.77</b>  |                  | <b>55,000,000.00</b>  | <b>54,466,250.00</b>  | <b>54,463,440.28</b>  |                | <b>4.577</b> | <b>4.641</b> | <b>80</b>           |                  |
| <b>Managed Pool Account - CAMP</b>        |              |                                |                       |                  |                       |                       |                       |                |              |              |                     |                  |
| CAMP                                      | 62           | California Asset Management Pr |                       |                  | 989,300,000.00        | 989,300,000.00        | 989,300,000.00        | 4.460          | 4.399        | 4.460        | 1                   |                  |
| <b>Subtotal and Average</b>               |              |                                | <b>981,312,903.23</b> |                  | <b>989,300,000.00</b> | <b>989,300,000.00</b> | <b>989,300,000.00</b> |                | <b>4.399</b> | <b>4.460</b> | <b>1</b>            |                  |
| <b>Federal Agency Coupon Securities</b>   |              |                                |                       |                  |                       |                       |                       |                |              |              |                     |                  |
| 31422BYS3                                 | 3804         | Farmer Mac.                    |                       | 06/25/2021       | 17,753,000.00         | 17,704,179.25         | 17,752,608.36         | 0.650          | 0.671        | 0.680        | 27                  | 04/28/2025       |
| 31424WCY6                                 | 4018         | Farmer Mac.                    |                       | 12/06/2023       | 5,000,000.00          | 5,012,000.00          | 5,000,000.00          | 4.800          | 4.738        | 4.804        | 182                 | 09/30/2025       |
| 31424WKT8                                 | 4050         | Farmer Mac.                    |                       | 06/27/2024       | 10,000,000.00         | 9,998,000.00          | 10,000,000.00         | 5.120          | 5.021        | 5.090        | 87                  | 06/27/2025       |
| 31422XD33                                 | 4073         | Farmer Mac.                    |                       | 11/01/2024       | 10,000,000.00         | 9,880,400.00          | 9,839,236.87          | 3.420          | 4.091        | 4.148        | 860                 | 08/09/2027       |
| 31424WSQ6                                 | 4087         | Farmer Mac.                    |                       | 12/20/2024       | 10,000,000.00         | 10,091,900.00         | 10,000,000.00         | 4.280          | 4.221        | 4.280        | 1,541               | 06/20/2029       |
| 31422B2J8                                 | 3735         | Farmer Mac                     |                       | 10/29/2020       | 5,000,000.00          | 4,893,750.00          | 4,999,930.67          | 0.500          | 0.496        | 0.502        | 211                 | 10/29/2025       |
| 3133ELZ80                                 | 3693         | Federal Farm Credit Bank       |                       | 07/29/2020       | 25,000,000.00         | 24,695,250.00         | 25,000,000.00         | 0.580          | 0.572        | 0.580        | 119                 | 07/29/2025       |
| 3133EL2S2                                 | 3694         | Federal Farm Credit Bank       |                       | 08/04/2020       | 10,000,000.00         | 9,875,500.00          | 10,000,000.00         | 0.670          | 0.661        | 0.670        | 125                 | 08/04/2025       |
| 3133EL4W1                                 | 3715         | Federal Farm Credit Bank       |                       | 09/04/2020       | 10,000,000.00         | 9,852,700.00          | 9,999,597.99          | 0.610          | 0.612        | 0.620        | 146                 | 08/25/2025       |
| 3133EMBJ0                                 | 3729         | Federal Farm Credit Bank       |                       | 10/01/2020       | 5,000,000.00          | 4,908,850.00          | 4,999,505.01          | 0.530          | 0.543        | 0.550        | 181                 | 09/29/2025       |
| 3133EMEC2                                 | 3739         | Federal Farm Credit Bank       |                       | 11/09/2020       | 10,000,000.00         | 9,786,000.00          | 9,998,027.20          | 0.530          | 0.558        | 0.566        | 204                 | 10/22/2025       |
| 3133EMH47                                 | 3799         | Federal Farm Credit Bank       |                       | 06/24/2021       | 20,000,000.00         | 19,842,400.00         | 19,997,905.03         | 0.600          | 0.642        | 0.651        | 76                  | 06/16/2025       |

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**Stanislaus County Pool FY 2025**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**March 31, 2025**

Page 2

| CUSIP                                   | Investment # | Issuer                   | Average<br>Balance | Purchase<br>Date | Par Value     | Market Value  | Book Value    | Stated<br>Rate | YTM<br>360 | YTM<br>365 | Days to<br>Maturity | Maturity<br>Date |
|---|--------------|--------------------------|--------------------|------------------|---------------|---------------|---------------|----------------|------------|------------|---------------------|------------------|
| <b>Federal Agency Coupon Securities</b> |              |                          |                    |                  |               |               |               |                |            |            |                     |                  |
| 3133EM3Y6                               | 3834         | Federal Farm Credit Bank |                    | 09/01/2021       | 15,000,000.00 | 14,361,750.00 | 15,000,000.00 | 0.930          | 0.917      | 0.930      | 518                 | 09/01/2026       |
| 3133ENDC1                               | 3848         | Federal Farm Credit Bank |                    | 11/03/2021       | 10,000,000.00 | 9,587,000.00  | 10,000,000.00 | 1.330          | 1.312      | 1.330      | 581                 | 11/03/2026       |
| 3133ENDC1                               | 3857         | Federal Farm Credit Bank |                    | 11/03/2021       | 10,000,000.00 | 9,587,000.00  | 10,000,000.00 | 1.330          | 1.312      | 1.330      | 581                 | 11/03/2026       |
| 3133EPZN8                               | 4010         | Federal Farm Credit Bank |                    | 10/24/2023       | 10,000,000.00 | 10,328,900.00 | 10,000,000.00 | 5.000          | 4.932      | 5.000      | 1,302               | 10/24/2028       |
| 3133EPC60                               | 4016         | Federal Farm Credit Bank |                    | 11/15/2023       | 10,000,000.00 | 10,163,800.00 | 9,977,514.44  | 4.625          | 4.655      | 4.720      | 958                 | 11/15/2027       |
| 3133EPW68                               | 4031         | Federal Farm Credit Bank |                    | 01/29/2024       | 10,000,000.00 | 10,000,100.00 | 9,980,368.72  | 4.125          | 4.321      | 4.381      | 296                 | 01/22/2026       |
| 3133EP2T1                               | 4032         | Federal Farm Credit Bank |                    | 02/12/2024       | 10,000,000.00 | 10,025,500.00 | 9,989,748.61  | 4.125          | 4.107      | 4.164      | 682                 | 02/12/2027       |
| 3133EP5S0                               | 4033         | Federal Farm Credit Bank |                    | 03/20/2024       | 5,000,000.00  | 5,043,400.00  | 4,993,689.93  | 4.250          | 4.238      | 4.297      | 1,084               | 03/20/2028       |
| 3133EP5U5                               | 4034         | Federal Farm Credit Bank |                    | 03/20/2024       | 5,000,000.00  | 5,018,200.00  | 4,984,916.11  | 4.125          | 4.135      | 4.192      | 1,449               | 03/20/2029       |
| 3133EP7C3                               | 4037         | Federal Farm Credit Bank |                    | 04/01/2024       | 10,000,000.00 | 10,052,900.00 | 10,000,000.00 | 4.625          | 4.562      | 4.625      | 365                 | 04/01/2026       |
| 3133ERHT1                               | 4046         | Federal Farm Credit Bank |                    | 06/24/2024       | 10,000,000.00 | 10,069,800.00 | 9,999,419.70  | 4.750          | 4.694      | 4.759      | 388                 | 04/24/2026       |
| 3133ERJH5                               | 4049         | Federal Farm Credit Bank |                    | 06/25/2024       | 25,000,000.00 | 25,034,000.00 | 24,997,083.33 | 5.000          | 4.983      | 5.052      | 85                  | 06/25/2025       |
| 3133ERJZ5                               | 4059         | Federal Farm Credit Bank |                    | 06/28/2024       | 10,000,000.00 | 10,115,500.00 | 9,998,953.89  | 4.500          | 4.443      | 4.505      | 818                 | 06/28/2027       |
| 3133ERRW3                               | 4068         | Federal Farm Credit Bank |                    | 09/30/2024       | 13,840,000.00 | 13,812,873.60 | 13,892,557.65 | 3.875          | 3.546      | 3.595      | 520                 | 09/03/2026       |
| 3133ERWE7                               | 4070         | Federal Farm Credit Bank |                    | 10/01/2024       | 10,000,000.00 | 9,773,900.00  | 10,000,000.00 | 3.500          | 3.452      | 3.500      | 1,644               | 10/01/2029       |
| 3133ERZD6                               | 4075         | Federal Farm Credit Bank |                    | 11/01/2024       | 5,000,000.00  | 4,987,400.00  | 4,968,833.33  | 4.000          | 4.095      | 4.152      | 1,675               | 11/01/2029       |
| 3133ERJ85                               | 4079         | Federal Farm Credit Bank |                    | 12/09/2024       | 10,000,000.00 | 9,978,900.00  | 9,964,493.26  | 4.000          | 4.034      | 4.090      | 1,619               | 09/06/2029       |
| 3133ERT84                               | 4091         | Federal Farm Credit Bank |                    | 01/14/2025       | 10,000,000.00 | 10,081,400.00 | 9,974,182.04  | 4.250          | 4.290      | 4.350      | 1,018               | 01/14/2028       |
| 3133ER2X8                               | 4092         | Federal Farm Credit Bank |                    | 02/04/2025       | 10,000,000.00 | 10,108,700.00 | 9,956,909.17  | 4.250          | 4.290      | 4.350      | 1,770               | 02/04/2030       |
| 3133ER5L1                               | 4100         | Federal Farm Credit Bank |                    | 03/03/2025       | 10,000,000.00 | 9,997,000.00  | 9,999,860.14  | 4.125          | 4.131      | 4.188      | 241                 | 11/28/2025       |
| 3133ER5L1                               | 4105         | Federal Farm Credit Bank |                    | 03/04/2025       | 10,000,000.00 | 9,997,000.00  | 10,002,206.82 | 4.125          | 4.147      | 4.204      | 241                 | 11/28/2025       |
| 3133ER6D8                               | 4107         | Federal Farm Credit Bank |                    | 03/07/2025       | 10,000,000.00 | 10,027,100.00 | 10,000,000.00 | 4.000          | 3.945      | 4.000      | 1,436               | 03/07/2029       |
| 3133ER7L9                               | 4114         | Federal Farm Credit Bank |                    | 03/24/2025       | 10,000,000.00 | 9,998,800.00  | 9,995,809.20  | 4.000          | 3.969      | 4.024      | 1,812               | 03/18/2030       |
| 3130AJZ36                               | 3707         | Federal Home Loan Bank   |                    | 08/27/2020       | 10,000,000.00 | 9,850,300.00  | 9,999,188.89  | 0.600          | 0.612      | 0.620      | 148                 | 08/27/2025       |
| 3130AK4T0                               | 3718         | Federal Home Loan Bank   |                    | 09/11/2020       | 5,000,000.00  | 4,919,600.00  | 4,999,555.56  | 0.580          | 0.592      | 0.600      | 163                 | 09/11/2025       |
| 3130AKZP4                               | 3773         | Federal Home Loan Bank   |                    | 02/26/2021       | 15,000,000.00 | 14,532,600.00 | 15,000,000.00 | 0.600          | 0.592      | 0.600      | 331                 | 02/26/2026       |
| 3130ALCV4                               | 3783         | Federal Home Loan Bank   |                    | 04/13/2021       | 10,000,000.00 | 9,703,900.00  | 9,983,398.06  | 0.750          | 0.927      | 0.940      | 329                 | 02/24/2026       |
| 3130ALYU2                               | 3787         | Federal Home Loan Bank   |                    | 04/28/2021       | 10,000,000.00 | 9,742,000.00  | 10,000,000.00 | 1.000          | 0.986      | 1.000      | 302                 | 01/28/2026       |
| 3130AM2J0                               | 3789         | Federal Home Loan Bank   |                    | 04/28/2021       | 10,000,000.00 | 9,686,800.00  | 10,000,000.00 | 1.050          | 1.036      | 1.050      | 392                 | 04/28/2026       |
| 3130ALZQ0                               | 3790         | Federal Home Loan Bank   |                    | 04/28/2021       | 10,000,000.00 | 9,696,900.00  | 10,000,000.00 | 1.250          | 1.011      | 1.025      | 392                 | 04/28/2026       |
| 3130AM6U1                               | 3791         | Federal Home Loan Bank   |                    | 04/28/2021       | 10,000,000.00 | 9,702,300.00  | 10,000,000.00 | 1.250          | 0.986      | 1.000      | 392                 | 04/28/2026       |
| 3130AMKN1                               | 3795         | Federal Home Loan Bank   |                    | 05/27/2021       | 18,600,000.00 | 18,192,288.00 | 18,600,000.00 | 1.500          | 1.036      | 1.050      | 421                 | 05/27/2026       |
| 3130AN4X5                               | 3820         | Federal Home Loan Bank   |                    | 07/01/2021       | 15,000,000.00 | 15,000,000.00 | 15,000,000.00 | 0.670          | 0.661      | 0.670      | 0                   | 04/01/2025       |
| 3130ANG95                               | 3823         | Federal Home Loan Bank   |                    | 08/24/2021       | 8,540,000.00  | 8,216,077.80  | 8,540,000.00  | 1.250          | 1.011      | 1.025      | 510                 | 08/24/2026       |
| 3130AN4T4                               | 3829         | Federal Home Loan Bank   |                    | 08/27/2021       | 10,000,000.00 | 9,634,200.00  | 10,007,495.65 | 0.875          | 0.800      | 0.811      | 437                 | 06/12/2026       |
| 3130ANVS6                               | 3830         | Federal Home Loan Bank   |                    | 08/30/2021       | 25,000,000.00 | 23,952,250.00 | 25,000,000.00 | 1.000          | 0.986      | 1.000      | 512                 | 08/26/2026       |

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**Stanislaus County Pool FY 2025**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**March 31, 2025**

Page 3

| CUSIP                            | Investment # | Issuer                         | Average<br>Balance | Purchase<br>Date | Par Value      | Market Value   | Book Value     | Stated<br>Rate | YTM<br>360 | YTM<br>365 | Days to<br>Maturity | Maturity<br>Date |
|----------------------------------|--------------|--------------------------------|--------------------|------------------|----------------|----------------|----------------|----------------|------------|------------|---------------------|------------------|
| Federal Agency Coupon Securities |              |                                |                    |                  |                |                |                |                |            |            |                     |                  |
| 3130ANW48                        | 3831         | Federal Home Loan Bank         |                    | 08/30/2021       | 15,000,000.00  | 14,788,200.00  | 15,000,000.00  | 0.730          | 0.720      | 0.730      | 148                 | 08/27/2025       |
| 3130ANW22                        | 3832         | Federal Home Loan Bank         |                    | 08/30/2021       | 15,000,000.00  | 14,566,200.00  | 15,000,000.00  | 0.850          | 0.838      | 0.850      | 330                 | 02/25/2026       |
| 3130ANW97                        | 3833         | Federal Home Loan Bank         |                    | 08/30/2021       | 15,000,000.00  | 14,437,800.00  | 15,000,000.00  | 1.270          | 0.949      | 0.963      | 514                 | 08/28/2026       |
| 3130AP3H6                        | 3837         | Federal Home Loan Bank         |                    | 09/28/2021       | 11,150,000.00  | 10,897,675.50  | 11,142,953.20  | 0.750          | 0.836      | 0.848      | 241                 | 11/28/2025       |
| 3130ANWH9                        | 3838         | Federal Home Loan Bank         |                    | 09/28/2021       | 3,500,000.00   | 3,352,160.00   | 3,499,004.49   | 1.080          | 1.085      | 1.100      | 532                 | 09/15/2026       |
| 3130APCH6                        | 3839         | Federal Home Loan Bank         |                    | 09/29/2021       | 15,000,000.00  | 14,364,600.00  | 15,000,000.00  | 1.125          | 1.110      | 1.125      | 546                 | 09/29/2026       |
| 3130APE35                        | 3840         | Federal Home Loan Bank         |                    | 09/30/2021       | 15,000,000.00  | 14,537,400.00  | 15,000,000.00  | 1.000          | 0.986      | 1.000      | 363                 | 03/30/2026       |
| 3130AQ3T8                        | 3860         | Federal Home Loan Bank         |                    | 12/23/2021       | 5,000,000.00   | 4,839,200.00   | 5,000,000.00   | 2.000          | 1.618      | 1.641      | 631                 | 12/23/2026       |
| 3130APV51                        | 3861         | Federal Home Loan Bank         |                    | 11/30/2021       | 6,965,000.00   | 6,844,784.10   | 6,965,000.00   | 1.500          | 1.941      | 1.968      | 602                 | 11/24/2026       |
| 3130AQFX6                        | 3881         | Federal Home Loan Bank         |                    | 12/30/2021       | 10,500,000.00  | 10,416,000.00  | 10,500,000.00  | 1.180          | 1.164      | 1.180      | 90                  | 06/30/2025       |
| 3130AYEL6                        | 4025         | Federal Home Loan Bank         |                    | 01/05/2024       | 5,000,000.00   | 5,000,550.00   | 5,000,000.00   | 4.610          | 4.549      | 4.613      | 66                  | 06/06/2025       |
| 3130AYNU6                        | 4028         | Federal Home Loan Bank         |                    | 01/24/2024       | 10,000,000.00  | 10,004,100.00  | 10,000,000.00  | 4.580          | 4.510      | 4.573      | 92                  | 07/02/2025       |
| 3130AYNT9                        | 4029         | Federal Home Loan Bank         |                    | 01/24/2024       | 10,000,000.00  | 10,034,100.00  | 10,000,000.00  | 4.220          | 4.158      | 4.216      | 463                 | 07/08/2026       |
| 3130AFFX0                        | 4053         | Federal Home Loan Bank         |                    | 06/25/2024       | 10,000,000.00  | 9,778,700.00   | 9,652,107.31   | 3.250          | 4.254      | 4.313      | 1,325               | 11/16/2028       |
| 3130B2PJ8                        | 4063         | Federal Home Loan Bank         |                    | 09/30/2024       | 25,000,000.00  | 24,879,250.00  | 25,016,631.84  | 3.625          | 3.527      | 3.576      | 521                 | 09/04/2026       |
| 3130B2PJ8                        | 4069         | Federal Home Loan Bank         |                    | 09/30/2024       | 8,995,000.00   | 8,951,554.15   | 8,998,656.97   | 3.625          | 3.546      | 3.595      | 521                 | 09/04/2026       |
| 3130B2YA7                        | 4071         | Federal Home Loan Bank         |                    | 10/01/2024       | 25,000,000.00  | 24,978,750.00  | 25,000,000.00  | 4.020          | 3.972      | 4.027      | 62                  | 06/02/2025       |
| 3134GWIJW7                       | 3695         | Federal Home Loan Mortgage Co  |                    | 08/04/2020       | 15,000,000.00  | 14,805,900.00  | 15,000,000.00  | 0.550          | 0.542      | 0.550      | 125                 | 08/04/2025       |
| 3134GWL38                        | 3721         | Federal Home Loan Mortgage Co  |                    | 09/15/2020       | 15,000,000.00  | 14,747,400.00  | 15,000,000.00  | 0.540          | 0.533      | 0.540      | 167                 | 09/15/2025       |
| 3134GWY91                        | 3733         | Federal Home Loan Mortgage Co  |                    | 10/15/2020       | 5,000,000.00   | 4,901,250.00   | 5,000,000.00   | 0.570          | 0.562      | 0.570      | 197                 | 10/15/2025       |
| 3136G4A86                        | 3688         | Federal National Mortgage Asso |                    | 07/21/2020       | 25,000,000.00  | 24,708,000.00  | 24,994,652.78  | 0.500          | 0.563      | 0.571      | 111                 | 07/21/2025       |
| 3136G4Q48                        | 3702         | Federal National Mortgage Asso |                    | 08/19/2020       | 10,000,000.00  | 9,857,600.00   | 9,999,233.33   | 0.600          | 0.612      | 0.620      | 140                 | 08/19/2025       |
| 3136G4M34                        | 3703         | Federal National Mortgage Asso |                    | 08/19/2020       | 5,000,000.00   | 4,926,000.00   | 5,000,000.00   | 0.450          | 0.444      | 0.450      | 140                 | 08/19/2025       |
| 3136G4N33                        | 3704         | Federal National Mortgage Asso |                    | 08/27/2020       | 5,000,000.00   | 4,923,500.00   | 5,000,000.00   | 0.500          | 0.528      | 0.536      | 148                 | 08/27/2025       |
| 3136G4S87                        | 3705         | Federal National Mortgage Asso |                    | 08/27/2020       | 5,000,000.00   | 4,926,450.00   | 5,000,000.00   | 0.650          | 0.641      | 0.650      | 148                 | 08/27/2025       |
| 3135G05X7                        | 3708         | Federal National Mortgage Asso |                    | 08/27/2020       | 10,000,000.00  | 9,846,300.00   | 9,996,251.84   | 0.375          | 0.463      | 0.470      | 146                 | 08/25/2025       |
| 3136G4X57                        | 3713         | Federal National Mortgage Asso |                    | 09/04/2020       | 7,441,000.00   | 7,330,947.61   | 7,441,000.00   | 0.625          | 0.616      | 0.625      | 146                 | 08/25/2025       |
| 3135GA2Z3                        | 3741         | Federal National Mortgage Asso |                    | 11/17/2020       | 5,000,000.00   | 4,887,350.00   | 4,999,215.28   | 0.560          | 0.577      | 0.585      | 230                 | 11/17/2025       |
| 3135GAAZ4                        | 3757         | Federal National Mortgage Asso |                    | 12/24/2020       | 8,000,000.00   | 7,929,360.00   | 8,000,000.00   | 0.500          | 0.493      | 0.500      | 84                  | 06/24/2025       |
| 880591EZ1                        | 4009         | Tennessee Valley Authority     |                    | 10/16/2023       | 15,190,000.00  | 15,163,417.50  | 14,839,802.91  | 3.875          | 4.683      | 4.748      | 1,079               | 03/15/2028       |
| Subtotal and Average             |              |                                | 870,195,537.13     |                  | 870,474,000.00 | 859,145,567.51 | 869,437,505.58 |                | 2.174      | 2.204      | 459                 |                  |
| Federal Agency Disc. -Amortizing |              |                                |                    |                  |                |                |                |                |            |            |                     |                  |
| 313313MH8                        | 4094         | Federal Farm Credit Bank       |                    | 02/18/2025       | 10,000,000.00  | 9,798,300.00   | 9,789,336.11   | 4.190          | 4.344      | 4.405      | 181                 | 09/29/2025       |
| 313385DX1                        | 4054         | Federal Home Loan Bank         |                    | 06/25/2024       | 10,000,000.00  | 9,995,300.00   | 9,995,916.67   | 4.900          | 5.121      | 5.192      | 3                   | 04/04/2025       |
| 313385HH2                        | 4096         | Federal Home Loan Bank         |                    | 02/28/2025       | 25,000,000.00  | 24,750,250.00  | 24,753,854.17  | 4.170          | 4.286      | 4.346      | 85                  | 06/25/2025       |

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**Stanislaus County Pool FY 2025**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**March 31, 2025**

Page 4

| CUSIP                            | Investment # | Issuer                         | Average<br>Balance | Purchase<br>Date | Par Value      | Market Value   | Book Value     | Stated<br>Rate | YTM<br>360 | YTM<br>365 | Days to<br>Maturity | Maturity<br>Date |
|----------------------------------|--------------|--------------------------------|--------------------|------------------|----------------|----------------|----------------|----------------|------------|------------|---------------------|------------------|
| Federal Agency Disc. -Amortizing |              |                                |                    |                  |                |                |                |                |            |            |                     |                  |
| 313385MH6                        | 4106         | Federal Home Loan Bank         |                    | 03/04/2025       | 10,000,000.00  | 9,798,300.00   | 9,795,620.84   | 4.065          | 4.210      | 4.268      | 181                 | 09/29/2025       |
| 313589JC8                        | 4109         | Federal National Mortgage Asso |                    | 03/24/2025       | 25,000,000.00  | 24,701,500.00  | 24,702,805.55  |                | 4.226      | 4.285      | 104                 | 07/14/2025       |
| 313589HQ9                        | 4110         | Federal National Mortgage Asso |                    | 03/24/2025       | 25,000,000.00  | 24,735,500.00  | 24,735,819.44  | 4.135          | 4.241      | 4.300      | 92                  | 07/02/2025       |
| 313397FY2                        | 4104         | Freddie Mac                    |                    | 03/04/2025       | 10,000,000.00  | 9,938,900.00   | 9,939,622.22   | 4.180          | 4.278      | 4.337      | 52                  | 05/23/2025       |
| 313397FF3                        | 4108         | Freddie Mac                    |                    | 03/10/2025       | 10,000,000.00  | 9,958,500.00   | 9,959,215.28   | 4.195          | 4.282      | 4.341      | 35                  | 05/06/2025       |
| 313397GD7                        | 4113         | Freddie Mac                    |                    | 03/24/2025       | 25,000,000.00  | 24,832,750.00  | 24,834,937.50  | 4.170          | 4.260      | 4.319      | 57                  | 05/28/2025       |
| Subtotal and Average             |              |                                | 93,951,839.39      |                  | 150,000,000.00 | 148,509,300.00 | 148,507,127.78 |                | 4.318      | 4.378      | 86                  |                  |
| Treasury Coupon Securities       |              |                                |                    |                  |                |                |                |                |            |            |                     |                  |
| 91282CBC4                        | 3817         | U S Treasury Securities        |                    | 06/30/2021       | 15,000,000.00  | 14,589,750.00  | 14,953,153.50  | 0.375          | 0.789      | 0.800      | 274                 | 12/31/2025       |
| 91282CBC4                        | 3827         | U S Treasury Securities        |                    | 08/27/2021       | 15,000,000.00  | 14,589,750.00  | 14,960,040.32  | 0.375          | 0.727      | 0.737      | 274                 | 12/31/2025       |
| 912828ZT0                        | 3828         | U S Treasury Securities        |                    | 08/27/2021       | 15,000,000.00  | 14,899,650.00  | 14,990,961.28  | 0.250          | 0.613      | 0.622      | 60                  | 05/31/2025       |
| 912828Y95                        | 3986         | U S Treasury Securities        |                    | 07/13/2023       | 25,000,000.00  | 24,322,250.00  | 24,239,517.30  | 1.875          | 4.281      | 4.340      | 486                 | 07/31/2026       |
| 91282CHM6                        | 3992         | U S Treasury Securities        |                    | 08/15/2023       | 50,000,000.00  | 50,314,500.00  | 49,917,253.52  | 4.500          | 4.574      | 4.638      | 470                 | 07/15/2026       |
| 91282CEY3                        | 3993         | U S Treasury Securities        |                    | 08/18/2023       | 20,000,000.00  | 19,924,400.00  | 19,895,482.07  | 3.000          | 4.859      | 4.926      | 105                 | 07/15/2025       |
| 91282CHM6                        | 4002         | U S Treasury Securities        |                    | 09/21/2023       | 10,000,000.00  | 10,062,900.00  | 9,953,030.01   | 4.500          | 4.826      | 4.893      | 470                 | 07/15/2026       |
| 91282CHH7                        | 4003         | U S Treasury Securities        |                    | 09/22/2023       | 20,000,000.00  | 20,030,400.00  | 19,840,020.06  | 4.125          | 4.773      | 4.839      | 440                 | 06/15/2026       |
| 91282CFH9                        | 4008         | U S Treasury Securities        |                    | 10/13/2023       | 15,000,000.00  | 14,734,050.00  | 14,476,642.94  | 3.125          | 4.658      | 4.723      | 882                 | 08/31/2027       |
| 91282CEY3                        | 4026         | U S Treasury Securities        |                    | 01/23/2024       | 10,000,000.00  | 9,962,200.00   | 9,957,005.89   | 3.000          | 4.498      | 4.561      | 105                 | 07/15/2025       |
| 91282CHM6                        | 4027         | U S Treasury Securities        |                    | 01/23/2024       | 10,000,000.00  | 10,062,900.00  | 10,029,448.12  | 4.500          | 4.198      | 4.256      | 470                 | 07/15/2026       |
| 91282CEU1                        | 4030         | U S Treasury Securities        |                    | 01/26/2024       | 20,000,000.00  | 19,939,600.00  | 19,944,470.15  | 2.875          | 4.222      | 4.280      | 75                  | 06/15/2025       |
| 91282CEY3                        | 4064         | U S Treasury Securities        |                    | 09/30/2024       | 25,000,000.00  | 24,905,500.00  | 24,937,337.24  | 3.000          | 3.834      | 3.887      | 105                 | 07/15/2025       |
| 912828K74                        | 4067         | U S Treasury Securities        |                    | 09/30/2024       | 25,000,000.00  | 24,788,000.00  | 24,826,802.51  | 2.000          | 3.852      | 3.905      | 136                 | 08/15/2025       |
| 91282CLL3                        | 4074         | U S Treasury Securities        |                    | 11/01/2024       | 10,000,000.00  | 9,881,300.00   | 9,830,154.16   | 3.375          | 4.057      | 4.114      | 897                 | 09/15/2027       |
| 91282CFB2                        | 4082         | U S Treasury Securities        |                    | 12/12/2024       | 20,000,000.00  | 19,493,000.00  | 19,405,030.57  | 2.750          | 4.050      | 4.107      | 851                 | 07/31/2027       |
| 91282CHB0                        | 4083         | U S Treasury Securities        |                    | 12/18/2024       | 20,000,000.00  | 19,911,800.00  | 19,936,534.63  | 3.625          | 4.165      | 4.223      | 409                 | 05/15/2026       |
| 91282CHB0                        | 4088         | U S Treasury Securities        |                    | 12/30/2024       | 20,000,000.00  | 19,911,800.00  | 19,947,260.04  | 3.625          | 4.225      | 4.284      | 409                 | 05/15/2026       |
| 91282CGB1                        | 4093         | U S Treasury Securities        |                    | 02/11/2025       | 20,000,000.00  | 19,936,000.00  | 19,697,864.51  | 3.875          | 4.277      | 4.337      | 1,735               | 12/31/2029       |
| 912828Z78                        | 4098         | U S Treasury Securities        |                    | 02/28/2025       | 20,000,000.00  | 19,150,000.00  | 19,146,334.76  | 1.500          | 3.951      | 4.006      | 670                 | 01/31/2027       |
| 91282CHB0                        | 4099         | U S Treasury Securities        |                    | 02/28/2025       | 20,000,000.00  | 19,911,800.00  | 20,111,749.81  | 3.625          | 4.020      | 4.076      | 409                 | 05/15/2026       |
| Subtotal and Average             |              |                                | 400,860,484.78     |                  | 405,000,000.00 | 401,321,550.00 | 400,996,093.39 |                | 3.889      | 3.943      | 456                 |                  |
| Treasury Discounts -Amortizing   |              |                                |                    |                  |                |                |                |                |            |            |                     |                  |
| 912797LB1                        | 4038         | U S Treasury Securities        |                    | 05/23/2024       | 25,000,000.00  | 24,870,750.00  | 24,850,888.89  | 4.880          | 5.135      | 5.206      | 44                  | 05/15/2025       |
| 912797MH7                        | 4102         | U S Treasury Securities        |                    | 03/04/2025       | 10,000,000.00  | 9,822,500.00   | 9,822,636.66   | 4.093          | 4.238      | 4.297      | 156                 | 09/04/2025       |
| 912797LW5                        | 4103         | U S Treasury Securities        |                    | 03/04/2025       | 10,000,000.00  | 9,883,800.00   | 9,884,444.45   | 4.160          | 4.281      | 4.341      | 100                 | 07/10/2025       |

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**Stanislaus County Pool FY 2025**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**March 31, 2025**

Page 5

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|--------------------------|--------------|-------------------------------|--------------------|------------------|----------------|----------------|----------------|----------------|------------|------------|---------------------|------------------|
| Subtotal and Average     |              |                               | 57,875,741.64      |                  | 45,000,000.00  | 44,577,050.00  | 44,557,970.00  | 4.748          | 4.814      | 81         |                     |                  |
| <b>Medium Term Notes</b> |              |                               |                    |                  |                |                |                |                |            |            |                     |                  |
| 037833EB2                | 3772         | Apple Inc                     |                    | 02/08/2021       | 15,000,000.00  | 14,553,750.00  | 14,999,490.89  | 0.700          | 0.694      | 0.704      | 313                 | 02/08/2026       |
| 037833EB2                | 3786         | Apple Inc                     |                    | 04/14/2021       | 7,899,000.00   | 7,664,004.75   | 7,879,309.17   | 0.700          | 0.986      | 1.000      | 313                 | 02/08/2026       |
| 037833DT4                | 3975         | Apple Inc                     |                    | 05/22/2023       | 3,427,000.00   | 3,413,840.32   | 3,414,974.08   | 1.125          | 4.398      | 4.459      | 40                  | 05/11/2025       |
| 037833DN7                | 4111         | Apple Inc                     |                    | 03/24/2025       | 8,930,000.00   | 8,673,976.90   | 8,689,715.67   | 2.050          | 3.985      | 4.040      | 528                 | 09/11/2026       |
| 06048WN22                | 3824         | Bank of America Corp          |                    | 08/26/2021       | 15,000,000.00  | 14,358,300.00  | 15,000,000.00  | 1.250          | 1.233      | 1.250      | 512                 | 08/26/2026       |
| 06048WS84                | 3887         | Bank of America Corp          |                    | 03/02/2022       | 10,000,000.00  | 9,674,200.00   | 10,000,000.00  | 2.750          | 2.712      | 2.750      | 700                 | 03/02/2027       |
| 06048WK41                | 3745         | Bank of America               |                    | 11/25/2020       | 25,000,000.00  | 24,449,750.00  | 25,000,000.00  | 1.000          | 0.789      | 0.800      | 238                 | 11/25/2025       |
| 14913R2U0                | 3885         | Caterpillar Financial Service |                    | 01/10/2022       | 5,000,000.00   | 4,788,900.00   | 5,001,948.55   | 1.700          | 1.654      | 1.677      | 647                 | 01/08/2027       |
| 14913R2U0                | 3886         | Caterpillar Financial Service |                    | 01/10/2022       | 5,000,000.00   | 4,788,900.00   | 5,001,682.84   | 1.700          | 1.657      | 1.680      | 647                 | 01/08/2027       |
| 17330FVU2                | 3914         | Citigroup Global Markets      |                    | 05/27/2022       | 10,000,000.00  | 9,974,400.00   | 10,000,000.00  | 4.050          | 3.995      | 4.050      | 54                  | 05/25/2025       |
| 194162AN3                | 4090         | Colgate Polomive Co           |                    | 01/03/2025       | 5,000,000.00   | 4,896,450.00   | 4,862,199.58   | 3.100          | 4.281      | 4.340      | 866                 | 08/15/2027       |
| 02079KAH0                | 3700         | Alphabet Inc (Google)         |                    | 08/17/2020       | 5,000,000.00   | 4,930,850.00   | 4,999,631.09   | 0.450          | 0.464      | 0.470      | 136                 | 08/15/2025       |
| 24422EVK2                | 3771         | John Deere                    |                    | 01/15/2021       | 5,000,000.00   | 4,860,900.00   | 4,998,144.53   | 0.700          | 0.738      | 0.748      | 289                 | 01/15/2026       |
| 24422EVK2                | 3858         | John Deere                    |                    | 11/24/2021       | 15,000,000.00  | 14,582,700.00  | 14,916,171.43  | 0.700          | 1.412      | 1.432      | 289                 | 01/15/2026       |
| 478160CN2                | 3794         | Johnson & Johnson             |                    | 04/26/2021       | 10,000,000.00  | 9,846,800.00   | 9,993,118.21   | 0.550          | 0.796      | 0.807      | 153                 | 09/01/2025       |
| 478160CN2                | 3836         | Johnson & Johnson             |                    | 09/08/2021       | 4,755,000.00   | 4,682,153.40   | 4,752,172.88   | 0.550          | 0.685      | 0.695      | 153                 | 09/01/2025       |
| 48128G4X5                | 3825         | JP Morgan Chase Bank          |                    | 08/30/2021       | 15,000,000.00  | 14,153,850.00  | 15,000,000.00  | 1.200          | 1.184      | 1.200      | 514                 | 08/28/2026       |
| 48128GX54                | 3736         | JP Morgan Chase Bank          |                    | 10/30/2020       | 5,000,000.00   | 4,860,800.00   | 5,000,000.00   | 0.750          | 0.739      | 0.749      | 212                 | 10/30/2025       |
| 46625HJZ4                | 4080         | JP Morgan Chase Bank          |                    | 12/09/2024       | 6,169,000.00   | 6,144,570.76   | 6,143,435.19   | 4.125          | 4.321      | 4.381      | 623                 | 12/15/2026       |
| 58769JAR8                | 4081         | Mercedes-Benz Fin North Am    |                    | 12/09/2024       | 5,000,000.00   | 4,998,550.00   | 5,030,951.09   | 4.850          | 4.603      | 4.667      | 1,381               | 01/11/2029       |
| 63254AAS7                | 3843         | National Australia Bank/NY    |                    | 10/21/2021       | 15,000,000.00  | 14,679,150.00  | 15,214,198.32  | 2.500          | 1.327      | 1.345      | 467                 | 07/12/2026       |
| 713448FW3                | 4015         | Pepsico                       |                    | 11/13/2023       | 5,000,000.00   | 5,068,800.00   | 5,000,510.72   | 5.125          | 5.048      | 5.118      | 588                 | 11/10/2026       |
| 713448DF2                | 4112         | Pepsico                       |                    | 03/24/2025       | 10,000,000.00  | 9,877,800.00   | 9,910,171.45   | 2.850          | 4.094      | 4.151      | 329                 | 02/24/2026       |
| 69353REQ7                | 3766         | PNC Bank NA                   |                    | 01/13/2021       | 6,450,000.00   | 6,431,101.50   | 6,463,667.34   | 3.250          | 0.777      | 0.788      | 61                  | 06/01/2025       |
| 74460WAA5                | 3871         | Public Storage                |                    | 12/21/2021       | 10,000,000.00  | 9,697,300.00   | 9,958,831.11   | 0.875          | 1.343      | 1.362      | 320                 | 02/15/2026       |
| 808513BF1                | 3785         | Charles Schwab Corp           |                    | 04/14/2021       | 19,283,000.00  | 18,643,961.38  | 19,252,908.92  | 0.900          | 1.003      | 1.017      | 344                 | 03/11/2026       |
| 808513BY0                | 4101         | Charles Schwab Corp           |                    | 03/03/2025       | 5,000,000.00   | 4,824,000.00   | 4,818,157.78   | 2.450          | 4.387      | 4.448      | 701                 | 03/03/2027       |
| 89236THW8                | 3770         | Toyota Motor Credit Corp      |                    | 01/13/2021       | 10,000,000.00  | 9,735,700.00   | 9,999,622.32   | 0.800          | 0.794      | 0.805      | 283                 | 01/09/2026       |
| 89236THW8                | 3784         | Toyota Motor Credit Corp      |                    | 04/14/2021       | 15,000,000.00  | 14,603,550.00  | 14,970,697.50  | 0.800          | 1.045      | 1.060      | 283                 | 01/09/2026       |
| 89236TJK2                | 3842         | Toyota Motor Credit Corp      |                    | 10/04/2021       | 25,000,000.00  | 24,071,500.00  | 24,974,407.60  | 1.125          | 1.195      | 1.212      | 443                 | 06/18/2026       |
| 89236TKD6                | 4085         | Toyota Motor Credit Corp      |                    | 12/18/2024       | 10,000,000.00  | 9,985,600.00   | 9,922,897.36   | 4.450          | 4.589      | 4.653      | 1,550               | 06/29/2029       |
| 904764BU0                | 4084         | Unilever Capital Corp         |                    | 12/18/2024       | 5,000,000.00   | 5,008,300.00   | 4,988,403.56   | 4.250          | 4.293      | 4.353      | 863                 | 08/12/2027       |
| 91159HHZ6                | 3767         | US Bank NA                    |                    | 01/13/2021       | 3,753,000.00   | 3,738,813.66   | 3,753,805.62   | 1.450          | 0.671      | 0.680      | 41                  | 05/12/2025       |
| Subtotal and Average     |              |                               | 311,434,724.69     |                  | 320,666,000.00 | 312,663,222.67 | 319,911,224.80 | 1.837          | 1.863      | 428        |                     |                  |

Portfolio POOL  
AC  
PM (PRF\_PM2) 7.3.0

**Stanislaus County Pool FY 2025**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**March 31, 2025**

| CUSIP             | Investment # | Issuer | Average<br>Balance | Purchase<br>Date | Par Value        | Market Value     | Book Value       | Stated<br>Rate | YTM<br>360 | YTM<br>365 | Days to<br>Maturity |
|-------------------|--------------|--------|--------------------|------------------|------------------|------------------|------------------|----------------|------------|------------|---------------------|
| Total and Average |              |        | 2,865,993,108.62   |                  | 2,931,440,000.00 | 2,906,093,540.18 | 2,923,173,361.83 |                | 3.410      | 3.457      | 258                 |

**APPENDIX H**  
**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**

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## MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: \_\_\_\_\_

MEMBER: [NAME OF MEMBER]

BONDS: \$ \_\_\_\_\_ in aggregate principal  
amount of [NAME OF TRANSACTION]  
[and maturing on]

Effective Date: \_\_\_\_\_

Risk Premium: \$ \_\_\_\_\_  
Member Surplus Contribution: \$ \_\_\_\_\_  
Total Insurance Payment: \$ \_\_\_\_\_

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: \_\_\_\_\_  
Authorized Officer

**Notices (Unless Otherwise Specified by BAM)**

Email:

[claims@buildamerica.com](mailto:claims@buildamerica.com)

Address:

200 Liberty Street, 27th floor  
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN



