This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 10, 2026

NEW ISSUE - FULL BOOK-ENTRY
BANK QUALIFIED

INSURED RATING: S&P: "AA"
UNDERLYING RATING: S&P "A"
See "RATINGS" herein.

In the opinion of Jones Hall LLP, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. The Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

$1,700,000*
EL NIDO ELEMENTARY SCHOOL DISTRICT
(Merced County, California)
General Obligation Bonds,
Election of 2020, Series B (Measure P)
(Bank Qualified)

$1,700,000*
EL NIDO ELEMENTARY SCHOOL DISTRICT
(Merced County, California)
General Obligation Bonds,
Election of 2020, Series B (Measure Q)
(Bank Qualified)

Dated: Date of Delivery **Due: August 1, as shown on inside front cover**

Authority and Purpose. The captioned General Obligation Bonds, Election of 2020, Series B (Measure P) (the "Measure P Bonds") and General Obligation Bonds Election of 2020, Series B (Measure Q) (the "Measure Q Bonds" and together with the Measure P Bonds, the "Bonds"), are being issued by the El Nido Elementary School District (the "District") pursuant to certain provisions of the California Government Code and resolutions of the Board of Education of the District adopted on November 10, 2026. The Measure P Bonds were authorized at an election of the registered voters of the District for Measure P held on March 3, 2020 (the "Measure P Authorization") which authorized the issuance of $3,400,000 principal amount of general obligation bonds for the purpose of financing the renovation, construction and improvement of school facilities. The Measure P Bonds are the second and final series of bonds to be issued under the Measure P Authorization. The Measure Q Bonds were authorized at an election of the registered voters of the District for Measure Q held on March 3, 2020 (the "Measure Q Authorization") which authorized the issuance of $3,400,000 principal amount of general obligation bonds for the purpose of financing the renovation, construction and improvement of school facilities. The Measure Q Bonds are the second and final series of bonds to be issued under the Measure Q Authorization. See "THE BONDS – Authority for Issuance" and "- Purpose of Issue" herein.

Security. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied on taxable property within the District and collected by Merced County (the "County"). The County Board of Supervisors is empowered and 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 which 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, New York, New York ("DTC"). Purchasers will not receive physical certificates representing their interests in the Bonds. See "THE BONDS" and APPENDIX F.

Payments. The Bonds are dated the date of delivery set forth below and accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity, commencing February 1, 2027. Payments of principal of and interest on the Bonds will be paid by U.S. Bank Trust Company, National Association, the designated paying agent, registrar and transfer agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS - Description of the Bonds."

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

Bond Insurance. The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Inc.

ASSURED GUARANTY®

MATURITY SCHEDULE
(See inside cover)

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

The Bonds will be offered when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Jones Hall LLP, Bond Counsel to the District, and subject to certain other conditions. Jones Hall LLP is also serving as Disclosure Counsel to the District. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC, on or about December 2, 2026.*

RAYMOND JAMES®

The date of this Official Statement is _____, 2026.

**Preliminary; subject to change.*

MATURITY SCHEDULE*

EL NIDO ELEMENTARY SCHOOL DISTRICT
(Merced County, California)
General Obligation Bonds,
Election of 2020, Series B (Measure P)
(Bank Qualified)

Base CUSIP†: 28335Y

$_____Serial Bonds

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

$_____ ____% Term Bonds maturing August 1, 20__; Yield: ___%; Price: _____; CUSIP†: ___

(Continued on Next Page)

**Preliminary; subject to change.*

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

MATURITY SCHEDULE*

EL NIDO ELEMENTARY SCHOOL DISTRICT
(Merced County, California)
General Obligation Bonds,
Election of 2020, Series B (Measure Q)
(Bank Qualified)

(Continued From Previous Page)

Base CUSIP†: 28335Y

$_____Serial Bonds

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

$_____ ____% Term Bonds maturing August 1, 20__; Yield: ___%; Price: _____; CUSIP†: ___

**Preliminary; subject to change.*

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

EL NIDO ELEMENTARY SCHOOL DISTRICT

BOARD OF EDUCATION

Bobby Borba, *President*
Liliana Rojas, *Clerk*
Mike Anderson, *Trustee*
Xiomara Espinoza-Nava, *Trustee*
Barbara Greninger, *Trustee*

DISTRICT ADMINISTRATION

Paula Heupel, *Superintendent*
Rebekah Chase, *Chief Business Official*

PROFESSIONAL SERVICES

MUNICIPAL ADVISOR

Fieldman, Rolapp & Associates, Inc.
Irvine, California

BOND AND DISCLOSURE COUNSEL

Jones Hall LLP
San Mateo, California

BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT

U.S. Bank Trust Company, National Association
San Francisco, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

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

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

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

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

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

Bond Insurance. Assured Guaranty Inc. ("AG" 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 herefrom, 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.

Changes to Offering Prices. The Underwriter may offer and sell the Bonds to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover 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 Resolutions or other documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents, and do not purport to be complete statements of any or all of such provisions.

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

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

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

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$1,700,000*
EL NIDO ELEMENTARY SCHOOL DISTRICT
(Merced County, California)
General Obligation Bonds,
Election of 2020, Series B (Measure P)
(Bank Qualified)

$1,700,000*
EL NIDO ELEMENTARY SCHOOL DISTRICT
(Merced County, California)
General Obligation Bonds,
Election of 2020, Series B (Measure Q)
(Bank Qualified)

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 captioned General Obligation Bonds, Election of 2020, Series B (Measure P) (the "**Measure P Bonds**") and the captioned General Obligation Bonds, Election of 2020, Series B (Measure Q) (the "**Measure Q Bonds**" and together with the Measure P Bonds, the "**Bonds**") by the El Nido Elementary School District (the "**District**").

INTRODUCTION

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

The District. The District is an elementary school district located in central California (the "**State**") in the County of Merced (the **"County"**), approximately twelve miles south of the City of Merced. The District serves students in grades pre-kindergarten through eight. Enrollment in the District is budgeted for approximately 158 students for fiscal year 2026-27. The District operates as a "District of Choice," meaning students outside District boundaries can apply for enrollment, and the District can accept those students without consent from the student's resident school district.

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

Purpose of Issue. The net proceeds of the Measure P Bonds will be used to finance construction and improvements to facilities of the District, as approved by voters in the District for Measure P ("**Measure P**") at an election held on March 3, 2020. The net proceeds of the Measure Q Bonds will be used to finance construction and improvements to facilities of the District, as approved by voters in the District for Measure Q ("**Measure Q**") at an election held on the same date. See "THE BONDS - Purpose of Issue" herein.

Authority for Issuance of the Bonds. Issuance of the Measure P Bonds was approved by more than the requisite 55% of the voters of the District voting on the measure. Issuance of the Measure Q Bonds was approved by more than the requisite 55% of the voters of the District voting on the measure. The Bonds will be issued pursuant to certain provisions of the Government Code of the State and pursuant to resolutions adopted by the Board of Education of the District on November 10, 2026 (the "**Measure P Bond Resolution**" and the "**Measure Q Bond Resolution**" and, together, the "**Resolutions**"). See "THE BONDS - Authority for Issuance" herein.

Description of the Bonds. The Bonds will be issued as current interest bonds. The Bonds will be dated their date of delivery (the "**Dated Date**") and will be issued as fully registered bonds, without coupons, in the denominations of $5,000 or any integral multiple thereof. The Bonds will

mature on August 1 in the years indicated on the inside cover page hereof. The Bonds will accrue interest from the Dated Date, which is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2027. See "THE BONDS – Description of the Bonds" herein.

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

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

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 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). See "SECURITY FOR THE BONDS."

Following the issuance of the Measure P Bonds, there will be no unissued authorization remaining under the Measure P Authorization.[*] Following the issuance of the Measure Q Bonds, there will be no unissued authorization remaining under the Measure Q Authorization.[*] See "FINANCIAL INFORMATION - Existing Debt Obligations" in APPENDIX A.

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

Legal Matters. Issuance of the Bonds is subject to the approving opinion of Jones Hall LLP, Bond Counsel, to be delivered in substantially the forms attached hereto as APPENDIX D. Jones Hall LLP will serve as Disclosure Counsel to the District. Payment of the fees of Bond Counsel, Disclosure Counsel, and the Municipal Advisor is contingent upon issuance of the Bonds.

Bond Insurance. Concurrently with the issuance of the Bonds, Assured Guaranty Inc. (**"AG"** or the **"Bond Insurer"**) will issue its Municipal Bond Insurance Policy for the Bonds (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.

Tax Matters; Bank Qualified. 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

[*] *Preliminary; subject to change.*

exempt from California personal income taxes. The District has designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986. Such section provides an exception to the prohibition against the ability of a "financial institution" (as defined in the Internal Revenue Code of 1986) to deduct its interest expense allocable to tax-exempt interest. See "TAX MATTERS" and Appendix D hereto for the forms of Bond Counsel's opinion to be delivered concurrently with the Bonds.

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

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

Additional Funding. In order to complete certain capital improvements of District facilities, the District currently expects to enter into a privately placed lease financing, in an amount not to exceed $3,500,000, before the end of calendar year 2026. Lease payments will be made from the District's general funds, whereas the Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied on taxable property within the District.

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 Bonds, are available from the District at El Nido Elementary School District, at 161 East El Nido Road, El Nido, California 95317, Telephone: (209) 385-8420. The District may impose a charge for copying, mailing and handling.

[END OF INTRODUCTION]

THE BONDS

Authority for Issuance

The Measure P Bonds. The Measure P Bonds will be issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53506 thereof, and the Measure P Bond Resolution. The District received authorization by more than the requisite 55% of District voters for Measure P to issue general obligation bonds in a principal amount of $3,400,000 (the "**Measure P Authorization**").

The Measure P Bonds are the second and final series of bonds issued pursuant to the Measure P Authorization. Following the issuance of the Measure P Bonds, there will be no unissued authorization remaining under the Measure P Authorization.*

The Measure Q Bonds. The Measure Q Bonds will be issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53506 thereof, and the Measure Q Bond Resolution. The District received authorization by more than the requisite 55% of District voters for Measure Q to issue general obligation bonds in a principal amount of $3,400,000 (the "**Measure Q Authorization**").

The Measure Q Bonds are the second and final series of bonds issued pursuant to the Measure Q Authorization. Following the issuance of the Measure Q Bonds, there will be no unissued authorization remaining under the Measure Q Authorization.*

Purpose of Issue

The Measure P Bonds. Proceeds of the Measure P Bonds will be used for the purposes specified in the ballot measure approved by the District's voters for Measure P on March 3, 2020, the abbreviated text of which appeared on the ballot as follows:

> *"To construct a multi-purpose room and gym for school and community use; and update and modernize classrooms, restrooms and school facilities; shall El Nido Elementary School District's measure be adopted authorizing $3,400,000 of bonds at legal interest rates, generating approximately $201,000 annually while bonds are outstanding with levies of approximately 2.5 cents per $100 assessed value, with annual audits, independent citizens' oversight, no money for salaries and all money for local projects?"*

In addition to the abbreviated statement of the ballot measure, as part of the sample ballot materials, in accordance with the requirements of California law, District voters were presented with a full text of ballot measure, which, among other items, included a project list identifying to District voters the types of projects eligible for funding from proceeds of bonds.

The Measure Q Bonds. Proceeds of the Measure Q Bonds will be used for the purposes specified in the ballot measure approved by the District's voters for Measure Q on March 3, 2020, the abbreviated text of which appeared on the ballot as follows:

> *"To modernize and construct facilities, classrooms and restrooms; and make health, safety and accessibility upgrades and improvements; shall El Nido Elementary School District's measure be adopted authorizing $3,400,000 of bonds at legal interest rates, generating*

*Preliminary; subject to change.

approximately $201,000 annually while bonds are outstanding with levies of approximately 2.5 cents per $100 assessed value, with annual audits, independent citizens' oversight, no money for salaries and all money for local projects?"

In addition to the abbreviated statement of the ballot measure, as part of the sample ballot materials, in accordance with the requirements of California law, District voters were presented with a full text of ballot measure, which, among other items, included a project list identifying to District voters the types of projects eligible for funding from proceeds of bonds approved at the Bond Election.

Description of the Bonds

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

The Bonds shall be issued in the denominations of $5,000 principal amount each or any integral multiple thereof. Interest on Bonds is payable semiannually on each February 1 and August 1, commencing February 1, 2027 (each, an **"Interest Payment Date"**). Each Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it will bear interest from such date, (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the fifteenth (15th) day of the month preceding the Interest Payment Date (each, a **"Record Date"**), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to January 15, 2027, in which event it will bear interest from the date of delivery of the Bonds identified on the cover page hereof. Notwithstanding the foregoing, if interest on any Bond is in default at the time of authentication thereof, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Payments of principal of and interest on the Bonds will be paid by U.S. Bank Trust Company, National Association, as the designated paying agent, registrar and transfer agent (the "**Paying Agent**") to DTC for subsequent disbursement to DTC Participants which will remit such payments to the Beneficial Owners of the Bonds.

Book-Entry Only System

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

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

The Paying Agent, the District, and the Underwriter of the Bonds have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial

ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership, of interests in the Bonds.

Redemption*

Optional Redemption

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

Whenever less than all of the outstanding Measure P Bonds of any one maturity are designated for redemption, the Paying Agent will select the outstanding Measure P Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For the purpose of selection for optional redemption, the Measure P Bonds will be deemed to consist of $5,000 portions, and any such portion may be separately redeemed. The Measure P Bonds may all be separately redeemed.

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

Whenever less than all of the outstanding Measure Q Bonds of any one maturity are designated for redemption, the Paying Agent will select the outstanding Measure Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For the purpose of selection for optional redemption, the Measure Q Bonds will be deemed to consist of $5,000 portions, and any such portion may be separately redeemed. The Measure Q Bonds may all be separately redeemed.

Mandatory Sinking Fund Redemption

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

* *Preliminary; subject to change.*

$_____ Measure P Term Bonds Maturing August 1, 20__

Redemption Date (August 1)	Sinking Fund Payment

Measure Q Bonds. The Measure Q Bonds maturing on August 1, 20__, (the **"Measure Q Term Bonds"** and, together with the Measure P Term Bonds, 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 Measure Q Term Bonds so called for mandatory sinking fund redemption shall be redeemed in the sinking fund payments in the amounts and on the dates set forth below, without premium.

$_____ Measure Q Term Bonds Maturing August 1, 20__

Redemption Date (August 1)	Sinking Fund Payment

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.

Notice of Redemption

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

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

Partial Redemption of Bonds

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

Effect of Redemption

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

Right to Rescind Notice of Redemption

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

Registration, Transfer and Exchange of Bonds

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

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

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

No exchanges of Bonds shall be required to be made (a) fifteen days prior to 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 and Discharge of Bonds

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

(a) by paying or causing to be paid the principal or redemption price of and interest on such Bonds, as and when the same become due and payable;

(b) by irrevocably depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Resolutions) to pay or redeem such Bonds; or

(c) by delivering such Bonds to the Paying Agent for cancellation by it.

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

(i) lawful money of the United States of America in an amount equal to the principal amounts 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 Resolutions 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 amounts or redemption price of such Bonds and all unpaid interest thereon to the redemption date; or

(ii) Federal Securities (not callable by the issuer thereof prior to maturity) the principal of and interest on which when due, in the opinion of a certified public accountant delivered to the District, will provide money sufficient to pay the principal amounts 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 amounts 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 Resolutions 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: United States Treasury notes, bonds, bills or certificates of indebtedness, or any other obligations the timely payment of which is directly or indirectly guaranteed by the faith and credit of the United States of America.

DEBT SERVICE SCHEDULES

The Bonds. The following tables show the annual debt service schedules with respect to the Bonds, assuming no optional redemptions.

El Nido Elementary School District
General Obligation Bonds
Election of 2020, Series B (Measure P)
(Bank Qualified)
Debt Service Schedule

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

El Nido Elementary School District
General Obligation Bonds
Election of 2020, Series B (Measure Q)
(Bank Qualified)
Debt Service Schedule

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

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

Period Ending (August 1)	Election of 2020, Series A (Measure P)	Election of 2020, Series A (Measure Q)	Election of 2020, Series B (Measure P)	Election of 2020, Series B (Measure Q)	Aggregate Annual Debt Service
2027	$66,000.00	$66,000.00			
2028	65,800.00	65,800.00			
2029	70,600.00	70,600.00			
2030	80,200.00	80,200.00			
2031	79,400.00	79,400.00			
2032	83,600.00	83,600.00			
2033	87,600.00	87,600.00			
2034	91,400.00	91,400.00			
2035	95,000.00	95,000.00			
2036	93,400.00	93,400.00			
2037	96,800.00	96,800.00			
2038	100,000.00	100,000.00			
2039	108,000.00	108,000.00			
2040	110,600.00	110,600.00			
2041	113,000.00	113,000.00			
2042	120,200.00	120,200.00			
2043	122,000.00	122,000.00			
2044	128,600.00	128,600.00			
2045	129,800.00	129,800.00			
2046	135,800.00	135,800.00			
2047	141,400.00	141,400.00			
2048	146,600.00	146,600.00			
2049	146,400.00	146,400.00			
2050	156,000.00	156,000.00			
TOTAL	$2,568,200.00	$2,568,200.00			

SOURCES AND USES OF FUNDS

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

Sources of Funds	**Measure P Bonds**	**Measure Q Bonds**
Principal Amount of Bonds		
[Net] Original Issue [Premium]/[Discount]		
Total Sources		
Uses of Funds		
Building Fund		
Debt Service Fund		
Costs of Issuance [(1)]		
Total Uses		

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

SECURITY FOR THE BONDS

Ad Valorem Taxes

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

Other Debt Payable from Ad Valorem Property Taxes. In addition to the Bonds, there is other debt issued by the District and other entities with jurisdiction in the District, which is payable from *ad valorem* 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* taxes in such amounts and at such times as is necessary to ensure the timely payment of debt service. Such taxes, when collected, will be deposited into a debt service fund for the Bonds, which is 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.

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

Annual Tax Rates. The amount of the annual *ad valorem* 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.

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

Building Funds

The proceeds from the sale of the Bonds, to the extent of the principal amount thereof, will be paid to the County to the credit of the funds created and established in the Resolutions and known as the "El Nido Elementary School District Election of 2020, Series B (Measure P) Building Fund" and the "El Nido Elementary School District Election of 2020, Series B (Measure Q) Building Fund" (together, the "**Building Funds**"), which will be accounted for as separate and distinct from all other District and County funds. The proceeds will be used solely for the purposes for which the Bonds are being issued and for payment of permissible costs of issuance. Any excess proceeds of the Bonds not needed for the authorized purposes for which the Bonds are being issued shall be transferred to the applicable Debt Service Funds (as defined below) and applied to the payment of principal of and interest on the applicable series of Bonds. Interest earnings on the investment of monies held in the Building Funds will be retained in the Building Funds.

Debt Service Funds

Amounts to pay debt service on the Bonds will be held in the funds created and established in the Resolutions and known as the "El Nido Elementary School District Election of 2020, Series B (Measure P) Debt Service Fund" and the "El Nido Elementary School District Election of 2020, Series B (Measure Q) Debt Service Fund (together, the "**Debt Service Funds**") for the Bonds, which will be established as separate funds to be maintained distinct from all other funds of the County. All taxes levied by the County for the payment of the principal of and interest and premium (if any) on the respective series of Bonds will be deposited in the respective Debt Service Funds by the County promptly upon the receipt. The Debt Service Funds are pledged for the payment of the principal of and interest and premium (if any) on the respective series of Bonds when and as the same become due. The County will transfer amounts in the Debt Service Funds to the Paying Agent to the extent necessary to pay the principal of and interest and premium (if any) on the respective series of Bonds as the same becomes due and payable.

If, after payment in full of the Bonds, there remains excess proceeds, any such excess amounts shall be transferred to the debt service fund for any outstanding general obligation bonds of the District, and if there are none, the County shall transfer such amounts to the District's general fund, to be applied solely in a manner which is consistent with the requirements of applicable state and federal tax law.

Not a County Obligation

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

PROPERTY TAXATION

Property Tax Collection Procedures

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

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

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

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

Taxation of State-Assessed Utility Property

The State Constitution provides that most classes of property owned or used by regulated utilities be assessed by the State Board of Equalization ("**SBE**") and taxed locally. Property valued by the SBE as an operating unit in a primary function of the utility taxpayer is known as "unitary

property", a concept designed to permit assessment of the utility as a going concern rather than assessment of each individual element of real and personal property owned by the utility taxpayer. State-assessed unitary and "operating nonunitary" property (which excludes nonunitary property of regulated railways) is allocated to the counties based on the situs of the various components of the unitary property. Except for certain other excepted property, all unitary and operating nonunitary property is taxed at special county-wide rates and tax proceeds are distributed to taxing jurisdictions according to statutory formulae generally based on the distribution of taxes in the prior year.

Assessed Valuation

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

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

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

EL NIDO ELEMENTARY SCHOOL DISTRICT
Assessed Valuation
Fiscal Years 2017-18 through 2026-27

Fiscal Year	Local Secured[(1)]	Utility	Unsecured[(2)]	Total	% Change
2017-18	$324,220,425	$0	$53,999,348	$378,219,773	--%
2018-19	327,925,893	0	54,822,289	382,748,182	1.2
2019-20	364,862,200	0	58,243,168	423,105,368	10.5
2020-21	385,076,359	0	64,316,940	449,393,299	6.2
2021-22	400,712,227	0	70,601,230	471,313,457	4.9
2022-23	437,385,973	0	78,349,044	515,735,017	9.4
2023-24	473,410,031	0	85,734,985	559,145,016	8.4
2024-25	496,480,153	0	92,623,082	589,103,235	5.4
2025-26	471,556,549	0	99,211,044	570,767,593	(3.1)
2026-27	487,940,015	0	113,766,649	601,706,664	5.4

(1) A number of properties in the District are classified as Williamson Act property, meaning they are valued annually based on farm income pursuant to the California Land Conservation Act rather than under Proposition 13. Values can move up or down from year to year.
(2) Recent growth in the District's unsecured assessed valuation is primarily attributed to the expansion of three dairy farms.
Source: California Municipal Statistics, Inc.

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

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

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

Drought. The State has experienced drought conditions in recent years, including a period of drought followed by record-level precipitation, which resulted in related severe flooding and mudslides in certain regions. As of September 15, 2026, the U.S. Drought Monitor indicates that the State is classified as experiencing mostly abnormally dry and no drought conditions, with some moderate drought conditions in the north, northwest, northeast and southeast parts of the State. The County is currently experiencing no drought conditions.

In January 2022, the State Water Board adopted emergency regulations aimed at saving water and raising drought awareness, with prohibitions focused on reducing outdoor water use, enforceable by local agencies and the State Water Board, generally with warning letters, mandatory water use audits, and fines. In January 2023, the State Water Board adopted its first five-year temporary groundwater recharge permit, in addition to adopting new statewide sanitary sewer orders and appointing eleven members to the Advisory Group on Safe Drinking Water Funding. Local agencies can impose and enforce their own drought conservation rules.

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

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

authorities and are widely available, and both the national emergency and state of emergency have officially ended, and the World Health Organization declared an end to the COVID-19 global health emergency.

Assessed Valuation by Jurisdiction. The following table shows the assessed valuation by jurisdiction in the District.

EL NIDO ELEMENTARY SCHOOL DISTRICT
2026-27 Assessed Valuation by Jurisdiction

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
Unincorporated Merced County	$601,706,664	100.00%	$19,174,801,126	3.14%
Total District	$601,706,664	100.00%		
Merced County	$601,706,664	100.00%	$38,591,506,900	1.56%

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 2026-27. As shown, the majority of the District's assessed valuation is represented by non-residential property.

EL NIDO ELEMENTARY SCHOOL DISTRICT
Local Secured Property Assessed Valuation and Parcels by Land Use
Fiscal Year 2026-27

Non-Residential:	2026-27 Assessed Valuation (1)	% of Total	No. of Parcels	% of Total
Agricultural/Rural	$460,828,280	94.44%	390	72.76%
Commercial	2,509,276	0.51	2	0.37
Vacant Commercial	56,260	0.01	1	0.19
Industrial	10,744,132	2.20	3	0.56
Social/Religious	46,790	0.01	2	0.37
Miscellaneous	599,089	0.12	59	11.01
Subtotal Non-Residential	$474,783,827	97.30%	457	85.26%
Residential:				
Single Family Residence	$ 7,919,012	1.62%	35	6.53%
Mobile Home	656,064	0.13	36	6.72
Mobile Home Park	3,017,160	0.62	1	0.19
2+ Residential Units	1,538,430	0.32	5	0.93
Vacant Residential	25,522	0.01	2	0.37
Subtotal Residential	$13,156,188	2.70%	79	14.74%
Total	$487,940,015	100.00%	536	100.00%

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

Assessed Valuation of Single Family Residential Parcels. The following table shows a breakdown of the assessed valuations of improved single-family residential parcels in the District for fiscal year 2026-27, including the median and average assessed value of single-family parcels in the District.

EL NIDO ELEMENTARY SCHOOL DISTRICT
Per Parcel Assessed Valuation of Single Family Homes
Fiscal Year 2026-27

	No. of Parcels	2026-27 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	35	$7,919,012	$226,257	$164,174

2026-27 Assessed Valuation	No. of Parcels [1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	0	0.000%	0.000%	$ 0	0.000%	0.000%
$25,000 -$49,999	1	2.857	2.857	35,163	0.444	0.444
$50,000 - $74,999	2	5.714	8.571	122,686	1.549	1.993
$75,000 - $99,999	0	0.000	8.571	0	0.000	1.993
$100,000 - $124,999	4	11.429	20.000	456,255	5.762	7.755
$125,000 - $149,999	7	20.000	40.000	963,023	12.161	19.916
$150,000 - $174,999	6	17.143	57.143	968,671	12.232	32.148
$175,000 - $199,999	2	5.714	62.857	351,557	4.439	36.587
$200,000 - $224,999	1	2.857	65.714	200,047	2.526	39.113
$225,000 - $249,999	1	2.857	68.571	249,179	3.147	42.260
$250,000 - $274,999	1	2.857	71.429	254,510	3.214	45.474
$275,000 - $299,999	3	8.571	80.000	851,068	10.747	56.221
$300,000 - $324,999	1	2.857	82.857	320,152	4.043	60.264
$325,000 - $349,999	2	5.714	88.571	678,402	8.567	68.831
$350,000 - $374,999	0	0.000	88.571	0	0.000	68.831
$375,000 - $399,999	0	0.000	88.571	0	0.000	68.831
$400,000 - $424,999	1	2.857	91.429	414,027	5.228	74.059
$425,000 - $449,999	0	0.000	91.429	0	0.000	74.059
$450,000 - $474,999	0	0.000	91.429	0	0.000	74.059
$475,000 - $499,999	0	0.000	91.429	0	0.000	74.059
$500,000 and greater	3	8.571	100.000	2,054,272	25.941	100.000
	35	100.000%		$7,919,012	100.000%	

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

Reassessments and Appeals of Assessed Value

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

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

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

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

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

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

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

Tax Levies and Delinquencies

The Boards 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 will receive by the end of the fiscal year 100% of the secured property tax levied, in the same manner as if the amount credited had been collected. The County assumes the responsibility for pursuing late and delinquent taxes and is therefore entitled to any penalties and interest collected. The District participates in the County Teeter Plan, and thus receives 100% of secured property taxes levied, in exchange for foregoing any interest and penalties collected on delinquent taxes to the County. The County Teeter Plans currently cover the one percent general fund apportionment levy, and also other *ad valorem* taxes, such as those levied by the County for repayment of 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 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 1%. 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.

There can be no assurance that the County will always maintain the Teeter Plan or will have sufficient funds available to distribute the full amount of the District's share of property tax collections to the District. 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 an outbreak of disease or natural or manmade disaster.

Tax Rates

Below are historical typical tax rates in a typical tax rate area (Tax Rate Area 68-000) within the District for fiscal years 2021-22 through 2025-26. Data for fiscal year 2026-27 is not yet available.

EL NIDO ELEMENTARY SCHOOL DISTRICT
Typical Total Tax Rates per $100 of Assessed Valuation (TRA 68-000) [(1)]
Fiscal Years 2021-22 through 2025-26

	2021-22	2022-23	2023-24	2024-25	2025-26
General Tax Rate	$1.0000	$1.0000	$1.0000	$1.0000	$1.0000
El Nido School District	.0672	.0583	.0177	.0174	.0177
Merced Union High School District	.0331	.0215	.0151	.0129	.0138
Merced Community College District SFID No. 1	.0122	.0108	.0096	.0120	.0120
Total Tax Rate	$1.1125	$1.0906	$1.0424	$1.0423	$1.0435

(1) 2025-26 assessed valuation of TRA 68-000 is $172,845,936 which is 30.28% of the District's total assessed valuation.
Source: California Municipal Statistics, Inc.

Top 20 Property Owners

The following table shows the 20 largest taxpayers in the District as determined by their secured assessed valuations in fiscal year 2026-27. Each taxpayer listed below is a unique name listed on the tax rolls. The District cannot determine from County assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below. A large concentration of ownership in a single individual or entity results in a greater amount of tax collections which are dependent upon that property owner's ability or willingness to pay property taxes.

EL NIDO ELEMENTARY SCHOOL DISTRICT
Top 20 Secured Property Taxpayers
Fiscal Year 2026-27

	Property Owner	Primary Land Use	2026-27 Assessed Valuation	% of Total (1)
1.	Antonio & Alexandrina Azevedo	Agricultural	$ 33,193,680	6.80%
2.	Rainbow Orchards V LLC	Agricultural	24,647,959	5.05
3.	Foster Farms LLC	Agricultural	21,830,140	4.47
4.	Frank & Sons Coelho LP	Agricultural	19,939,840	4.09
5.	Michael & Gerilynn De Jager, Trustees	Agricultural	19,159,057	3.93
6.	Fresno Farming LLC	Agricultural	17,282,420	3.54
7.	Michael D & Wendy Vander Dussen, Trustees	Agricultural	16,799,521	3.44
8.	Farazad Ranch LLC	Agricultural	15,948,893	3.27
9.	Tri-lest Dairy	Agricultural	15,420,617	3.16
10.	Gomes Farms LLC	Agricultural	14,019,458	2.87
11.	JT Soares Properties LP	Agricultural	12,521,361	2.57
12.	David L. & Peggy J. Farmer	Agricultural	11,645,764	2.39
13.	Antonio & Evelyn Brasil, Trustees	Agricultural	10,624,914	2.18
14.	Edward & Cobi De Jager Family LP	Agricultural	10,516,647	2.16
15.	Yosemite Valley Beef Packing Company Inc.	Industrial	9,667,847	1.98
16.	Gino B. & Mona F. Pedretti, Trustees	Agricultural	9,544,595	1.96
17.	Rodney L. & Sharlene De Jager, Trustees	Agricultural	9,403,346	1.93
18.	Diamond J Dairy	Agricultural	9,392,304	1.92
19.	Edward J. and Nancy Silva	Agricultural	8,936,862	1.83
20.	DCB Farming LLC	Agricultural	8,906,231	1.83
			$299,401,456	61.36%

(1) 2026-27 local secured assessed valuation: $487,940,015.
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 October 1, 2026. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

EL NIDO ELEMENTARY SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt
(As of October 1, 2026)

2026-27 Assessed Valuation: $601,706,664

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	**% Applicable (1)**	**Debt 10/1/26**	
Merced Community College District SFID No. 1	2.069%	$ 469,249	
Merced Union High School District	2.604	3,498,113	
El Nido School District	**100.000**	**3,050,000**	(2)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$7,017,362	
OVERLAPPING GENERAL FUND DEBT:			
Merced County Certificates of Participation	1.550%	$613,504	
Merced County Office of Education Certificates of Participation	1.550	85,715	
TOTAL OVERLAPPING GENERAL FUND DEBT		$699,219	
COMBINED TOTAL DEBT		**$7,716,581**	(3)

Ratios to 2026-27 Assessed Valuation:

Direct Debt ($3,050,000)	**0.51%**
Total Direct and Overlapping Tax and Assessment Debt	1.17%
Combined Total Debt	1.28%

(1) 2025-26 Ratios.
(2) Excludes the Bonds to be sold.
(3) 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.

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Inc. ("**AG**" or the "**Bond Insurer**") will issue its 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, Maryland, California, Connecticut or Florida insurance law.

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL" and together with its subsidiaries, "Assured Guaranty"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets, and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates, and in the annuity reinsurance business through Assured Life Reinsurance Ltd. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG 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 relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On August 3, 2026, KBRA announced that it had affirmed AG's insurance financial strength rating of "AA+" (stable outlook).

On July 27, 2026, Moody's announced that it had affirmed AG's insurance financial strength rating of "A1" (stable outlook).

On July 17, 2026, S&P announced that it had affirmed AG's financial strength rating of "AA" (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding AG's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

Capitalization of AG

At September 30, 2026:

- The policyholders' surplus of AG was approximately $3,102 million.
- The contingency reserve of AG was approximately $1,599 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately $2,415 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG and (ii) the net unearned premium reserves and net deferred ceding commissions of AG's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK"), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus, contingency reserve, and net unearned premium reserves and net deferred ceding commission income of AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AG are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2025 (filed by AGL with the SEC on February 27, 2026);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2026 (filed by AGL with the SEC on May 8, 2026);

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2026 (filed by AGL with the SEC on August 7, 2026); and

(iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2026 (filed by AGL with the SEC on November 6, 2026).

All information relating to AG included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG included herein under the caption "BOND INSURANCE – Assured Guaranty Inc." or included in a document incorporated by reference herein (collectively, the "AG Information") shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AG makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG 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 AG supplied by AG and presented under the heading "BOND INSURANCE".

TAX MATTERS

Tax Exemption

Federal Tax Status. In the opinion of Jones Hall LLP, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. The Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "**Tax Code**"), such that, in the case of certain financial institutions (within the meaning of section 265(b)(5) of the Tax Code), a deduction for federal income tax purposes is allowed for 80% of that portion of such financial institution's interest expense allocable to interest payable on the Bonds.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Tax Code relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds, or may cause the Bonds to not be “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Tax Code.

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

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

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant

interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

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

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

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

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

Forms of Opinions. Copies of the proposed forms of opinion of Bond Counsel are 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 Regarding Bonds or Existence of District. There is no action, suit or proceeding known to be pending, or threatened, restraining or enjoining the execution or delivery of the Bond or the existence of the District, or in any way contesting or affecting the validity of the foregoing.

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

Compensation of Certain Professionals

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

MUNICIPAL ADVISOR

The District has retained Fieldman, Rolapp & Associates, Inc. (the "**Municipal Advisor**"), as municipal advisor in connection with the issuance and sale of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement or any of the other legal documents and, further, the Municipal Advisor does not assume any responsibility for the information, covenants and representations with respect to the federal income tax status of the Bonds, or the possible impact of any current, pending or future actions taken by any legislative or judicial bodies or rating agencies.

CONTINUING DISCLOSURE

The District will execute the Continuing Disclosure Certificate in connection with the issuance of the Bonds, and covenant therein, for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District to the EMMA portal ("**EMMA**") of 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 March 31, 2027, with the report for the 2025-26 Fiscal Year, and to provide notices of the occurrence of certain enumerated events. Such notices will be filed by the District 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 the form of Continuing Disclosure Certificate attached as APPENDIX E. These covenants have been made in order to assist the Underwriter of the Bonds in complying with S.E.C. Rule 15c2-12(b)(5) (the **"Rule"**).

During the previous five years, the District has not failed to materially comply with its existing continuing disclosure undertakings. The District has engaged Fieldman, Rolapp & Associates, Inc., doing business as Applied Best Practices, to serve as dissemination agent with respect to each of its continuing disclosure undertakings, including the undertaking to be entered into for 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 is expected to assign its insured rating of "AA" to the Bonds, based on the understanding that the Bond Insurer will issue and deliver its Policy with respect to the Bonds upon delivery. See "BOND INSURANCE."

In addition, S&P has assigned a 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. The ratings reflect only the view of S&P, and an explanation of the significance of the 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 rating 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.

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

UNDERWRITING

The Bonds are being purchased by Raymond James & Associates, Inc. (the "**Underwriter**").

The Measure P Bonds. The Underwriter has agreed to purchase the Measure P Bonds at a price of $_____ which is equal to the initial principal amount of the Measure P Bonds of $_____, plus original issue premium of $_____ less an Underwriter's discount of $_____.

The Measure Q Bonds. The Underwriter has agreed to purchase the Measure Q Bonds at a price of $_____ which is equal to the initial principal amount of the Measure Q Bonds of $_____, plus original issue premium of $_____ less an Underwriter's discount of $_____.

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

ADDITIONAL INFORMATION

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

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

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

EXECUTION

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

EL NIDO ELEMENTARY SCHOOL DISTRICT

By: _____
Superintendent

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APPENDIX A

GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT

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

GENERAL INFORMATION

General Information

The District is an elementary school district located in central California (the "**State**") in the County of Merced (the **"County"**), approximately twelve miles south of the City of Merced. The District serves students in grades pre-kindergarten through eight. Enrollment in the District is budgeted for approximately 158 students for fiscal year 2026-27. The District operates as a "District of Choice," meaning students outside District boundaries can apply for enrollment, and the District can accept those students without consent from the student's resident school district.

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

Administration

The District is governed by a five-member Board of Education, (the "**Board**"), each member of which is elected on an at-large basis to a four-year term. Current members of the Board, together with their office and the date their term expires, are listed below.

Name	Office	Term Expires
Bobby Borba	President	November 2026
Liliana Rojas	Clerk	December 2026
Mike Anderson	Trustee	December 2028
Xiomara Espinoza-Nava	Trustee	December 2028
Barbara Greninger	Trustee	December 2026

Administrative Personnel. The Superintendent of the District, appointed by the Board, is responsible for management of the day-to-day operations and supervises the work of other District administrators. Paula Heupel serves as the Superintendent of the District and Rebekah Chase is the Chief Business Official.

Employee Relations

The District has 12 certificated, 16 classified, and 2 management full-time equivalent positions. There is one bargaining unit in the District, the El Nido Teachers Association, which respresents the District's certificated employees. The certificated employees are currently operating under a contract that expired on June 30, 2026, but a tentative agreement has been reached through June 30, 2027, The District has not experienced any recent work disputes with employees or any work-related disruptions.

Recent Enrollment Trends

The following table shows a recent history of enrollment for the District. The District operates as a "district of choice," meaning students outside District boundaries can apply for enrollment.

ANNUAL ENROLLMENT
Fiscal Years 2020-21 through 2026-27
El Nido Elementary School District

Fiscal Year	Student Enrollment	% Change
2020-21	157	--%
2021-22	153	(2.5)
2022-23	148	(3.3)
2023-24	152	2.7
2024-25	156	2.6
2025-26	158	1.3
2026-27[(1)]	158	0.0

(1) Budgeted.
Source: California Department of Education; El Nido Elementary School District.

FINANCIAL INFORMATION

Education Funding Generally

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

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

- A base grant for each local education agency per unit of average daily attendance ("**ADA**"), which varies with respect to different grade spans and are adjusted upward each year to reflect cost-of-living increases. In addition, grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in grades K-3 and the provision of career technical education in grades 9-12.

- A 20% supplemental grant for English learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.

- An additional concentration grant of up to 65% (which was increased from 50% as part of the State's trailer bill to the 2021-22 State Budget - Assembly Bill 130) of a local education agency's base grant, based on the number of English learners, students from low-income families and foster youth served by the local agency that comprise more than 55% of enrollment.

- An economic recovery target to ensure that almost every local education agency receives at least their pre-recession funding level, adjusted for inflation, at full implementation of the LCFF.

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

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

Funding levels used in the LCFF entitlement calculations for fiscal year 2026-27 are set forth in the following table.

Fiscal Year 2026-27 Base Grant Funding* Under LCFF by Grade Span

Entitlement Factor	TK-3	4-6	7-8	9-12
A. 2025-26 Base Grant per ADA	$10,256	$10,411	$10,719	$12,423
B. 2026-27 Statutory COLA (A x 2.87%)	$294	$299	$308	$357
C. Additional LCFF Investment of 1.44%	$148	$150	$154	$179
D. 2026-27 Base Grants before Grade Span Adjustments (A+B+C)	$10,698	$10,860	$11,181	$12,959
E. Grade Span Adjustments (TK-3: D x 10.4%; 9-12: D x 2.6%)	$1,113	n/a	n/a	$337
F. 2026-27 Adjusted Base Grants per ADA (D+E)	$11,811	$10,860	$11,181	$13,296

*Add-ons to the Base Grant, as may be applicable, are: (1) Supplemental Grant: For the supplemental grant funding entitlement, for each grade span, the calculation is the base grant or adjusted base grant per ADA, times total funded ADA, times Unduplicated Pupil Percentage, times 20%; (2) Concentration Grant: For the concentration grant funding entitlement, the calculation is the base grant or adjusted base grant per ADA, times total funded ADA, times portion of Unduplicated Pupil Percentage that exceeds 55%, times 65%; and (3) Transitional Kindergarten Add-On: For the TK add-on funding, the amount is the rate of $5,704 times the school district's current year TK ADA.

Source: California Department of Education.

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

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

District Accounting Practices

The accounting practices of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the California Education Code, is to be followed by all California school districts. District accounting is organized on the basis of funds, with each group consisting of a separate accounting entity. The major fund classification is the general fund which accounts for all financial resources not requiring a special fund placement. The District's fiscal year begins on July 1 and ends on June 30. For more information on the District's basis of accounting and fund accounting, see Note 1 of APPENDIX B to the Official Statement.

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

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

Financial Statements

General. The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. The District's June 30, 2025 audited financial statements were prepared Stephen Roatch Accountancy Corporation, Folsom, California and are attached to the Official Statement as APPENDIX B. Audited financial statements for the District for prior fiscal years are on file with the District and available for public inspection at the Office of Chief Business Official, El Nido Elementary School District, 161 East El Nido Road, El Nido, California, 95317; telephone: (209) 385-8420. The District has not requested, and the auditor has not provided, any review or update of such financial statements in connection with inclusion in this Official Statement.

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

GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Year 2020-21 through 2024-25 (Audited)
El Nido Elementary School District [(1)]

	Audited 2020-21	Audited 2021-22	Audited 2022-23	Audited 2023-24	Audited 2024-25
SOURCES					
LCFF Sources	$1,817,088	$1,998,542	$2,260,383	$2,376,888	$2,533,863
Federal Revenue	396,947	273,321	354,291	398,042	202,156
Other State Revenue	428,379	595,503	1,465,506	1,457,232	1,124,544
Other Local Revenue	34,890	(18,714)	58,263	186,278	349,879
Total Revenues	2,677,304	2,848,652	4,138,443	4,418,440	4,210,442
EXPENDITURES					
Instruction	1,485,611	1,462,645	1,806,468	1,998,883	2,251,633
Supervision and administration	138,803	227,706	252,861	333,344	140,977
Library, media and technology	7,729	3,018	3,418	14,865	11,735
School site administration	232,593	285,404	290,378	262,255	337,318
Home-to-school transportation	157,172	126,423	123,843	140,994	445,201
Food services	--	--	8,545	--	20,819
All other pupil services	31,567	37,388	48,753	52,390	59,507
Data processing services	10,135	7,436	8,181	11,648	12,669
General administration	268,160	312,930	333,223	375,383	403,463
Plant services	198,214	252,612	286,538	259,075	314,665
Facility acquisition, maintenance	--	--	129,281	15,704	187,922
Ancillary services	2,111	1,625	19,597	3,995	5,291
Other outgo	22,699	37,803	32,666	43,155	61,172
Debt service- principal	--	--	--	--	--
Debt service- interest and other	--	1,400	1,600	1,600	1,600
Total Expenditures	2,554,794	2,756,390	3,345,352	3,513,291	4,253,972
Excess of (Deficiency) of Revenues Over Expenditures	122,510	92,262	793,091	905,149	(43,530)
OTHER FINANCING SOURCES					
Operating Transfers In	--	--	--	--	--
Other sources (uses)	--	--	--	--	(108,000)
Operating Transfers Out	--	--	--	--	--
Total Other Financing Sources (uses)	--	--	--	--	(108,000)
Net Change in Fund Balance	122,510	92,262	793,091	905,149	(151,530)
Fund Balance, July 1	1,071,568	1,194,078	1,286,340	2,079,431	2,984,580
Fund Balance, June 30	$1,194,078	$1,286,340	$2,079,431	$2,984,580	$2,833,050

(1) Columns may not sum to totals due to rounding.
Source: El Nido Elementary School District Audit Reports.

District Budget and Interim Financial Reporting

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

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

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

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

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

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

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

District's Budget Approval/Disapproval and Certification History. During the past five years, each of the District's adopted budgets have been approved by the County Superintendent and the District has received positive certifications on all of its interim reports.

Copies of the District's budget, interim reports and certifications may be obtained upon request from the District Office at 161 East El Nido Road, El Nido, California, 95317; telephone: (209) 385-8420.

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

EL NIDO ELEMENTARY SCHOOL DISTRICT
Revenues, Expenditures, and Changes in General Fund Balance
Fiscal Year 2025-26 (Unaudited Actuals)
Fiscal Year 2026-27 (Adopted Budget)

Revenues	Unaudited Actuals 2025-26	Adopted Budget 2026-27
Total LCFF Sources	$2,648,832	$2,718,181
Federal Revenues	102,860	93,539
Other state revenues	1,120,413	987,234
Other local revenues	214,411	132,450
Total Revenues	4,086,515	3,931,404
Expenditures		
Certificated Salaries	1,286,586	1,165,101
Classified Salaries	700,905	658,796
Employee Benefits	788,500	796,924
Books and Supplies	477,988	370,329
Services and Other Operating Expenditures	869,664	748,656
Capital Outlay	146,877	--
Other Outgo (excluding transfers of indirect costs)	86,743	73,228
Other Outgo	(7,165)	(9,234)
Total Expenditures	4,350,097	3,803,800
Excess of Revenues Over/(Under) Expenditures	(263,582)	127,604
Other Financing Sources (Uses)		
Operating transfers in	--	--
Operating transfers out	--	--
Other sources	--	--
Contributions	--	--
Total Other Financing Sources (Uses)	--	--
Net change in fund balance	(263,582)	127,604
Fund Balance, July 1	2,829,363	2,565,781
Fund Balance, June 30 (1)	$2,565,781	$2,693,385

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

District Reserves. The District's ending fund balance is the accumulation of surpluses from prior years. This fund balance is used to meet the State's minimum required reserve of 5% of expenditures, plus any other allocation or reserve which might be approved as an expenditure by the District in the future.

Under State law, there are certain restrictions on the amounts that can be held in reserve by school districts under certain circumstances. This reserve cap requirement does not apply to small school districts (ADA of fewer than 2,501 students) or school districts funded as Basic Aid school districts. When applicable, the reserve cap requires that a school district's adopted or revised budget not contain a combined assigned or unassigned ending general fund balance of

more than 10% of those funds. The applicability of the reserve cap is based on the balance in the State's Public School System Stabilization Account and is triggered in any fiscal year in which when the balance is equal to or exceeds 3% of the combined total of general fund revenues appropriated for school districts. A county superintendent of schools may grant a school district under its jurisdiction an exemption from the requirements for up to two consecutive fiscal years within a three-year period, if the school district provides documentation indicating that extraordinary fiscal circumstances, including, but not limited to, multi-year infrastructure or technology projects, substantiate the need for a combined assigned or unassigned ending general fund balance that is in excess of the reserve cap. The reserve cap has been triggered for fiscal year 2026-27 but does not apply to small school districts, including the District.

Attendance - Revenue Limit and LCFF Funding

Funding Trends under LCFF. As described herein, prior to fiscal year 2013-14, school districts in California received 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 recent LCFF funding per ADA for the District for fiscal years 2020-21 through 2026-27 (budgeted).

EL NIDO ELEMENTARY SCHOOL DISTRICT
ADA and LCFF Funding
Fiscal Years 2020-21 through 2026-27

Fiscal Year	ADA	LCFF Funding Per ADA
2020-21	152	$11,981
2021-22	142	14,095
2022-23	139	16,252
2023-24	144	16,495
2024-25	153	16,557
2025-26[(1)]	155	17,089
2026-27[(2)]	153	17,766

(1) Unaudited actuals.
(2) Budgeted.
Source: California Department of Education; El Nido Elementary School District.

District's Unduplicated Student Count. Under LCFF, school districts are entitled to supplemental funding based on the unduplicated count of targeted students. The District's percentage of unduplicated students is approximately 97% for purposes of calculating supplemental and concentration grant funding under LCFF. Recent federal deportation efforts may pose a risk to school districts relying on revenue from the LCFF. With the exception of community supported districts, school districts rely heavily on student attendance and enrollment, including Supplemental and Concentration Grant add-ons for serving a high percentage of English language learner and low income students. If undocumented students, or students who have parents or caretakers that are undocumented or have been granted temporary status, face deportation, districts may experience a decrease in student enrollment or ADA. The District cannot predict potential changes to enrollment or attendance in response to such deportation efforts.

Revenue Sources

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

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

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

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

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

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

Since Donald Trump was sworn in as President in January 2025, the federal government has announced possible cuts to federal funding for educational agencies. In addition, President Trump has signed an executive order aimed at dismantling the federal Department of Education (the "**DOE**"), from which California school districts receive funding aimed at low-income and special needs students.

If reductions in funding, elimination of the DOE, or staff layoffs are upheld in whole or in part, the District cannot anticipate whether the amount of federal revenues in the District's general fund will be reduced, or the extent of any reduction, or whether any reduction would occur in the current or any future fiscal year. If federal revenues are delayed, rescinded, or withheld, the

District cannot predict whether such delay, rescission, or withdrawal will have a material effect on the finances or operations of the District.

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

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

For additional discussion of State aid to school districts, see "-Education Funding Generally."

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

District Retirement Systems

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

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

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

Assembly Bill 1469 was adopted as part of the State's fiscal year 2014-15 budget (**"AB 1469"**), aimed at fully funding the unfunded actuarial obligation of STRS with respect to service credited to member of STRS prior to July 1, 2014, within 32 years, by increasing contribution rates of members, K-14 school district employers, and the State. Under AB 1469, employer

contributions were proposed to steadily increase over seven years. However, several modifications to the schedule were undertaken in connection with State budgets. Contribution rates for the past several years are summarized in the following table:

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

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

Source: STRS.

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

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

STRS CONTRIBUTIONS
El Nido Elementary School District
Fiscal Years 2020-21 through 2026-27

Fiscal Year	Amount
2020-21	$130,810
2021-22	138,235
2022-23	172,486
2023-24	198,644
2024-25	360,815
2025-26(1)	349,298
2026-27(1)	341,838

(1) Unaudited actual.
(2) Budgeted.
Source: El Nido Elementary School District.

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

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

based on an actuarially determined employer rate, and employees make contributions which vary based on their date of hire.

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

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

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

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

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

PERS EMPLOYER CONTRIBUTIONS
El Nido Elementary School District
Fiscal Years 2020-21 through 2026-27

Fiscal Year	Amount
2020-21	$82,167
2021-22	85,383
2022-23	114,559
2023-24	134,671
2024-25	154,955
2025-26[1]	150,888
2026-27[2]	173,526

(1) Unaudited actual.
(2) Budgeted.
Source: El Nido Elementary School District.

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

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

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

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

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

Additional Information - STRS and PERS. Additional information regarding the District's retirement programs is available in Note 7 to the District's audited financial statements attached hereto as APPENDIX B. In addition, both STRS and PERS issue separate comprehensive financial reports that include financial statements and required supplemental information. Copies of such reports may be obtained from STRS and PERS, respectively, as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; and (ii) PERS, 400 Q Street, Sacramento, California 95811.

More information regarding STRS and PERS can also be obtained at their websites, www.calstrs.com and www.calpers.ca.gov, respectively. *The references to these Internet*

websites are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the District or the Purchaser for accuracy or completeness.

Other Post-Employment Retirement Benefits

In addition to the pensions described above, the District has a pay-as-you-go policy for post-retirement health care benefits to all employees who retire from the District on or after attaining age 55 with at least 20 years of service. These benefits are reimbursed to the District by the employee; therefore, there are no post-employment benefit obligations as of June 30, 2025.

Risk Management

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2024-25, the District participated in two joint powers agreements ("**JPAs**") with the Merced County School Insurance Group I, which provides workers' compensation for its member school districts and the Central Region School Insurance Group, which provides general liability insurance coverage to its member school districts. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

For more information regarding the District's risk management and membership in JPAs, see Notes 12 and 13 of Appendix B to the Official Statement.

Disclaimer Regarding Cyber Risks

The District, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the District may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. No assurance can be given that the District's current efforts to manage cyber threats and security will, in all cases, be successful.

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

Existing Debt Obligations

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

SUMMARY OF OUTSTANDING GENERAL OBLIGATION BONDS*
El Nido Elementary School District

Issue Date	Issue Name	Outstanding 11/01/2026
07/29/2020	Election of 2020, Series A (Measure P)	$1,525,000
07/29/2020	Election of 2020, Series A (Measure Q)	1,525,000
Total		$3,050,000

*Does not include the Bonds offered for sale in the Official Statement.
Source: The District; the Municipal Advisor.

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

Investment of District Funds

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

Effect of State Budget on Revenues

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

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

STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

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

State Funding of Education Generally

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

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

The State Budget Process

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

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

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

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

Resources Relating to State Budgets

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

- www.treasurer.ca.gov: The California State Treasurer internet home page, under the link to "Bond Finance" and sub-heading "-Public Finance Division", includes links to recent State official statements and various State financial documents which includes information regarding State budgets and finances.

- www.dof.ca.gov: The California Department of Finance's (the **"DOF"**) internet home page, under the link to "California Budget", includes the text of proposed and adopted State Budgets.

- www.lao.ca.gov: The LAO's internet home page includes a link to "-The Budget" which includes analyses and commentary on fiscal outlooks.

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

The 2026-27 State Budget

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

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

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

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

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

- *Managed Care Organization (MCO) Tax* – A renewal of the MCO Tax effective January 1, 2027, projected to raise $575 million in fiscal year 2026-27, growing to $2.3 billion in fiscal years 2027-28 and 2028-29, and $1.7 billion in fiscal year 2029-30, to support Medi-Cal and targeted provider rate increases.

- *Business Tax Credit Limitation* – An extension of temporary business tax credit limitation for an additional three years, which limits the amount by which carry-over business credits can reduce net tax liability. Beginning in 2030, the 2026-27 State Budget permanently limits the use of business tax credits to the greater of $5 million or 70% of the tax liability. This is projected to increase State general fund revenues by $1 billion in fiscal year 2026-27, $3.3 billion in fiscal year 2027-28, $4.7 billion in fiscal year 2028-29 and $4.2 billion in fiscal year 2029-30.

- *Prewritten Software Tax* – An extension of the existing sales tax on tangible prewritten software to electronically delivered prewritten software, projected to increase General Fund revenue by $450 million in fiscal year 2026-27 and $900 million annually thereafter.

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

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

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

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

calculation also requires an $8.3 billion maintenance factor payment in fiscal year 2024-25, fully retiring the Proposition 98 maintenance factor balance. The 2026-27 State Budget maintains a $3.9 billion settle-up amount in fiscal year 2025-26 to be repaid to TK-14 schools in the 2027 Budget Act if fiscal year 2025-26 revenues hold at current levels, and fully pays the $1.9 billion settle-up owed for fiscal year 2024-25.

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

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

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

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

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

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

Community Schools. The 2026-27 State Budget provides $1 billion ongoing Proposition 98 General Fund to expand the community schools model, plus $50 million for middle/high school redesign, $15 million and $13 million for State and regional transformational assistance centers, and $6 million for the Transforming Together behavioral health initiative. It also includes intent language to provide $20 million ongoing beginning in fiscal year 2030-31 for county offices of education coordination services.

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

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

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

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

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

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

Disclaimer Regarding State Budgets

The execution of State budgets may be affected by numerous factors, including but not limited to: (i) shifts in costs from the federal government to the State, (ii) national, State and international economic conditions, (iii) litigation risks, (iv) rising health care costs and/or other unfunded liabilities, such as pension or OPEB, and (v) numerous other factors, all or any of which could cause the revenue and spending projections included in such budgets to be unattainable. The District cannot predict the impact that the 2026-27 State Budget or subsequent State budgets, or future changes (if any) in the budget due to shifts in the economy or other factors, will have on its own finances and operations. However, the Bonds described herein are secured by *ad valorem* property taxes levied and collected on taxable property in the District, without limit as to rate or amount, and are not secured by a pledge of revenues of the District or its general fund.

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

Legal Challenges to State Funding of Education

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

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Principal of and interest on the Bonds are payable from the proceeds of an *ad valorem* tax levied by the County for the payment thereof. Articles XIIIA, XIIIB, XIIIC, and XIIID 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 XIIIA 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 XIIIA of the California Constitution

Basic Property Tax Levy. On June 6, 1978, California voters approved Proposition 13 ("**Proposition 13**"), which added Article XIIIA to the State Constitution ("**Article XIIIA**"). Article XIIIA limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) (as a result of an amendment to Article XIIIA approved by State voters on June 3, 1986) bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness, and (iii) (as a result of an amendment to Article XIIIA approved by State voters on November 7, 2000) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. The tax for the payment of the Bonds falls within the exception described in (iii) of the immediately preceding sentence. Article XIIIA 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 XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

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

Legislation Implementing Article XIIIA. Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the 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 XIIIA, when the assessor tried to "recapture" the tax value of the property by increasing its assessed value by 4% in a single year. The assessors in most California counties, including the County, use a similar methodology in raising the taxable values of property beyond 2% in a single year. The SBE has approved this methodology for increasing assessed values. On appeal, the Appellate Court held that the trial court erred in ruling that assessments are always limited to no more than 2% of the previous year's assessment. On May 10, 2004 a petition for review was filed with the California Supreme Court. The petition has been denied by the California Supreme Court. As a result of this litigation, the "recapture" provision described above may continue to be employed in determining the full cash value of property for property tax purposes.

Article XIIIB of the California Constitution

Article XIIIB ("**Article XIIIB**") 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 XIIIB, as amended.

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

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

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

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, 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 XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4.

On November 2, 2010, Proposition 26 was approved by State voters, which amended Article XIIIC to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit

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

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

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

Proposition 98

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

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

portions of the State budget, particularly if revenues decline in a year following an Article XIIIB 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 XIIIB and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and school funding priority and allocation.

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

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

Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIIIB are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of the schools' minimum funding level. 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 XIIIB spending limit. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the Legislature. Second, there are excluded any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the Legislature and the Governor, which expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

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

School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues (the "**first test**") or (2) the amount appropriated in the prior year adjusted

for changes in the cost of living (measured as in Article XIIIB by reference to *per capita* personal income) and enrollment (the "**second test**"). Under Proposition 111, schools will receive the greater of (1) the first test, (2) the second test, or (3) a third test, which will replace the second test in any year when growth in *per capita* State general fund revenues from the prior year is less than the annual growth in California per capita personal income (the "**third test**"). Under the third test, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and *per capita* State general fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test will become a "credit" to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

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

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

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amended the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature or

(iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Under Proposition 1A, beginning, in 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (i) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (ii) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amended the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

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

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

Proposition 30 and Proposition 55

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

The revenues generated from the temporary tax increases will be included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. See "Proposition 98" and "Proposition 111" above. From an accounting perspective, the revenues generated from the temporary tax increases will be deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the **"EPA"**). Pursuant to Proposition 30, funds in the EPA will be allocated quarterly, with 89% of such funds provided to school districts and 11% provided to community college districts. The funds will be distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than $200 per unit of ADA and no community college district will receive less than $100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that, the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing boards are prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

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

Proposition 2

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

In addition, for each fiscal year, Proposition 2 increases the maximum size of the BSA to 10% of estimated State general fund revenues. Such excess amounts are to be expended on State infrastructure, including deferred maintenance, in any fiscal year in which a required transfer to the BSA would result in an amount in excess of the 10% threshold. For the period from fiscal year 2015-16 through fiscal year 2029-30, Proposition 2 requires that half of any such transfer to the BSA (annual or supplemental), shall be appropriated to reduce certain State liabilities, including repaying State interfund borrowing, reimbursing local governments for State mandated services, making certain payments owed to K-14 school districts, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. After fiscal year

2029-30, the Governor and the Legislature are given discretion to apply up to half of any required transfer to the BSA to the reduction of such State liabilities and any amount not so applied shall be transferred to the BSA or applied to infrastructure, as set forth above.

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

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

Account unless the State is in a Test 1 year under Proposition 98 or in any year in which a maintenance factor is created.

Proposition 19

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

Proposition 2 (2024)

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

Proposition 2 (2024) includes $3.3 billion for the new construction of K-12 facilities and an additional $4 billion for the modernization of existing K-12 facilities, up to 10% of each allocated amount to be reserved for small school districts with an enrollment of fewer than 2,501 students. Of the $4 billion available in modernization funds, up to $115 million is available to be used for reducing lead levels in water at school facilities. Generally, K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. However, some school districts that have lower assessed property values and meet certain other socio-economic criteria will be required to pay as low as 45% and 35% of new construction costs and modernization costs, respectively. In addition, a total of $1.2 billion will be available for the modernization and new construction of charter school ($600 million) and technical education ($600 million) facilities. The State will award funds to career technical education and charter schools through an application process, and charter schools must be deemed financially sound before project approval. The District makes no guarantees that it will either pursue or qualify for Proposition 2 (2024) State facilities funding

Future Initiatives

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

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APPENDIX B

EL NIDO ELEMENTARY SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2024-25

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EL NIDO ELEMENTARY SCHOOL DISTRICT
COUNTY OF MERCED
EL NIDO, CALIFORNIA

AUDIT REPORT

JUNE 30, 2025

EL NIDO ELEMENTARY SCHOOL DISTRICT

JUNE 30, 2025

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FINANCIAL SECTION

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
El Nido Elementary School District
El Nido, California

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the 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 El Nido Elementary School District, as of June 30, 2025, 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 and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of El Nido Elementary School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

P.O. Box 2196 / Folsom, CA 95763 / Phone (916) 966-3883 / Fax (916) 966-3815

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of the proportionate share of the net pension liabilities, and schedules of 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the El Nido Elementary School District's basic financial statements. The accompanying combining nonmajor fund financial statements, reconciliation of annual financial and budget report with audited financial statements and supporting schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, reconciliation of annual financial and budget report with audited financial statements, and supporting schedules 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 annual report. The other information comprises the organization/board of trustees/administration 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 December 11, 2025 , on our consideration of the El Nido Elementary School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the El Nido Elementary School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standard*s in considering El Nido Elementary School District's internal control over financial reporting and compliance.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 11, 2025

EL NIDO ELEMENTARY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(PREPARED BY DISTRICT MANAGEMENT)

This section of El Nido Elementary School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2025. Please read it in conjunction with the Independent Auditor's Report presented on pages 1 through 3, and the District's financial statements, which immediately follow this section.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities, presented on pages 14 and 15, provides information about the activities of the District as a whole and presents a longer-term view of the District's finances. The fund financial statements for governmental activities, presented on pages 16 through 19, provide information about how District services were financed in the short-term, and how much remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

FINANCIAL HIGHLIGHTS

- The District's overall financial status improved during the course of the year as net position increased 22.4%.
- On the Statement of Activities, total current year revenues exceeded total current year expenses by $792,132.
- Capital assets, net of depreciation, increased $403,549, due to the current year addition of new capital assets and improvements valued at $547,630, and the current year recognition of $144,081 of depreciation expense.
- Total long-term liabilities decreased $46,472 due primarily to the current year decrease in the CalSTRS net pension liability.
- The District's P-2 Average Daily Attendance (ADA) increased from 144 ADA in 2023-24, up to 153 ADA in 2024-25, an increase of 6.3%.
- During fiscal year 2024-25, the District's General Fund incurred an operating deficit of $151,530, but reported a $55,921 increase in available reserves, due to the current year reduction of restricted program carryover balances.
- The District maintains sufficient reserves for a district its size. It meets the state required minimum reserve for economic uncertainty of 5% of General Fund expenditures, transfers out, and other uses (total outgo). During fiscal year 2024-25, General Fund total outgo totaled $4,361,972. At June 30, 2025, the District had available reserves of $305,338, which represents a reserve of 7%.

THE FINANCIAL REPORT

The full annual financial report consists of three separate parts, including the basic financial statements, supplementary information, and management's discussion and analysis. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives, government-wide and funds.

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.

- Individual parts of the District, which are reported as fund financial statements comprise the remaining statements.

    - Basic services funding is described in the governmental funds statements. These statements include short-term financing and identify the balance remaining for future spending.

Notes to the financials, which are included in the financial statements, provide more detailed data, and explain some of the information in the statements. The required supplementary information provides further explanations and provides additional support for the financial statements. A comparison of the District's budget for the year is included.

Reporting the District as a Whole

The District as a whole is reported in the government-wide statements and uses accounting methods similar to those used by companies in the private sector. All of the District's assets and liabilities are included in the Statement of Net Position. The Statement of Activities reports all of the current year's revenues and expenses regardless of when cash is received or paid.

The District's financial health (net position) can be measured by the difference between the District's assets and liabilities.

- Increases or decreases in the net position of the District over time are indicators of whether its financial position is improving or deteriorating, respectively.

- Additional non-financial factors such as the condition of school buildings and other facilities, and changes in the property tax base of the District need to be considered in assessing the overall health of the District.

In the Statement of Net Position and the Statement of Activities, all amounts presented represent *Governmental Activities,* since the District does not provide any services that should be categorized as *Business-type Activities*.

The District's fund-based financial statements provide detailed information about the District's most significant funds.

THE FINANCIAL REPORT (CONCLUDED)

Reporting the District's Most Significant Funds

Governmental Funds:

The major governmental funds of El Nido Elementary School District are the General Fund and Building Fund. Governmental fund reporting focuses on how money flows into and out of the funds and the balances that remain at the end of the year. A modified accrual basis of accounting 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 operations and services. Governmental fund information helps to determine the level of financial resources available in the near future to finance the District's programs.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

During fiscal year 2024-25, the District's overall net position increased 22.4%, up to $4,321,114.

Comparative Statement of Net Position

	Governmental Activities	
	2024	2025
Assets		
Deposits and Investments	$ 6,744,677	$ 6,699,456
Receivables	295,756	406,860
Capital Assets, net	1,614,356	2,017,905
Total Assets	8,654,789	9,124,221
Deferred Outflows of Resources		
Pension Deferrals	644,669	875,420
Liabilities		
Current	513,708	452,574
Long-term	5,090,879	5,044,407
Total Liabilities	5,604,587	5,496,981
Deferred Inflows of Resources		
Pension Deferrals	165,889	181,546
Net Position		
Net Investment in Capital Assets	1,446,173	2,009,676
Restricted	2,213,674	1,929,370
Unrestricted (Deficit)	(130,865)	382,068
Total Net Position	$ 3,528,982	$ 4,321,114

Table includes financial data of the combined governmental funds

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

The District's total current year revenues exceeded total current year expenses by $792,132.

Comparative Statement of Changes in Net Position

	Governmental Activities	
	2024	2025
Program Revenues		
Charges for Services	$ 8,534	$ 7,664
Operating Grants & Contributions	2,068,427	1,548,294
General Revenues		
Taxes Levied	1,225,157	1,281,588
Federal & State Aid	1,340,829	1,409,400
Interest & Investment Earnings	303,742	363,996
Miscellaneous	36,877	178,032
Total Revenues	4,983,566	4,788,974
Expenses		
Instruction	2,007,907	2,200,167
Instruction-Related Services	613,939	406,957
Pupil Services	394,891	449,449
General Administration	394,231	424,161
Plant Services	295,788	328,131
Ancillary Services	5,002	5,943
Interest on Long-Term Debt	119,746	119,262
Other Outgo	44,755	62,772
Total Expenses	3,876,259	3,996,842
Changes in Net Position	$ 1,107,307	$ 792,132

Table includes financial data of the combined governmental funds

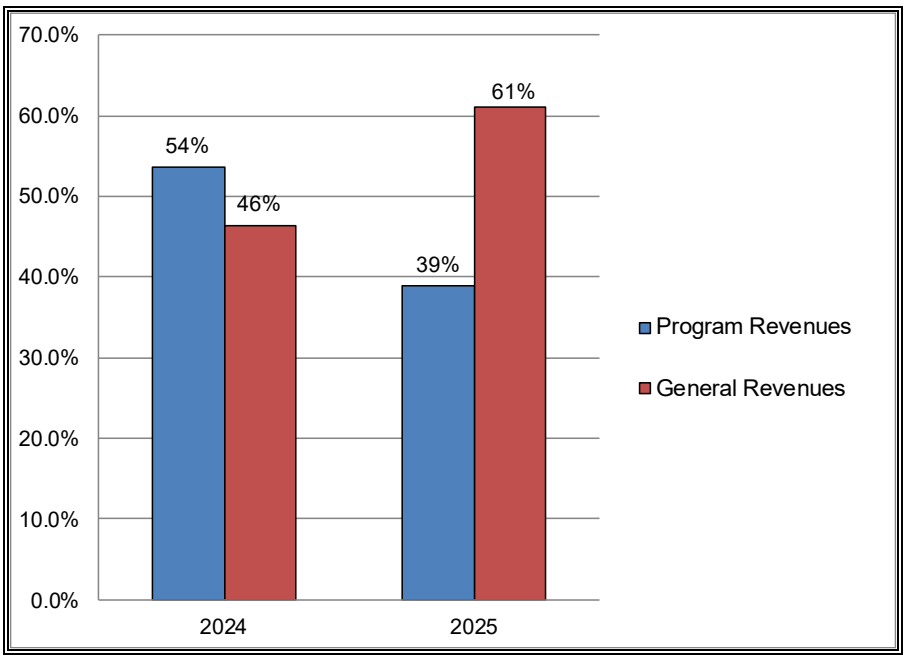
FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

Comparative Schedule of Costs of Services

	Total Cost of Services		Net Cost (Revenue) of Services	
	2024	2025	2024	2025
Instruction	$ 2,007,907	$ 2,200,167	$ 1,086,193	$ 1,442,598
Instruction-Related Services	613,939	406,957	144,287	168,244
Pupil Services	394,891	449,449	135,976	87,356
General Administration	394,231	424,161	261,755	316,609
Plant Services	295,788	328,131	8,274	245,998
Interest on Long-Term Debt	119,746	119,262	119,746	119,262
Other Expenses	49,757	68,715	43,067	60,817
Totals	$ 3,876,259	$ 3,996,842	$ 1,799,298	$ 2,440,884

Table includes financial data of the combined governmental funds

The table above presents the cost of major District activities. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The $2,440,884, net cost represents the financial burden that was placed on the District's general revenues for providing the services listed.



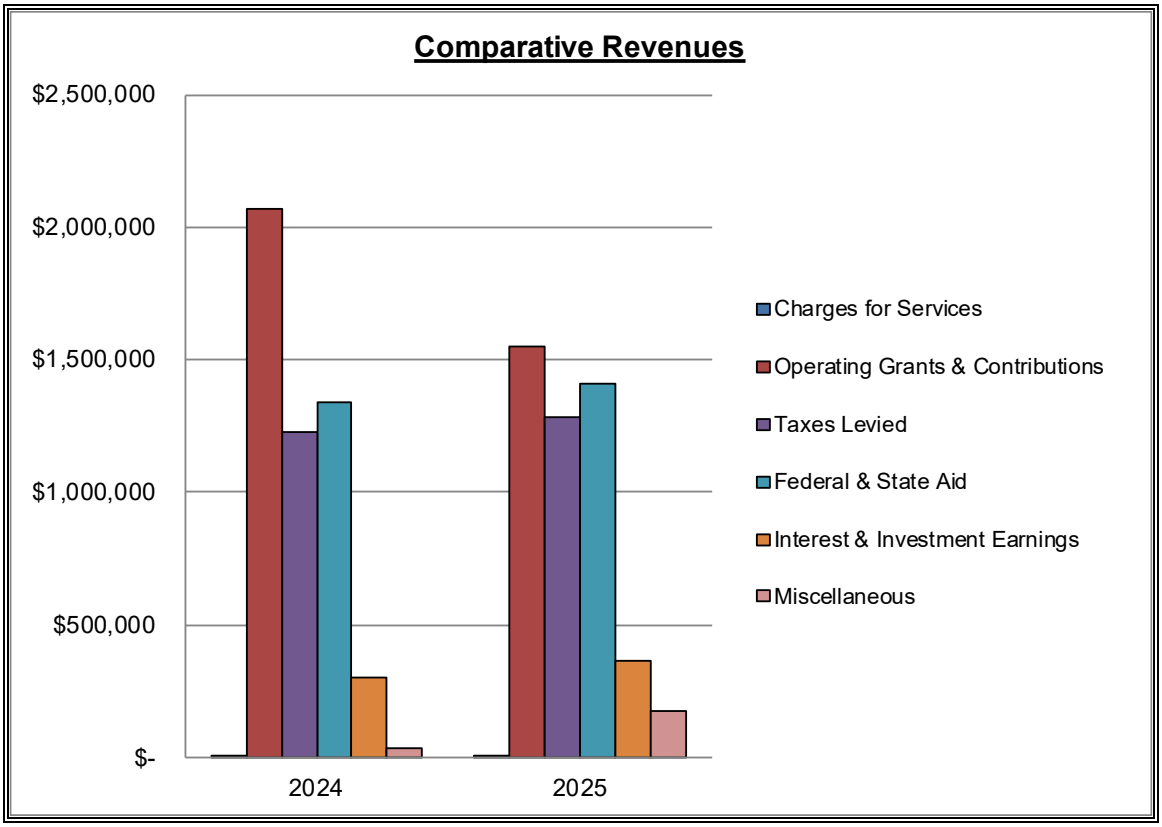
During fiscal year 2024-25, program revenues financed 39% of the total cost of providing the services above, while the remaining 61% was financed by the general revenues of the District.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

Summary of Revenues For Governmental Functions

	FYE 2024 Amount	Percent of Total	FYE 2025 Amount	Percent of Total
Program Revenues				
Charges for Services	$ 8,534	0.17%	$ 7,664	0.16%
Operating Grants & Contributions	2,068,427	41.50%	1,548,294	32.33%
General Revenues				
Taxes Levied	1,225,157	24.58%	1,281,588	26.76%
Federal & State Aid	1,340,829	26.91%	1,409,400	29.43%
Interest & Investment Earnings	303,742	6.09%	363,996	7.60%
Miscellaneous	36,877	0.74%	178,032	3.72%
Total Revenues	$ 4,983,566	100.00%	$ 4,788,974	100.00%

Table includes financial data of the combined governmental funds

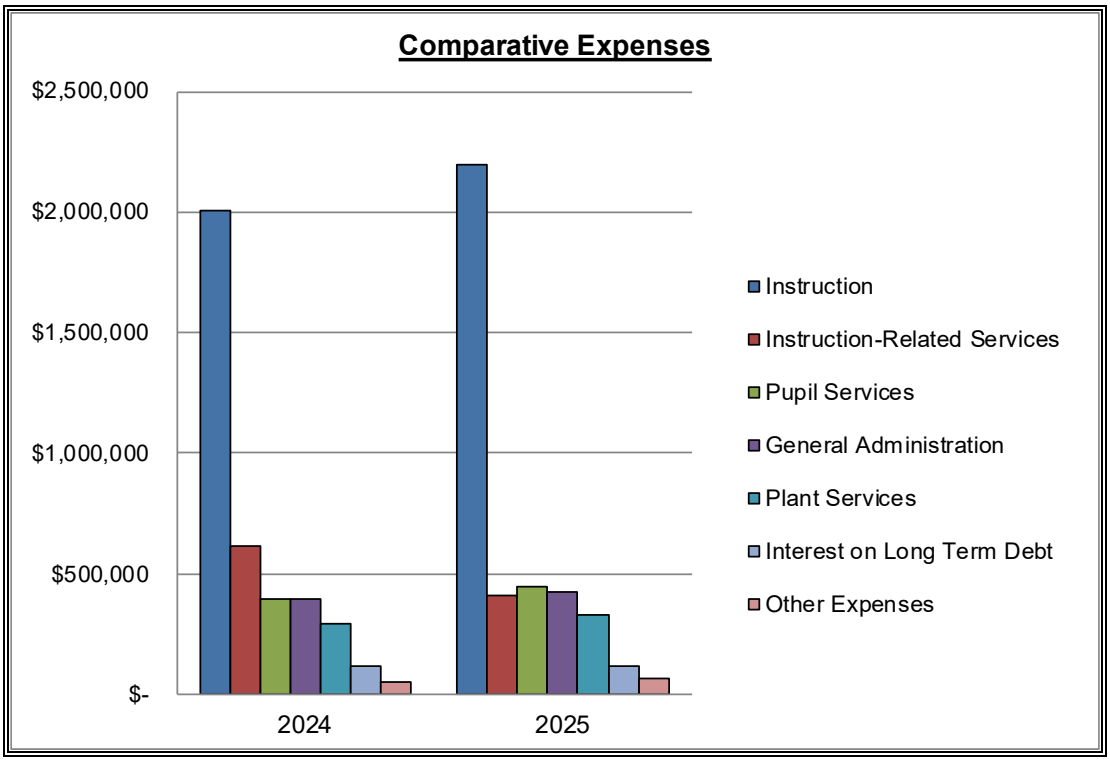


FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

Summary of Expenses For Governmental Functions

	FYE 2024 Amount	Percent of Total	FYE 2025 Amount	Percent of Total
Expenses				
Instruction	$ 2,007,907	51.80%	$ 2,200,167	55.05%
Instruction-Related Services	613,939	15.84%	406,957	10.18%
Pupil Services	394,891	10.19%	449,449	11.25%
General Administration	394,231	10.17%	424,161	10.61%
Plant Services	295,788	7.63%	328,131	8.21%
Interest on Long-Term Debt	119,746	3.09%	119,262	2.98%
Other Expenses	49,757	1.28%	68,715	1.72%
Total Expenses	$ 3,876,259	100.00%	$ 3,996,842	100.00%

Table includes financial data of the combined governmental funds



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONCLUDED)

Comparative Schedule of Capital Assets

	Governmental Activities	
	2024	2025
Land	$ 34,185	$ 34,185
Construction-in-Progress	702,351	764,984
Sites and Improvements	1,384,328	1,412,833
Buildings and Improvements	1,326,138	1,326,138
Furniture and Equipment	888,412	1,339,704
Subtotals	4,335,414	4,877,844
Less: Accumulated Depreciation	(2,721,058)	(2,859,939)
Capital Assets, net	$ 1,614,356	$ 2,017,905

Capital assets, net of depreciation, increased $403,549, due to the current year addition of new capital assets and improvements valued at $547,630, and the current year recognition of $144,081 of depreciation expense.

Comparative Schedule of Long-Term Liabilities

	Governmental Activities	
	2024	2025
General Obligation Bonds	$ 3,050,000	$ 3,050,000
Bond Premiums	70,716	68,005
Net Pension Liability - CalSTRS	1,078,377	1,026,030
Net Pension Liability - CalPERS	894,497	903,083
Totals	$ 5,093,590	$ 5,047,118

The general obligation bonds are financed by the local taxpayers and represent approximately 60% of the District's total long-term liabilities. The District has satisfied all of its debt service requirements for its bonded debt and continues to maintain an excellent credit rating on all of its debt issues. The notes to the financial statements are an integral part of the financial presentation and contain more detailed information as to interest, principal, retirement amounts, and future debt retirement dates.

FINANCIAL ANALYSIS OF DISTRICT'S FUNDS

Comparative Schedule of Fund Balances

	Fund Balances June 30, 2024	Fund Balances June 30, 2025	Increase (Decrease)
General	$ 2,984,580	$ 2,833,050	$ (151,530)
Building	2,952,533	3,109,776	157,243
Cafeteria	217,042	246,587	29,545
Student Activity	5,519	5,361	(158)
Bond Interest & Redemption	123,218	126,908	3,690
Capital Facilities	86,405	86,847	442
Capital Projects - Special Reserve	210,414	298,139	87,725
Totals	$ 6,579,711	$ 6,706,668	$ 126,957

During fiscal year 2024-25, the fund balance of the General Fund decreased $151,530, while the combined fund balances of all other District governmental funds increased $278,487.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. Over the course of the year, the District revises its budget based on updated financial information. The original budget, approved at the end of June for July 1, is based on May Revise figures, and updated 45 days after the State approves its final budget. In addition, the District revises its budget at First and Second Interim.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

On July 29, 2020, the District issued $3.4 million of Election of 2020, Series A General Obligation Bonds that were authorized by Measures P & Q, which were both approved on March 3, 2020, which have remained largely unspent. As a result, the District expects to be actively involved in construction activities during fiscal year 2025-26 and future years.

The 2025-26 May Revision to California's state budget, released by Governor Gavin Newsom in May 2025, maintains funding for key K-12 education programs despite a $12 billion shortfall in state revenues. The revised budget proposes $114.6 billion in minimum funding for TK-12 and community colleges under Proposition 98, down from $118.9 billion in 2024-25, but ensures schools receive a 2.3% cost-of-living adjustment (COLA) and no overall cuts to their base funding. To manage the shortfall, the state intends to draw $540 million from the Proposition 98 rainy day fund and defer $1.8 billion in school payments from June to July 2026. The state also projects that it will be facing increasingly large annual deficits over the next five years. These operating deficits represent budget problems the Legislature would need to address in the coming years, either by reducing spending, increasing revenues, continuing to shift costs, or drawing down its reserves even further, which will likely result in less funding for local educational agencies.

Accordingly, based on the above factors and projections, the District's budget should continue to be managed with a great degree of conservatism over the next few years. The District has an excellent track record in meeting this challenge in what has proven to be a cycle of lean years and prosperous years for education finances.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, 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 regarding this report or need additional financial information, you may contact the Superintendent at El Nido Elementary School District, 161 East El Nido Rd., El Nido, California 95317-9762.

EL NIDO ELEMENTARY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
Assets	
Current Assets:	
Deposits and Investments (Note 2)	$ 6,699,456
Receivables (Note 3)	406,860
Non-Current Assets:	
Capital Assets, Not Depreciated (Note 5)	799,169
Capital Assets, Net	1,218,736
Total Assets	9,124,221
Deferred Outflows of Resources	
Pension Deferrals (Note 7)	875,420
Total Deferred Outflows of Resources	875,420
Liabilities	
Current Liabilities:	
Accounts Payable and Other Current Liabilities	376,284
Accrued Interest Payable	50,215
Unearned Revenue (Note 1H)	23,364
Long-Term Liabilities:	
Portion Due or Payable Within One Year:	
Bond Premium	2,711
Portion Due or Payable After One Year:	
General Obligation Bonds (Note 6)	
Current Interest	3,050,000
Bond Premium	65,294
Net Pension Liabilities (Note 7)	1,929,113
Total Liabilities	5,496,981
Deferred Inflows of Resources	
Pension Deferrals (Note 7)	181,546
Total Deferred Inflows of Resources	181,546
Net Position	
Net Investment in Capital Assets	2,009,676
Restricted:	
For Capital Projects	86,847
For Debt Service	76,693
For Educational Programs	1,513,382
For Other Purposes	252,448
Unrestricted	382,068
Total Net Position	$ 4,321,114

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

EL NIDO ELEMENTARY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities					
Instruction	$ 2,200,167		$ 757,569		$ (1,442,598)
Instruction-Related Services:					
Supervision of Instruction	67,785		168,186		100,401
Instructional Library and Technology	12,196				(12,196)
School Site Administration	326,976		70,527		(256,449)
Pupil Services:					
Home-to-School Transportation	150,115		85,422		(64,693)
Food Services	238,458	$ 7,664	249,920		19,126
Other Pupil Services	60,876		19,087		(41,789)
General Administration:					
Data Processing Services	13,167		581		(12,586)
Other General Administration	410,994		106,971		(304,023)
Plant Services	328,131		82,133		(245,998)
Ancillary Services	5,943		2,399		(3,544)
Interest on Long-Term Debt	119,262				(119,262)
Other Outgo	62,772		5,499		(57,273)
Total Governmental Activities	$ 3,996,842	$ 7,664	$ 1,548,294	$ 0	(2,440,884)
General Revenues					
Taxes Levied for General Purposes					1,161,451
Taxes Levied for Debt Service					120,137
Federal and State Aid - Unrestricted					1,409,400
Interest and Investment Earnings					363,996
Miscellaneous					178,032
Total General Revenues					3,233,016
Change in Net Position					792,132
Net Position - July 1, 2024					3,528,982
Net Position - June 30, 2025					$ 4,321,114

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

EL NIDO ELEMENTARY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General	Building	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Deposits and Investments (Note 2)	$ 2,967,902	$ 3,109,776	$ 621,778	$ 6,699,456
Receivables (Note 3)	364,030		42,830	406,860
Due from Other Funds (Note 4)	6,393		110,450	116,843
Total Assets	$ 3,338,325	$ 3,109,776	$ 775,058	$ 7,223,159
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	$ 371,461		$ 4,823	$ 376,284
Due to Other Funds (Note 4)	110,450		6,393	116,843
Unearned Revenue (Note 1H)	23,364			23,364
Total Liabilities	505,275		11,216	516,491
Fund Balances: (Note 10)				
Nonspendable	500			500
Restricted	1,513,382	$ 3,109,776	465,703	5,088,861
Assigned	1,013,830		298,139	1,311,969
Unassigned	305,338			305,338
Total Fund Balances	2,833,050	3,109,776	763,842	6,706,668
Total Liabilities and Fund Balances	$ 3,338,325	$ 3,109,776	$ 775,058	$ 7,223,159

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

EL NIDO ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Total Fund Balances - Governmental Funds		$ 6,706,668
Amounts reported for governmental activities in the statement of net position are different from amounts reported in governmental funds due to the following:		
Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation. Capital assets and accumulated depreciation are:		
Capital Assets	$ 4,877,844	
Accumulated Depreciation	(2,859,939)	
Net		2,017,905
Deferred outflows and inflows of resources relating to pensions: In the governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported. Net deferred outflows and inflows are:		693,874
Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities reported at the end of the period are:		
General Obligation Bonds		
Current Interest	$ 3,050,000	
Bond Premium	68,005	
Net Pension Liability - CalSTRS	1,026,030	
Net Pension Liability - CalPERS	903,083	
Total		(5,047,118)
Unmatured interest on long-term debt: In governmental funds, interest is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owed at the end of the period was:		(50,215)
Total Net Position - Governmental Activities		$ 4,321,114

EL NIDO ELEMENTARY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	General	Building	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
LCFF Sources:				
State Apportionment / Transfers	$ 1,372,412			$ 1,372,412
Local Taxes	1,161,451			1,161,451
Total LCFF Sources	2,533,863			2,533,863
Federal Revenue	202,156		$ 197,156	399,312
State Revenue	1,124,544		50,808	1,175,352
Local Revenue	349,879	$ 169,347	161,221	680,447
Total Revenues	4,210,442	169,347	409,185	4,788,974
Expenditures				
Current:				
Instruction	2,251,633			2,251,633
Supervision of Instruction	140,977			140,977
Instructional Library and Technology	11,735			11,735
School Site Administration	337,318			337,318
Home-To-School Transportation	445,201			445,201
Food Services	20,819		228,757	249,576
Other Pupil Services	59,507			59,507
Data Processing Services	12,669			12,669
Other General Administration	403,463		6,393	409,856
Plant Services	314,665		5,483	320,148
Facilities Acquisition and Construction	187,922	12,104	32,623	232,649
Ancillary Services	5,291		652	5,943
Other Outgo	61,172			61,172
Debt Service: Interest and Issuance Costs	1,600		122,033	123,633
Total Expenditures	4,253,972	12,104	395,941	4,662,017
Excess of Revenues Over (Under) Expenditures	(43,530)	157,243	13,244	126,957
Other Financing Sources (Uses)				
Operating Transfers In			108,000	108,000
Operating Transfers Out	(108,000)			(108,000)
Total Other Financing Sources (Uses)	(108,000)	0	108,000	0
Net Change in Fund Balances	(151,530)	157,243	121,244	126,957
Fund Balances - July 1, 2024	2,984,580	2,952,533	642,598	6,579,711
Fund Balances - June 30, 2025	$ 2,833,050	$ 3,109,776	$ 763,842	$ 6,706,668

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

EL NIDO ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Net Change in Fund Balances - Governmental Funds		$ 126,957
Amounts reported for governmental activities in the statement of activities are different due to the following:		
Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. The amount that capital outlays exceeded depreciation expense was:		
Capital Outlays	$ 547,630	
Depreciation Expense	(144,081)	
Net		403,549
Bond premiums are recognized as Other Financing Sources in the period they are received in governmental funds. In the government-wide statements, premiums are amortized over the life of the debt. Premiums received during the period net of premiums amortized for the period are:		2,711
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. Accrued interest on long-term liabilities decreased by:		60
Pension liabilities: In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pensions costs are recognized on the accrual-basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:		258,855
Change in Net Position of Governmental Activities		$ 792,132

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The El Nido Elementary School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a five-member Board of Trustees elected by registered voters of the District, which comprises an area in Merced County. The District was established in 1911 and serves students in kindergarten through grade eight.

The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

The District has reviewed criteria to determine whether other entities with activities that benefit the District should be included within its financial reporting entity under Governmental Accounting Standards Board (GASB) Statement No. 61 (GASB 61), *The Financial Reporting Entity: Omnibus*. The criteria include, but are not limited to, whether the entity exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters), the scope of public service, and a special financing relationship. The District has determined that there are no organizations with financial activities that benefit the District, which should be included within its financial reporting entity under GASB 61.

The District has also reviewed criteria to determine whether other organizations, for which the District is not financially accountable, should be reported within its financial reporting entity, based on the nature and significance of its relationship with the District, under GASB Statement No. 39 (GASB 39), *Determining Whether Certain Organizations are Component Units*. In order for an organization to be classified as a component unit, all of the GASB 39 criteria must be met, as follows:

- The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the primary government or its component units.
- The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization.
- The economic resources received or held by the organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The District has determined that there are no organizations, for which the District is not financially accountable, which should be reported within its financial reporting entity under GASB 39.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the District. Eliminations have been made to remove the double-counting of internal activities.

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

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

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column.

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

C. Basis of Accounting

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Concluded)

Revenues - Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. Under the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Available” means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, “available” means collectible within the current period or within 45, 60, 90 days after year-end, depending on the revenue source. However, to achieve comparability of reporting among California Districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state apportionments, the California Department of Education has defined available as collectible within one year.

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

Unearned Revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as unearned revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as unearned revenue.

Expenses/Expenditures:

On an accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting

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

General Fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Funds - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Funds - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The District's accounts are organized into major and non-major funds as follows:

Major Governmental Funds:

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

Building Fund is used to account for the acquisition and/or construction of major capital facilities and buildings financed from the sale of general obligation bonds.

Non-major Governmental Funds:

Cafeteria Fund is used to account for revenues received and expenditures made to operate the District's cafeteria program.

Student Activity Fund is used to account for the raising and expending of money to promote the general welfare, and educational experience of the student body.

Bond Interest and Redemption Fund is used to account for District taxes received and expended to pay bond interest and redeem bond principal and related costs.

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

Capital Projects - Special Reserve Fund is used to set aside funding for special projects as determined by the governing board of the District.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets and Budgetary Accounting

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

These budgets are revised by the District's Governing Board and Superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets are presented for the General Fund as required supplementary information on page 49.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Encumbrances

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

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity

1. Deposits and Investments

The District is authorized to maintain cash in banks and revolving funds that are insured at $250,000 by the Federal Depository Insurance Corporation (FDIC).

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

1. Deposits and Investments (Concluded)

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.

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.

2. Capital Assets

Capital assets purchased or acquired with an original cost of $5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives:

Asset Class	Years
Sites and Improvements	20
Buildings and Improvements	20-50
Furniture and Equipment	5-20

3. Deferred Outflows / Inflows of Resources

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

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

4. Unearned Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent that cash received on specific projects and programs exceeds qualified expenditures, when applicable.

5. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS), and additions to/deductions from the CalSTRS' and CalPERS' 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. Investments are reported at fair value.

6. Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as long-term liabilities in the Statement of Net Position. In fund financial statements, the face amount of the obligation is reported as other financing sources in the year of issuance.

7. Fund Balances

Governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The allowable classifications used in the governmental fund financial statements are as follows:

Nonspendable Fund Balance consists of funds that cannot be spent due to their form (e.g. inventories) or funds that legally or contractually must be maintained intact.

Restricted Fund Balance consists of funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance consists of funds that are set aside for a specific purpose by the District's highest level of decision-making authority (Governing Board). Formal action must be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

7. Fund Balances (Concluded)

Assigned Fund Balance consists of funds that are set aside with the intent to be used for a specific purpose by the District's highest level of decision-making authority or a body or official that has been given the authority to assign funds. In accordance with board resolution, the Superintendent has been given this authority.

Unassigned Fund Balance consists of excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. In accordance with board resolution, the District intends to maintain a Reserve for Economic Uncertainties equal to no less than two (2) months of General Fund operating expenditures, or 5% of the General Fund's annual total expenditures and other financing uses. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

The District considers restricted fund balances to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the District considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

8. Local Control Funding Formula (LCFF) / Property Tax

The formula for determining the level of funding per student is the "Local Control Funding Formula" (LCFF). District funding under the LCFF is generally provided by a mix of State aid and local property taxes.

The County of Merced is responsible for assessing, collecting, and apportioning property taxes to the District. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding January 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (January 1) and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternative method of distribution prescribed by Section 4705 of the California *Revenue and Taxation Code.* This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll, approximately October 1 of each year.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Concluded)

8. Local Control Funding Formula (LCFF)/Property Tax (Concluded)

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local LCFF sources by the District. The California Department of Education reduces the District's LCFF entitlement by the District's local property tax revenue. Any balance remaining is paid from the State General Fund and is known as LCFF State Aid.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2025, were as follows:

Cash on Hand and in Banks	$	5,361
Cash in Revolving Funds		500
County Pool Investments		6,693,595
Total	$	6,699,456

Cash on Hand and in Banks

Cash on hand and in banks consists of all cash held by the District and all cash maintained in commercial bank accounts owned by the District, exclusive of amounts held in revolving funds.

Cash in Revolving Fund

Cash in revolving fund consists of all cash maintained in a commercial bank account that is used as revolving funds.

County Pool Investments

County pool investments consist of District cash held by the Merced County Treasury that is invested in the county investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts that are 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.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

General Authorization

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

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term 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 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County investment pool.

Weighted Average Maturity

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

Investment Type	Carrying Value	Fair Value	Weighted Average Days to Maturity
County Pool Investments	$ 6,693,595	$ 6,693,595	663

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk

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

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 Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2025, the District's bank balance was not exposed to custodial credit risk.

Fair Value Measurements

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

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

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specific term, a Level 2 input is required to be observable for substantially the full term of the asset.

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

NOTE 2 - DEPOSITS AND INVESTMENTS (CONCLUDED)

Fair Value Measurements (Concluded)

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

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

Investment Type	Fair Value	Uncategorized
County Pool Investment	$ 6,693,595	$ 6,693,595

All assets have been valued using a market approach, with quoted market prices.

NOTE 3 - RECEIVABLES

Receivables at June 30, 2025 consist of the following:

	General Fund	Non-Major Governmental Funds	Totals
Federal Government	$ 62,576	$ 34,114	$ 96,690
State Government	283,934	8,716	292,650
Miscellaneous	17,520		17,520
Totals	$ 364,030	$ 42,830	$ 406,860

NOTE 4 - INTERFUND ACTIVITIES

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers.

A. Due From / Due to Other Funds

Individual fund interfund receivable and payable balances at June 30, 2025, are as follows:

Funds	Interfund Receivables	Interfund Payables
General	$ 6,393	$ 110,450
Cafeteria	2,450	6,393
Capital Project - Special Reserve	108,000	
Totals	$ 116,843	$ 116,843

All interfund receivables and payables are scheduled to be paid within one year.

NOTE 4 - INTERFUND ACTIVITIES (CONCLUDED)

B. Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. Interfund transfers for fiscal year 2024-25 were as follows:

Funds	Interfund Transfers In	Interfund Transfers Out
General		$ 108,000
Capital Projects - Special Reserves	$ 108,000	
Totals	$ 108,000	$ 108,000

Transfer of $108,000 from General Fund to the Capital Projects - Special Reserve Fund to provide funding for the roofing project.

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2025, is shown below:

	Balances June 30, 2024	Additions	Deletions	Balances June 30, 2025
Capital Assets Not Being Depreciated:				
Land	$ 34,185			$ 34,185
Construction-in-Progress	702,351	$ 62,633		764,984
Total Capital Assets Not Being Depreciated	736,536	62,633	$ 0	799,169
Capital Assets Being Depreciated:				
Sites and Improvements	1,384,328	28,505		1,412,833
Buildings and Improvements	1,326,138			1,326,138
Furniture and Equipment	888,412	456,492	5,200	1,339,704
Total Capital Assets Being Depreciated	3,598,878	484,997	5,200	4,078,675
Less Accumulated Depreciation:				
Sites and Improvements	972,613	47,434		1,020,047
Buildings and Improvements	1,162,359	16,903		1,179,262
Furniture and Equipment	586,086	79,744	5,200	660,630
Total Accumulated Depreciation	2,721,058	144,081	5,200	2,859,939
Total Capital Assets Being Depreciated, Net	877,820	340,916	0	1,218,736
Governmental Activities Capital Assets, Net	$ 1,614,356	$ 403,549	$ 0	$ 2,017,905

Depreciation expense was charged to governmental activities as follows:

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION(CONCLUDED)

Instruction	$ 82,708
Instruction-Related Services	15,394
Pupil Services	17,002
General Administration	16,045
Plant Services	12,932
Total	$ 144,081

NOTE 6 - GENERAL OBLIGATION BONDS

On March 3, 2020, more than 55% of voters approved “Measure P”, which authorizes the District to issue $3.4 million of bonds to finance the construction of a multi-purpose room and gym for school and community use. On July 29, 2020, the District issued $1.7 million of Election of 2020, Series A General Obligation Bonds that were authorized by Measure P, with interest rates ranging from 3.0% to 4.0%.

On March 3, 2020, more than 55% of voters approved “Measure Q”, which authorizes the District to issue $3.4 million of bonds to finance the modernization and construction of school facilities, classrooms, and restrooms. On July 29, 2020, the District issued $1.7 million of Election of 2020, Series A General Obligation Bonds that were authorized by Measure Q, with interest rates ranging from 3.0% to 4.0%.

The general obligation bonds are secured by the full faith and credit of the District. Merced County is obligated to annually levy and collect ad valorem taxes upon all property within the District subject to taxation for the payment of interest and principal of the bonds. The outstanding general obligation debt, excluding $68,005 of unamortized premiums, as of June 30, 2025, is as follows:

Date of Issue	Interest Rate %	Date of Maturity	Amount of Original Issue	Outstanding June 30, 2024	Redeemed Current Year	Outstanding June 30, 2025
7/29/21	3.00-4.00	8/1/50	$ 1,700,000	$ 1,525,000		$ 1,525,000
7/29/21	3.00-4.00	8/1/50	1,700,000	1,525,000		1,525,000
Totals			$ 3,400,000	$ 3,050,000	$ 0	$ 3,050,000

The annual requirements to amortize the bonds payable, outstanding as of June 30, 2025, are as follows:

Year Ended June 30	Principal	Interest	Totals
2026	$ 0	$ 122,000	$ 122,000
2027	0	122,000	122,000
2028	10,000	121,800	131,800
2029	10,000	121,400	131,400
2030	20,000	120,800	140,800
2031-2035	260,000	579,200	839,200
2036-2040	470,000	507,000	977,000
2041-2045	790,000	383,000	1,173,000
2046-2050	1,190,000	186,200	1,376,200
2051-2055	300,000	6,000	306,000
Totals	$ 3,050,000	$ 2,269,400	$ 5,319,400

NOTE 7 - RETIREMENT PLANS

Qualified employees are covered under retirement plans maintained by agencies of the State of California. Certificated employees are eligible to participate under the multiple-employer, cost-sharing defined benefit plan administered by the California State Teachers' Retirement System (CalSTRS) and classified employees are eligible to participate under the multiple-employer, cost-sharing defined benefit plan administered by the California Public Employees' Retirement System (CalPERS).

The District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense in the accompanying government-wide financial statement as follows:

Pension Plan	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 1,026,030	$ 575,230	$ 151,635	$ 219,085
CalPERS	903,083	300,190	29,911	119,588
Totals	$ 1,929,113	$ 875,420	$ 181,546	$ 338,673

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The California State Teachers' Retirement System (CalSTRS) provides pension benefits, including disability and survivor benefits, to full-time and part-time California public school teachers from pre-kindergarten through community college and certain other employees of the public school system and other state agencies. The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature and the Governor, established the plan and CalSTRS as the administrator. The terms of the plan may be amended through legislation. CalSTRS issues publicly available reports that include a full description of the pension plan that can be found on the CalSTRS website.

The State Teachers' Retirement Plan (STRP) is a multiple-employer, cost-sharing defined benefit plan. The STRP holds assets for the exclusive purpose of providing benefits to members of these programs and their beneficiaries. CalSTRS also uses plan assets to defray reasonable expenses for administering the STRP. Although CalSTRS is the administrator of the STRP, the State of California is the sponsor and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

Benefits Provided

Membership is mandatory for all employees meeting certain statutory requirements and optional for all other employees performing creditable service activities. The Defined Benefit (DB) Program provides retirement benefits based on members' final compensation, age, and years of service credit. In addition, the program provides benefits to members upon disability and to their survivors or beneficiaries upon the death of eligible members.

NOTE 7 - RETIREMENT PLANS (CONTINUED)

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

Benefits Provided (Concluded)

The STRP DB Program has two benefit structures:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

There are several differences between the two benefit structures and some of the differences are noted below.

CalSTRS 2% at 60

CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to a factor of 2.0% of final compensation multiplied by the number of years of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to a maximum of 2.4% at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of 0.2% to the age factor, up to the 2.4% maximum.

CalSTRS calculates retirement benefits based on one-year final compensation for members with 25 or more years of credited service, or for classroom teachers with fewer than 25 years of credited service if the employer entered into, extended, renewed, or amended an agreement prior to January 1, 2014, to elect to pay the additional benefit cost for all of its classroom teachers. One-year final compensation is a member's highest average annual compensation earnable for 12 consecutive months based on the creditable compensation that a member could earn in a school year while employed on a full-time basis. For most members with fewer than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months based on the creditable compensation that the member could earn in a school year while employed on a full-time basis.

CalSTRS 2% at 62

CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0% of final compensation multiplied by the number of years of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4% at age 65 or older.

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for 36 consecutive months based on the creditable compensation that the member could earn in a school year while employed on a full-time basis.

NOTE 7 - RETIREMENT PLANS (CONTINUED)

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

Contributions

The parameters for member, employer and state contribution rates are set by the California Legislature and the Governor and detailed in the Teachers' Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014 and established a schedule of contribution rate increases shared among members, employers and the state to bring CalSTRS toward full funding by 2046.

A summary of statutory contribution rates and other sources of contributions to the DB Program are as follows:

Members: The member contribution rate for CalSTRS 2% at 60 members is set in statute at 10.25%, while CalSTRS 2% at 62 members are required to pay at least one-half of the normal cost of their DB Program benefit (rounded to the nearest quarter of 1%). The member contribution rate for CalSTRS 2% at 62 members was 10.205% for fiscal year 2024-25.

Employers: Employers are required to contribute a base contribution rate set in statute at 8.25%. Pursuant to the CalSTRS Funding Plan, employers also have a supplemental contribution rate to eliminate their share of the CalSTRS unfunded actuarial obligation by 2046. The CalSTRS Funding Plan authorizes the board to adjust the employer supplemental contribution rate up or down by a maximum of 1% for a total rate of no higher than 20.25% and no lower than 8.25%. In May 2024, the board voted to keep the employer supplemental contribution rate at 10.85% for fiscal year 2024-25 for a total contribution rate of 19.10%. The District contributed $360,815 to the plan for the fiscal year ended June 30, 2025.

State : The state is required to contribute a base contribution rate set in statute at 2.017%. Pursuant to the CalSTRS Funding Plan, the state also has a supplemental contribution rate, which the board can increase by no more than 0.5% each fiscal year to help eliminate the state's share of the CalSTRS unfunded actuarial obligation by 2046. In May 2024, the board voted to keep the state supplemental contribution rate at 6.311% for fiscal year 2024-25. The total state contribution rate also includes a portion to fund the Supplemental Benefit Maintenance Account (SBMA), which provides inflation protection to CalSTRS members whose current purchasing power has fallen below 85% of the purchasing power of their initial benefit. The SBMA is funded through a continuous appropriation from the state's General Fund in an amount equal to 2.5% of the total creditable compensation of the fiscal year ended in the immediately preceding calendar year, reduced by $72.0 million, pursuant to Education Code section 22954. The total state contribution to the DB program was 10.828% for the fiscal year ended June 30, 2025.

NOTE 7 - RETIREMENT PLANS (CONTINUED)

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

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

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

District's proportionate share of the net pension liability	$ 1,026,030
State's proportionate share of the net pension liability associated with the District	470,746
Total net pension liability attributed to District	$ 1,496,776

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers and the State. The District's proportionate share of the net pension liability as of June 30, 2024 and June 30, 2023 was as follows:

Proportion - June 30, 2024	0.0015%
Proportion - June 30, 2022	0.0014%
Change - Increase (Decrease)	0.0001%

For the fiscal year ended June 30, 2025, the District recognized pension expense of $219,085, which includes $95,072 of support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date	$ 360,815	
Differences between expected and actual experience	110,495	$ 42,818
Changes of assumptions	4,132	70,068
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	99,788	34,724
Net differences between projected and actual earnings on plan investments		4,025
Totals	$ 575,230	$ 151,635

NOTE 7 - RETIREMENT PLANS (CONTINUED)

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

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Concluded)

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

Year Ended June 30		
2026	$	(50,158)
2027		87,466
2028		1,443
2029		6
2030		16,328
Thereafter		7,695

Other than differences between projected and actual investment earnings, deferred outflows and inflows of resources are recognized in pension expense beginning in the current period using a straight-line method over a closed period equal to the average of the expected remaining service lives of all plan members who are provided with pensions through CalSTRS (active and inactive). Based on the financial reporting actuarial valuation report as of June 30, 2024, the average expected remaining service life for STRP members is seven years. Deferred outflows and inflows of resources related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period.

Actuarial Methods and Assumptions

The total pension liability for the STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024. Significant actuarial methods and assumptions used in the financial reporting actuarial valuation to determine the total pension liability as of June 30, 2024 include:

NOTE 7 - RETIREMENT PLANS (CONTINUED)

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

Actuarial Methods and Assumptions (Concluded)

Valuation Date	June 30, 2023
Experience Study [1]	July 1, 2007 through June 30, 2022
Actuarial Cost Method	Entry Age
Investment Rate of Return [2]	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Payroll Growth	3.25%
Post-retirement Benefit Increases	2.00% simple for DB (Annually) Maintain 85% purchasing power level for DB

[1] Both a Five-Year period (July 1, 2017 - June 30, 2020) and 15-year period were considered in the 2024 experience study; however, assumptions were primarily based on the results of the 15-year study. Additional information is available in 2024 experience analysis report available at CalSTRS.com.

[2] Net of investment expenses, but gross of adminstrative expenses.

The sections that follow provide additional discussion on key assumptions and methods for the valuation of the STRP.

Discount Rate

The discount rate used to measure the total pension liability was 7.10%, which was unchanged from the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers are made at statutory contribution rates as previously described. 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 expenses occur midyear. Based on those 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 the total pension liability.

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

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

NOTE 7 - RETIREMENT PLANS (CONTINUED)

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

Discount Rate (Concluded)

Asset Class/Strategy	Assumed Asset Allocation	Long-Term Expected Rate of Return [1]	Long-Term Expected Real Rate of Return [2]
Public Equity	38%	8.00%	5.25%
Real Estate	15%	6.80%	4.05%
Private Equity	14%	9.50%	6.75%
Fixed Income	14%	5.20%	2.45%
Risk Mitigating Strategies	10%	5.00%	2.25%
Inflation Sensitive	7%	6.40%	3.65%
Cash / Liquidity	2%	2.80%	0.05%
Total	100%		

1 20 - to 30 year geometric Average.

2 Real rate of return are net of assumed 2.75% inflation.

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

The following table presents the District's proportionate share of the net pension liability as of the measurement date, calculated using the current discount rate of 7.10%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.10%) or one percentage point higher (8.10%) than the current rate:

	Discount Rate 1% Decrease 6.10%	Discount Rate Current Rate 7.10%	Discount Rate 1% Increase 8.10%
District's proportionate share of the net pension liability	$ 1,824,971	$ 1,026,030	$ 358,880

Mortality

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

Pension Plan's Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024.

NOTE 7 - RETIREMENT PLANS (CONTINUED)

B. California Public Employees' Retirement System (CalPERS)

Plan Description, Benefits Provided, and Employees Covered

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by the CalPERS. All employees who work at least half time or are appointed to a job that will last at least six months and one day are eligible for CalPERS. Benefits vest after five years. Employees are eligible to retire at or after age 50 having attained five years of credited service and are entitled to an annual retirement benefit, payable monthly for life. Employees hired after January 1, 2013 with five years of credit service must be at least age 52 to retire.

The Plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary, and new members entering into the plan on or after January 1, 2013, are required to contribute the higher of 50.0% of the total normal cost rate for their defined benefit plan or 8.0% of their salary. The District's contractually required contribution rate for the fiscal year ended June 30, 2025, was 27.05% of annual payroll. The District's contribution to CalPERS for the fiscal year ended June 30, 2025, was $154,955.

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

As of June 30, 2025, the District reported a liability of $903,083 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024, using standard update procedures. 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 employers, actuarially determined. The District's proportionate share of the net pension liability as of June 30, 2024, and June 30, 2023 was as follows:

NOTE 7 - RETIREMENT PLANS (CONTINUED)

B. California Public Employees' Retirement System (CalPERS) (Continued)

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)

Proportion - June 30, 2024	0.0025%
Proportion - June 30, 2023	0.0025%
Change - Increase (Decrease)	0.0000%

For the fiscal year ended June 30, 2025, the District recognized pension expense of $119,588. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date	$ 154,955	
Differences between expected and actual experience	76,866	$ 6,732
Changes of assumptions	20,792	
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	22,712	23,179
Net differences between projected and actual earnings on plan investments	24,865	
Totals	$ 300,190	$ 29,911

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

Year Ended June 30	
2026	$ 21,250
2027	90,403
2028	14,771
2029	(11,100)

NOTE 7 - RETIREMENT PLANS (CONTINUED)

B. California Public Employees' Retirement System (CalPERS) (Continued)

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Concluded)

Differences between expected and actual experience, changes in assumptions, and changes in employer's proportion and differences in employer's contributions and employer's proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 3.9 years as of June 30, 2024. The net difference between projected and actual earnings on pension plan investments is amortized over a 5-year period on a straight-line basis.

Actuarial Assumptions

The total pension liability in the June 30, 2023, actuarial valuations were determined using the following actuarial methods and assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Wage Growth	Varies by Entry Age and Service
Mortality Rate Table	Derived Using CalPERS' Membership Data For All Funds
Investment Rate of Return	6.90%
Post Retirement Benefit Increase	The Lesser of Contract COLA or 2.30% Until Purchasing Power Protection Allowance Floor on Purchasing Power Applies, 2.30% Thereafter

The mortality table used was developed based on CalPERS specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

NOTE 7 - RETIREMENT PLANS (CONTINUED)

B. California Public Employees' Retirement System (CalPERS) (Continued)

Discount Rate

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

The expected real rates of return by asset class are as follows:

Asset Class [1]	Assumed Asset Allocation	Real Return [1, 2]
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity - Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	100%	

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on the 2021-22 Asset Liability Management Study.

NOTE 7 - RETIREMENT PLANS (CONCLUDED)

B. California Public Employees' Retirement System (CalPERS) (Concluded)

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.90%) or one percentage point higher (7.90%) than the current rate:

	Discount Rate 1% Decrease 5.90%	Discount Rate Current Rate 6.90%	Discount Rate 1% Increase 7.90%
District's proportionate share of the net pension liability	$ 1,341,537	$ 903,083	$ 540,885

Pension Plan Fiduciary Net Position

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

C. Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use Social Security as its alternative plan. Contributions made by the District and participating employees vest immediately. Both the District and participating employees were required to contribute 6.2% of an employee's gross earnings, up to the annual limit.

NOTE 8 - ON-BEHALF PAYMENTS MADE BY THE STATE OF CALIFORNIA

The District was the recipient of on-behalf payments made by the State of California to the State Teachers' Retirement System (CalSTRS) for K-12 Education. These payments consist of state general fund contributions of $95,072 to CalSTRS. These contributions are recorded in the General Fund as revenues and expenditures. The District is not legally responsible for these contributions.

NOTE 9 - LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2025, is shown below:

	Balances June 30, 2024	Additions	Deductions	Balances June 30, 2025	Due within One Year
Long-Term Debt:					
General Obligation Bonds:					
Current Interest	$ 3,050,000			$ 3,050,000	
Bond Premium	70,716		$ 2,711	68,005	$ 2,711
Long-Term Liabilities:					
Net Pension Liability - CalSTRS	1,078,377		52,347	1,026,030	
Net Pension Liability - CalPERS	894,497	$ 8,586		903,083	
Totals	$ 5,093,590	$ 8,586	$ 55,058	$ 5,047,118	$ 2,711

The general obligation bonds and bond premium are obligations of the Bond Interest and Redemption Fund and will be financed primarily with property tax collections. The remaining long-term liabilities are primarily obligations of the General Fund and Cafeteria Fund.

NOTE 10 - FUND BALANCES

The District's fund balances at June 30, 2025 consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Totals
Nonspendable:				
Revolving Cash	$ 500			$ 500
Restricted:				
Categorical Programs	1,513,382			1,513,382
Food Services Program			$ 246,587	246,587
Student Activities			5,361	5,361
Debt Service			126,908	126,908
Measures P & Q		$ 3,109,776		3,109,776
Capital Projects			86,847	86,847
Total Restricted	1,513,382	3,109,776	465,703	5,088,861
Assigned:				
Local Programs	1,013,830			1,013,830
Capital Projects			298,139	298,139
Total Assigned	1,013,830	0	298,139	1,311,969
Unassigned:				
Reserve for Economic Uncertainties	305,338			305,338
Total Unassigned	305,338	0	0	305,338
Totals	$ 2,833,050	$ 3,109,776	$ 763,842	$ 6,706,668

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

In addition to the pension benefits described in Note 7, the District has a pay-as-you-go policy for post-retirement health care benefits to all employees who retire from the District on or after attaining age 55 with at least 20 years of service. These benefits are reimbursed to the District by the employee; therefore, there are no post employment benefit obligations for the District at June 30, 2025.

NOTE 12 - RISK MANAGEMENT

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2024-25, the District participated in two joint powers agreements (JPAs) for purposes of pooling for risk. There were no significant reductions in coverage during the year. Settlements have not exceeded coverage for each of the past three years.

NOTE 13 - JOINT VENTURES

The District participates in two joint ventures under joint powers agreements (JPAs) with the Merced County School Insurance Group I (MCSIG I), which provides workers' compensation for its member school districts and the Central Region School Insurance Group (CRSIG), which provides general liability insurance coverage to its member school districts. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

The JPAs arrange for and/or provide coverage for its members. The JPAs are governed by a board consisting of a representative from each member district. Each board controls the operations of their JPAs, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in the JPAs.

Each JPA is audited on an annual basis. Complete financial statements for MCSIG I may be obtained from the Merced County Office of Education, 632 West 13th Street, Merced, California 95341. Complete financial statements for CRSIG may be obtained from Central Region School Insurance Group, 4101 Tully Road, Suite 501, Modesto, California 95356.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

B. Litigation

The District is subject to various legal proceedings and claims. In the opinion of management, the ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

NOTE 14 - COMMITMENTS AND CONTINGENCIES (CONCLUDED)

C. Compensated Absences

In accordance with GASB Statement No. 101, *Compensated Absences*, the District recognizes that it has a liability for certain compensated absences, such as vacation and sick leave, when employees earn the right to such benefits and the benefits are expected to be settled through paid time off or cash payments. As of June 30, 2025, the liability for compensated absences was determined to be immaterial to the financial statements. Accordingly, no liability or related expense has been recorded in the accompanying financial statements, as the amounts do not significantly impact the District's financial position or results of operations.

NOTE 15 - SUBSEQUENT EVENTS

The District's management has evaluated events or transactions that occurred for possible recognition or disclosure in the financial statements from the balance sheet date through December 11, 2025 , which is the date the financial statements were available to be issued. Management has determined that there was no subsequent events or transactions that require disclosure in or adjustment to the current year financial statements.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

EL NIDO ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
LCFF Sources:				
State Apportionment / Transfers	$ 1,317,221	$ 1,388,315	$ 1,372,412	$ (15,903)
Local Sources	1,056,409	1,121,872	1,161,451	39,579
Total LCFF Sources	2,373,630	2,510,187	2,533,863	23,676
Federal Revenue	120,228	207,258	202,156	(5,102)
Other State Revenue	934,405	1,223,713	1,124,544	(99,169)
Other Local Revenue	97,150	356,910	349,879	(7,031)
Total Revenues	3,525,413	4,298,068	4,210,442	(87,626)
Expenditures				
Current:				
Certificated Salaries	1,025,251	1,448,358	1,195,147	253,211
Classified Salaries	544,221	759,999	709,272	50,727
Employee Benefits	662,921	779,824	714,698	65,126
Books and Supplies	448,583	1,564,358	298,419	1,265,939
Services and Other Operating Expenditures	830,390	917,767	778,753	139,014
Capital Outlay		652,287	502,904	149,383
Other Expenditures	18,154	68,329	54,779	13,550
Total Expenditures	3,529,520	6,190,922	4,253,972	1,936,950
Excess of Revenues (Under) Expenditures	(4,107)	(1,892,854)	(43,530)	1,849,324
Other Financing (Uses)				
Operating Transfers Out	0	0	(108,000)	(108,000)
Net Change in Fund Balances	(4,107)	(1,892,854)	(151,530)	$ 1,741,324
Fund Balances - July 1, 2024	2,984,580	2,984,580	2,984,580	
Fund Balances - June 30, 2025	$ 2,980,473	$ 1,091,726	$ 2,833,050	

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

EL NIDO ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS *

JUNE 30, 2025

Year Ended June 30	District's Proportion of the NPL	District's Proportionate Share of the NPL	State's Proportionate Share of the NPL Associated to District	Total NPL Attributed to District	District's Covered Payroll	District's Proportionate Share of the NPL as a % of Covered Payroll	Plan Fiduciary Net Position As a % of Total Pension Liability
2025	0.0015%	$ 1,026,030	$ 470,746	$ 1,496,776	$ 1,040,021	98.65%	83.55%
2024	0.0014%	1,078,377	516,681	1,595,058	903,068	119.41%	80.62%
2023	0.0015%	1,028,890	515,264	1,544,154	816,992	125.94%	81.20%
2022	0.0015%	664,501	334,351	998,852	809,969	82.04%	87.21%
2021	0.0014%	1,362,144	702,186	2,064,330	767,825	177.40%	71.82%
2020	0.0014%	1,269,807	692,764	1,962,571	758,962	167.31%	72.56%
2019	0.0013%	1,206,435	690,741	1,897,176	712,647	169.29%	70.99%
2018	0.0013%	1,170,128	692,238	1,862,366	669,396	174.80%	69.46%
2017	0.0013%	1,039,506	725,078	1,764,584	648,276	160.35%	70.04%
2016	0.0014%	920,554	600,933	1,521,487	648,276	142.00%	74.02%

* The amounts presented for each fiscal year were determined based on a measurement date that was one year prior to the year-end date.

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

EL NIDO ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS *

JUNE 30, 2025

Year Ended June 30	District's Proportion of the NPL	District's Proportionate Share of the NPL	District's Covered Payroll	District's Proportionate Share of the NPL as a % of Covered Payroll	Plan Fiduciary Net Position As a % of Total Pension Liability
2025	0.0025%	$ 903,083	$ 504,764	178.91%	72.29%
2024	0.0025%	894,497	451,553	198.09%	69.96%
2023	0.0024%	836,018	372,689	224.32%	69.76%
2022	0.0028%	562,466	396,942	141.70%	80.97%
2021	0.0030%	923,173	433,482	212.97%	70.00%
2020	0.0030%	871,402	414,135	210.42%	70.05%
2019	0.0028%	738,526	365,340	202.15%	70.85%
2018	0.0028%	674,367	364,091	185.22%	71.87%
2017	0.0033%	654,316	397,459	164.62%	73.90%
2016	0.0034%	500,140	397,459	125.83%	79.43%

* The amounts presented for each fiscal year were determined based on a measurement date that was one year prior to the year-end date.

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

EL NIDO ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - CALSTRS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Year Ended June 30	Actuarially Determined Contributions	Contributions In Relation to Contractually Required Contributions	Contribution Deficiency/ (Excess)	District's Covered Payroll	Contributions As a % of Covered Payroll
2025	$ 360,815	$ 360,815	$ 0	$ 1,889,084	19.10%
2024	198,644	198,644	0	1,040,021	19.10%
2023	172,486	172,486	0	903,068	19.10%
2022	138,235	138,235	0	816,992	16.92%
2021	130,810	130,810	0	809,969	16.15%
2020	131,298	131,298	0	767,825	17.10%
2019	123,559	123,559	0	758,962	16.28%
2018	102,835	102,835	0	712,647	14.43%
2017	84,210	84,210	0	669,396	12.58%
2016	69,560	69,560	0	648,276	10.73%

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

EL NIDO ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - CALPERS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Year Ended June 30	Actuarially Determined Contributions	Contributions In Relation to Contractually Required Contributions	Contribution Deficiency/ (Excess)	District's Covered Payroll	Contributions As a % of Covered Payroll
2025	$ 154,955	$ 154,955	$ 0	$ 580,791	26.680%
2024	134,671	134,671	0	504,764	26.680%
2023	114,559	114,559	0	451,553	25.370%
2022	85,383	85,383	0	372,689	22.910%
2021	82,167	82,167	0	396,942	20.700%
2020	85,487	85,487	0	433,482	19.721%
2019	74,801	74,801	0	414,135	18.062%
2018	56,741	56,741	0	365,340	15.531%
2017	50,565	50,565	0	364,091	13.888%
2016	47,087	47,087	0	397,459	11.847%

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES

A. Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, the District is required to present a Schedule of Revenues, Expenditures, and Changes in Fund Balance budgetary comparison for the General Fund and each Major Special Revenue Fund that has an adopted budget. This schedule presents the original adopted budget, final adopted budget, and the actual revenues and expenditures of each of these funds by object. The basis of budgeting is the same as Generally Accepted Accounting Principles (GAAP). There was no excess of expenditures over appropriations in the General Fund as of June 30, 2025.

B. Schedule of the Proportionate Share of the Net Pension Liability

In accordance with Governmental Accounting Standards Board Statement No. 68, the District is required to present separately for each cost-sharing pension plan through which pensions are provided a 10-year schedule presenting certain information. The information required to be presented includes the District's proportion and proportionate share of the collective net pension liability, the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability associated with the District, if applicable, the District's covered payroll, the District's proportionate share of the collective net pension liability as a percentage of the District's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

C. Schedule of Contributions

In accordance with Governmental Accounting Standards Board Statement No. 68, the District is required to present separately for each cost-sharing pension plan through which pensions are provided a 10-year schedule presenting certain information. The information required to be presented includes the statutorily or contracted required District contribution, the amount of contributions recognized by the pension plan in relation to the required District contribution, the difference between the required District contribution and the amount recognized by the pension plan, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation of the District as a percentage of the District's covered payroll.

NOTE 2 - SUMMARY OF CHANGES FOR CALSTRS AND CALPERS

A. Benefit Changes

There were no changes to benefit terms since the previous valuation for either the State Teachers' Retirement Plan (CalSTRS) or the Public Employer's Retirement Fund B (CalPERS).

B. Changes of Assumptions

In January 2024, the CalSTRS board approved the actuarial assumptions based on the 2024 Experience Analysis presented to the board. The most significant changes were reducing the assumed payroll growth and changing the assumed life expectancy of retirees to more closely reflect recent trends. For full details on changes to the assumptions, see the CalSTRS 2024 Experience Analysis report available on the CalSTRS website.

There were no changes in assumptions since the previous valuation for CalPERS.

SUPPLEMENTARY INFORMATION SECTION

COMBINING STATEMENTS

EL NIDO ELEMENTARY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	Cafeteria	Student Activity
Assets		
Deposits and Investments	$ 212,523	$ 5,361
Receivables	42,830	
Due from Other Funds	2,450	
Total Assets	$ 257,803	$ 5,361
Liabilities and Fund Balances		
Liabilities:		
Accounts Payable	$ 4,823	
Due to Other Funds	6,393	
Total Liabilities	11,216	
Fund Balances:		
Restricted	246,587	$ 5,361
Assigned		
Total Fund Balances	246,587	5,361
Total Liabilities and Fund Balances	$ 257,803	$ 5,361

SEE NOTES TO SUPPLEMENTARY INFORMATION

Bond Interest and Redemption	Capital Facilities	Capital Projects - Special Reserve	Total Non-Major Governmental Funds
$ 126,908	$ 86,847	$ 190,139	$ 621,778
			42,830
		108,000	110,450
$ 126,908	$ 86,847	$ 298,139	$ 775,058
			$ 4,823
			6,393
			11,216
$ 126,908	$ 86,847		465,703
		$ 298,139	298,139
126,908	86,847	298,139	763,842
$ 126,908	$ 86,847	$ 298,139	$ 775,058

EL NIDO ELEMENTARY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Cafeteria	Student Activity
Revenues		
Federal Revenue	$ 197,156	
State Revenue	50,808	
Local Revenue	17,788	$ 494
Total Revenues	265,752	494
Expenditures		
Current:		
Food Services	228,757	
Other General Administration	6,393	
Plant Services	1,057	
Facilities Acquisition and Construction		
Ancillary Services		652
Debt Service:		
Interest and Issuance Costs		
Total Expenditures	236,207	652
Excess of Revenues Over (Under) Expenditures	29,545	(158)
Other Financing Sources		
Operating Transfers In		
Net Change in Fund Balances	29,545	(158)
Fund Balances - July 1, 2024	217,042	5,519
Fund Balances - June 30, 2025	$ 246,587	$ 5,361

SEE NOTES TO SUPPLEMENTARY INFORMATION

Bond Interest and Redemption	Capital Facilities	Capital Projects - Special Reserve	Total Non-Major Governmental Funds
			$ 197,156
			50,808
125,723	$ 4,868	$ 12,348	161,221
125,723	4,868	12,348	409,185
			228,757
			6,393
	4,426		5,483
		32,623	32,623
			652
122,033			122,033
122,033	4,426	32,623	395,941
3,690	442	(20,275)	13,244
		108,000	108,000
3,690	442	87,725	121,244
123,218	86,405	210,414	642,598
$ 126,908	$ 86,847	$ 298,139	$ 763,842

EL NIDO ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	P-2 Report			
	TK / K - 3	4 - 6	7 - 8	Total
Regular	65.03	55.30	32.22	152.55

	Annual Report			
	TK / K - 3	4 - 6	7 - 8	Total
Regular	65.17	55.57	32.30	153.04

SEE NOTES TO SUPPLEMENTARY INFORMATION

EL NIDO ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

			Instructional Days			
Grade Level	Minutes Required	2024-25 Actual Minutes	Number of Days Traditional Calendar	J-13A Credited	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	56,430	180	0	N/A	In Compliance
Grade 1	50,400	56,430	180	0	N/A	In Compliance
Grade 2	50,400	56,430	180	0	N/A	In Compliance
Grade 3	50,400	56,430	180	0	N/A	In Compliance
Grade 4	54,000	56,430	180	0	N/A	In Compliance
Grade 5	54,000	56,430	180	0	N/A	In Compliance
Grade 6	54,000	56,430	180	0	N/A	In Compliance
Grade 7	54,000	56,430	180	0	N/A	In Compliance
Grade 8	54,000	56,430	180	0	N/A	In Compliance

SEE NOTES TO SUPPLEMENTARY INFORMATION

EL NIDO ELEMENTARY SCHOOL DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT

WITH AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	General Fund	Special Revenue - Special Reserve Fund	Student Activity Fund
June 30, 2025 Annual Financial and Budget Report Fund Balances	$ 2,829,363	$ 3,687	$ 5,707
Adjustments and Reclassifications Increasing (Decreasing) Fund Balances:			
Overstatement of Cash in Bank			(346)
Reclassification of Fund Balances	3,687	(3,687)	
Net Adjustment and Reclassifications	3,687	(3,687)	(346)
June 30, 2025 Audited Financial Statements Fund Balances	$ 2,833,050	$ 0	$ 5,361

Auditor's Comments

The fund balances of the General Fund and Special Revenue - Special Reserve Fund have been combined for financial reporting purposes in accordance with GASB Statement No. 54.

The audited financial statements of all other funds were in agreement with the Annual Financial and Budget Report for the fiscal year ended June 30, 2025.

EL NIDO ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	GENERAL FUND			
	(Budget) 2025-26	2024-25	2023-24	2022-23
Revenues and Other Financial Sources	$ 3,803,352	$ 4,210,442	$ 4,418,440	$ 4,138,443
Expenditures	3,805,532	4,253,972	3,513,291	3,345,352
Other Uses and Transfers Out	0	108,000	0	0
Total Outgo	3,805,532	4,361,972	3,513,291	3,345,352
Change in Fund Balance	(2,180)	(151,530)	905,149	793,091
Ending Fund Balance	$ 2,830,870	$ 2,833,050	$ 2,984,580	$ 2,079,431
Available Reserves	$ 266,387	$ 305,338	$ 249,417	$ 234,035
Reserve for Economic Uncertainties	$ 266,387	$ 305,338	$ 249,417	$ 234,035
Available Reserves as a Percentage of Total Outgo	7.0%	7.0%	7.1%	7.0%
Average Daily Attendance at P-2	151	153	144	139
Total Long-Term Liabilities	$ 5,044,407	$ 5,047,118	$ 5,093,590	$ 5,088,335

* Reported balances are a component of available reserves.

The fund balance of the General Fund increased $753,619 (36%) over the past two years. The fiscal year 2025-26 budget projects a decrease of $2,180. For a district this size, the state recommends available reserves of at least 5% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District produced operating surpluses of $793,091 and $905,149 during fiscal years 2022-23 and 2023-24, respectively, and incurred an operating deficit of $151,530 during fiscal year 2024-25.

Average daily attendance (ADA) increased 14 ADA over the past two years. The District's 2025-26 budget projects a decrease of 2 ADA.

Total long-term liabilities decreased $41,217 over the past two years.

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES

A. Combining Statements

Combining statements are presented for purposes of additional analysis and are not a required part of the District's basic financial statements. These statements present more detailed information about the financial position and financial activities of the District's individual funds.

B. Schedule of Average Daily Attendance

Average daily attendance is a measure 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 spans and in different programs.

D. Schedule of Instructional Time

This schedule presents information on the instructional days provided and the amount of instructional time offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code. The schedule also presents the number of school days and instructional minutes that were credited towards instructional time based on J-13A waivers approved by the California Department of Education, when applicable.

D. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds, as reported in the Annual Financial and Budget Report to the audited financial statements.

E. 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.

OTHER INFORMATION

EL NIDO ELEMENTARY SCHOOL DISTRICT

ORGANIZATION/BOARD OF TRUSTEES/ADMINISTRATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

ORGANIZATION

The El Nido Elementary School District was established in 1911 and is comprised of an area of approximately 64 square miles located in Merced County and a portion in Madera County. There were no changes in the boundaries of the District during the current year. The District is currently operating one elementary school.

BOARD OF TRUSTEES

Name	Office	Term Expires
Bobby Borba	President	November 2026
Liliana Rojas	Clerk	November 2026
Mike Anderson	Trustee	November 2028
Barbara Greninger	Trustee	November 2026
Xiomara Espinoza-Nava	Trustee	November 2028

ADMINISTRATION

Paula Heupel
Superintendent

OTHER INDEPENDENT AUDITOR'S REPORTS SECTION

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*

Board of Trustees
El Nido Elementary School District
El Nido, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of El Nido Elementary School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 11, 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.

P.O. Box 2196 / Folsom, CA 95763 / Phone (916) 966-3883 / Fax (916) 966-3815

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 11, 2025

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS

Board of Trustees
El Nido Elementary School District
El Nido, California

Report on State Compliance

Opinion on State Compliance

We have audited El Nido Elementary School District's (District) compliance with the requirements specified in the *2024-25 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* applicable to the District's state program requirements identified below for the year ended June 30, 2025.

In our opinion, El Nido Elementary School District complied, in all material respects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2025.

Basis for Opinion on State Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2024-25 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting (Audit Guide)*. Our responsibilities under those standards and the *Audit Guide* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for 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 El Nido Elementary School 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 *2024-25 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* will always detect material noncompliance when it exists.

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Auditor's Responsibilities for the Audit of Compliance (Concluded)

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and the *2024-25 Guide for Annual Audits of K-12 Local Educational 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 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 *2024-25 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* 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; and

- Select and test transactions and records to determine the District's compliance with state laws and regulations applicable to the following items:

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Independent Study	No (see below)
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools or Programs	Not Applicable
K-3 Grade Span Adjustment	Yes

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools (Concluded):	
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Yes
Home To School Transportation Reimbursement	Not Applicable
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	Not Applicable
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Kindergarten Continuance	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 procedures for the independent study program because the average daily attendance claimed by the District does not exceed the threshold that requires testing.

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 state program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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.

Report on Internal Control over Compliance (Concluded)

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 *2024-25 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 11, 2025

FINDINGS AND QUESTIONED COSTS SECTION

EL NIDO ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
Material weaknesses identified?	____ Yes	X No	
Significant deficiencies identified not considered to be material weaknesses?	____ Yes	X None reported	
Noncompliance material to financial statements noted?	____ Yes	X No	

State Awards

Type of auditor's report issued on compliance for state programs:	Unmodified		
Any audit findings required to be reported in accordance with the *2024-25 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting?*	____ Yes	X No	
Internal control over state programs:			
Material weaknesses identified?	____ Yes	X No	
Significant deficiencies identified not considered to be material weaknesses?	____ Yes	X None reported	

EL NIDO ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

SECTION II - FINANCIAL STATEMENT FINDINGS

There are no matters to report for the fiscal year ended June 30, 2025.

EL NIDO ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS

There are no matters to report for the fiscal year ended June 30, 2025.

EL NIDO ELEMENTARY SCHOOL DISTRICT

STATUS OF PRIOR YEAR RECOMMENDATIONS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

There were no matters reported for the fiscal year ended June 30, 2024.

APPENDIX C

ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT MERCED COUNTY

*The Bonds are not a debt of Merced County (the **"County"**). The County, including its Board of Supervisors, officers, officials, agents and other employees, are required, only to the extent required by law, to: (i) levy and collect ad valorem taxes for payment of the Bonds in accordance with the law; and (ii) transmit the proceeds of such taxes to the paying agent for the payment of the principal of and interest on the Bonds at the time such payment is due.*

General Information

The County. The County has six incorporated cities, of which the City is the largest in terms of population. Located in central California, the County is bordered by Santa Clara County to the northwest, Stanislaus County to the north, Tuolumne and Mariposa counties to the east, Madera and Fresno counties to the south, and San Benito County to the west. More than half of the County's land is made up of an agriculturally rich alluvial plain produced by the Chowchilla, San Joaquin, and Merced Rivers. Agriculture is one of the County's main sources of revenue and, based on production, the County is the fifth-leading agricultural county in California. Milk and related products from the County's commercial dairies generate the greatest amount of revenue. Other crops grown in commercial quantities include poultry, beef, almonds, and tomatoes.

Population

The following table lists population estimates for the County, and the cities in the County, for the last five calendar years, as of January 1.

COUNTY OF MERCED
Population Estimates
Calendar Years 2022 through 2026
As of January 1

	2022	2023	2024	2025	2026
Atwater	31,730	31,501	31,850	31,993	31,806
Dos Palos	5,715	5,655	5,716	5,736	5,685
Gustine	5,986	5,937	5,987	6,005	5,955
Livingston	14,424	14,305	14,446	14,512	14,402
Los Banos	46,970	47,465	48,101	49,091	49,255
Merced	89,038	90,447	93,164	98,655	99,435
Balance Of County	91,208	90,777	91,962	88,350	87,616
Incorporated	193,863	195,310	199,264	205,992	206,538
Total	**285,071**	**286,087**	**291,226**	**294,342**	**294,154**

Source: State of California Department of Finance, Demographic Research Unit.

Employment and Industry

The unemployment rate in the County was 9.1% in July 2026, down from a revised 9.2% in June 2026, and below the year-ago estimate of 10.1%. This compares with an unadjusted unemployment rate of 5.3% for the State and 4.4% for the nation during the same period.

The table below provides information about employment by industry type for the Merced Metropolitan Statistical Area for calendar years 2021 through 2025.

MERCED METROPOLITAN STATISTICAL AREA
(COUNTY OF MERCED)
Annual Average Civilian Labor Force,
Unemployment and Employment by Industry
(March 2025 Benchmark)

	2021	2022	2023	2024	2025
Civilian Labor Force [1]	115,400	116,000	119,600	121,400	124,400
Civilian Employment	103,500	106,900	108,800	109,500	111,600
Civilian Unemployment	11,900	9,100	10,800	11,900	12,700
Civilian Unemployment Rate	10.3%	7.8%	9.0%	9.8%	10.2%
Wage and Salary Employment [2]					
Agriculture	14,500	14,200	13,700	13,400	13,200
Mining, Logging, and Construction	3,200	3,300	3,300	3,400	3,400
Manufacturing	9,500	9,900	9,900	9,100	8,900
Trade, Transportation & Utilities	13,600	13,800	13,800	13,700	13,600
Wholesale Trade	1,900	2,000	1,900	1,900	1,800
Retail Trade	8,700	8,800	8,700	8,500	8,500
Transportation, Warehousing & Utilities	3,000	3,000	3,200	3,300	3,200
Information	200	300	300	300	300
Financial Activities	1,900	1,900	1,800	1,800	1,700
Professional & Business Services	3,800	3,900	3,600	3,600	3,500
Educational & Health Services	10,600	11,100	12,000	13,200	14,500
Leisure & Hospitality	6,100	6,900	7,100	6,800	7,000
Other Services	1,800	2,200	2,300	2,300	2,300
Federal Government	700	700	700	800	800
State Government	3,600	3,000	3,100	3,400	3,500
Local Government	13,900	15,000	15,700	16,400	17,200
Total, All Industries [3]	83,400	86,000	87,300	88,000	89,800

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Columns may not sum to totals due to rounding.
Source: State of California Employment Development Department.

Largest Employers

The following table lists the major employers within the County as of September 2026.

COUNTY OF MERCED
Major Employers
(Listed Alphabetically)

Employer Name	Location	Industry
Central Valley Trucking	Merced	Sand & Gravel (whls)
Clanasa	Turlock	Fruits & Vegetables-Wholesale
Community Action Agency	Merced	Community Services
Costco Wholesale	Merced	Wholesale Clubs
County of Merced Mental Health	Merced	Mental Health Services
Dole Packaged Foods LLC	Atwater	Canning (mfrs)
Fineline Ind	Merced	Boats-Manufacturers
Foster Farms	Livingston	Poultry Processing Plants (mfrs)
Golden Valley Health Ctr	Merced	Pharmacies
Hilmar Cheese Co Inc	Hilmar	Cheese Processors (mfrs)
J Marchini & Son Inc	Le Grand	Farming Service
Liberty Packing Co	Los Banos	Packing & Crating Service
Live Oak Farms	Le Grand	Fruits & Vegetables-Growers & Shippers
Livingston Union School Dist	Livingston	School Districts
Malibu Boats Inc	Merced	Boats-Manufacturers
Memorial Hospital Los Banos	Los Banos	Hospitals
Mental Health Svc For Merced	Merced	Mental Health Services
Merced County Human Svc	Merced	Government Offices-County
Quad/Graphics Inc	Merced	Printers (mfrs)
Sensient Natural Ingredients	Livingston	Dehydrating Service (mfrs)
Walmart	Merced	Department Stores
Walmart Supercenter	Atwater	Department Stores
Weaver Union School District	Merced	School Districts
Western Marketing & Sales	Atwater	Farms
Yosemite Wholesale Warehouse	Merced	Warehouses

Source: California Employment Development Department, extracted from the America's Labor Market Information System Employer Database, 2026 2nd Edition.

Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and non-tax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), non-tax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the estimated total effective buying income and estimated median household effective buying income for the County, the State and the United States for the period 2023 through 2027.

MERCED COUNTY, STATE OF CALIFORNIA
AND UNITED STATES
Estimated Effective Buying Income
2023 through 2027

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2023	Merced County	$6,644,486	$60,277
	California	1,461,799,662	77,175
	United States	11,454,846,397	65,326
2024	Merced County	$6,103,606	$56,937
	California	1,510,708,521	80,973
	United States	11,987,185,826	67,876
2025	Merced County	$6,727,671	$62,604
	California	1,557,429,767	82,725
	United States	12,525,577,707	69,687
2026	Merced County	$6,711,586	$59,187
	California	1,730,654,738	90,403
	United States	13,932,177,817	75,433
2027	Merced County	$7,496,039	$64,696
	California	1,777,381,182	91,733
	United States	14,288,950,563	76,807

Source: Claritas, LLC.

Commercial Activity

Summaries of historic taxable sales within the County during the past five years in which data is available are shown in the following tables.

Total taxable sales during the first quarter of calendar year 2026 in the County were reported to be $1,020,987,859, a 3.5% increase over the total taxable sales of $986,323,529 reported during the first quarter of calendar year 2025.

MERCED COUNTY
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2021	2,934	$3,004,667	4,749	$4,131,712
2022	3,040	3,114,582	4,959	4,360,391
2023	3,015	3,051,834	4,955	4,351,751
2024	3,036	2,945,956	5,033	4,196,217
2025	3,067	3,030,141	5,128	4,534,967

Source: State Department of Tax and Fee Administration.

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APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

MEASURE P BONDS

[LETTERHEAD OF JONES HALL]

_____, 2026

Board of Education
El Nido Elementary School District
161 East El Nido Road
El Nido, California 95317

OPINION: $_____ El Nido Elementary School District
General Obligation Bonds, Election of 2020, Series B (Measure P)
(Bank Qualified)

Members of the Board of Education:

We have acted as bond counsel to the El Nido Elementary School District (the "District") in connection with the issuance by the District of the bonds captioned above (the "Bonds"), under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution of the Board of Education adopted on November 10, 2026 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Board contained in the Resolution and in the certified proceedings and other certifications furnished to us, without undertaking to verify such facts by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The District is duly created and validly existing as a 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 Board enforceable against the Board in accordance with its terms.

3. The Bonds have been duly issued and sold by the District and are valid and binding general obligations of the District, and the County of Merced is obligated to levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation as to rate or amount (except for certain personal property that is taxable at limited rates).

4. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. The Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Tax Code"), and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Tax Code), a deduction is allowed for 80 percent of that portion of such financial institutions' interest expense allocable to the portion of the Bonds designated as and comprising interest.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Tax Code relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds, and in order for the Bonds to be "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Tax Code. 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, or may cause the Bonds not to be "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Tax Code.

5. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

PROPOSED FORM OF OPINION OF BOND COUNSEL

MEASURE Q BONDS

[LETTERHEAD OF JONES HALL]

_____, 2026

Board of Education
El Nido Elementary School District
161 East El Nido Road
El Nido, California 95317

OPINION: $_____ El Nido Elementary School District
General Obligation Bonds, Election of 2020, Series B (Measure Q)
(Bank Qualified)

Members of the Board of Education:

We have acted as bond counsel to the El Nido Elementary School District (the "District") in connection with the issuance by the District of the bonds captioned above (the "Bonds"), under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution of the Board of Education adopted on November 10, 2026 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Board contained in the Resolution and in the certified proceedings and other certifications furnished to us, without undertaking to verify such facts by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The District is duly created and validly existing as a 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 Board enforceable against the Board in accordance with its terms.

3. The Bonds have been duly issued and sold by the District and are valid and binding general obligations of the District, and the County of Merced is obligated to levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation as to rate or amount (except for certain personal property that is taxable at limited rates).

4. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax.

Interest on the Bonds may be subject to the corporate alternative minimum tax. The Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Tax Code"), and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Tax Code), a deduction is allowed for 80 percent of that portion of such financial institutions' interest expense allocable to the portion of the Bonds designated as and comprising interest.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Tax Code relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds, and in order for the Bonds to be "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Tax Code. 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, or may cause the Bonds not to be "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Tax Code.

5. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$_____
EL NIDO ELEMENTARY SCHOOL DISTRICT
(Merced County, California)
General Obligation Bonds,
Election of 2020, Series B (Measure P)
(Bank Qualified)

$_____
EL NIDO ELEMENTARY SCHOOL DISTRICT
(Merced County, California)
General Obligation Bonds,
Election of 2020, Series B (Measure Q)
(Bank Qualified)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "**Disclosure Certificate**") is executed and delivered by the El Nido Elementary 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 resolutions adopted by the Board of Education of the District on November 10, 2026 (together, the "**Resolution**"). U.S. Bank Trust Company, 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).

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 being March 31 based on a fiscal year ending June 30).

"*Dissemination Agent*" means, initially, Fieldman, Rolapp & Associates, Inc., doing business as Applied Best Practices, or any successor Dissemination Agent designated in writing by the District and which has filed with the District and the Paying Agent a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a).

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"*Official Statement*" means the final official statement executed by the District in connection with the issuance of the Bonds.

"*Paying Agent*" means U.S. Bank Trust Company, National Association, 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, 2027, with the report for the 2025-26 fiscal year, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) notice to the MSRB, in a timely manner, in an electronic format as prescribed by the MSRB, 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) assessed valuation of taxable properties in the District for the most recently completed fiscal year, or if available at the time of filing, the current fiscal year;

(ii) assessed valuation of properties of the top twenty taxpayers for the most recently completed fiscal year, of if available at the time of filing, the current fiscal year;

(iii) if the District's general obligation bond levies are not included in the County of Merced's Teeter Plan, property tax collection delinquencies for the District for the most recently completed Fiscal Year only if available from the County at the time of filing the Annual Report;

(iv) the District's most recently adopted budget or interim report available at the time of filing the Annual Report; 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:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the District.

(13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(15) Incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material.

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier “if material” and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event’s occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such

event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(e) For purposes of Section 5(a)(15) and (16), "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(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. The initial Dissemination Agent shall be Fieldman, Rolapp & Associates, Inc. Any Dissemination Agent may resign by providing 30 days' written notice to the District and the Paying Agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the 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: _____, 2026

EL NIDO ELEMENTARY SCHOOL DISTRICT

By: _____
Name: _____
Title: _____

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APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the District nor the Paying Agent take any responsibility for the information contained in this Section.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (in this Appendix, the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned

subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting

rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from District or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to District or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

10. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that District believes to be reliable, but District takes no responsibility for the accuracy thereof.

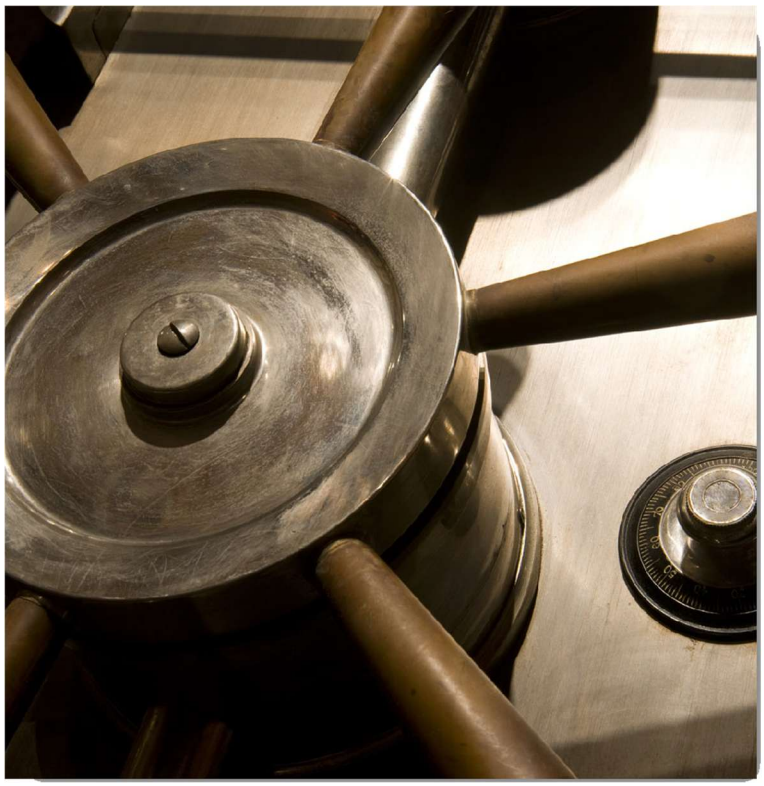
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APPENDIX G

MERCED COUNTY INVESTMENT POLICY AND INVESTMENT REPORT

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MERCED COUNTY TREASURY



INVESTMENT POLICY STATEMENT 2026

Karen D. Adams, CPA
Treasurer

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PREFACE

Each issue addressed in this policy is considered to be of timely and significant importance to the administration of the investment portfolio. While some portions of this policy are a restatement of State law, these restatements are integral to the purpose and flow of this policy.

The following statements are intended to ensure the achievement of the purpose, goals, and objectives of the investment strategy in an orderly, accurate manner. However, there is no guarantee that problems, errors, or losses will not arise in the course of administering the investment of funds.

Unforeseen factors may affect the achievement of the goals and objectives of the portfolio. A list of factors include, but are not limited to, the following: national or international events or crisis, deviation of actual cash flow from forecasted cash flow, unexpected demands on cash flow, policies made with regard to investment in local depositories, and errors in data or advice used to make decisions, as well as any other unforeseen aberration or event that may impact local, national or international financial markets, economies or politics which in turn has a decided effect upon the portfolio.

Keeping in mind the obstacles and deterrents in pursuing portfolio goals and objectives, this policy is designed to achieve a reasonable rate of return over an economic cycle, consistent with limited risk and prudent investment practices.

SCOPE

The following investment policy pertains to the pooled operating funds of Merced County and depository agencies. Depository agencies consist of Merced County Office of Education, 20 school districts, Merced College, special districts and other local agencies. The County retirement system is an independent CA 1937 Act system, and the Treasurer is a trustee on the board. The independent retirement system only deposits short-term liquidity monies in the treasury for retiree payroll. This policy is concerned with the deposit, safekeeping and investment of all funds under the control of the Treasurer, as well as all related transactions and investment activities.

PURPOSE

The purpose of the investment policy is to uphold the Prudent Investor Rule by managing idle funds with care, skill, and caution. The policy ensures that investment decisions consider the portfolio's objectives and the needs of its participants, while maintaining an appropriate balance among Safety, Liquidity, and Yield through diversification and sound risk management.

It is the policy of the Treasurer to invest public funds in a manner that will preserve the safety and liquidity investments within the County investment pool while obtaining a reasonable return within established investment guidelines. The portfolio should be actively managed in a manner that is responsive to the public trust and consistent with State law. Accordingly, the County investment pool will be guided by the following principles in order of importance: facilitate accomplishment of the goals and objectives of the Treasurer with regard to the investment of idle funds; to ensure that cashflow projections meet the liquidity needs of all participants; to provide a clear framework for the administration and investment of those idle funds to promote effective communications among all interested parties related to the investment and administration of Treasury funds; and to ensure compliance with legal requirements and policies adopted by the Treasury Oversight Committee and Board of Supervisors.

LEGAL COMPLIANCE

All investing and investment decisions shall be made with full compliance to California Government Code § 27000 et seq. and 53600 et seq., as well as any forthcoming amendments or additions to the California Government Code in relation to the investment of local agency idle funds. In addition, the Treasurer may provide further restrictions and guidelines for the investment of idle funds through this Statement of Investment Policy and the Investment Guidelines and Procedures Manual.

GOALS AND OBJECTIVES

PRIMARY GOALS

The Treasurer's primary goals for the investment of idle funds (the portfolio) are in order of priority:

1. **Safety**
   Safety of Principal shall mean the safeguarding of capital through the selection of investments and investing procedures to best protect against loss arising from default, fraud or error. To achieve preservation of principal the portfolio structure will be diversified to mitigate credit risk and market risk.

   Credit Risk: The inherit risk of an issuer(s) ability and willingness to repay interest and principal, which shall be mitigated by diversifying the fund so that the failure of any one issuer would not unduly harm the Fund's cash flow.

   Market Risk: The inherit risk of market value fluctuations due to changes in the general level of interest rates. Because longer maturity fixed-income securities have greater market risk than shorter maturity securities, market risk will be mitigated by establishing a limit for the weighted average maturity. It is recognized in an active portfolio occasional losses on individual securities are inevitable and must be considered within the context of the overall investment return.

2. **Liquidity**
   Liquidity Maintenance shall mean to always have the ability to convert sufficient securities in the portfolio to cash, with little or no loss in value, to cover cash flow needs of the county and its investing agencies, to meet contingency needs.

3. **Yield**
   Yield refers to earning a reasonable rate of return and shall take into consideration current market conditions, the present phase of the market cycle, both present and future cash flow needs, and the other primary goals of Safety and Liquidity Maintenance.

PRUDENCE

The administration of idle funds of the Merced County Treasurer, as a fiduciary trustee, shall be performed in accordance with the prudent investor standard as stated in California Government Code § 27000.3 and 53600.3:

> "When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the County Treasurer shall act with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity need of the county and other depositors."

MAINTENANCE OF PUBLIC TRUST

As the Treasurer has been entrusted with the safekeeping of Public Monies received from Public Sources, the Treasurer in managing Investment Portfolios shall exercise a high degree of professionalism to insure and sustain public confidence, remembering that both the investment instruments and the methods of transacting investment business are subject to public review and scrutiny.

ETHICS AND CONFLICT OF INTEREST

The Treasurer and all investment personnel shall refrain from personal business activity which could create a conflict with proper execution of the investment program, or which could impair the ability to execute impartial investment decisions. The Treasurer and all investment personnel shall disclose to the Treasury Oversight Committee any material financial interests in financial institutions which conduct business with the County of Merced and shall disclose any material financial investment positions which could be related in a conflicting manner to the performance of the county of Merced investment portfolio.

POLICY SUMMATION OF BASIC STRATEGY

The basic investment strategy will be to safeguard the principal of all investments, maintain sufficient liquidity to meet the regular cashflow needs of the Treasury while reserving contingent liquidity to meet unanticipated cashflow demands, and utilize various investment approaches to take advantage of current market yield opportunities. A maximum rate of return will be sought in a manner consistent with the safeguarding of principal and meeting liquidity needs.

AUTHORITY

DELEGATION

Investment authority is delegated to the Treasurer by the Board of Supervisors, in accordance with California Government Code § 53607, by Merced County Ordinance No.1720, as codified at Chapter 5.40.

Pursuant to California Government Code § 27000.1, subject to § 53607, the Board of Supervisors may, by ordinance, delegate to the County Treasurer the authority to invest or reinvest the funds of the County and the funds of the other depositors in the County Treasury, pursuant to Chapter 4 (commencing with Government Code § 53600) of Part 1 of Division 2 of Title 5 of the Government Code. The County Treasurer shall assume full responsibility for those transactions until the Board of Supervisors either revokes its delegation of authority, by ordinance, or decides not to renew the annual delegation.

Annual approval of this Investment Policy by the Board of Supervisors constitutes renewal of the annual delegation of investment authority to the Treasurer, effective January 1st of each year.

RETENTION

The Treasurer shall retain the authority to add to, delete or amend the Investment Policies and the Investment Guidelines as is necessary to facilitate accurate and efficient transactions pertaining to the investment of idle funds, for the best interest of the County.

TREASURY OVERSIGHT COMMITTEE

Pursuant to the addition of Article 6, to Chapter 5 of Division 2 of Title 3 of the California Government Code, the County Treasurer shall create a County Treasury Oversight Committee to promote the public interest by involving depositors in the management of their funds and by enhancing the security and investment return of their funds through the establishment of criteria for the withdrawal of funds. Nothing in this policy shall be construed to allow the County Treasury Oversight Committee to direct individual investment decisions, select individual investment advisors, brokers or dealers, or impinge on the day-to-day operations of the County Treasury. The duties of the County Treasury Oversight Committee will be delineated in the Investment Guidelines. In compliance with California Government Code § 27131 and to maintain equity of all depositors, the membership of the County Treasury Oversight Committee shall consist of the following:

MEMBERS

The members of the Treasury Oversight Committee (TOC) shall consist of:

- The County Auditor – or alternate
- A Board of Supervisors - designee or alternate
- The Superintendent of Schools - or alternate
- A College District - designee or alternate
- A Special District - designee or alternate
- Two Members of the Public with expertise, or academic background, in public finance.

Government Code § 27133 (d) requires limits to be set on the receipt of honoraria, gifts, and gratuities from advisors, brokers, dealers, bankers, or other persons with whom the County Treasury conducts business by any member of the County Treasury Oversight Committee. These limits may be in addition to the limits set by a committee member's own agency, by state law, or by the Fair Political Practices Commission. TOC Members are prohibited from raising money for the County Treasurer or a Board of Supervisor (with the exception of raising money for their own position) while serving as a member on the committee.

DUTIES OF THE TREASURY OVERSIGHT COMMITTEE (TOC)

The Treasury Oversight Committee (TOC) is required annually to review and monitor the investment policy prepared by the County Treasurer, pursuant to Government Code § 27133, and to cause an annual compliance audit, pursuant to Government Code § 27134.

The Treasurer will annually submit the Statement of Investment Policy to the Board of Supervisors to be reviewed and accepted at a public meeting as required by Government Code § 53646. This section also requires that any change in the policy be reviewed and accepted by the Board of Supervisors at a public meeting.

ANNUAL AUDIT

In compliance with Government Code § 53686, as of the end of each fiscal year, the TOC shall cause an annual audit to be conducted to determine compliance with the Statement of Investment Policy and an audit of the interest apportionment. Additionally, the audit may address questions of portfolio structure and risk. The audit findings will be an agendized item at the TOC meeting following the release of the audit. The cost of the audit will be charged against the Treasurer’s budget and will be included in the investment expenses which are deducted from earnings prior to interest

apportionment. A copy of the annual audit will be distributed pursuant to Government Code § 53686.

MEETINGS

The TOC meets on a quarterly basis. These meetings are held within 45 days after the end of each quarter or scheduled to coincide with the nearest Board of Supervisor meeting. Meeting dates and times are established at the beginning of each calendar year.

ADMINISTRATION

SAFEKEEPING

Investments are held in a third-party safekeeping custodial account designated by the Treasurer to provide the public with the highest degree of protection with regard to investments held in the portfolio. The delivery-versus-payment (DVP) purchase procedure will be used. Third-party safekeeping refers to holding securities in a trust account by an entity other than the party through whom the investment was purchased. The DVP refers to the practice of using an escrow procedure to process a transaction through the third-party safekeeper. This practice ensures that the transaction settles after the transaction terms and conditions of the parties involved have been met.

COLLATERALIZATION

Repurchase agreements are required to be collateralized by securities or cash authorized under California Government Code § 53601.7(e). In order to anticipate market changes and provide a level of security the collateralization level will be a minimum of 102% of market value of the principal and accrued interest and shall be marked-to-market no less frequently than weekly. A Master Repurchase Agreement is required for the authorized bank and broker/dealer accounts for all daily cash surplus (see Investment Terminology).

PERFORMANCE BENCHMARK

The investment portfolio is constructed with the objective of obtaining a market rate of return throughout budgetary and economic cycles, matching the investment risk controls and cash flow requirements, thus preserving capital, meeting liquidity, and providing yield. The Treasurer's investment strategy is to manage the portfolio with less risk than a benchmark comparable index and to use economies of scale to invest and administer the program at a reasonable cost. As a result the portfolio is benchmarked against both the BofA Merrill Lynch 1-3 Year US Treasury Index and the California Local Agency Investment Fund (LAIF).

INTERNAL CONTROLS & PROCEDURES

The Treasurer has established a system of written internal controls, which is reviewed annually by the County's independent (external) auditor. The controls are designed to prevent loss of public funds due to fraud, collusion, embezzlement, employee error, misrepresentation by third parties, unanticipated market changes, or imprudent actions of employees of the Treasurer's Office. The Treasurer shall evaluate any audit reports in a timely manner with the Treasury Oversight Committee. The quarterly audit reports of the Treasury shall be provided as required by Government Code § 26920 through 26922. Daily compliance of the investment portfolio shall be performed by the Treasurer's Compliance Division. Compliance will be determined on a fair market value basis. All agreements, statements, and trade confirmations will be subject to review annually by auditors in conjunction with their audit.

The Treasurer has procedures for the investment process that are consistent with this policy and are statutorily compliant. Procedures include safekeeping, master repurchase agreements, wire transfer agreements, collateral and depository agreements, banking service contracts and other investment and banking related activities. Such procedures include explicit delegation of authority to personnel responsible for investment transactions.

The Treasurer shall designate the Assistant Treasurer-Tax Collector as a liaison/deputy in the event circumstances require timely action and the County Treasurer is not present. No investment personnel may engage in an investment transaction except as provided under terms of this policy and the procedures established by the County Treasurer. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of Treasury personnel.

The Treasurer will maintain a system of internal controls. Whenever possible those controls will be maintained through the use of computer automation and generally accepted segregation of duties. Internal controls are designed with the intended focus on preventive, corrective, and detective controls.

A system of internal controls is maintained to address the following issues but is not limited to these issues:

1. Separation of transaction authority from accounting and record keeping.
2. Third-Party custodial safekeeping.
3. Clear delegations of authority & segregation of functions.
4. Written confirmations from appropriate parties.
5. Guidelines for attempting to prevent losses, and appropriate remedial action in the event of loss.
6. Provisions for legal compliance monitoring.
7. Provisions for ongoing monitoring and auditing of internal controls.

COMPETITIVE BIDDING

All transactions will be made through the use of competitive bids whenever possible. At least two (2) competitive bids will be solicited for each transaction. If the solicitation of two bids is not feasible or practical, the reason will be stated in the transaction documentation. Exceptions to the use of competitive bids may include, but are not limited to the following:

1. Market circumstances where time constraints would make the bid process impractical.
2. Investments possessing distinctive characteristics.
3. Overnight deposits where time constraints may not accommodate the bid process.
4. Transactions in which investments are actively traded and priced by market information services such as Telerate and Bloomberg, where current market price can be readily determined.

REPORTING

California Government Code § 53646 require the following regarding reporting:

The Treasurer shall annually render a Statement of Investment Policy to the Oversight Committee and to the Board of Supervisors. The Treasurer shall render quarterly an Investment Report to the County Executive Officer, the County Auditor, Board of Supervisors and Oversight Committee within 45 days following the end of the quarter covered by the report.

As required by Government Code § 53646, the quarterly report will include:

1. A ledger of daily transactions for the quarter;

2. A list of holdings as of the last day of the quarter which notes:
   a. Type of Investment
   b. Issuer
   c. Date of Maturity
   d. Par Amount
   e. Book Value
   f. Market Value at Quarter-end (and Source of Value);

3. A statement of compliance with the Statement of Investment Policy or an explanation of any variance.

4. A statement of the pool's ability to meet the expenditure requirements for the next six months or an explanation of why the pool cannot meet the expenditure requirements.

A monthly transaction report will be made available to the legislative body per Government Code § 53607.

As deemed appropriate, the Treasurer or the TOC may issue additional statistical or narrative reports.

MARKED-TO-MARKET

Marked-to-Market is the requirement of the AICPA's pronouncement GASB 31 which dictates that portfolios disclose the Fair Market Value of investments on a given date. Fair Market Value can be determined by an independent agency. The cost of an independent agency is significant, and we have determined that the portfolio valuation will be marked-to-market using our custodian's fair market valuation rather than incurring an additional vendor cost. Our Custodian utilizes several market pricing services, including Merrill Lynch, Bloomberg, and others.

INTEREST APPORTIONMENT

The Interest Apportionment is determined on the modified accrual basis method of accounting. All interest earnings, amortization earnings, and coupon payments are deposited into Trust Fund # 2070 Treasurer's Interest. A journal entry is processed to recognize the accrued interest and amortization for the quarter. Departmental treasury costs are recovered quarterly based on actual treasury expenditures. After all expenditures are netted against earnings, the net revenues are distributed to the Pool Participants through the following Interest Apportionment process.

At end of each quarter, the Auditor-Controller's department runs a Recurring Calculation process in Finance Enterprise. This process allocates the interest that has been deposited into Trust Fund # 02070 revenue during the quarter to the other trust funds within the Treasury. During this process, the system calculates the average balance of each fund for that quarter. It then determines each funds' percent of the pool by taking the cumulative average balance for each fund divided by the total cumulative average balance of all funds. Next each fund's percent of the pool is multiplied times the Net Revenues in Trust Fund # 02070 and that amount is then posted to the respective trust funds as interest.

If a fund has been overdrawn any time during the quarter, that negative amount will be included in the calculation of the average balance for that quarter. Depending on how long the fund was overdrawn, there is a chance that the total average balance for that fund may be a negative. In this case, the system will charge that fund interest (posted as a negative amount to the interest revenue account in GL for that fund), instead of crediting it with revenue.

VOLUNTARY DEPOSITORS

A voluntary depositor is any local agency who has applied for and been granted participation in the county investment pool. The local agency's treasurer or other official responsible for their funds has determined that they have excess funds which are not required for immediate use. Once the excess funds are identified, the local agency's legislative or governing body must adopt a resolution that authorizes the investment of the funds pursuant to Government Code § 53684, and with the consent of the County Treasurer, deposit the excess funds in the county treasury for the purpose of investment by the County Treasurer pursuant to Government Code § 53601 or 53635. The resolution shall specify that the local agency acknowledges and is willing to be bound by the withdrawal provisions of Government Code § 27136, and that administrative charges will be deducted by the Treasurer as permitted by Government Code § 53684(b) and 27013. The Treasurer shall approve or disapprove such agency's request in writing.

ALLOWABLE VOLUNTARY DEPOSITORS TERMS AND CONDITIONS

Deposits by voluntary depositors who have the right to withdraw funds increase the cashflow volatility of the Treasury. This increase in cashflow volatility makes accurate cashflow forecasting more difficult. Thus, deposits by voluntary depositors increase the risk to the remaining depositors prompting the Treasurer to sell investments prior to maturity to meet the unanticipated withdrawal demands of voluntary depositors. The increase in risk associated with the deposits of voluntary depositors is recognized by rating agencies, auditors and other financial overseers and is a consideration in the credit evaluations and oversight comments provided to all depositors.
By approval of the Treasurer, the deposit of funds from voluntary depositors may be accepted under the following criteria:

1. The legislative or governing body of the voluntary depositor shall pass a resolution authorizing the investment of funds into the Merced County Treasury.
2. The legislative or governing body of the voluntary depositor shall include in its resolution all terms and conditions as determined by the County Treasurer, Involuntary depositors (depositors required to deposit into the Treasury) who are required to deposit operating and other funds in the Treasury may from time to time have a limited amount of funds which are discretionary as to deposit requirements (such as proceeds from the issuance of debt), which are not required to be deposited into the County Treasury.

The discretionary funds (funds not required to be deposited into the Treasury) of involuntary depositors will be accepted for deposit into the Treasury. Joint power authorities may also place deposits in the Treasury. When a majority of the JPA's membership is comprised of depositors domiciled in the County, the funds of the JPA may be invested in the Treasury.

WITHDRAWAL OF FUNDS

Withdrawals for claims and accounts payable are to be made by auditor's warrant. Various forms of electronic transfer can be used to make withdrawals for the purpose of payroll, bond and note related transactions and to transfer investment funds.

The Treasurer's Investment Policy establishes guidelines for unusual or unexpected withdrawal of cash and provides for adequate liquidity to cover day-to-day operations of pool depositors. On occasion, depositors have a need of withdrawals that exceed those normally associated with operations. It is essential that all agencies inform the Treasurer of anticipated withdrawals in excess of $2,000,000 as far in advance as possible. To accommodate such withdrawals, the Treasurer-Tax Collector's Office has established written notification requirements as set forth below to allow for adjustments to the liquidity position of the Portfolio.

The notification required is as follows:

Withdrawals of up to $2,000,000 - 24 hours
Withdrawals of $2,000,001 and more - 72 hours

Failure to adhere to these requirements may result in payment being delayed by the Treasurer-Tax Collector's office.

Pursuant to CA Government Code § 27136, prior written notice is required for withdrawals from the county treasury pool for the purpose of investing or depositing funds outside of the county treasury. The written notice may be submitted via email or fax, with original request to follow. The Treasurer will evaluate each proposal to ensure that the request will not adversely affect the interest of the other depositors in the Treasury. Should the Treasurer determine that a withdrawal for the purpose of investing or depositing funds (including reinvestment of note proceeds) outside of the county treasury would adversely affect the interest of other depositors in the pool, the Treasurer may utilize either: the provisions of Government Code § 53684 to require 30 days written notice prior to any withdrawals or honor the withdrawal at the current market value of the portfolio. Approval of the withdrawal does not constitute approval or endorsement of the investment.

BUSINESS CONTINUITY PLAN

Merced County is located in a severe flood plain as determined by the California Office of Emergency Services. Due to the concern that mission critical functions cannot be performed, the Merced County Treasury has established a Continuity of Operations Plan (COOP) for conducting Treasury business. In the event the primary place of business is inaccessible, please refer to the Merced County COOP Plan.

Located within the Treasury department is one (1) separate and secure workstation used for the sole purpose of accessing Wells Fargo CEO web portal for wire transfers. All other information is located on the County server.

In the event we are unable to conduct normal business operations, authorized personnel shall activate the Merced County Treasury's Continuity of Operations Plan (COOP) using three (3) secure laptops at remote locations. These secure laptops are programmed to access the Wells Fargo CEO web portal and a secure cloud portal using Microsoft OneDrive for Business only, to perform the mission critical functions.

Ongoing testing of the Merced County Treasury's COOP is performed to ensure preparedness should an emergency occur.

The Plan provides for continuity of mission critical functions of the Treasury to be initiated within 0-12 hours of an event.

Mission critical functions for the Treasury have been identified as follows:

1. Project daily cash flow and ensure sufficient liquidity to meet the needs of the pool participants.
2. Reconcile daily cash with bank.
3. Reconcile daily cash to Central Square General Ledger.
4. Reconcile daily checkbook.
5. Prepare bank deposit.
6. Evaluate Positive Pay and make decision to honor or reject.
7. Initiate wires and transfer funds as required.
8. Review and approve initiated funds wires.
9. Monitor investment portfolio and make changes as required.

In all cases, the safety of Treasury personnel is paramount. In no event will the alternate locations or processes be employed if doing so will endanger any person at any time.

AUTHORIZED INVESTMENTS & DIVERSIFICATION

Pursuant to CA Government Code § 27000 - Prudence definition,
§ 53600 - Local agency definition, § 53601 - Authorized investments
(See Appendix 1 for complete investment listing)

The Treasurer has established the following self-imposed restrictions which are stricter than the statutory requirement to ensure diversification is maintained in the portfolio. The diversification is critical to reduce risks associated with investment concentration, quality and duration. The portfolio's approved Weighted Average Maturity (WAM) is not to exceed 2.5 years with no more than 10% held in one issuer's name. Cashflow projections, fed fund targets and other opportunities are continuously evaluated to define the strategy for the portfolio.

Government Code § 53601 INVESTMENT TYPES & RESTRICTIONS*			TREASURER IMPOSED
TYPE	**MAXIMUM TERM**	**MAXIMUM %**	**RESTRICTIONS**
(a) Local Agency Bonds	5 years	No limit	30%
(b) USTN, Bonds, Bills,...	5 years	No limit	50%
(c) Reg'd State Wts, TN Bonds	5 years	No limit	30%
(e) Local Agency Bonds, Notes,..	5 years	No limit	75%
(f) Agency Obligations...Federal Agency/ GSE	5 years	No limit	75%
(g) Bankers Acceptances	180 days	40%; limited to 30% in one specific bank	25%; limited to10% in one specific bank
(h) Commercial Paper	397 days	40%; limited to 10% in one single corp.issuer	30%; limited to 10% in one single corp.issuer
(i) Certificates of Deposits	5 years	30%	30%
(j) Repurchase Agreements *	1 years	20%	20%
(k) Corp. Notes (MTNs) *	5 years	30%	30%
(q) Supranationals –Int'l Bk for Recons & Devel (IBRD), Int'l Fin Corp (IFC) or Inter-American Dev Bk (IADB)	5 years	30%	30%
LAIF **	not specified	75MM	75MM or 25%
Managed Pool Accounts (CAMP)	not specified	No limit	25%

Due to fluctuations in the portfolio's balance, compliance testing is applicable on the day of purchase.

* THE COUNTY TREASURER WILL NOT PURCHASE reverse repurchase agreements, strips or zero interest accrual investments~~,~~ with the exception of any exposure in money markets purchased for the portfolio.

** The County has authority over two LAIF accounts; a general pool and a Merced County Office of Education account.

AUTHORIZED BROKERS/DEALERS & DEPOSITORIES

Brokers, Dealers and Banks approved for transacting business with the Merced County Treasurer*'s* office must complete a detailed questionnaire and provide audited financial statement, references and requested financial institution information. A review and approval is required before any investment services can be considered. On-going evaluations are completed on all approved broker/dealer/depositories relationships on a regular basis as deemed necessary. A current list is maintained in the Treasury and available upon request.

1. Institutions designated as primary dealers by the Federal Reserve Bank of New York, or

2. Banks identified as one of the top 100 banks in the world, or

3. Banks, brokers or dealers whose transactions are guaranteed by one ofthe top 100 banks in the world, or

4. Banks, brokers or dealers whose parent company is one of the top 100 banks in the world.

6. Prohibited from making Political Contributions to County officials.

6. All authorized brokers of the County certify that they have reviewed the California Government Code § 53600 et seq. and the County's Investment Policy and that all securities offered to the Merced County *Treasury* will comply with the provisions of the Code and Investment Policy.

7. The Treasurer has posted the "Independent Registered Municipal Advisor Exemption Notice" on the webpage at www.mercedtaxcollector.org underthe Treasury tab.

REVIEW AND ANALYSIS OF PROSPECTIVE INVESTMENTS

Whenever possible, investment vehicles shall be selected according to specific needs and portfolio guidelines, as well as economic and market conditions. Due to the complexity of the various investment instruments available and uncertainty of market conditions, the Treasurer may seek professional advice in making investment decisions to optimize investment selections.

The portfolio is managed in accordance with Statement No. 40 of the Government Accounting Standards Board for Deposit and Investment Risk Disclosure. The investments shall be diversified by limiting investments to avoid concentration in specific issuer or business sector; limiting investment in securities that have higher credit or liquidity risks; investing in varying maturities; and continuously investing in overnight repurchase agreements, money markets, and the California Local Agency Investment Fund (LAIF).

PUBLIC INQUIRY

The County Treasurer's portfolio and related transactions are a matter of Public Record. Any member of the public may receive a copy of the portfolio or Investment Policy by requesting a copy at the Treasurer's Office. The Treasurer may charge a fee for the copy, as prescribed in our fee ordinance No.1968.

MERCED COUNTY TREASURER

LISTING OF
INVESTMENT TERMINOLOGY

ACCRUED INTEREST: The amount of interest that is earned, but unpaid since the last interest payment date.

AGENCY: Securities issued by government-sponsored corporations such as Federal Home Loan Banks (FHLB) or Federal Land Banks (FLB.) Agency securities are exempt from Securities and Exchange Commission (SEC) registration requirements.

AMERICAN CALL: Bonds may be called at any time following the first call or lockout period.

AMORTIZATION: Accounting procedure that gradually reduces the cost value of a limited life or intangible asset through periodic charges to income. It is a common practice to amortize any premium over par value paid in the purchase of bond investments or any discount under par value recognized in the purchase of bond investments.

ASKED PRICE: The price at which securities are offered from a seller.

ASSET BACKED SECURITIES (ABS): Securities collateralized with consumer receivables, such as automobile loans, credit card receivables, or home equity loans, which are owned by the issuer, but placed with a trustee for the benefit of the investor.

BANKER'S ACCEPTANCE (BA): Time draft drawn on and accepted by a bank [for up to 6 months], the customary means of effecting payment for merchandise sold in import-export transactions and a source of financing used extensively in international trade. These are time drafts in which a bank "accepts" as its financial responsibility to pay the principal at maturity even if the importer does not. In essence, these are bank obligations collateralized by goods being shipped between an exporter and an importer. With the credit strength of a bank behind it, the banker's acceptance usually qualifies as a MONEY MARKET instrument. The liability assumed by the bank is called its acceptance liability.

BANKER NOTE (BN): Similar to Commercial Paper (debt instrument issued by the Bank's holding company), but the Bank Note is issued directly by the Bank and not the holding company. BNs represent the highest senior debt issued by the bank, second only to Certificate of Deposit holders; highly negotiable and liquid; an allowable and accepted institutional investment form.

BASIS POINT: When a yield is expressed as 7.32%, the digits to the right of the decimal point are known as basis points. One basis point equals 1/100 of one percent. Example: 0.25% is twenty-five basis points. Basis points are used more often to describe changes in yields on bonds, notes and other fixed-income securities.

BENCHMARK: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BERMUDA CALL: Bonds may only be called on a pre-determined schedule of call dates. Monthly, Quarterly, Annually etc.

BID PRICE: The price at which a buyer offers to buy a security.

BOND: A long-term debt instrument in which the investor lends money to the bond issuer, who agrees to pay a stated rate of interest over a specified period of time. Very simply, a bond is a promissory note which is traded in the financial markets. The investor's position is that of lender.

BOND RATING: A rating selected from a scale which indicates the relative likelihood of default.

BOOK ENTRY: The system, maintained by the Federal Reserve, by which most money market securities are "delivered" to an investor's custodian bank. The Federal Reserve maintains a computerized record of the ownership of these securities and records any changes in ownership corresponding to payments made over the Federal Reserve wire (delivery versus payment). These securities do not receive physical certificates.

BOOK VALUE: The original cost of the investment, plus accrued interest and amortization of any premium or discount.

BROKER: A broker brings buyers and sellers together and is compensated for his/her service.

CALL OPTION: A contract which allows the holder to buy a specified quantity of an asset at a specified price on or within a specified date.

CALLABLE BONDS: Bonds which may be redeemed by the issuing company prior to the maturity date.

CANARY CALL: Bonds may be called during an open call period, if not called on the last date, then they become non-callable to maturity.

CAPITAL GAIN/LOSS: The profit or loss realized from the sale of a capital asset.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate. Large-denomination CD's are typically negotiable.

COLLATERAL: Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement or securities pledged by a financial institution to secure deposits of public moneys. Repurchase agreements are required and must be executed with approved broker-dealers, collateralized with either: (1) U.S. Treasuries or Agencies with a market value

of 102% for collateral marked to market daily; or (2) money market instruments which are on the approved list of the County and which meet the qualifications of the Policy with a market value of 102%.

COMMERCIAL PAPER (CP): Short-term obligations with maturities ranging from 2 days to 397 days issued by banks, corporations, and other borrowers to investors with temporarily idle cash. Such instruments are unsecured and usually discounted, although some are interest- bearing. Investors (actually lenders, since commercial paper is a form of debt) like the flexibility and safety of an instrument that is issued only by top-rated concerns and is nearly always backed by bank lines of credit. Both Moody and Standard & Poor assign ratings to commercial paper.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report for the County. It includes five combined statements for each individual fund necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed statistical section.

COUPON OR COUPON RATE: The rate at which a bond pays interest. Stated as a percentage of par and computed out to a dollar amount. Example: A note with a coupon of 6% pays $30,000 interest per million dollars of par every six months, or $60,000 annually.

CURRENT YIELD: The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

CUSTODIAN: A bank or other financial institution that keeps custody of stock certificates and other assets.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE: A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT (DVP): Delivery of securities with a simultaneous exchange of money for the securities.

DERIVATIVE: A security whose interest rate of principal amount may vary and is determined by a market index or a combination of market indexes.

DISCOUNT: The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as Treasury bills and bankers acceptances, are known as discount securities. They sell at a discount from par, and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for the full-face value of the investment.

DIVERSIFICATION: An investment strategy designed to spread the risk in a portfolio by dividing investments among different sectors, industries and companies.

DOLLAR-WEIGHTED AVERAGE MATURITY: A calculation that expresses the "average maturity" of an investment portfolio using each investment's maturity weighted by size of that investment.

EUROPEAN CALL: Bonds may only be called on one pre-determined date.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to $100,000 per deposit.

FED FUNDS: The settlement is to be consummated with funds on deposit at the Federal Reserve Bank; and thus available the same day. All government securities are traded on Fed Funds; also referred to as "same day funds".

FEDERAL FUNDS RATE: Interest rate at which banks lend federal funds to each other.

FEDERAL HOME LOAN BANKS (FHLB): Government sponsored wholesale banks that lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder owned corporation.

FEDERAL OPEN MARKET COMMITTEE (FOMC): This committee sets Federal Reserve guidelines regarding purchases and sales of government securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: A U.S. centralized banking system which has supervisory powers over the 12 Federal Reserve banks and about 6,000 member banks.

FIXED-INCOME SECURITIES: Securities which return a fixed income over a specified period.

FLOATING RATE NOTE: A debt security whose interest rate is reset periodically (monthly, quarterly, annually) and is based on a market index (e.g. Treasury bills, LIBOR, ect.).

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, saving and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FmHA mortgages. The term "pass-throughs" is often used to describe Ginnie Maes.

GOVERNMENT-SPONSORED ENTERPRISES (GSE): Government sponsored obligations, participation, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

INTEREST: The amount earned while owning a debt security, generally calculated as a percentage of the principal amount.

LIQUIDITY: The speed and ease with which an investment can be converted to cash.

LOCAL AGENCY: County, city, city and county, including a charter city or county, school district, community college district, public district, county board of education, county superintendent of schools, or any public or municipal corporation.

MARKET: Refers to the place, physical or electronic, that investment transactions take place. The New York Stock Exchange (NYSE) is a recognized exchange (stock market) with a physical location in New York. The Chicago Board of Trade (CBT) is a recognized exchange (commodities market) with a physical location in Chicago. The "over-the-counter" market is an electronic and phone system used to trade investments which are not traded on recognized exchanges. Bond and money market investments (fixed income securities) are traded on the "over-the-counter" market.

MARKET RISK: The risk that changes in overall market conditions or interest rate may adversely affect current market prices.

MARK-TO-MARKET: The market valuation for every security in a portfolio used in determining Net Asset Value (NAV).

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A required written contract covering all future transactions between the parties to repurchase agreements that establish each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower (see Collateral).

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MEDIUM TERM NOTE (MTN): Debt securities issued by a corporation or depository institution with a maturity ranging from nine months to five years. The term "medium-term notes" refers to the time it takes for an obligation to mature, and includes other corporate debt securities originally issued for maturities longer than five years, but which have now fallen within the five year maturity range. MTNs issued by banks are also called "bank notes."

MONEY MARKET: The market in which short term debt instruments (Treasury bills, discount notes, commercial paper, bankers' acceptances, etc..) are issued and traded.

MONEY MARKET MUTUAL FUNDS: An investment company that pools money from investors and invests in a variety of short-term money market instruments. The Net Asset Value (NAV) of these funds should remain at $1.00; however, it is not guaranteed.

MUNICIPAL DEBT: Issued by public entities to meet capital needs.

NATIONALLY RECOGNIZED RATING SERVICES: Firms that review the creditworthiness of the issuers of debt securities, and express their opinion in the form of letter ratings (e.g. AAA, AA, A, BBB, etc.) The primary rating agencies include Standard & Poor's Corporation; Moody's Investor Services, Inc.; Fitch Investors Service; Duff & Phelps Investment Service; Thompson Bank Watch and International Bank Credit Analyst.

NEGOTIABLE CERTIFICATE OF DEPOSIT (CD): Large-dollar-amount, short-term certificate of deposit. Such certificates are issued by large banks and bought mainly by corporations and institutional investors. They are payable either to the bearer or to the order of the depositor, and, being NEGOTIABLE, they enjoy an active SECONDARY MARKET, where they trade in round lots of $5 million.

NET ASSET VALUE (NAV): A per-share valuation of a mutual fund based on total assets minus total liabilities.

NON-CALLABLE: Bond that is exempt from any kind of redemption for a stated time period. Also known as a Bullet Bond.

OFFER PRICE: The price asked by a seller of securities.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy.

PAR VALUE: The amount of principal which must be paid at maturity; also referred to as the face amount of a bond, normally quoted in $1,000 increments per bond.

PHYSICAL DELIVERY: The delivery of an investment to a custodian bank in the form of a certificate and/or supporting documents evidencing the investment (as opposed to "book entry" delivery).

PLAIN VANILLA: Non-derivative investments which are not leveraged and whose interest rates do not change.

PORTFOLIO: A group of securities held by an investor.

PREMIUM: The difference between the par value of a bond and the market value of the bond, when the market value is above par.

PRICE: The percentage of par at which a security is bought and sold. Corporate debt is traded in denominations of 100th of a percent. Government debt is traded in denominations of 32nds of a percent.

PRICE RISK: The risk that the price of a bond sold prior to maturity will be less than the price at which the bond was originally purchased.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York, and are subject to its informal oversight.

PRIME RATE: The interest rate banks charge the biggest borrowers with the best credit ratings.

PRINCIPAL: The face value or par value of an investment.

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

PSA MASTER REPURCHASE AGREEMENT: A required written contract covering all future transactions between the authorized bank and the Treasurer to repurchase agreements that establish each party's rights in the transactions (see Collateral & Repurchase Agreement).

QUALIFIED INSTITUTIONAL BUYER: A qualified institutional buyer (QIB) is a class of investor that can safely be assumed to be a sophisticated investor and hence does not require the regulatory protection that the Securities Act's registration provisions give to investors. In broad terms, QIBS are institutional investors that own or manage on a discretionary basis at least $100 million worth of securities. The SEC allows only QIBs to trade Rule 144A securities, which are certain securities deemed to be restricted or control securities, such as private placement securities for example. On Aug. 26, 2020, the SEC adopted amendments to the QIB and accredited investor definitions that broadened the list of entities eligible adding, governmental agencies.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a

value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

RECEIVABLE-BACKED SECURITIES: Securities collateralized with consumer receivables, such as automobile loans, credit card receivables, or home equity loans, which are owned by the issuer, but placed with a trustee for the benefit of the investor.

RECEIVABLE PASS-THROUGH CERTIFICATE: A debt obligation that is backed by a portfolio of receivables, normally issued by a bank of financial institution. The interest and principal of the obligation is paid out of the cash flow generated by the receivables portfolio.

REGISTERED STATE WARRANT: A short-term obligation of a state governmental body issued in anticipation of revenue.

REINVESTMENT RISK: The risk that coupon payments (or other payments received) cannot be reinvested at the same rate as the initial investment.

REPURCHASE AGREEMENT (RP OR REPO): The purchase of securities, on a temporary basis, with the seller's simultaneous agreement to repurchase the securities at a later date at a specified price that includes interest for the buyer's holding period. In essence, this is a collateralized investment whereby the security "buyer" lends the "seller" money for the period of the agreement.

REVENUE ANTICIPATION NOTES OR RANs: Notes issued for thirteen months or less which are used to finance cashflow in anticipation of future tax revenue. Used by agencies having cashflow gaps between revenues and expenses that requires short-term interim financing. Also see Tax Anticipation Notes (TANs) and Tax and Revenue Anticipation Notes (TRANs).

RULE G-37 OF THE MUNICIPAL SECURITIES RULEMAKING BOARD: Federal regulations to sever any connection between the making of political contributions and the awarding of municipal securities business.

SAFEKEEPING: The holding of securities in a segregated account by a custody agent or trustee. Transactions are escrowed through these accounts by the custody agent or trustee. Safekeeping services are typically provided by banks and other financial institutions.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES & EXCHANGE COMMISSION (SEC): The federal agency responsible for supervising and regulating the securities industry.

SETTLEMENT DATE: The date on which the purchase or sale of securities is executed. For example, in a purchase transaction, the day securities are physically delivered or wired to the buyer in exchange for cash is the settlement date.

SUPRANATIONALS: International institutions that provide development financing, advisory services and/or other financial services to their member countries to achieve overall goal of improving living standards through sustainable economic growth. Key features are Triple-A rated, 0% risk weighting with Basle II and III, Financial strength based on diversified, sovereign shareholders, conservative risk management, quality loan portfolio (preferred creditor status), substantial liquidity and consistent profitability strong capitalization.

STRUCTURED NOTES: Notes issued by Government Sponsored Enterprises (FHLB, FNMA, SLMA, etc..) and Corporations that have imbedded options (e.g., call features, step-up coupons) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

TAX ANTICIPATION NOTES OR TANs: Notes issued for thirteen months or less which are used to finance cashflow in anticipation of future tax revenue. Commonly used by California local governments whose primary revenues are property taxes which are collected in December and April. Also see Revenue Anticipation Notes (RANs) and Tax and Revenue Anticipation Notes (TRANs).

TAX AND REVENUE ANTICIPATION NOTES OR TRANs: Notes issued for thirteen months or less. They are a combination of Tax Anticipation Notes (TANs) and Revenue Anticipation Notes (RANs). Also see Revenue Anticipation Notes (RANs) and Tax Anticipation Notes (TANs).

TRADE DATE: The date and time corresponding to an investor's commitment to buy or sell a security.

TREASURIES: Securities issued by the U.S. Treasury and backed by the FULL FAITH & CREDIT of the United States. Treasuries are considered to have no credit risk, and are the benchmark for interest rates on all other securities in the U.S. and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds. The income from Treasury securities is exempt from state and local, but not federal taxes.

TREASURY BILLS: Non-interest bearing discount securities with maturities under one year issued by the U.S. Treasury to finance the national debt.

TREASURY NOTES (USTN): Interest-bearing obligations issued by the U.S. Treasury with maturities ranging from two to ten years from the date of issue.

TREASURY BONDS: Interest-bearing obligations issued by the U.S. Treasury with maturities that range from ten to thirty years from date of issue.

YANKEE BANK: A foreign bank with operations in the U.S. Bonds issued by these banks are called Yankee bonds.

YIELD: The annual rate of return on a debt investment computed as though held to maturity expressed in %.

YIELD TO MATURITY (YTM): The rate of return earned on an investment considering all cashflows and timing factors: interest earnings, discounts, and premiums above par.

ZERO-COUPON BONDS/U.S. TREASURY STRIPS: A bond which represents ownership of a single coupon or principal payment due on a U.S. Treasury bond. “Zero” or “strips” mature at face value at a specified date in the future and make no payments until that date. They always sell at a discount from face value.

AUTHORIZED INVESTMENT – APPENDIX 1

CALIFORNIA GOVERNMENT CODE - GOV
TITLE 5. LOCAL AGENCIES [50001 - 57607]

(Title 5 added by Stats. 1949, Ch. 81.)

DIVISION 2. CITIES, COUNTIES, AND OTHER AGENCIES [53000 - 55821]

(Division 2 added by Stats. 1949, Ch. 81.)

PART 1. POWERS AND DUTIES COMMON TO CITIES, COUNTIES, AND OTHER AGENCIES [53000 - 54999.7]

(Part 1 added by Stats. 1949, Ch. 81.)

CHAPTER 4. Financial Affairs [53600 - 53997]

(Chapter 4 added by Stats. 1949, Ch. 81.)

ARTICLE 1. Investment of Surplus [53600 - 53610]

(Article 1 added by Stats. 1949, Ch. 81.)

53601.

This section shall apply to a local agency that is a city, a district, or other local agency that does not pool money in deposits or investments with other local agencies, other than local agencies that have the same governing body. However, Section 53635 shall apply to all local agencies that pool money in deposits or investments with other local agencies that have separate governing bodies. The legislative body of a local agency having moneys in a sinking fund or moneys in its treasury not required for the immediate needs of the local agency may invest any portion of the moneys that it deems wise or expedient in those investments set forth below. A local agency purchasing or obtaining any securities prescribed in this section, in a negotiable, bearer, registered, or nonregistered format, shall require delivery of the securities to the local agency, including those purchased for the agency by financial advisers, consultants, or managers using the agency's funds, by book entry, physical delivery, or by third-party custodial agreement. The transfer of securities to the counterparty bank's customer book entry account may be used for book entry delivery.

For purposes of this section, "counterparty" means the other party to the transaction. A counterparty bank's trust department or separate safekeeping department may be used for the physical delivery of the security if the security is held in the name of the local agency. Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase. For purposes of compliance with this section, an investment's term or remaining maturity shall be measured from the settlement date to final maturity. A security purchased in accordance with this section shall not have a forward settlement date exceeding 45 days from the time of investment. Where this section does not specify

a limitation on the term or remaining maturity at the time of the investment, no investment shall be made in any security, other than a security underlying a repurchase or reverse repurchase agreement or securities lending agreement authorized by this section, that at the time of the investment has a term remaining to maturity in excess of five years, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment:

(a) Bonds issued by the local agency, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or by a department, board, agency, or authority of the local agency.

(b) United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

(c) Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.

(d) Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California.

(e) Bonds, notes, warrants, or other evidences of indebtedness of a local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

(f) Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

(g) Bankers' acceptances otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank. Purchases of bankers' acceptances shall not exceed 180 days' maturity or 40 percent of the agency's moneys that may be invested pursuant to this section. However, no more than 30 percent of the agency's moneys may be invested in the bankers' acceptances of any one commercial bank pursuant to this section.

This subdivision does not preclude a municipal utility district from investing moneys in its treasury in a manner authorized by the Municipal Utility District Act (Division 6 (commencing with Section 11501) of the Public Utilities Code).

(h) Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or (2):

(1) The entity meets the following criteria:

(A) Is organized and operating in the United States as a general corporation.

(B) Has total assets in excess of five hundred million dollars ($500,000,000).

(C) Has debt other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by an NRSRO.

(2) The entity meets the following criteria:

(A) Is organized within the United States as a special purpose corporation, trust, or limited liability company.

(B) Has programwide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond.

(C) Has commercial paper that is rated "A-1" or higher, or the equivalent, by an NRSRO.

Eligible commercial paper shall have a maximum maturity of 397 days or less. Local agencies, other than counties or a city and county, may invest no more than 25 percent of their moneys in eligible commercial paper. A local agency, other than a county or a city and a county, may invest no more than 10 percent of its total investment assets in the commercial paper and the medium-term notes of any single issuer. Counties or a city and county may invest in commercial paper pursuant to the concentration limits in subdivision (a) of Section 53635.

(i) Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section. For purposes of this section, negotiable certificates of deposit do not come within Article 2 (commencing with Section 53630), except that the amount so invested shall be subject to the limitations of Section 53638. The legislative body of a local agency and the treasurer or other official of the local agency having legal

custody of the moneys are prohibited from investing local agency funds, or funds in the custody of the local agency, in negotiable certificates of deposit issued by a state or federal credit union if a member of the legislative body of the local agency, or a person with investment decisionmaking authority in the administrative office manager's office, budget office, auditor-controller's office, or treasurer's office of the local agency also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

(j) (1) Investments in repurchase agreements or reverse repurchase agreements or securities lending agreements of securities authorized by this section, as long as the agreements are subject to this subdivision, including the delivery requirements specified in this section.

(2) Investments in repurchase agreements may be made, on an investment authorized in this section, when the term of the agreement does not exceed one year. The market value of securities that underlie a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against those securities and the value shall be adjusted no less than quarterly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day.

(3) Reverse repurchase agreements or securities lending agreements may be utilized only when all of the following conditions are met:

(A) The security to be sold using a reverse repurchase agreement or securities lending agreement has been owned and fully paid for by the local agency for a minimum of 30 days prior to sale.

(B) The total of all reverse repurchase agreements and securities lending agreements on investments owned by the local agency does not exceed 20 percent of the base value of the portfolio.

(C) The agreement does not exceed a term of 92 days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

(D) Funds obtained or funds within the pool of an equivalent amount to that obtained from selling a security to a counterparty using a reverse repurchase agreement or securities lending agreement shall not be used to purchase another security with a maturity longer than 92 days from the initial settlement date of the reverse

repurchase agreement or securities lending agreement, unless the reverse repurchase agreement or securities lending agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

(4) (A) Investments in reverse repurchase agreements, securities lending agreements, or similar investments in which the local agency sells securities prior to purchase with a simultaneous agreement to repurchase the security may be made only upon prior approval of the governing body of the local agency and shall be made only with primary dealers of the Federal Reserve Bank of New York or with a nationally or state-chartered bank that has or has had a significant banking relationship with a local agency.

(B) For purposes of this chapter, "significant banking relationship" means any of the following activities of a bank:

(i) Involvement in the creation, sale, purchase, or retirement of a local agency's bonds, warrants, notes, or other evidence of indebtedness.

(ii) Financing of a local agency's activities.

(iii) Acceptance of a local agency's securities or funds as deposits.

(5) (A) "Repurchase agreement" means a purchase of securities by the local agency pursuant to an agreement by which the counterparty seller will repurchase the securities on or before a specified date and for a specified amount and the counterparty will deliver the underlying securities to the local agency by book entry, physical delivery, or by third-party custodial agreement. The transfer of underlying securities to the counterparty bank's customer book-entry account may be used for book-entry delivery.

(B) "Securities," for purposes of repurchase under this subdivision, means securities of the same issuer, description, issue date, and maturity.

(C) "Reverse repurchase agreement" means a sale of securities by the local agency pursuant to an agreement by which the local agency will repurchase the securities on or before a specified date and includes other comparable agreements.

(D) "Securities lending agreement" means an agreement under which a local agency agrees to transfer securities to a borrower who, in turn, agrees to provide collateral to the local agency. During the term of the agreement, both the securities and the collateral are held by a third party. At the conclusion of the agreement, the securities are transferred back to the local agency in return for the collateral.

(E) For purposes of this section, the base value of the local agency's pool portfolio shall be that dollar amount obtained by totaling all cash balances placed in the pool by all pool participants, excluding any amounts obtained through selling securities by way of reverse repurchase agreements, securities lending agreements, or other similar borrowing methods.

(F) For purposes of this section, the spread is the difference between the cost of funds obtained using the reverse repurchase agreement and the earnings obtained on the reinvestment of the funds.

(k) Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated in a rating category of "A" or its equivalent or better by an NRSRO. Purchases of medium-term notes shall not include other instruments authorized by this section and shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section. A local agency, other than a county or a city and a county, may invest no more than 10 percent of its total investment assets in the commercial paper and the medium- term notes of any single issuer.

(l) (1) Shares of beneficial interest issued by diversified management companies that invest in the securities and obligations as authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (q), inclusive, and that comply with the investment restrictions of this article and Article 2 (commencing with Section 53630). However, notwithstanding these restrictions, a counterparty to a reverse repurchase agreement or securities lending agreement is not required to be a primary dealer of the Federal Reserve Bank of New York if the company's board of directors finds that the counterparty presents a minimal risk of default, and the value of the securities underlying a repurchase agreement or securities lending agreement may be 100 percent of the sales price if the securities are marked to market daily.

(2) Shares of beneficial interest issued by diversified management companies that are money market funds registered with the United States Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.).

(3) If investment is in shares issued pursuant to paragraph (1), the company shall have met either of the following criteria:

(A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.

(B) Retained an investment adviser registered or exempt from registration with the United States Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (q), inclusive, and with assets under management in excess of five hundred million dollars ($500,000,000).

(4) If investment is in shares issued pursuant to paragraph (2), the company shall have met either of the following criteria:

(A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.

(B) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars ($500,000,000).

(5) The purchase price of shares of beneficial interest purchased pursuant to this subdivision shall not include commission that the companies may charge and shall not exceed 20 percent of the agency's moneys that may be invested pursuant to this section. However, no more than 10 percent of the agency's funds may be invested in shares of beneficial interest of any one mutual fund pursuant to paragraph (1).

(m) Moneys held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are no specific statutory provisions, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.

(n) Notes, bonds, or other obligations that are at all times secured by a valid first priority security interest in securities of the types listed by Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by Section 53652 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted.

(o) (1) A mortgage passthrough security, collateralized mortgage obligation, mortgage- backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond.

(2) For securities eligible for investment under this subdivision not issued or guaranteed by an agency or issuer identified in subdivision (b) or (f), the following limitations apply:

(A) The security shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and have a maximum remaining maturity of five years or less.

(B) Purchase of securities authorized by this paragraph shall not exceed 20 percent of the agency's surplus moneys that may be invested pursuant to this section.

(p) Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (r), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

(1) The adviser is registered or exempt from registration with the Securities and Exchange Commission.

(2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q), inclusive.

(3) The adviser has assets under management in excess of five hundred million dollars ($500,000,000).

(q) United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section.

(r) Commercial paper, debt securities, or other obligations of a public bank, as defined in Section 57600.

This section shall become operative on January 1, 2026.

(Amended (as amended by Stats. 2022, Ch. 427, Sec.9) by Stats. 2023, Ch. 187, Sec. 6. (SB 882) Effective January 1, 2024. Section operative January 1, 2026, by its own provisions.)



MERCED COUNTY
TREASURY INVESTMENT REPORT

For the
Quarter Ending June 30, 2026



Contents

Report of Quarter Ending June 30, 2026

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PORTFOLIO REVIEW
for the QUARTER ENDED June 30, 2026



Portfolio Composition:

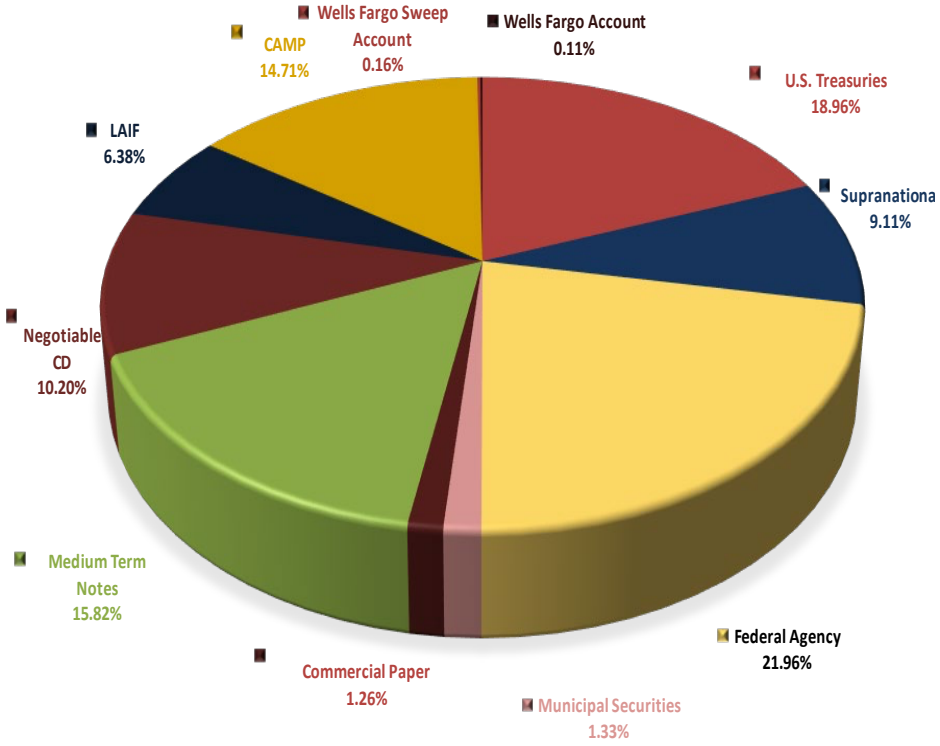
Book Value of Assets Held	$2,351,879,671
Market Value of Assets Held	$2,340,188,976
Assets Maturing Within 90 Days	$642,278,407
Percentage of Market to Book Value	99.50%
Weighted Average Maturity	672 days

Return on Assets:

Total Earnings Quarter Ended	$22,439,422
Total Earnings Fiscal Year 2025-2026	$86,463,253
Rate of Return June	4.04%
Rate of Return QTR	3.94%
Rate of Return YTD	3.95%

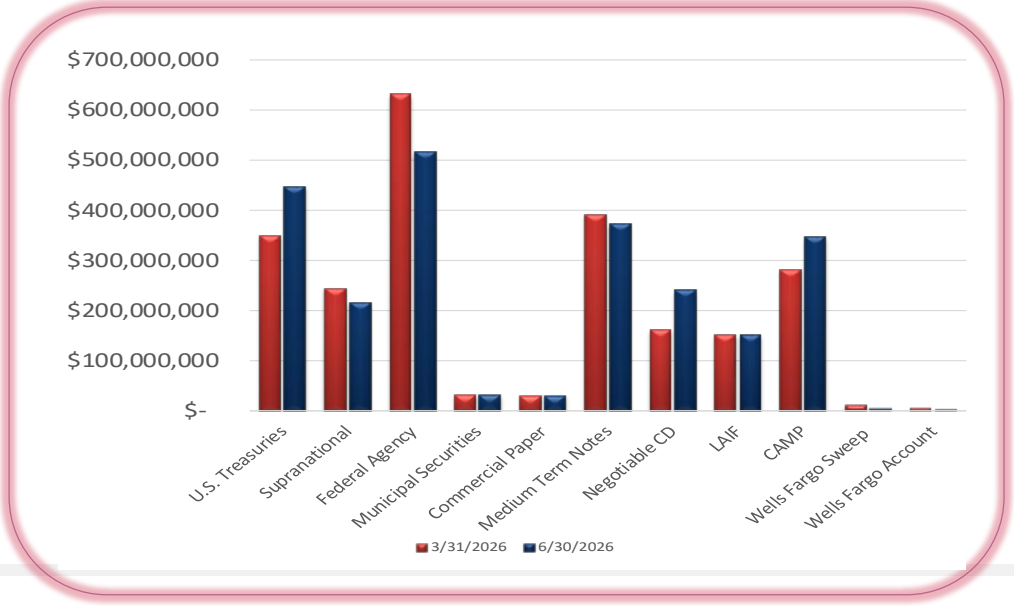
INVESTMENT POOL
Allocation by Security Type Percentage
June 30, 2026

INVESTMENTS	3/31/2026	6/30/2026	% Change
U.S. Treasuries	15.27%	18.96%	3.69%
Supranational	10.69%	9.11%	(1.58%)
Federal Agency	27.68%	21.96%	(5.72%)
Municipal Securities	1.37%	1.33%	(0.04%)
Commercial Paper	1.29%	1.26%	(0.03%)
Medium Term Notes	17.14%	15.82%	(1.32%)
Negotiable CD	7.01%	10.20%	3.19%
LAIF	6.58%	6.38%	(0.20%)
CAMP	12.24%	14.71%	2.47%
Wells Fargo Sweep	0.51%	0.16%	(0.35%)
Wells Fargo Account	0.22%	0.11%	(0.11%)
Total	100.00%	100.00%	



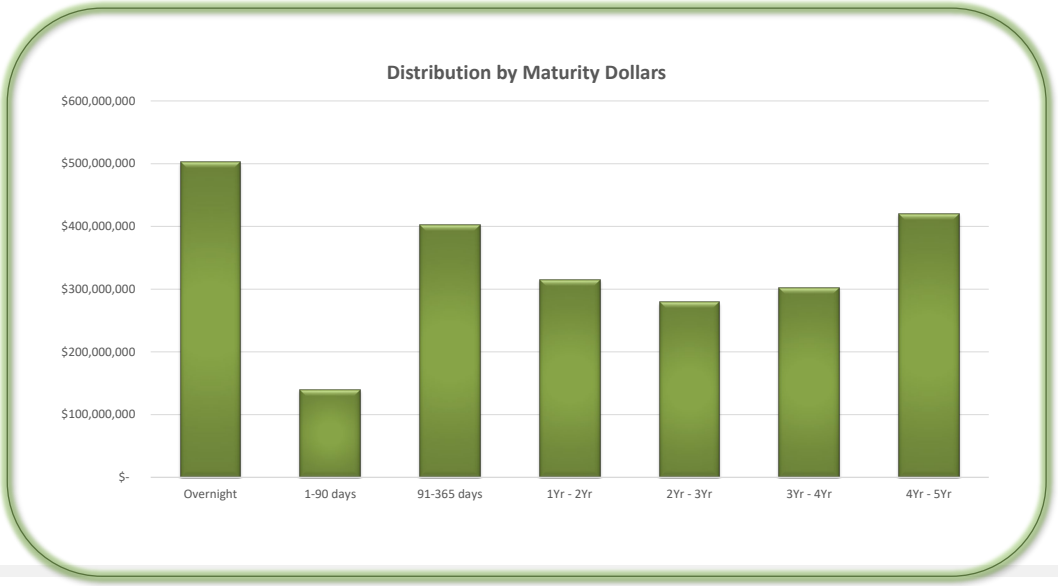
INVESTMENT POOL
Allocation by Security Type Book Value
June 30, 2026

INVESTMENTS	3/31/2026	6/30/2026	CHANGE
U.S. Treasuries	$ 348,404,330	$ 445,920,085	$ 97,515,755
Supranational	243,719,183	214,189,024	(29,530,159)
Federal Agency	631,268,340	516,419,565	(114,848,775)
Municipal Securities	31,265,900	31,340,028	74,128
Commercial Paper	29,419,138	29,689,308	270,170
Medium Term Notes	391,039,773	372,043,254	(18,996,519)
Negotiable CD	160,000,000	240,000,000	80,000,000
LAIF	150,000,000	150,000,000	-
CAMP	279,208,153	345,847,943	66,639,790
Wells Fargo Sweep	11,596,373	3,892,590	(7,703,783)
Wells Fargo Account	4,965,897	2,537,874	(2,428,023)
Total Book Value	$ 2,280,887,087	$2,351,879,671	$ 70,992,584



INVESTMENT POOL
Distribution by Maturity Par Value
June 30, 2026

Maturity	Par Amount	Par %
Overnight	$ 502,278,407	22%
1-90 days	140,000,000	6%
91-365 days	402,390,000	17%
1Yr - 2Yr	315,500,000	14%
2Yr - 3Yr	279,000,000	11%
3Yr - 4Yr	302,225,000	12%
4Yr - 5Yr	420,000,000	18%
Total Par Value	$ 2,361,393,407	100.00%



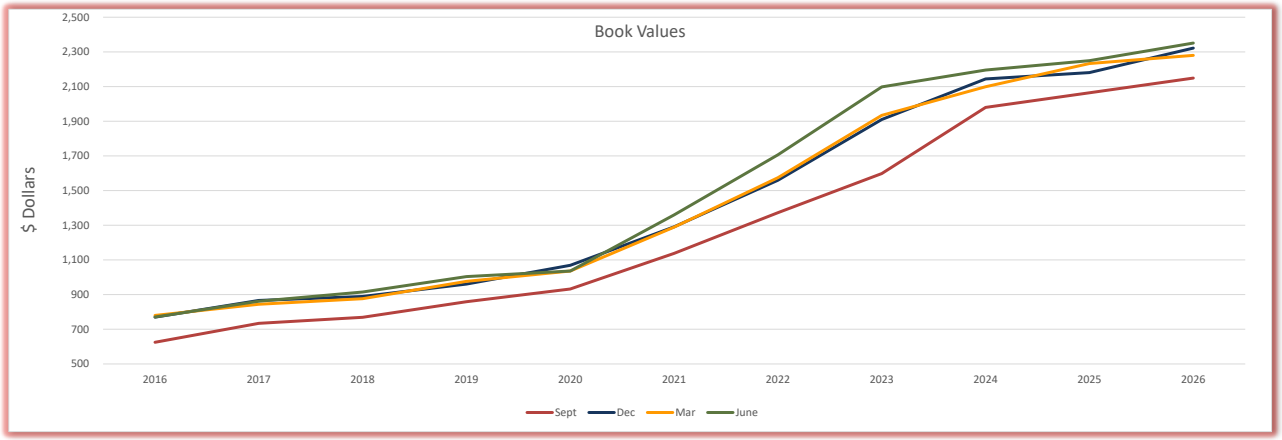
MERCED COUNTY TREASURY
Summary by Type
June 30, 2026

Investments	Number of Investments	Par Value	Book Value	Percent of Portfolio	Treasury Imposed Compliance % Allowed *	Government Code § 53601 Restrictions	In Compliance
Treasury Coupon Securities	22	$450,000,000	$445,920,085	18.96%	50.00%	No Limit	YES
Supranational - IBRD, IFC, IADB	13	215,000,000	214,189,024	9.11%	30.00%	30.00%	YES
Federal Agency /GSE	33	517,390,000	516,419,565	21.96%	75.00%	No Limit	YES
Municipal Bonds	4	32,225,000	31,340,028	1.33%	75.00%	No Limit	YES
Medium Term Notes	28	374,500,000	372,043,254	15.82%	30.00%	30.00%	YES
Commercial Paper	3	30,000,000	29,689,308	1.26%	40.00%	40.00%	YES
Negotiable CD	11	240,000,000	240,000,000	10.20%	30.00%	30.00%	YES
LAIF	2	150,000,000	150,000,000	6.38%	25.00%	75MM	YES
CAMP	1	345,847,943	345,847,943	14.71%	25.00%	No Limit	YES
Wells Fargo Sweep	1	3,892,590	3,892,590	0.16%	25.00%	No Limit	YES
Wells Fargo Bank	1	2,537,874	2,537,874	0.11%	–	No Limit	YES
	119	$ 2,361,393,407	$ 2,351,879,671	100.00%			

MERCED COUNTY
TREASURER-TAX COLLECTOR
Karen D. Adams, CPA

*Compliance percentage is calculated at the time the investment is purchased, as percentages change daily due to fluctuating amounts in overnight accounts.

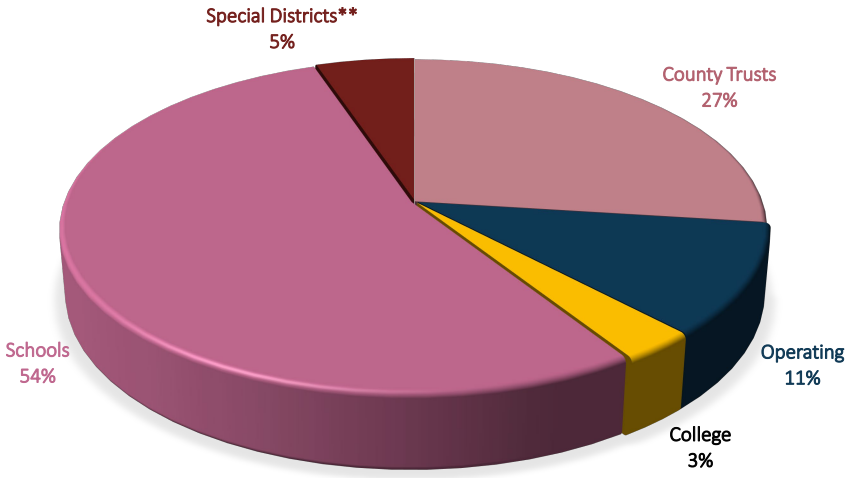
Investment Pool
Historic Quarter End Book Values & Earnings
FY 2016 to 2026



	Fiscal Year	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26
1st Quarter	Book Value	733,869,202	768,827,203	858,929,444	932,196,149	1,138,993,624	1,373,696,520	1,598,069,943	1,980,627,854	2,064,941,811	2,149,928,908
(Jul-Sep)	Earnings	2,055,155	2,716,365	3,961,615	5,261,069	3,776,713	2,328,090	5,463,161	14,644,914	19,003,627	20,769,414
2nd Quarter	Book Value	865,597,065	888,692,741	960,803,524	1,069,970,807	1,291,755,931	1,560,211,787	1,910,757,765	2,144,487,895	2,181,493,020	2,322,541,576
(Oct-Dec)	Earnings	2,032,995	2,799,864	4,453,168	5,096,750	3,339,143	2,423,535	8,435,611	15,464,890	18,759,146	21,082,525
3rd Quarter	Book Value	844,190,893	873,309,300	976,330,685	1,036,871,589	1,289,924,271	1,574,937,771	1,934,097,068	2,099,983,581	2,233,072,574	2,280,887,087
(Jan- Mar)	Earnings	2,511,006	3,320,178	5,286,664	7,444,943	3,140,216	2,809,445	11,241,469	16,511,237	19,595,167	21,727,001
4th Quarter	Book Value	862,324,468	915,444,976	1,004,985,280	1,036,370,768	1,360,105,087	1,706,544,925	2,098,325,224	2,195,540,341	2,249,599,597	2,351,879,671
(Apr - Jun)	Earnings	2,837,197	3,913,202	5,853,310	4,392,691	2,893,429	3,809,844	14,027,314	18,983,392	20,676,709	22,439,422
Total Fiscal Year Earnings		9,436,353	12,749,609	19,554,757	22,195,453	13,149,501	11,370,914	39,167,555	65,604,433	78,034,649	86,018,362

Merced County Treasury
Pool Participants
June 30, 2026

Fund	$	%
County Trusts	$611,997,767	27%
County Operating	246,307,760	11%
College	68,304,951	3%
Schools	1,223,026,102	54%
Special Districts**	118,303,099	5%
*Total Pool	$2,267,939,679	100%



* Auditor- Controller GL - Fund Cash Balance Report less Outstanding
** Special Districts & Court Trust Funds

MERCED COUNTY TREASURY
Portfolio Management
Portfolio Summary
June 30, 2026

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Treasury Coupon Securities	450,000,000.00	442,899,600.00	445,920,084.51	18.96	1,278	941	3.652	3.703
Supranational - IBRD, IFC, IADB	215,000,000.00	213,348,500.00	214,189,024.32	9.11	1,585	823	3.941	3.996
Federal Agency Coupon Securities	517,390,000.00	514,874,639.60	516,419,565.20	21.96	1,713	1,051	4.097	4.154
Municipal Bonds	32,225,000.00	31,438,168.75	31,340,028.21	1.33	1,738	950	4.415	4.477
Medium Term Notes	374,500,000.00	366,750,905.00	372,043,253.50	15.82	1,583	947	3.931	3.986
Commercial Paper Disc. -Amortizing	30,000,000.00	29,649,562.20	29,689,308.11	1.26	231	103	3.735	3.787
Negotiable CDs	240,000,000.00	238,949,193.20	240,000,000.00	10.20	332	234	3.987	4.042
Managed Pool Accounts	499,740,533.02	499,740,533.02	499,740,533.02	21.25	1	1	3.758	3.811
Passbook/Checking Accounts	2,537,874.00	2,537,874.00	2,537,874.00	0.11	1	1	0.592	0.600
Investments	**2,361,393,407.02**	**2,340,188,975.77**	**2,351,879,670.87**	**100.00%**	**1,073**	**672**	**3.885**	**3.939**
Cash and Accrued Interest								
Accrued Interest at Purchase		1,086,856.47	1,086,856.47					
Subtotal		1,086,856.47	1,086,856.47					
Total Cash and Investments	**2,361,393,407.02**	**2,341,275,832.24**	**2,352,966,527.34**		**1,073**	**672**	**3.885**	**3.939**

Total Earnings	June 30 Month Ending	Fiscal Year To Date	Fiscal Year Ending
Current Year	7,518,535.69	86,463,252.59	86,463,252.59
Average Daily Balance	**2,261,742,573.55**	**2,189,150,931.01**	
Effective Rate of Return	**4.04%**	**3.95%**	

I hereby certify that this report includes all investments in the investment pool and is in accordance with the investment policy. I further certify that the investments meet the County's cash flow needs for the next six months.

7/30/2026

KAREN D. ADAMS, CPA, TREASURER

MERCED COUNTY TREASURY
Portfolio Management
Portfolio Details - Investments
June 30, 2026

CUSIP	Investment #	Issuer	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Treasury Coupon Securities											
91282CCP4	2490	US Treasury Notes	09/03/2021	20,000,000.00	19,949,200.00	19,997,802.73	0.625	AAA	0.761	30	07/31/2026
91282CCP4	2519	US Treasury Notes	01/05/2022	10,000,000.00	9,974,600.00	9,994,267.09	0.625	AAA	1.346	30	07/31/2026
91282CHE4	2629	US Treasury Notes	08/14/2023	20,000,000.00	19,807,800.00	19,770,886.84	3.625	AAA	4.292	700	05/31/2028
91282CHK0	2630	US Treasury Notes	08/14/2023	20,000,000.00	19,943,800.00	19,893,106.41	4.000	AAA	4.298	730	06/30/2028
91282CMZ1	2704	US Treasury Notes	05/13/2025	20,000,000.00	19,793,800.00	19,852,904.37	3.875	AAA	4.089	1,399	04/30/2030
91282CEV9	2708	US Treasury Notes	05/15/2025	20,000,000.00	19,494,600.00	19,544,734.31	3.250	AAA	4.082	1,095	06/30/2029
91282CHR5	2717	US Treasury Notes	08/14/2025	20,000,000.00	19,866,400.00	20,184,497.26	4.000	AAA	3.750	1,491	07/31/2030
91282CHJ3	2718	US Treasury Notes	08/14/2025	20,000,000.00	19,686,800.00	19,989,752.95	3.750	AAA	3.763	1,460	06/30/2030
91282CNN7	2727	US Treasury Notes	12/18/2025	20,000,000.00	19,775,800.00	20,144,396.41	3.875	AA	3.680	1,491	07/31/2030
91282CGQ8	2728	US Treasury Notes	12/18/2025	20,000,000.00	19,889,800.00	20,234,564.58	4.000	AA	3.651	1,338	02/28/2030
91282CFB2	2732	US Treasury Notes	01/09/2026	20,000,000.00	19,709,400.00	19,847,876.32	2.750	AA	3.476	395	07/31/2027
91282CFB2	2736	US Treasury Notes	02/19/2026	20,000,000.00	19,709,400.00	19,852,898.10	2.750	AA	3.450	395	07/31/2027
91282CQD6	2744	US Treasury Notes	03/04/2026	20,000,000.00	19,428,200.00	19,889,005.90	3.500	AA	3.631	1,703	02/28/2031
91282CQD6	2746	US Treasury Notes	03/10/2026	20,000,000.00	19,428,200.00	19,797,792.19	3.500	AA	3.739	1,703	02/28/2031
91282CQB0	2748	US Treasury Notes	03/24/2026	20,000,000.00	19,754,600.00	19,858,239.04	3.375	AA	3.820	608	02/29/2028
91282CQB0	2749	US Treasury Notes	03/27/2026	20,000,000.00	19,754,600.00	19,809,730.11	3.375	AA	3.973	608	02/29/2028
91282CLQ2	2750	US Treasury Notes	03/27/2026	20,000,000.00	19,931,200.00	19,972,743.06	3.875	AA	3.984	471	10/15/2027
91282CQB0	2752	US Treasury Notes	04/30/2026	20,000,000.00	19,754,600.00	19,835,522.39	3.375	AA	3.890	608	02/29/2028
91282CND9	2753	US Treasury Notes	05/14/2026	20,000,000.00	19,856,200.00	19,919,639.34	3.750	AA	3.975	684	05/15/2028
91282CCB5	2754	US Treasury Notes	05/15/2026	20,000,000.00	17,756,200.00	17,807,500.00	1.625	AA	4.139	1,779	05/15/2031
91282CQR5	2755	US Treasury Notes	05/29/2026	20,000,000.00	19,853,200.00	19,896,990.53	3.875	AA	4.067	1,049	05/15/2029
91282CNM9	2759	US Treasury Notes	06/30/2026	40,000,000.00	39,781,200.00	39,825,234.58	3.875	AA	4.100	745	07/15/2028
		Subtotal		**450,000,000.00**	**442,899,600.00**	**445,920,084.51**			**3.703**	**941**	
Supranational - IBRD, IFC, IADB											
4581X0EB0	2526	Inter-American Development Bk	01/13/2022	10,000,000.00	9,867,600.00	9,995,552.00	1.500	AAA	1.755	196	01/13/2027
4581X0EH7	2589	Inter-American Development Bk	01/12/2023	20,000,000.00	19,951,000.00	19,975,327.44	4.000	AAA	4.090	560	01/12/2028
45818WEN2	2605	Inter-American Development Bk	04/13/2023	20,000,000.00	19,971,200.00	20,099,423.03	4.500	AAA	3.720	252	03/10/2027
4581X0DJ4	2651	Inter-American Development Bk	03/13/2024	20,000,000.00	19,977,600.00	19,971,746.82	2.000	AAA	4.460	22	07/23/2026
4581X0DX3	2675	Inter-American Development Bk	10/09/2024	10,000,000.00	9,409,300.00	9,466,790.60	1.125	AAA	3.946	750	07/20/2028
4581X0ES3	2693	Inter-American Development Bk	03/28/2025	20,000,000.00	20,200,400.00	20,223,394.42	4.500	AAA	4.154	1,325	02/15/2030
459058JT1	2601	Intl Bnk for Recons & Dev	04/12/2023	10,000,000.00	9,795,000.00	9,824,879.46	0.850	AAA	3.982	224	02/10/2027
459058KT9	2687	Intl Bnk for Recons & Dev	01/14/2025	20,000,000.00	19,747,400.00	19,599,983.78	3.500	AAA	4.577	742	07/12/2028
459058LR2	2707	Intl Bnk for Recons & Dev	05/15/2025	20,000,000.00	19,951,000.00	20,000,000.00	4.125	AAA	4.124	1,358	03/20/2030
459058KU6	2722	Intl Bnk for Recons & Dev	11/06/2025	20,000,000.00	19,859,200.00	20,141,488.40	4.000	AAA	3.807	1,485	07/25/2030
459058LY7	2729	Intl Bnk for Recons & Dev	12/22/2025	20,000,000.00	19,453,800.00	19,839,484.54	3.500	AAA	3.704	1,580	10/28/2030
45950KDD9	2623	Intl Fin Corp	07/13/2023	15,000,000.00	15,099,000.00	14,993,229.00	4.500	AAA	4.525	743	07/13/2028

MERCED COUNTY TREASURY
Portfolio Management
Portfolio Details - Investments
June 30, 2026

CUSIP	Investment #	Issuer	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Supranational - IBRD, IFC, IADB											
45950KDD9	2625	Intl Fin Corp	07/25/2023	10,000,000.00	10,066,000.00	10,057,724.83	4.500	AAA	4.182	743	07/13/2028
		Subtotal		**215,000,000.00**	**213,348,500.00**	**214,189,024.32**			**3.996**	**823**	
Federal Agency Coupon Securities											
3133ENVT4	2542	Federal Farm Credit Bank	05/05/2022	7,390,000.00	7,350,389.60	7,387,672.64	3.490	AA	3.531	306	05/03/2027
3133EPJP1	2615	Federal Farm Credit Bank	05/12/2023	10,000,000.00	9,964,000.00	9,990,842.78	3.625	AA	3.740	315	05/12/2027
3133EPME2	2620	Federal Farm Credit Bank	06/08/2023	10,000,000.00	9,953,200.00	9,993,897.38	3.875	AAA	3.910	708	06/08/2028
3133EPQC2	2624	Federal Farm Credit Bank	07/21/2023	10,000,000.00	10,003,200.00	10,000,358.36	4.625	AA	4.538	16	07/17/2026
3133EPUC7	2631	Federal Farm Credit Bank	08/23/2023	10,000,000.00	10,058,800.00	10,004,966.89	4.625	AAA	4.577	418	08/23/2027
3133EPSK2	2633	Federal Farm Credit Bank	08/18/2023	20,000,000.00	20,031,000.00	19,908,553.16	4.250	AAA	4.495	768	08/07/2028
3133EPUC7	2635	Federal Farm Credit Bank	08/23/2023	20,000,000.00	20,117,600.00	19,996,852.78	4.625	AAA	4.640	418	08/23/2027
3133EL4D3	2640	Federal Farm Credit Bank	10/20/2023	5,000,000.00	4,817,750.00	4,782,981.87	0.900	AA	5.170	414	08/19/2027
3133ETCF2	2695	Federal Farm Credit Bank	04/09/2025	20,000,000.00	19,945,000.00	20,000,000.00	4.520	AA	4.520	1,378	04/09/2030
3130AQCT8	2511	Federal Home Loan Bank	12/17/2021	5,000,000.00	4,994,400.00	5,000,000.00	1.330	AAA	1.330	16	07/17/2026
3130ANMH0	2548	Federal Home Loan Bank	06/03/2022	10,000,000.00	9,961,900.00	9,974,333.95	1.100	AA	3.127	50	08/20/2026
3130AUHG2	2591	Federal Home Loan Bank	01/06/2023	20,000,000.00	19,989,000.00	20,000,000.00	4.010	AA	4.011	341	06/07/2027
3130AUH72	2592	Federal Home Loan Bank	01/13/2023	15,000,000.00	15,001,200.00	15,000,000.00	4.125	AA	4.125	12	07/13/2026
3130AUHC1	2593	Federal Home Loan Bank	01/13/2023	15,000,000.00	14,990,850.00	15,000,000.00	4.010	AA	4.010	377	07/13/2027
3130AWMN7	2632	Federal Home Loan Bank	08/18/2023	20,000,000.00	20,079,200.00	19,951,611.79	4.375	AA	4.515	709	06/09/2028
3130AYF43	2645	Federal Home Loan Bank	01/09/2024	20,000,000.00	20,002,800.00	20,000,000.00	4.480	AAA	4.480	923	01/09/2029
3130B2LA1	2670	Federal Home Loan Bank	09/04/2024	15,000,000.00	14,903,400.00	15,000,000.00	4.100	AAA	4.101	1,094	06/29/2029
3130B2YT6	2673	Federal Home Loan Bank	10/02/2024	10,000,000.00	9,883,900.00	10,000,000.00	4.000	AAA	4.001	1,097	07/02/2029
3130B3AA1	2677	Federal Home Loan Bank	10/10/2024	20,000,000.00	19,983,400.00	20,000,000.00	4.260	AAA	4.261	1,105	07/10/2029
3130B4L41	2684	Federal Home Loan Bank	01/10/2025	20,000,000.00	20,015,600.00	20,000,000.00	4.590	AAA	4.590	1,289	01/10/2030
3130BAZ34	2757	Federal Home Loan Bank	06/11/2026	20,000,000.00	19,954,800.00	20,000,000.00	4.300	AA	4.300	1,806	06/11/2031
3134HAK77	2682	Federal Home Loan Mtg Corp	12/05/2024	20,000,000.00	19,914,600.00	19,882,888.89	4.150	AAA	4.372	1,070	06/05/2029
3134HBNB3	2700	Federal Home Loan Mtg Corp	05/07/2025	10,000,000.00	9,950,800.00	9,955,133.88	4.000	AAA	4.161	1,133	08/07/2029
3134HCER6	2725	Federal Home Loan Mtg Corp	12/08/2025	20,000,000.00	19,827,200.00	20,000,000.00	3.750	AA	3.855	1,475	07/15/2030
3135GAUJ8	2669	Federal National Mortgage Assn	08/30/2024	10,000,000.00	9,940,500.00	9,940,784.94	4.050	AA	4.260	1,154	08/28/2029
3136GAGF0	2701	Federal National Mortgage Assn	05/06/2025	20,000,000.00	19,844,400.00	20,000,000.00	4.050	AA	4.050	1,405	05/06/2030
3136GAGC7	2702	Federal National Mortgage Assn	05/06/2025	15,000,000.00	14,946,750.00	14,935,366.67	4.000	AA	4.125	1,405	05/06/2030
3136GAMN6	2712	Federal National Mortgage Assn	08/07/2025	20,000,000.00	19,827,400.00	19,924,222.65	4.100	AAA	4.203	1,517	08/26/2030
3136GAM22	2715	Federal National Mortgage Assn	08/12/2025	20,000,000.00	19,822,400.00	19,923,646.22	4.050	AAA	4.154	1,503	08/12/2030
3136GCA88	2726	Federal National Mortgage Assn	12/10/2025	20,000,000.00	19,760,000.00	19,900,151.33	3.875	AAA	3.897	1,623	12/10/2030
3136GCDY8	2733	Federal National Mortgage Assn	01/13/2026	20,000,000.00	19,670,800.00	20,000,000.00	3.830	AA	3.830	1,657	01/13/2031
3136GCTG0	2745	Federal National Mortgage Assn	03/09/2026	20,000,000.00	19,683,200.00	20,000,000.00	3.910	AA	3.910	1,689	02/14/2031
3136GCL37	2747	Federal National Mortgage Assn	03/13/2026	20,000,000.00	19,685,200.00	19,965,299.02	4.000	AA	4.041	1,685	02/10/2031

MERCED COUNTY TREASURY
Portfolio Management
Portfolio Details - Investments
June 30, 2026

CUSIP	Investment #	Issuer	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
		Subtotal		**517,390,000.00**	**514,874,639.60**	**516,419,565.20**			**4.154**	**1,051**	
Municipal Bonds											
91412HFG3	2674	University of California	10/09/2024	10,000,000.00	9,738,900.00	9,810,587.54	3.349	AA	4.048	1,096	07/01/2029
91412HGG2	2706	University of California	05/13/2025	7,225,000.00	6,536,818.75	6,529,877.30	1.614	AA	4.410	1,414	05/15/2030
13063D7D4	2636	State of California	10/11/2023	10,000,000.00	10,240,500.00	10,070,592.18	5.500	AA	5.140	823	10/01/2028
977100GZ3	2604	State of Wisconsin	04/13/2023	5,000,000.00	4,921,950.00	4,928,971.19	2.196	AA	4.062	304	05/01/2027
		Subtotal		**32,225,000.00**	**31,438,168.75**	**31,340,028.21**			**4.477**	**950**	
Medium Term Notes											
02079KBJ5	2737	Alphabet Inc.	02/19/2026	20,000,000.00	19,682,200.00	20,038,602.23	3.700	AA	3.620	960	02/15/2029
037833CJ7	2565	Apple Inc	10/03/2022	5,000,000.00	4,973,200.00	4,969,727.79	3.350	AA	4.460	223	02/09/2027
037833CR9	2585	Apple Inc	12/19/2022	10,000,000.00	9,919,300.00	9,934,884.32	3.200	AA	4.032	314	05/11/2027
037833EC0	2597	Apple Inc	03/02/2023	9,000,000.00	8,581,860.00	8,556,080.37	1.200	AA	4.682	587	02/08/2028
037833CJ7	2698	Apple Inc	04/16/2025	20,000,000.00	19,892,800.00	19,912,599.69	3.350	AA	4.104	223	02/09/2027
037833EZ9	2703	Apple Inc	05/12/2025	20,000,000.00	19,966,400.00	19,966,152.33	4.200	AA	4.249	1,411	05/12/2030
06055JNC9	2716	Bank of America	08/14/2025	20,000,000.00	19,682,800.00	20,000,000.00	4.400	AA	4.400	1,505	08/14/2030
166756BH8	2720	Chevron Corp	08/28/2025	15,000,000.00	14,936,400.00	15,062,247.89	4.050	AA	3.840	774	08/13/2028
CUSIP	2671	Hilmar USD Note 1A	06/19/2024	3,000,000.00	3,000,000.00	3,000,000.00	4.000		4.000	667	04/28/2028
24422EWA3	2524	John Deere Cap Corp	01/10/2022	10,000,000.00	9,873,900.00	10,001,867.30	1.700	AA	1.663	194	01/11/2027
478160CQ5	2730	Johnson & Johnson	12/23/2025	20,000,000.00	17,736,200.00	18,103,495.26	1.300	AAA	3.806	1,523	09/01/2030
46632FSF3	2488	JP Morgan Chase	08/27/2021	20,000,000.00	17,586,600.00	20,000,000.00	1.100	AA	1.100	55	08/25/2026
46632FVG7	2710	JP Morgan Chase	05/19/2025	20,000,000.00	19,813,200.00	20,000,000.00	4.750	AA	4.751	1,329	02/19/2030
46632FVT9	2713	JP Morgan Chase	08/07/2025	20,000,000.00	19,723,400.00	20,000,000.00	4.350	AA	4.350	1,491	07/31/2030
46632FWJ0	2723	JP Morgan Chase	11/13/2025	20,000,000.00	19,599,400.00	20,000,000.00	4.075	AA	4.075	1,596	11/13/2030
57629WDL1	2595	MassMutual Global Funding	01/23/2023	15,000,000.00	15,151,800.00	15,137,016.53	5.050	AA	4.335	524	12/07/2027
594918BY9	2586	Microsoft Corp	12/19/2022	10,000,000.00	9,951,800.00	9,960,686.95	3.300	AAA	4.020	220	02/06/2027
594918CQ5	2668	Microsoft Corp	07/02/2024	10,000,000.00	9,930,000.00	9,874,859.08	3.400	AAA	4.820	349	06/15/2027
MOSQ. NOTE 1A	2679	Mosquito Abatement Dept Note	11/04/2024	1,000,000.00	1,000,000.00	1,000,000.00	5.000		5.000	776	08/15/2028
MOSQ. NOTE 1B	2690	Mosquito Abatement Dept Note	02/26/2025	3,000,000.00	3,000,000.00	3,000,000.00	5.000		5.000	776	08/15/2028
64952WEQ2	2587	New York Life	12/19/2022	5,000,000.00	4,964,600.00	4,962,290.70	3.250	AA	4.338	280	04/07/2027
64952WEQ2	2590	New York Life	12/19/2022	5,000,000.00	4,964,600.00	4,961,577.52	3.250	AA	4.359	280	04/07/2027
64952WEQ2	2672	New York Life	09/30/2024	5,000,000.00	4,964,600.00	4,977,192.72	3.250	AA	3.880	280	04/07/2027
742718FZ7	2616	Procter & Gamble	05/22/2023	8,500,000.00	8,467,445.00	8,499,144.45	3.950	AA	3.959	574	01/26/2028
742718GF0	2696	Procter & Gamble	04/09/2025	20,000,000.00	20,083,800.00	20,113,934.01	4.350	AA	4.108	943	01/29/2029
89236TMK8	2683	Toyota Mtr Credit	12/06/2024	20,000,000.00	20,002,000.00	20,010,894.36	4.550	A	4.529	1,135	08/09/2029
89236TNW1	2721	Toyota Mtr Credit	10/22/2025	20,000,000.00	19,481,400.00	20,000,000.00	4.050	A	4.050	1,574	10/22/2030
95004HAD0	2711	Wells Fargo	07/31/2025	20,000,000.00	19,821,200.00	20,000,000.00	4.450	A	4.450	1,491	07/31/2030

MERCED COUNTY TREASURY
Portfolio Management
Portfolio Details - Investments
June 30, 2026

CUSIP	Investment #	Issuer	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
		Subtotal		**374,500,000.00**	**366,750,905.00**	**372,043,253.50**			**3.986**	**947**	
Commercial Paper Disc. -Amortizing											
22533UL68	2738	Credit Agricole	02/23/2026	10,000,000.00	9,858,603.80	9,871,940.66	3.620	A-1	3.792	128	11/06/2026
22533UK93	2740	Credit Agricole	02/23/2026	10,000,000.00	9,890,791.40	9,899,365.00	3.650	A-1	3.788	100	10/09/2026
87020XJM3	2741	Swed Bank	02/23/2026	10,000,000.00	9,900,167.00	9,918,002.45	3.650	A-1	3.781	82	09/21/2026
		Subtotal		**30,000,000.00**	**29,649,562.20**	**29,689,308.11**			**3.787**	**103**	
Negotiable CDs											
22536XBL7	2739	Credit Agricole	02/23/2026	20,000,000.00	19,999,108.40	20,000,000.00	3.750	A-1	3.802	54	08/24/2026
22536XEF7	2751	Credit Agricole	04/10/2026	20,000,000.00	19,975,921.20	20,000,000.00	4.060	A-1	4.116	282	04/09/2027
22536XKL7	2760	Credit Agricole	06/30/2026	40,000,000.00	39,563,648.40	40,000,000.00	4.280	A-1	4.339	362	06/28/2027
22536WPF7	2731	Credit Indust Et Comm NY	01/08/2026	20,000,000.00	19,963,291.80	20,000,000.00	3.770	A-1	3.822	190	01/07/2027
22536WPM2	2734	Credit Indust Et Comm NY	01/22/2026	20,000,000.00	19,970,069.40	20,000,000.00	3.850	A-1	3.903	204	01/21/2027
22536WRT5	2756	Credit Indust Et Comm NY	06/08/2026	20,000,000.00	19,787,073.40	20,000,000.00	4.260	A-1	4.319	342	06/08/2027
63873TJG4	2724	Natixis NY Branch	12/03/2025	20,000,000.00	19,994,378.00	20,000,000.00	3.900	A-1	3.954	93	10/02/2026
63873TKS6	2735	Natixis NY Branch	02/11/2026	20,000,000.00	19,945,212.00	20,000,000.00	3.700	A-1	3.751	223	02/09/2027
63873TPB8	2758	Natixis NY Branch	06/23/2026	20,000,000.00	19,806,446.20	20,000,000.00	4.400	A-1	4.461	357	06/23/2027
87019W3M5	2743	Swed Bank	03/04/2026	20,000,000.00	19,984,747.80	20,000,000.00	3.790	A-1	3.843	126	11/04/2026
90275DVX5	2742	UBS AG Stamford	03/03/2026	20,000,000.00	19,959,296.60	20,000,000.00	3.800	A-1	3.853	217	02/03/2027
		Subtotal		**240,000,000.00**	**238,949,193.20**	**240,000,000.00**			**4.042**	**234**	
Managed Pool Accounts											
CAMP	1001C	California Asset Mgt Program		345,847,943.14	345,847,943.14	345,847,943.14	3.770	AAA	3.770	1	
LAIF	1001A	Local Agency Investment Fund		75,000,000.00	75,000,000.00	75,000,000.00	3.920		3.920	1	
LAIF	1001B	Local Agency Investment Fund		75,000,000.00	75,000,000.00	75,000,000.00	3.920		3.920	1	
WF SWEEP	WF SWEEP	Wells Fargo Fund Sweep		3,892,589.88	3,892,589.88	3,892,589.88	3.210	AAA	3.210	1	
		Subtotal		**499,740,533.02**	**499,740,533.02**	**499,740,533.02**			**3.811**	**1**	
Passbook/Checking Accounts											
WF FUND	1001W	Wells Fargo		2,537,874.00	2,537,874.00	2,537,874.00	0.600		0.600	1	
		Subtotal		**2,537,874.00**	**2,537,874.00**	**2,537,874.00**			**0.600**	**1**	

MERCED COUNTY TREASURY
Portfolio Management
Portfolio Details - Investments
June 30, 2026

CUSIP	Investment #	Issuer		Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity
			Total		2,361,393,407.02	2,340,188,975.77	2,351,879,670.87			3.939	672

MERCED COUNTY TREASURY
Purchases Report
Sorted by Fund - Fund
April 1, 2026 - June 30, 2026

CUSIP	Investment #	Sec.Type	Issuer	Original Par Value	Purchase Date	Principal Purchased	Rate at Purchase	Maturity Date	YTM	Ending Book Value
Interest Apportionment Fund										
22536XEF7	2751	NCB	CR AGR	20,000,000.00	04/10/2026	20,000,000.00	4.060	04/09/2027	4.060	20,000,000.00
91282CQB0	2752	TRC	USTN	20,000,000.00	04/30/2026	19,818,750.00	3.375	02/29/2028	3.890	19,835,522.39
91282CND9	2753	TRC	USTN	20,000,000.00	05/14/2026	19,914,000.00	3.750	05/15/2028	3.975	19,919,639.34
91282CCB5	2754	TRC	USTN	20,000,000.00	05/15/2026	17,750,000.00	1.625	05/15/2031	4.139	17,807,500.00
91282CQR5	2755	TRC	USTN	20,000,000.00	05/29/2026	19,893,750.00	3.875	05/15/2029	4.067	19,896,990.53
22536WRT5	2756	NCB	CREDIT	20,000,000.00	06/08/2026	20,000,000.00	4.260	06/08/2027	4.260	20,000,000.00
3130BAZ34	2757	FAC	FHLB	20,000,000.00	06/11/2026	20,000,000.00	4.300	06/11/2031	4.300	20,000,000.00
63873TPB8	2758	NCB	NATIXI	20,000,000.00	06/23/2026	20,000,000.00	4.400	06/23/2027	4.400	20,000,000.00
22536XKL7	2760	NCB	CR AGR	40,000,000.00	06/30/2026	40,000,000.00	4.280	06/28/2027	4.280	40,000,000.00
91282CNM9	2759	TRC	USTN	40,000,000.00	06/30/2026	39,825,000.00	3.875	07/15/2028	4.100	39,825,234.58
			Subtotal	**240,000,000.00**		**237,201,500.00**				**237,284,886.84**
			Total Purchases	**240,000,000.00**		**237,201,500.00**				**237,284,886.84**

MERCED COUNTY TREASURY
Maturity Report
Sorted by Maturity Date
Amounts due during April 1, 2026 - June 30, 2026

CUSIP	Investment #	Sec. Type	Issuer	Par Value	Maturity Date	Purchase Date	YTM	Book Value at Maturity	Interest	Maturity Proceeds	Net Income
3130ALZM9	2460	FAC	FHLB	10,000,000.00	04/29/2026	04/29/2021	1.030	10,000,000.00	51,500.00	10,051,500.00	51,500.00
3133EMZC9	2465	FAC	FFCB	10,000,000.00	05/13/2026	05/13/2021	0.875	10,000,000.00	43,750.00	10,043,750.00	43,750.00
4581X0EK0	2622	MC1	IADB	10,000,000.00	05/15/2026	07/06/2023	4.500	10,000,000.00	225,000.00	10,225,000.00	225,000.00
89236TKT1	2618	MTN	TOYOTA	10,000,000.00	05/18/2026	05/22/2023	4.450	10,000,000.00	222,500.00	10,222,500.00	222,500.00
89236TKT1	2663	MTN	TOYOTA	8,292,000.00	05/18/2026	06/10/2024	4.450	8,292,000.00	184,497.00	8,476,497.00	184,497.00
3130AVRJ3	2606	FAC	FHLB	15,000,000.00	05/20/2026	04/20/2023	3.950	15,000,000.00	49,375.00	15,049,375.00	49,375.00
3130AN4T4	2506	FAC	FHLB	10,000,000.00	06/12/2026	12/02/2021	0.875	10,000,000.00	43,750.00	10,043,750.00	43,750.00
3130AWLZ1	2627	FAC	FHLB	20,000,000.00	06/12/2026	08/10/2023	4.750	20,000,000.00	475,000.00	20,475,000.00	475,000.00
90275DUS7	2699	NCB	UBSNCT	20,000,000.00	06/15/2026	04/21/2025	4.210	20,000,000.00	982,333.34	20,982,333.34	982,333.34
3130AQKA0	2525	FAC	FHLB	15,000,000.00	06/26/2026	01/26/2022	1.450	15,000,000.00	90,625.00	15,090,625.00	90,625.00
91282CCJ8	2472	TRC	USTN	10,000,000.00	06/30/2026	06/30/2021	0.875	10,000,000.00	43,750.00	10,043,750.00	43,750.00
91282CCJ8	2515	TRC	USTN	10,000,000.00	06/30/2026	01/05/2022	0.875	10,000,000.00	43,750.00	10,043,750.00	43,750.00
			Total Maturities	**148,292,000.00**				**148,292,000.00**	**2,455,830.34**	**150,747,830.34**	**2,455,830.34**

MERCED COUNTY TREASURY
Sales/Call Report
Sorted by Issuer - Maturity Date
April 1, 2026 - June 30, 2026

CUSIP	Investment #	Issuer Sec. Type	Purchase Date	Redem. Date Matur. Date	Par Value	Rate at Redem.	Book Value at Redem.	Redemption Principal	Redemption Interest	Total Amount	Net Income
Federal Home Loan Bank											
3130B1TZ0	2666	FHLB FAC	06/26/2024	06/26/2026 06/26/2029	20,000,000.00	4.850	20,000,000.00	20,000,000.00	485,000.00	20,485,000.00 Call	485,000.00
3130B3AC7	2676	FHLB FAC	10/11/2024	06/29/2026 06/29/2029	15,000,000.00	4.280	15,000,000.00	15,000,000.00	321,000.00	15,321,000.00 Call	321,000.00
				Subtotal	**35,000,000.00**		**35,000,000.00**	**35,000,000.00**	**806,000.00**	**35,806,000.00**	**806,000.00**
Federal National Mortgage Assn											
3136GA6B0	2685	FNMA FAC	01/15/2025	06/15/2026 06/15/2028	20,000,000.00	4.530	20,000,000.00	20,000,000.00	453,000.00	20,453,000.00 Call	453,000.00
				Subtotal	**20,000,000.00**		**20,000,000.00**	**20,000,000.00**	**453,000.00**	**20,453,000.00**	**453,000.00**
Intl Bnk for Recons & Dev											
45906M4E8	2639	IBRD MC1	10/18/2023	06/26/2026 06/26/2028	20,000,000.00	4.500	19,803,791.47	20,000,000.00	450,000.00	20,450,000.00 Call	646,208.53
				Subtotal	**20,000,000.00**		**19,803,791.47**	**20,000,000.00**	**450,000.00**	**20,450,000.00**	**646,208.53**
Mosquito Abatement Dept Note											
MOSQ. NOTE 1A	2679	MOSQUI MTN	11/04/2024	06/30/2026 08/15/2028	1,000,000.00	5.000	1,000,000.00	1,000,000.00	0.00	1,000,000.00 Call	0.00
				Subtotal	**1,000,000.00**		**1,000,000.00**	**1,000,000.00**	**0.00**	**1,000,000.00**	**0.00**
				Total Sales	**76,000,000.00**		**75,803,791.47**	**76,000,000.00**	**1,709,000.00**	**77,709,000.00**	**1,905,208.53**

Investment Pool
Portfolio Review of Five Quarters

Quarter Ending	Jun. 30, 2026	Mar. 31, 2026	Dec. 31, 2025	Sep. 30, 2025	Jun. 30, 2025
Portfolio Composition:					
Book Value of Assets Held	$2,351,879,671	$2,280,887,087	$2,322,541,576	$2,149,928,908	$2,249,599,597
Market Value of Assets Held	$2,340,188,976	$2,276,798,726	$2,328,109,883	$2,153,670,953	$2,247,784,210
Assets Maturing Within 90 Days	$642,278,407	$594,062,423	$741,952,182	$564,798,204	$699,837,967
Percentage of Market to Book Value	99.50%	99.82%	100.24%	100.17%	99.92%
Weighted Average Maturity	672 days	716 days	691 days	686 days	663 days
Return on Assets:					
Total Earnings Quarter Ended	$22,439,422	$21,727,001	$21,082,525	$20,769,414	$20,676,709
Total Earnings Fiscal YTD	$86,463,253	$64,016,822	$41,796,161	$20,769,414	$78,227,404
Rate of Return QTR	3.94%	3.96%	3.92%	3.89%	3.74%
Rate of Return YTD	3.95%	3.95%	3.90%	3.89%	3.72%
Rate of Return QTR					
CAMP	3.77%	3.80%	3.95%	4.36%	4.40%
LAIF	3.92%	3.98%	4.20%	4.34%	4.40%



MERCED COUNTY
TREASURER-TAX COLLECTOR
Karen D. Adams, CPA



Contact Us

Merced County Treasury

(209) 385-7307

Mercedtaxcollector.org

APPENDIX H

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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ASSURED GUARANTY®

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No.: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

ASSURED GUARANTY INC. ("AG"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AG, 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 Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the 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 AG. 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 AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

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 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 AG 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 of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount 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 or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

SPECIMEN

AG may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent 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 and the Paying Agent, (a) copies of all notices required to be delivered to AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AG 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 AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AG, 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, (a) 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 and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By _____
Authorized Officer

1633 Broadway, New York, N.Y. 10019 (212) 974-0100

SPECIMEN