

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 11, 2025

NEW ISSUE —BOOK-ENTRY ONLY

Rating: Moody's: "Aa2"
(See "MISCELLANEOUS — Rating" herein.)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2025 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2025 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Series 2025 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2025 Bonds. See "TAX MATTERS" herein.

\$35,000,000*

LOWELL JOINT SCHOOL DISTRICT
(Orange and Los Angeles Counties, California)
General Obligation Bonds, Election of 2024, Series 2025

Dated: Date of Delivery

Due: August 1, as shown herein

This cover page is not a summary of this issue; it is only a reference to the information contained in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Lowell Joint School District (Orange and Los Angeles Counties, California) General Obligation Bonds, Election of 2024, Series 2025 (the "Series 2025 Bonds") are being issued by the Lowell Joint School District (the "District"), located in the County of Orange, California ("Orange County") and the County of Los Angeles, California ("Los Angeles County" and together with Orange County, the "Counties"), under the laws of the State of California (the "State") and pursuant to a resolution of the Board of Trustees of the District adopted on August 4, 2025. Proceeds of the Series 2025 Bonds will be applied to (i) finance specific construction, reconstruction, rehabilitation, or replacement projects approved by the voters of the District, and (ii) pay costs of issuance of the Series 2025 Bonds, as further described herein. The Series 2025 Bonds were authorized at an election of the voters of the District held on November 5, 2024, at which at least 55% of the voters voting on the proposition authorized the issuance and sale of \$54,000,000 aggregate principal amount of bonds of the District.

The Series 2025 Bonds are payable from *ad valorem* property taxes to be levied within the District pursuant to the California Constitution and other State law. The Board of Supervisors of Orange County and the Board of Supervisors of Los Angeles County are empowered and obligated to levy *ad valorem* property taxes upon all property subject to taxation by the District that is located within such county, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Series 2025 Bonds, all as more fully described herein. See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2025 BONDS" herein.

The Series 2025 Bonds will be issued as current interest bonds, in denominations of \$5,000 principal amount or any integral multiple thereof, as set forth on the inside front cover page hereof. Interest on the Series 2025 Bonds is payable on each February 1 and August 1 to maturity or earlier redemption thereof, commencing February 1, 2026. Principal of the Series 2025 Bonds is payable on August 1 in each of the years and in the amounts set forth on the inside front cover page hereof.

The Series 2025 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 The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2025 Bonds. Individual purchases of the Series 2025 Bonds will be made in book-entry form only. Purchasers will not receive physical delivery of the Series 2025 Bonds purchased by them. See "THE SERIES 2025 BONDS – Form and Registration" herein. Payments of the principal of and interest on the Series 2025 Bonds will be made by U.S. Bank Trust Company, National Association, as authenticating agent, bond registrar, transfer agent and paying agent with respect to the Series 2025 Bonds, to DTC for subsequent disbursement to DTC participants, who will remit such payments to the beneficial owners of the Series 2025 Bonds. See "THE SERIES 2025 BONDS – Payment of Principal and Interest" herein.

The Series 2025 Bonds are subject to redemption prior to maturity as described herein.* See "THE SERIES 2025 BONDS – Redemption" herein.

The Series 2025 Bonds will be sold and awarded by competitive bid to be held on August 19, 2025, as set forth in the Official Notice of Sale, dated August 11, 2025, relating to the Series 2025 Bonds. The Series 2025 Bonds will be offered when, as and if issued by the District, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, Irvine, California, Bond Counsel to the District. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, Irvine, California, as Disclosure Counsel to the District. It is anticipated that the Series 2025 Bonds, in definitive form, will be available for delivery through the facilities of DTC on or about September 4, 2025.

Dated: _____, 2025

* Preliminary; subject to change.

MATURITY SCHEDULE*
BASE CUSIP†: 547541

\$35,000,000*
LOWELL JOINT SCHOOL DISTRICT
(Orange and Los Angeles Counties, California)
General Obligation Bonds, Election of 2024, Series 2025

\$ _____ Serial Series 2025 Bonds

Maturity (August 1,)	Principal Amount	Interest Rate	Yield	CUSIP† Suffix
2026	\$	%	%	
2027				
2028				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
2045				
2046				
2047				
2048				
2049				
2050				
2051				
2052				
2053				
2054				
2055				

\$ _____ % Term Series 2025 Bonds due August 1, 20__ – Yield _____ % – CUSIP† Suffix _____

\$ _____ % Term Series 2025 Bonds due August 1, 20__ – Yield _____ % – CUSIP† Suffix _____

* *Preliminary; subject to change.*

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LOWELL JOINT SCHOOL DISTRICT
(Orange and Los Angeles Counties, California)

BOARD OF TRUSTEES

Dr. Anthony A. Zegarra, *President*
Christine J. Berg, *Vice President*
Regina L. Woods, *Clerk*
Anastasia “Staci” M. Shackelford, *Member*
Karen L. Shaw, *Member*

DISTRICT ADMINISTRATORS

Jim Coombs, *Superintendent*
David Bennett, *Assistant Superintendent, Business Services*

PROFESSIONAL SERVICES

Municipal Advisor

Fieldman, Rolapp & Associates, Inc.
Irvine, California

Bond Counsel and Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP
Irvine, California

Authenticating Agent, Bond Registrar, Transfer Agent and Paying Agent

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

This Official Statement does not constitute an offering of any security other than the original offering of the Series 2025 Bonds by the District. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the District.

The Series 2025 Bonds are exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 3(a)(2) thereof. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy Series 2025 Bonds in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation.

The information set forth herein other than that furnished by the District, although obtained from sources which are believed by the District to be reliable, is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Series 2025 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used, such as “plan,” “expect,” “estimate,” “budget,” “intend” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to those forward-looking statements if or when their expectations, or events, conditions or circumstances on which such statements are based, occur.

The District maintains a website. However, the information presented there is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2025 Bonds.

In connection with this offering, the initial purchaser of the Series 2025 Bonds (the “Initial Purchaser”) may overallocate or effect transactions which stabilize or maintain the market prices of the Series 2025 Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Initial Purchaser may offer and sell the Series 2025 Bonds to certain securities dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside front cover page hereof and said public offering prices may be changed from time to time by the Initial Purchaser.

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\$35,000,000*
LOWELL JOINT SCHOOL DISTRICT
(Orange and Los Angeles Counties, California)
General Obligation Bonds, Election of 2024, Series 2025

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, including the cover page, inside cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Series 2025 Bonds to potential investors is made only by means of the entire Official Statement.

General

This Official Statement, which includes the cover page, inside cover page and appendices hereto, is provided to furnish information in connection with the sale of \$35,000,000* aggregate principal amount of Lowell Joint School District (Orange and Los Angeles Counties, California) General Obligation Bonds, Election of 2024, Series 2025 (the “Series 2025 Bonds”), all as indicated on the inside cover page hereof, to be offered by the Lowell Joint School District (the “District”).

This Official Statement speaks only as of its date, and the information contained herein is subject to change. The District has no obligation to update the information in this Official Statement, except as required by the Continuing Disclosure Certificate to be executed by the District. See “OTHER LEGAL MATTERS – Continuing Disclosure” and APPENDIX D – “FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

The Series 2025 Bonds are general obligation bonds of the District secured by and payable from *ad valorem* property taxes to be levied upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates). The Series 2025 Bonds are not a debt or obligation of the County of Orange (“Orange County”) or the County of Los Angeles (“Los Angeles County” and together with Orange County, the “Counties” and each a “County”) or of the general fund of the District. See “SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2025 BONDS.”

The purpose of this Official Statement is to supply information to prospective buyers of the Series 2025 Bonds. Quotations from and summaries and explanations of the Series 2025 Bonds, the Resolution (as defined herein) of the Board of Trustees of the District providing for the issuance of the Series 2025 Bonds, and the constitutional provisions, statutes and other documents described herein, do not purport to be complete, and reference is hereby made to said documents, constitutional provisions and statutes for the complete provisions thereof.

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 Series 2025 Bonds.

* Preliminary; subject to change.

Copies of documents referred to herein and information concerning the Series 2025 Bonds are available from the District by contacting: Lowell Joint School District, 11019 Valley Home Avenue, Whittier, California 90603, Attention: Superintendent. The District may impose a charge for copying, handling and mailing such requested documents.

The District

The District was established in 1906 and is located in the northwest portion of the Orange County and the southeastern portion of Los Angeles County and serves families from the cities of La Habra, La Habra Heights, La Mirada, Whittier and unincorporated areas of Orange County and Los Angeles County. The District operates five elementary schools, serving transitional kindergarten through sixth grade, and one intermediate school, serving seventh through eighth grade. Total enrollment in the District was approximately 2,981 students in fiscal year 2024-25. As of the preparation of the District's fiscal year 2025-26 original budget, total enrollment in the District is budgeted to be approximately 2,971 students in fiscal year 2025-26. The District operates under the jurisdiction of the Orange County Superintendent of Schools. Total assessed valuation of taxable property in the District in fiscal year 2024-25 was approximately \$6.33 billion, and the Counties have recently provided the District with its assessed valuation of taxable property in the District in fiscal year 2025-26, totally approximately \$6.61 billion. For additional information about the District, see APPENDIX A – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET" and APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2024."

Cybersecurity

School districts, like other governmental and business entities, face significant risks relating to the use and application of computer software and hardware for educational, operational and management purposes. The District also 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 has faced and may face in the future cybersecurity threats, attacks or incidents from time to time, as more fully described in Appendix A hereto. Moreover, the District relies on other entities and service providers in the course of operating the District, including the Counties with respect to the levy and collection of *ad valorem* property taxes and their servers and systems for accounting and other matters, as well as other trustees, fiscal agents, dissemination agents and project management firms. 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 Series 2025 Bonds, including the possibility of impacting the timely payments of debt service on the Series 2025 Bonds or timely filings pursuant to the District's continuing disclosure undertakings. See APPENDIX A – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – THE DISTRICT – Cybersecurity."

THE SERIES 2025 BONDS

Authority for Issuance; Purpose

Authority for Issuance. The Series 2025 Bonds are issued by the District under the provisions of California Government Code Section 53506 *et seq.*, including Section 53508.7 thereof, and California Education Code Sections 15140 and 15146 and Article XIII A of the Constitution of the State of California (the "California Constitution") and pursuant to a resolution of the Board of Trustees of the District, adopted on August 4, 2025 (the "Resolution").

Purpose. At an election held on November 5, 2024, the District received approval by at least 55% of the votes cast by eligible voters within the District to issue general obligation bonds of the District in an aggregate principal amount not to exceed \$54,000,000 to provide safe, modern elementary and intermediate schools; construct, repair and update classrooms, science labs and school facilities to support student achievement and college and career readiness in math, science, technology, arts and engineering; improve disabled student access; and replace deteriorating portables with permanent classrooms (collectively, the “2024 Authorization”). The Series 2025 Bonds represent the first series of authorized bonds to be issued under the 2024 Authorization. Proceeds of the Series 2025 Bonds will be applied to (i) finance specific construction, reconstruction, rehabilitation, or replacement projects approved by the voters of the District under the 2024 Authorization, and (ii) pay costs of issuance of the Series 2025 Bonds. See “– Application and Investment of Series 2025 Bond Proceeds” herein. Prior to the issuance of the Series 2025 Bonds, the District has \$54,000,000 aggregate principal amount of bonds authorized but unissued under the 2024 Authorization.

Pursuant to the Resolution, the term “Bonds” means all bonds, including the Series 2025 Bonds and refunding bonds, of the District heretofore or hereafter issued pursuant to the voter-approved measures of the District, including bonds approved by the voters of the District on November 6, 2018, and pursuant to the 2024 Authorization.

Form and Registration

The Series 2025 Bonds will be issued in fully registered form only, without coupons, in denominations of \$5,000 principal amount or integral multiples thereof. The Series 2025 Bonds will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository of the Series 2025 Bonds. Purchases of the Series 2025 Bonds under the DTC book-entry system must be made by or through a DTC participant, and ownership interests in the Series 2025 Bonds will be recorded as entries on the books of said participants. Except in the event that use of this book-entry system is discontinued for the Series 2025 Bonds, beneficial owners of the Series 2025 Bonds (“Beneficial Owners”) will not receive physical certificates representing their ownership interests. See APPENDIX G – “BOOK-ENTRY ONLY SYSTEM.”

Payment of Principal and Interest

Interest. The Series 2025 Bonds will be dated as of their date of delivery, and bear interest at the rates set forth on the inside front cover page of this Official Statement. Interest on the Series 2025 Bonds is payable on February 1 and August 1 of each year (each, an “Interest Payment Date”), commencing on February 1, 2026. Interest on the Series 2025 Bonds is computed on the basis of a 360-day year consisting of twelve 30-day months. Each Series 2025 Bond will bear interest from the Interest Payment Date of such Series 2025 Bond next preceding the date of authentication thereof, unless it is authenticated after the close of business on the 15th day of the calendar month immediately preceding an Interest Payment Date for such Series 2025 Bond (the “Record Date”) and on or prior to the succeeding Interest Payment Date for such Series 2025 Bond, in which event it will bear interest from such Interest Payment Date for such Series 2025 Bond, or unless it is authenticated on or before the Record Date preceding the first Interest Payment Date for such Series 2025 Bond, in which event it will bear interest from its dated date; provided, however, that if, at the time of authentication of any Series 2025 Bond, interest is in default on any outstanding Series 2025 Bonds, such Series 2025 Bond will bear interest from the Interest Payment Date for such Series 2025 Bond to which interest has previously been paid or made available for payment on the outstanding Series 2025 Bonds.

Payment of Series 2025 Bonds. The principal of the Series 2025 Bonds is payable in lawful money of the United States of America to the registered owner thereof (the “Owner”), upon the surrender thereof

at the principal corporate trust office of U.S. Bank Trust Company, National Association, as authenticating agent, bond registrar, transfer agent and paying agent with respect to the Series 2025 Bonds (the “Paying Agent”) at the maturity thereof or upon redemption prior to maturity.

The interest on the Series 2025 Bonds is payable on each Interest Payment Date in lawful money of the United States of America to the Owner thereof as of the Record Date preceding such Interest Payment Date, such interest to be paid by check or draft mailed on such Interest Payment Date (if a business day, or on the next business day if the Interest Payment Date does not fall on a business day) to the Owner thereof at such Owner’s address as it appears on the bond registration books kept by the Paying Agent or at such address as the Owner may have filed with the Paying Agent for that purpose, except that the payment will be made by wire transfer of immediately available funds to any Owner of at least \$1,000,000 in principal amount of outstanding Series 2025 Bonds who requests in writing such method of payment of interest prior to the close of business on the Record Date immediately preceding any Interest Payment Date. So long as the Series 2025 Bonds are held by Cede & Co., as nominee of DTC, payment will be made by wire transfer. See APPENDIX G – “BOOK-ENTRY ONLY SYSTEM.”

Redemption*

Optional Redemption. The Series 2025 Bonds maturing on or before August 1, 2035 are not subject to optional redemption prior to their respective stated maturity dates. The Series 2025 Bonds maturing on or after August 1, 2036 are subject to redemption prior to their stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 2035, at a redemption price equal to the principal amount of the Series 2025 Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

Mandatory Sinking Fund Redemption. The \$_____ term Series 2025 Bonds maturing on August 1, 20__ are subject to mandatory sinking fund redemption on August 1 in each of the years and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium:

Mandatory Sinking Fund Redemption Date (August 1,)	Principal Amount to be Redeemed
	\$

†

† Maturity.

The principal amount of the \$_____ term Series 2025 Bonds maturing on August 1, 20__, to be redeemed in each year shown above will be reduced proportionately, or as otherwise directed by the District, in integral multiples of \$5,000, by any portion of such term Series 2025 Bonds optionally redeemed prior to the mandatory sinking fund redemption date.

* Preliminary; subject to change.

The \$ _____ term Series 2025 Bonds maturing on August 1, 20__ are subject to mandatory sinking fund redemption on August 1 in each of the years and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium:

Mandatory Sinking Fund Redemption Date (August 1,)	Principal Amount to be Redeemed
_____	\$ _____
†	

† Maturity.	

The principal amount of the \$ _____ term Series 2025 Bonds maturing on August 1, 20__, to be redeemed in each year shown above will be reduced proportionately, or as otherwise directed by the District, in integral multiples of \$5,000, by any portion of such term Series 2025 Bonds optionally redeemed prior to the mandatory sinking fund redemption date.

Selection of Series 2025 Bonds for Redemption. If less than all of the Series 2025 Bonds, if any, are subject to optional redemption and are called for redemption, such Series 2025 Bonds will be redeemed in inverse order of maturities or as otherwise directed by the District. Whenever less than all of the outstanding Series 2025 Bonds of any one maturity are designated for redemption, the Paying Agent will select the outstanding Series 2025 Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For purposes of such selection, each Series 2025 Bond will be deemed to consist of individual Series 2025 Bonds of denominations of \$5,000 principal amount, each, which may be separately redeemed.

Notice of Redemption. Notice of redemption of any Series 2025 Bond will be given by the Paying Agent, postage prepaid, not less than 20 nor more than 60 days prior to the redemption date (i) by first class mail to Orange County and the respective Owners thereof at the addresses appearing on the bond registration books, and (ii) as may be further required in accordance with the Continuing Disclosure Certificate with respect to the Series 2025 Bonds. See APPENDIX D – “FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

Each notice of redemption is required to contain the following information: (i) the date of such notice; (ii) the name of the Series 2025 Bonds and the date of issue of such Series 2025 Bonds; (iii) the redemption date; (iv) the redemption price; (v) the dates of maturity or maturities of Series 2025 Bonds to be redeemed; (vi) if less than all of the Series 2025 Bonds of any maturity are to be redeemed the distinctive numbers of the Series 2025 Bonds of each maturity to be redeemed; (vii) in the case of Series 2025 Bonds redeemed in part only, the respective portions of the principal amount of the Series 2025 Bonds of each maturity to be redeemed; (viii) the CUSIP number, if any, of each maturity of Series 2025 Bonds to be redeemed; (ix) a statement that such Series 2025 Bonds must be surrendered by the Owners at the principal corporate trust office of the Paying Agent, or at such other place or places designated by the Paying Agent; (x) notice that further interest on such Series 2025 Bonds will not accrue after the designated redemption date; and (xi) in the case of a conditional notice, that such notice is conditioned upon certain circumstances and the manner of rescinding such conditional notice. Neither the failure to receive such notice, nor any defect in the notice given, will affect the sufficiency of the proceedings for the redemption of the Series 2025 Bonds called for redemption or the cessation of interest on the date fixed for redemption.

Effect of Notice of Redemption. When notice of redemption has been given substantially as described above and when the redemption price of the Series 2025 Bonds called for redemption is set aside for the purpose of redeeming the Series 2025 Bonds, the Series 2025 Bonds designated for redemption become due and payable on the specified redemption date and interest ceases to accrue thereon as of the redemption date, and upon presentation and surrender of such Series 2025 Bonds at the place specified in the notice of redemption, such Series 2025 Bonds are to be redeemed and paid at the redemption price thereof out of the money provided therefor. The Owners of such Series 2025 Bonds so called for redemption after such redemption date will look for the payment of such Series 2025 Bonds and the redemption premium thereon, if any, only from monies on deposit for such purpose in the interest and sinking fund of the District established for the Series 2025 Bonds within the Orange County treasury (the "Interest and Sinking Fund") or the trust fund established for such purpose. All Series 2025 Bonds redeemed are to be cancelled forthwith by the Paying Agent and are not to be reissued.

Right to Rescind Notice. The District may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the Owners of the Series 2025 Bonds so called for redemption. Any optional redemption and notice thereof is to be rescinded if for any reason on the date fixed for redemption monies are not available in the Interest and Sinking Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the Series 2025 Bonds called for redemption. Notice of rescission of redemption is to be given in the same manner in which notice of redemption was originally given. The actual receipt by the Owner of any Series 2025 Bond of notice of such rescission is not a condition precedent to rescission, and failure to receive such notice or any defect in such notice does not affect the validity of the rescission.

Funds for Redemption. Prior to or on the redemption date of any Series 2025 Bonds there is to be available in the Interest and Sinking Fund, or held in trust for such purpose as provided by law, monies for the purpose and sufficient to redeem, at the redemption prices as provided in the Resolution, the Series 2025 Bonds designated in the notice of redemption. Such monies are to be applied on or after the redemption date solely for payment of principal of, interest and premium, if any, on the Series 2025 Bonds to be redeemed upon presentation and surrender of such Series 2025 Bonds, provided that all monies in the Interest and Sinking Fund are to be used for the purposes established and permitted by law. Any interest due on or prior to the redemption date is to be paid from the Interest and Sinking Fund, unless otherwise provided to be paid from such monies held in trust. If, after all of the Series 2025 Bonds have been redeemed and cancelled or paid and cancelled, there are monies remaining in the Interest and Sinking Fund or otherwise held in trust for the payment of the redemption price of the Series 2025 Bonds, the monies are to be held in or returned or transferred to any interest and sinking fund of the District for payment of any outstanding Bonds of the District payable from such fund; provided, however, that if the monies are part of the proceeds of Bonds of the District, the monies are to be transferred to the fund created for the payment of principal of and interest on such Bonds. If no such Bonds of the District are at such time outstanding, the monies are to be transferred to the general fund of the District as provided and permitted by law.

Defeasance of Series 2025 Bonds

The Resolution provides that if at any time the District will pay or cause to be paid or there will otherwise be paid to the Owners of any or all of the outstanding Series 2025 Bonds all or any part of the principal of and interest and premium, if any, on the Series 2025 Bonds at the times and in the manner provided in the Resolution and in the Series 2025 Bonds, or as described in the following paragraph, or as otherwise provided by law consistent with the provisions of the Resolution, then such Owners of such Series 2025 Bonds will cease to be entitled to the obligation of the District and of each County to levy and collect property taxes to pay the Series 2025 Bonds as provided in the Resolution, and such obligation and all agreements and covenants of the District to such Owners under the Resolution and under the Series 2025

Bonds will thereupon be satisfied and discharged and will terminate, except only that the District will remain liable for payment of all principal, interest and premium, if any, represented by the Series 2025 Bonds, but only out of monies on deposit in the Interest and Sinking Fund or otherwise held in trust for such payment; and provided further, however, that the provisions of the Resolution described below under “– Unclaimed Monies” will apply.

The District may pay and discharge any or all of the Series 2025 Bonds by depositing in trust with the Paying Agent or an escrow agent selected by the District, at or before maturity, money or non-callable direct obligations of the United States of America (including zero interest bearing State and Local Government Series) or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, in an amount which will, together with the interest to accrue thereon and available monies then on deposit in the Interest and Sinking Fund, be fully sufficient to pay and discharge the indebtedness on such Series 2025 Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

Unclaimed Monies

Any money held in any fund created pursuant to the Resolution, or by the Paying Agent or an escrow agent in trust for the payment of the principal of, redemption premium, if any, or interest on the Series 2025 Bonds and remaining unclaimed for two years after the principal of all of the Series 2025 Bonds has become due and payable (whether by maturity or upon prior redemption) is required to be transferred to any interest and sinking fund of the District for payment of any outstanding Bonds of the District payable from such fund; or, if no such Bonds of the District are at such time outstanding, the monies are required to be transferred to the general fund of the District as provided and permitted by law.

Application and Investment of Series 2025 Bond Proceeds

The proceeds of the Series 2025 Bonds are expected to be applied as follows:

**LOWELL JOINT SCHOOL DISTRICT
(Orange and Los Angeles Counties, California)
General Obligation Bonds, Election of 2024, Series 2025**

Estimated Sources and Uses of Funds

Sources of Funds:

Aggregate Principal Amount of Series 2025 Bonds	\$
Plus [Net] Original Issue Premium	
Total Sources of Funds	\$

Uses of Funds:

Deposit to Building Fund	\$
Deposit to Interest and Sinking Fund ⁽¹⁾	
Costs of Issuance ⁽²⁾	
Initial Purchaser's Discount	
Total Uses of Funds	\$

⁽¹⁾ Consists of premium received by the District.

⁽²⁾ Includes legal fees, municipal advisor fees, rating agency fee, printing fees and other miscellaneous expenses.

Under State law, all money received by or apportioned to a school district must generally be paid into and held in the county treasury. The proceeds from the sale of the Series 2025 Bonds received by the District, except for certain amounts permitted to be held and disbursed by a costs of issuance administrator and exclusive of any premium and accrued interest received by the District, will be deposited in the Orange County treasury (the “Orange County Treasury”) to the credit of the building fund of the District established for the Series 2025 Bonds (the “Building Fund”) and will be accounted for separately from all other District and Orange County funds. Such proceeds will be applied solely for the purposes for which the Series 2025 Bonds were authorized. Any premium or accrued interest on the Series 2025 Bonds received by the District will be deposited in the Interest and Sinking Fund in the Orange County Treasury. Taxes collected to pay principal and interest on the Series 2025 Bonds will also be deposited in the Interest and Sinking Fund. Earnings on the investment of monies in either fund will be retained in that fund and used only for the purpose to which that fund may lawfully be applied. Monies in the Building Fund may only be applied for the purposes for which the Series 2025 Bonds were authorized. Monies in the Interest and Sinking Fund may only be applied to pay principal, interest and redemption premium, if any, on the Series 2025 Bonds.

All funds held by the Orange County Treasury in the Building Fund and the Interest and Sinking Fund are expected to be invested at the sole discretion of the Board of Supervisors of Orange County on behalf of the District in such investments as are authorized by Section 53601 *et seq.* of the California Government Code and the investment policy of Orange County, as either may be amended or supplemented from time to time. See APPENDIX E – “ORANGE COUNTY TREASURY POOL” and APPENDIX F – “ORANGE COUNTY CALIFORNIA 2025 INVESTMENT POLICY” for a description of the permitted investments under the investment policy of Orange County. In addition, to the extent permitted by law and the investment policy of Orange County, the District may request in writing that all or any portion of the funds held in the Building Fund may be invested in investment agreements, including guaranteed investment contracts, float contracts or other investment products which comply with the requirements of each rating agency then rating the Series 2025 Bonds. The Board of Supervisors of Orange County does not monitor such investments for arbitrage compliance and does not perform any arbitrage calculations with respect to such investments.

Debt Service

Annual debt service on the Series 2025 Bonds, assuming no early optional redemptions, is set forth in the following table.

LOWELL JOINT SCHOOL DISTRICT
(Orange and Los Angeles Counties, California)
General Obligation Bonds, Election of 2024, Series 2025

Period Ending (August 1,)	Principal	Interest	Total Debt Service
2026	\$	\$	\$
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
2053			
2054			
2055			
Total:	\$	\$	\$

Source: Fieldman, Rolapp & Associates, Inc..

Outstanding Bonds

In addition to the Series 2025 Bonds, the District has two series of general obligation bonds outstanding, each of which is secured by *ad valorem* property taxes levied upon all property subject to taxation by the District.

2018 Authorization. At an election held on November 6, 2018, the District received authorization by at least 55% of the votes cast by eligible voters within the District under Measure LL to issue bonds of the District in an aggregate principal amount not to exceed \$48,000,000 to repair and modernize aging classrooms/school facilities at local elementary/intermediate schools, repair termite damage, dry rot, deteriorating roofs, plumbing, and electrical, improve student safety/security, and upgrade classrooms, science labs, and facilities to support student achievement in math, science, technology, and arts (collectively, the “2018 Authorization”). On July 16, 2019, the District issued \$14,000,000 aggregate principal amount of its General Obligation Bonds, Election of 2018, Series 2019 Bonds (the “Series 2019 Bonds”), as the District’s first series of bonds to be issued under the 2018 Authorization. On October 28, 2020, the District issued \$34,000,000 aggregate principal amount of its General Obligation Bonds, Election of 2018, Series 2020 (the “Series 2020 Bonds”), as the District’s second and final series of bonds to be issued under the 2018 Authorization.

2024 Authorization. As indicated above, at an election held on November 5, 2024, the District received approval by at least 55% of the votes cast by eligible voters within the District to issue general obligation bonds of the District in an aggregate principal amount not to exceed \$54,000,000 to provide safe, modern elementary and intermediate schools; construct, repair and update classrooms, science labs and school facilities to support student achievement and college and career readiness in math, science, technology, arts and engineering; improve disabled student access; and replace deteriorating portables with permanent classrooms (collectively, the “2024 Authorization”). The Series 2025 Bonds represent the first series of authorized bonds to be issued under the 2024 Authorization.

A summary of the District’s outstanding general obligation bonded debt is set forth on the following page.

Aggregate Debt Service

Debt Service on each series of the District's outstanding bonds, assuming no early redemptions, is shown in the following table.

LOWELL JOINT SCHOOL DISTRICT (Orange and Los Angeles Counties, California) General Obligation Bonds – Aggregate Debt Service

Period Ending (August 1,)	Series 2019 Bonds	Series 2020 Bonds	Series 2025 Bonds	Aggregate Total Debt Service
2026	\$487,087.50	\$1,143,450.00	\$	\$
2027	502,837.50	1,191,950.00		
2028	522,587.50	1,237,700.00		
2029	546,087.50	1,285,700.00		
2030	568,087.50	1,335,700.00		
2031	588,587.50	1,392,450.00		
2032	612,587.50	1,445,450.00		
2033	639,837.50	1,499,700.00		
2034	660,087.50	1,564,950.00		
2035	688,587.50	1,625,450.00		
2036	714,837.50	1,691,200.00		
2037	747,237.50	1,756,700.00		
2038	773,287.50	1,831,700.00		
2039	808,137.50	1,896,700.00		
2040	836,487.50	1,977,300.00		
2041	873,487.50	2,056,350.00		
2042	908,837.50	2,136,800.00		
2043	942,537.50	2,220,575.00		
2044	979,587.50	2,311,650.00		
2045	1,019,837.50	2,402,475.00		
2046	1,060,912.50	2,500,093.76		
2047	1,104,712.50	2,594,268.76		
2048	1,146,075.00	2,705,000.00		
2049	-	3,943,750.00		
2050	-	4,100,000.00		
2051	-	-		
2052	-	-		
2053	-	-		
2054	-	-		
2055	-	-		
Total	<u>\$17,732,350.00</u>	<u>\$49,847,062.52</u>	<u>\$</u>	<u>\$</u>

Source: Fieldman, Rolapp & Associates, Inc.

SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2025 BONDS

General

In order to provide sufficient funds for repayment of principal and interest when due on the Series 2025 Bonds, the Board of Supervisors of Orange County and the Board of Supervisors of Los Angeles County are empowered and are obligated to levy *ad valorem* property taxes upon all property subject to taxation by the District that is located within such county, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates) for the payment of principal of and interest on the Series 2025 Bonds.

In the case of a school district, like the District, lying in two or more counties, the assessor of each of the counties in which the district lies, must annually certify to the board of supervisors of each of the counties in which any portion of the school district is situated the assessed value of all taxable property in the county situated in the school district. Each board of supervisors must levy upon the property of the school district within its own county the rate of tax that will be sufficient to raise not less than the amount needed to pay the interest and any portion of the principal of the general obligation bonds that is to become due during the year when combined with the taxes raised by all other counties in which a portion of the district lies. Such taxes are in addition to but separate from other taxes levied upon property within the District that are deposited by such counties into the school district's general fund. When collected, the tax revenues with respect to each voter-approved bond measure of the District for the payment of Bonds issued under such bond measure will be deposited by both Counties in the interest and sinking fund of the District related to such bond measure and established for such Bonds, which is required to be maintained by Orange County as the county whose superintendent of schools has jurisdiction over the District, and to be used solely for the payment of the principal or redemption price of and interest on such Bonds.

The Series 2025 Bonds are payable from *ad valorem* property taxes to be levied within the District pursuant to the California Constitution and other State law, and are not a debt or obligation of either County. No fund of either County is pledged or obligated to repayment of the Series 2025 Bonds.

Statutory Lien on Taxes

Pursuant to Section 53515 of the California Government Code (which became effective on January 1, 2016), all general obligation bonds issued by local agencies, including refunding bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. Section 53515 provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board, and will be valid and binding from the time the bonds are executed and delivered. Section 53515 further provides that the revenues received pursuant to the levy and collection of the tax will be immediately subject to the lien, and the lien will immediately attach to the revenues and be effective, binding and enforceable against the local agency, its successor, transferees and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

This statutory lien, by its terms, secures not only the Series 2025 Bonds, but also any other bonds of the District payable, as to both principal and interest, from the proceeds of *ad valorem* property taxes that may be levied pursuant to paragraphs (2) and (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution. The statutory lien provision does not specify the relative priority of obligations so secured or a method of allocation in the event that the revenues received pursuant to the levy and collection of the tax are insufficient to pay all amounts then due and owing that are secured by the statutory lien. For information on outstanding bonds of the District, see "THE SERIES 2025 BONDS – Outstanding Bonds" above.

Pledge of, Lien on and Security Interest in Tax Revenues

As provided in the Resolution, the District has pledged, and granted a lien on and security interest in, all revenues from the property taxes collected from the levy by the Board of Supervisors of Orange County and the Board of Supervisors of Los Angeles County with respect to each voter-approved bond measure of the District for the payment of Bonds issued under such bond measure and all amounts on deposit in any interest and sinking fund of the District related to such bond measure with respect to the Bonds of such bond measure, in order to secure the payment of the principal or redemption price of and interest on such Bonds. Pursuant to the Resolution, such pledge and grant is valid and binding from the date of the Resolution for the benefit of the Owners of the Bonds and successors thereto. The Resolution provides

that the property taxes and amounts held in any interest and sinking fund of the District will be immediately subject to this pledge and grant, and the pledge and grant will constitute a lien and security interest which will immediately attach to (a) the property taxes and (b) the amounts held in any interest and sinking fund of the District. Pursuant to the Resolution, this pledge and grant will secure the payment of such Bonds and will be effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge or grant and without the need of any physical delivery, recordation, filing, or further act. The Resolution provides that this pledge and grant constitutes an agreement between the District and the Owners of Bonds to provide security for the Bonds in addition to any statutory lien that may exist, and the Bonds secured by the pledge and grant are or were issued to finance (or refinance) one or more of the projects specified in the applicable voter-approved measure.

The pledge of and grant of a lien on and security interest in tax revenues provided for in the Resolution specifies that said pledge and grant secures the Series 2025 Bonds and other general obligations bonds, including refunding bonds, previously issued or that may be issued in the future pursuant to the related voter-approved measure. Previous general obligation bonds of the District have been issued under resolutions that pledge and grant a lien on and security interest in tax revenues to secure the general obligation bonds and the general obligation refunding bonds issued thereunder, and the District may provide for a similar pledge and grant of a lien on and security interest in tax revenues in resolutions adopted in the future that authorize general obligation bonds and general obligation refunding bonds. The Resolution does not specify the relative priority of obligations so secured or a method of allocation in the event that the revenues received pursuant to the levy and collection of the tax are insufficient to pay all amounts then due and owing that are secured by the pledge of and grant of a lien on and security interest in such tax revenues.

Property Taxation System

Property tax revenues result from the application of the appropriate tax rate to the total assessed value of taxable property in the District. School districts receive property taxes for payment of voter-approved bonds as well as for general operating purposes.

Local property taxation is the responsibility of various county officers. School districts, like the District, whose boundaries extend into more than one county are treated for property tax purposes as separate jurisdictions in each county in which they are located. For each school district located in a county, the county assessor computes the value of locally assessed taxable property. Based on the assessed value of property and the scheduled debt service on outstanding bonds in each year calculated by each county, the county auditor-controller computes the rate of tax necessary to pay such debt service in all counties wherein such district is located, and presents the tax rolls (including rates of tax for all taxing jurisdictions in the respective county) to the respective county board of supervisors for approval. The county treasurer-tax collector prepares and mails tax bills to taxpayers and collects the taxes. Both the county auditor-controller and the county treasurer-tax collector of the county, the superintendent of schools of which has jurisdiction over the school district, have accounting responsibilities related to the collecting of the property taxes. Once collected, the county auditor-controller apportions and distributes the taxes to the various taxing entities and related funds and accounts. The county treasurer-tax collector, the superintendent of schools of which has jurisdiction over the school district, holds school district funds, including taxes collected for payment of school bonds, and is charged with payment of principal of and interest on the school bonds when due, as *ex-officio* treasurer of the school district.

Assessed Valuation of Property Within the District

General. Taxable property located in the District has a fiscal year 2024-25 assessed value of \$6,328,539,305, and the Counties have recently provided the District with its assessed valuation of taxable property in the District in fiscal year 2025-26, totaling \$6,610,657,562. All property (real, personal and

intangible) is taxable unless an exemption is granted by the California Constitution or United States law. Under the California Constitution, exempt classes of property include household and personal effects, intangible personal property (such as bank accounts, stocks and bonds), business inventories, and property used for religious, hospital, scientific and charitable purposes. The State Legislature may create additional exemptions for personal property, but not for real property. Most taxable property is assessed by the assessor of the county in which the property is located. Some special classes of property are assessed by the State Board of Equalization, as described below.

Taxes are levied for each fiscal year on taxable real and personal property assessed as of the preceding January 1, at which time the lien attaches. The assessed value is required to be adjusted during the course of the year when property changes ownership or new construction is completed. State law also affords an appeal procedure to taxpayers who disagree with the assessed value of any property. When necessitated by changes in assessed value during the course of a year, a supplemental assessment is prepared so that taxes can be levied on the new assessed value before the next regular assessment roll is completed. See “– *Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*” below.

Under the California Constitution, the State Board of Equalization assesses property of State-regulated transportation and communications utilities, including railways, telephone and telegraph companies, and companies transmitting or selling gas or electricity. The Board of Equalization also is required to assess pipelines, flumes, canals and aqueducts lying within two or more counties. The value of property assessed by the Board of Equalization is allocated by a formula to local jurisdictions in each county, including school districts, and taxed by the local county tax officials in the same manner as for locally assessed property. Taxes on privately owned railway cars, however, are levied and collected directly by the Board of Equalization. Property used in the generation of electricity by a company that does not also transmit or sell that electricity is taxed locally instead of by the Board of Equalization. Thus, the reorganization of regulated utilities and the transfer of electricity-generating property to non-utility companies, as often occurred under electric power deregulation in the State, affects how those assets are assessed, and which local agencies benefit from the property taxes derived. In general, the transfer of State-assessed property located in the District to non-utility companies will increase the assessed value of property in the District, since the property’s value will no longer be divided among all taxing jurisdictions in the applicable county. The transfer of property located and taxed in the District to a State-assessed utility will have the opposite effect: generally reducing the assessed value in the District, as the value is shared among the other jurisdictions in the applicable county. The District is unable to predict future transfers of State-assessed property in the District and the applicable county, the impact of such transfers on its utility property tax revenues, or whether future legislation or litigation may affect ownership of utility assets, the State’s methods of assessing utility property, or the method by which tax revenues of utility property is allocated to local taxing agencies within a county.

Locally taxed property is classified either as “secured” or “unsecured,” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State-assessed property and property (real or personal) for which there is a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. All other property is “unsecured,” and is assessed on the “unsecured roll.” Secured property assessed by the State Board of Equalization is commonly identified for taxation purposes as “utility” property.

The following tables set forth the assessed valuation of the various classes of property in the District's boundaries (in Orange County, in Los Angeles County, and in the aggregate) from fiscal years 2015-16 through 2025-26, each as of the date the equalized assessment roll is established in August of each year.

LOWELL JOINT SCHOOL DISTRICT
(Orange and Los Angeles Counties, California)
Assessed Valuations
Fiscal Years 2015-16 through 2025-26

Orange County Portion

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total Valuation</u>
2015-16	\$1,365,314,053	\$0	\$28,338,913	\$1,393,652,966
2016-17	1,437,036,530	0	26,088,181	1,463,124,711
2017-18	1,541,712,259	0	30,846,386	1,572,558,645
2018-19	1,662,546,838	0	34,360,902	1,696,907,740
2019-20	1,750,689,802	0	44,608,980	1,795,298,782
2020-21	1,856,670,650	0	40,507,735	1,897,178,385
2021-22	1,922,255,462	0	37,696,039	1,959,951,501
2022-23	2,129,614,985	0	47,324,578	2,176,939,563
2023-24	2,240,114,109	0	54,757,667	2,294,871,776
2024-25	2,343,954,246	0	53,464,326	2,397,418,572
2025-26	2,467,378,996	0	51,086,903	2,518,465,899

Los Angeles County Portion

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total Valuation</u>
2015-16	\$2,522,233,569	\$508	\$11,479,138	\$2,533,713,215
2016-17	2,630,721,105	16,596	12,348,602	2,643,086,303
2017-18	2,761,189,932	16,596	12,081,525	2,773,288,053
2018-19	2,941,689,690	16,596	11,850,902	2,953,557,188
2019-20	3,087,350,550	16,596	11,305,840	3,098,672,986
2020-21	3,206,444,465	22,128	11,320,405	3,217,786,998
2021-22	3,334,655,573	22,128	11,126,898	3,345,804,599
2022-23	3,553,585,989	22,128	14,854,357	3,568,462,474
2023-24	3,728,994,030	22,128	15,501,095	3,744,517,253
2024-25	3,915,718,000	9,144	15,393,589	3,931,120,733
2025-26	4,077,272,748	9,144	14,909,771	4,092,191,663

Total District

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total Valuation</u>
2015-16	\$3,887,547,622	\$508	\$39,818,051	\$3,927,366,181
2016-17	4,067,757,635	16,596	38,436,783	4,106,211,014
2017-18	4,302,902,191	16,596	42,927,911	4,345,846,698
2018-19	4,604,236,528	16,596	46,211,804	4,650,464,928
2019-20	4,838,040,352	16,596	55,914,820	4,893,971,768
2020-21	5,063,115,115	22,128	51,828,140	5,114,965,383
2021-22	5,256,911,035	22,128	48,822,937	5,305,756,100
2022-23	5,683,200,974	22,128	62,178,935	5,745,402,037
2023-24	5,969,108,139	22,128	70,258,762	6,039,389,029
2024-25	6,259,672,246	9,144	68,857,915	6,328,539,305
2025-26	6,544,651,744	9,144	65,996,674	6,610,657,562

Source: California Municipal Statistics, Inc. for fiscal years 2015-16 through 2024-25; Orange County for Orange County Portion for fiscal year 2025-26; and Los Angeles County for Los Angeles County Portion for fiscal year 2025-26.

Risk of Decline in Property Values. Assessments may be adjusted during the course of the year when real property changes ownership or new construction is completed. Assessments may also be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control, such as a general market decline in property values, including potential market declines caused by the effects of a reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), the lack of availability or unaffordability of property or homeowners' insurance, pandemic, or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, drought, flood, landslide, liquefaction, levee failure, fire, toxic dumping, etc. When necessitated by changes in assessed value in the course of a year, taxes are prorated for each portion of the tax year. See also "*– Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*" below.

Risk of Changing Economic Conditions. Property values could be reduced by factors beyond the District's control, including a depressed real estate market due to general economic conditions in Orange County or Los Angeles County, the region, and the State. A pandemic, like the outbreak of the respiratory disease caused by the Coronavirus Disease 2019, which was declared a pandemic by the World Health Organization, may result in an economic recession or depression that causes a general market decline in property values therefore affecting the assessed value of property within the District. The lack of availability or unaffordability of property or homeowners' insurance may result in a disruption of the real estate market causing a general market decline in property values therefore affecting the assessed value of property within the District. Events resulting in changing economic conditions may also alter the willingness or the ability of local taxpayers to pay *ad valorem* property taxes levied to repay the District's Bonds. The District cannot predict whether events that may result in changing economic conditions will occur or the extent that a change in economic conditions will impact assessed value of property in the District or the willingness or ability of local taxpayers to pay *ad valorem* property taxes.

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

Risk of Earthquake. The District is located in a seismically active region. The most notable earthquake faults in the region include the San Andreas fault and over 100 smaller active faults in the area. Property values could be reduced by the complete or partial destruction of taxable property as a result of an earthquake.

Risk of Drought. Most recently, the State has experienced periods of extreme precipitation, after having experienced severe drought conditions that led to the Governor of California (the "Governor") declaring a Statewide drought emergency in spring 2021. While storms have helped ease drought impacts, regions and communities across the State continue to experience water supply shortages, especially communities that rely on groundwater supplies that have been severely depleted in recent years. In March 2023, the Governor rolled back some drought emergency provisions that are no longer needed due to current water conditions, while maintaining other measures that support regions and communities still facing water supply challenges, and that continue building up long-term water resilience. The District cannot predict the extent to which drought conditions within the Counties or any of the adjoining counties could cause reduced

economic activity within the boundaries of the District or the extent to which drought conditions may impact District facilities or the assessed value of taxable property within the District.

Risk of Wildfire and Flooding. Property damage due to wildfire and flooding could result in significant damage to, destruction of, and significant decreases in the assessed value of taxable property within the boundaries of the District, as well as in damage to or destruction of District facilities and property. In recent years, portions of the State, including portions of the Counties and adjacent counties, have experienced wildfires that have burned thousands of acres and destroyed thousands of homes and structures. Notable incidents that have impacted the Counties and adjacent counties of Riverside, Ventura and San Bernardino in recent years include the Airport Fire, Blue Ridge Fire, Silverado Fire, Holy Fire, the Palisades Fire, the Eaton Fire, the Hughes Fire, the Woolsey Fire, the Lake Fire and the Bobcat Fire.

Recently, Los Angeles County has experienced several significant wildfires. The Palisades Fire, which started on January 7, 2025, burned approximately 23,448 acres of land in Los Angeles County and damaged or destroyed approximately 7,804 structures, and caused 12 civilian fatalities and four fire personnel and civilian injuries, according to the California Department of Forestry and Fire Protection (“Cal Fire”). The Palisades Fire is deemed as the most destructive in Los Angeles County’s history and the third most destructive in the State’s history. The Eaton Fire, which also started on January 7, 2025, burned approximately 14,021 acres of land in Los Angeles County and damaged or destroyed approximately 10,487 structures, and caused 17 civilian fatalities and nine fire personnel injuries, according to Cal Fire.

Within the boundaries of the District, no facilities, structures or property were damaged or destroyed by the above wildfires or other recent wildfires. However, the District cannot predict the extent to which any future wildfires within the District, the Counties, or any of the adjoining counties could cause reduced economic activity within the boundaries of the District or the extent to which wildfires may impact District facilities or the assessed value of taxable property within the District.

Prospective purchasers of the Series 2025 Bonds should be aware that, notwithstanding any decrease in assessed valuation for any fiscal year, the Counties are required to levy sufficient taxes to pay debt service on the Series 2025 Bonds. The consequence of any decrease in assessed valuation is a corresponding increase in the tax rate on taxable property so that sufficient tax revenues may be collected from taxpayers to cover debt service on the Series 2025 Bonds in full. However, increases in tax rates may impact the ability or willingness of taxpayers to pay their property taxes. See “ – Tax Charges and Delinquencies” and “ – Teeter Plan” below.

Appeals of Assessed Valuation; Blanket Reductions of Assessed Values. There are two basic types of property tax assessment appeals provided for under State law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the assessor immediately subsequent to an instance of a change in ownership or completion of new construction. If the base year value assigned by the assessor is reduced, the valuation of the property cannot increase in subsequent years more than 2% annually unless and until another change in ownership and/or additional new construction or reconstruction activity occurs. Any base year appeal must be made within four years of the change of ownership or new construction date.

The second type of appeal, commonly referred to as a Proposition 8 appeal (which Proposition 8 was approved by the voters in 1978), can result if factors occur causing a decline in the market value of the property to a level below the property’s then-current taxable value (escalated base year value). Pursuant to State law, a property owner may apply for a Proposition 8 reduction of the property tax assessment for such owner’s property by filing a written application with the appropriate county board of equalization or assessment appeals board. A property owner desiring a Proposition 8 reduction of the assessed value of such owner’s property in any one year must submit an application to the county assessment appeals board

(the “Appeals Board”). Following a review of the application by the county assessor’s office, the county assessor may offer to the property owner the opportunity to stipulate to a reduced assessment, or may confirm the assessment. If no stipulation is agreed to, and the applicant elects to pursue the appeal, the matter is brought before the Appeals Board (or, in some cases, a hearing examiner) for a hearing and decision. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal’s filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level (such pre-reduction level escalated by the annual inflation rate of no more than 2%) following the year for which the reduction application is filed. However, the county assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then-current year and any intervening years as well. In practice, such a reduced assessment may and often does remain in effect beyond the year in which it is granted.

In addition, Article XIII A of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. This measure is computed on a calendar year basis. According to representatives of the assessor’s office in Orange County and Los Angeles County, such Counties have in the past, pursuant to Article XIII A of the California Constitution, ordered blanket reductions of assessed property values and corresponding property tax bills on single-family residential properties when the value of the property has declined below the current assessed value as calculated by each respective county.

No assurance can be given that property tax appeals and/or blanket reductions of assessed property values will not significantly reduce the assessed valuation of property within the District in the future.

See APPENDIX A – “INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET – CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Limitations on Revenues” for a discussion of other limitations on the valuation of real property with respect to *ad valorem* property taxes.

Bonding Capacity. As an elementary school district, the District may issue bonds in an amount up to 1.25% of the assessed valuation of taxable property within its boundaries. The District’s fiscal year 2025-26 gross bonding capacity (also commonly referred to as the “bonding limit” or “debt limit”) is approximately \$82.63 million and its net bonding capacity is approximately \$37.83 million (taking into account current outstanding debt before the issuance of the Series 2025 Bonds). Refunding bonds may be issued without regard to this limitation; however, once issued, the outstanding principal of any refunding bonds is included when calculating the District’s bonding capacity.

Assessed Valuation by Jurisdiction. The following table describes the percentage and value of the total assessed valuation of the property within the District’s boundaries by political jurisdiction in the cities of La Habra, La Habra Heights, La Mirada and Whittier and unincorporated portions of Los Angeles County for fiscal year 2024-25.

**LOWELL JOINT SCHOOL DISTRICT
(Orange and Los Angeles Counties, California)
Fiscal Year 2024-25 Assessed Valuation by Jurisdiction⁽¹⁾**

	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
<u>Jurisdiction:</u>				
City of La Habra	\$2,397,418,572	37.88%	\$9,232,224,507	25.97%
City of La Habra Heights	1,715,410,925	27.11	\$1,876,050,122	91.44%
City of La Mirada	7,945,233	0.13	\$9,328,830,492	0.09%
City of Whittier	1,039,861,256	16.43	\$13,837,965,219	7.51%
Unincorporated Los Angeles County	1,167,903,319	18.45	\$144,695,183,022	0.81%
Total District	<u>\$6,328,539,305</u>	<u>100.00%</u>		
<u>Summary by County:</u>				
Los Angeles County	\$3,931,120,733	62.12%	\$2,101,924,313,796	0.19%
Orange County	<u>2,397,418,572</u>	<u>37.88</u>	<u>\$810,710,682,210</u>	<u>0.30%</u>
Total District	<u>\$6,328,539,305</u>	<u>100.00%</u>		

⁽¹⁾ This is the most recent fiscal year for which information is available as of the date hereof.
Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use. The following table sets forth a distribution of taxable property located in the District on the fiscal year 2024-25 tax roll by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

LOWELL JOINT SCHOOL DISTRICT
(Orange and Los Angeles Counties, California)
Fiscal Year 2024-25 Assessed Valuation and Parcels by Land Use⁽¹⁾

	2024-25 Assessed Valuation ⁽²⁾	% of Total	No. of Parcels	% of Total
<u>Non-Residential:</u>				
Commercial/Office	\$459,127,170	7.33%	206	2.01%
Industrial Oil & Gas	60,948,225	0.97	16	0.16
Recreational	11,848,552	0.19	5	0.05
Government/Social/Institutional	19,823,769	0.32	90	0.88
Miscellaneous	12,839,759	0.21	35	0.34
Subtotal Non-Residential	\$564,587,475	9.02%	352	3.43%
<u>Residential:</u>				
Single Family Residence	\$4,897,360,061	78.24%	8,801	85.80%
Condominium	176,348,730	2.82	298	2.91
Mobile Home	5,278,231	0.08	266	2.59
Mobile Home Park	4,669,314	0.07	1	0.01
2+ Residential Units/Apartments	532,780,682	8.51	180	1.75
Subtotal Residential	\$5,616,437,018	89.72%	9,546	93.06%
Vacant Parcels	\$78,647,753	1.26%	360	3.51%
TOTAL	\$6,259,672,246	100.00%	10,258	100.00%

⁽¹⁾ This is the most recent fiscal year for which information is available as of the date hereof.

⁽²⁾ Local secured assessed valuation, excluding tax-exempt property.

Source: California Municipal Statistics, Inc.

Assessed Valuation of Single-Family Homes. The following table sets forth the assessed valuation of single-family homes in the District's boundaries for fiscal year 2024-25, including the average and median per parcel assessed value.

**LOWELL JOINT SCHOOL DISTRICT
(Orange and Los Angeles Counties, California)
Fiscal Year 2024-25 Per Parcel Assessed Valuation of Single-Family Homes⁽¹⁾**

	Number of Parcels	2024-25 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single-Family Residential	8,801	\$4,897,360,061	\$556,455	\$507,052

2024-25 Assessed Valuation	No. of Parcels ⁽²⁾	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
\$0 - \$49,999	10	0.114%	0.114%	\$ 238,076	0.005%	0.005%
\$50,000 - \$99,999	611	6.942	7.056	51,221,635	1.046	1.051
\$100,000 - \$149,999	441	5.011	12.067	53,439,622	1.091	2.142
\$150,000 - \$199,999	254	2.886	14.953	44,324,106	0.905	3.047
\$200,000 - \$249,999	301	3.420	18.373	68,219,026	1.393	4.440
\$250,000 - \$299,999	591	6.715	25.088	162,876,339	3.326	7.766
\$300,000 - \$349,999	613	6.965	32.053	198,803,376	4.059	11.825
\$350,000 - \$399,999	540	6.136	38.189	202,500,653	4.135	15.960
\$400,000 - \$449,999	497	5.647	43.836	211,082,899	4.310	20.270
\$450,000 - \$499,999	464	5.272	49.108	219,849,484	4.489	24.759
\$500,000 - \$549,999	474	5.386	54.494	248,984,861	5.084	29.843
\$550,000 - \$599,999	530	6.022	60.516	304,807,136	6.224	36.067
\$600,000 - \$649,999	528	5.999	66.515	330,556,888	6.750	42.817
\$650,000 - \$699,999	494	5.613	72.128	333,518,887	6.810	49.627
\$700,000 - \$749,999	451	5.124	77.253	326,556,714	6.668	56.295
\$750,000 - \$799,999	371	4.215	81.468	287,130,055	5.863	62.158
\$800,000 - \$849,999	320	3.636	85.104	263,891,116	5.388	67.547
\$850,000 - \$899,999	241	2.738	87.842	210,466,386	4.298	71.844
\$900,000 - \$949,999	195	2.216	90.058	179,817,607	3.672	75.516
\$950,000 - \$999,999	133	1.511	91.569	129,670,362	2.648	78.164
\$1,000,000 and greater	742	8.431	100.000	1,069,404,833	21.836	100.000
Total	8,801	100.000%		\$4,897,360,061	100.000%	

⁽¹⁾ This is the most recent fiscal year for which information is available as of the date hereof.

⁽²⁾ Improved single-family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: California Municipal Statistics, Inc.

Largest Secured Taxpayers in District. The following table sets forth the 20 taxpayers with the greatest combined ownership of secured taxable property in the District on the fiscal year 2024-25 tax roll, and the secured assessed valuation of all property owned by those taxpayers in all taxing jurisdictions within the District.

**LOWELL JOINT SCHOOL DISTRICT
(Orange and Los Angeles Counties, California)
Largest Fiscal Year 2024-25 Local Secured Taxpayers⁽¹⁾**

	Property Owner	Primary Land Use	2024-25 Assessed Valuation	Percent of Total ⁽²⁾
1.	IMP Valentina LP	Apartments	\$188,781,673	3.02%
2.	La Habra Association LLC	Commercial	51,481,786	0.82
3.	RMX Resources LLC	Oil & Gas	41,467,648	0.66
4.	Monterra Springs Apartments LLC	Apartments	34,248,663	0.55
5.	Federal Avenue Partners LLC	Commercial	32,809,384	0.52
6.	Adrienne Sirott	Apartments	32,166,388	0.51
7.	Essex Hillsborough Park LP	Apartments	31,654,937	0.51
8.	Costco Wholesale Corporation	Commercial	30,554,721	0.49
9.	Los Altos XIX & XXV LP	Commercial	22,901,859	0.37
10.	The Springs Apartment Company LP	Apartments	16,844,791	0.27
11.	Devon Atkinson	Commercial	16,334,280	0.26
12.	CDB Investments LP	Commercial	14,613,458	0.23
13.	Tuscan Villas Apartment Company LP	Apartments	14,349,169	0.23
14.	La Habra Westridge Partners LP	Commercial	13,952,177	0.22
15.	Puente Hills Landfill Native Habitat Preservation	Undeveloped	13,757,383	0.22
16.	ABS CA-O LLC	Commercial	13,613,510	0.22
17.	JA&A LLC	Apartments	13,046,557	0.21
18.	Taylor Morrison Homes	Residential Properties	13,037,210	0.21
19.	Trico-TCH II Ltd.	Industrial	12,856,435	0.21
20.	Group VIII Covina Properties LP	Apartments	11,315,707	0.18
			<u>\$619,787,736</u>	<u>9.90%</u>

⁽¹⁾ This is the most recent fiscal year for which information is available as of the date hereof.

⁽²⁾ The fiscal year 2024-25 local secured assessed valuation is \$6,259,672,246.

Source: California Municipal Statistics, Inc.

The more property (by assessed value) owned by a single taxpayer, the more tax collections are exposed to weakness, if any, in such taxpayer's financial situation and ability or willingness to pay property taxes in a timely manner. As shown above, the largest secured property taxpayer in the District owns approximately 3.02% of the fiscal year 2024-25 assessed value of taxable property within the District. Furthermore, assessments may be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control. See "*Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*" above.

Tax Rates

General. The California Constitution permits the levy of an *ad valorem* property tax on taxable property not to exceed 1% of the full cash value of the property, and State law requires the full 1% tax to be levied. The levy of special *ad valorem* property taxes in excess of the 1% levy is permitted as necessary to provide for debt service payments on school bonds and other voter-approved indebtedness.

The rate of tax necessary to pay fixed debt service on the Series 2025 Bonds in a given year depends on the assessed value of taxable property in that year. (The rate of tax imposed on unsecured property for repayment of the Series 2025 Bonds is based on the prior year's secured property tax rate.) Economic and

other factors beyond the District’s control, such as a general market decline in property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), the lack of availability or unaffordability of property or homeowners’ insurance, pandemic, or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, drought, fire, toxic dumping, etc., could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Series 2025 Bonds. Issuance of additional authorized bonds in the future could also cause the tax rate to increase.

Typical Tax Rate Area. The following table sets forth *ad valorem* property tax rates for the last five fiscal years in typical tax rate areas of the District (TRA 6-008 and 6054). The assessed valuation for TRA 6-008 (Orange County) is \$1,924,017,012, which is 30.40% of the district’s total assessed valuation for fiscal year 2024-25. The assessed valuation for TRA 6054 (Los Angeles County) is \$1,569,116,183, which is 24.79% of the district’s total assessed valuation.

LOWELL JOINT SCHOOL DISTRICT
(Orange and Los Angeles Counties, California)
Typical Total Tax Rates as Percentage of Assessed Valuation
Fiscal Years 2020-21 through 2024-25

	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25 ⁽¹⁾
General Tax Rate	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Lowell Joint School District	0.026338	0.022420	0.024060	0.024160	0.024090
Fullerton High School District	0.028560	0.025990	0.025890	0.024420	0.024510
North Orange Community College	0.031980	0.028770	0.027780	0.017150	0.017350
Metropolitan Water District	0.003500	0.003500	0.003500	0.003500	0.007000
Total Tax Rate	1.090378%	1.080680%	1.081230%	1.069230%	1.072950%

⁽¹⁾ This is the most recent fiscal year for which information is available as of the date hereof.
Source: California Municipal Statistics, Inc.

In accordance with the California Constitution and the California Education Code, bonds approved pursuant to the 2024 Authorization may not be issued unless the District projects that repayment of all outstanding bonds approved under the 2024 Authorization will require a tax rate no greater than \$30.00 per \$100,000.00 of assessed value. Based on the assessed value of taxable property in the District at the time of issuance of the Series 2025 Bonds and all other outstanding bonds issued under the 2024 Authorization, the District projects that the maximum tax rate required to repay the Series 2025 Bonds, will be within such legal limit. The tax rate limitation applies only when new bonds are issued and does not restrict the authority of the Board of Supervisors of Orange County or the Board of Supervisors of Los Angeles County to levy taxes at such rate as may be necessary to pay debt service on the Series 2025 Bonds, and any other series of bonds issued under the 2024 Authorization in each year.

Tax Charges and Delinquencies

General. A school district’s share of the 1% countywide tax is based on the actual allocation of property tax revenues to each taxing jurisdiction in the county in fiscal year 1978-79, as adjusted according to a complicated statutory process enacted since that time. Revenues derived from special *ad valorem* property taxes for voter-approved indebtedness, including the Series 2025 Bonds, are reserved to the taxing jurisdiction that approved and issued the debt, and may only be used to repay that debt.

The county treasurer-tax collector prepares the property tax bills. Property taxes on the regular secured assessment roll are due in two equal installments: the first installment is due on November 1, and becomes delinquent after December 10. The second installment is due on February 1 and becomes delinquent after April 10. If taxes are not paid by the delinquent date, a 10% penalty attaches and any additional cost amount determined by the applicable county treasurer-tax collector is added to unpaid second installments. If taxes remain unpaid by June 30, the tax is deemed to be in default, and a \$15 state redemption fee applies. Interest then begins to accrue at the rate of 1.5% per month. The property owner has the right to redeem the property by paying the taxes, accrued penalties, and costs within five years of the date the property went into default. If the property is not redeemed within five years, it is subject to sale at a public auction by the applicable county treasurer-tax collector. The date on which taxes on supplemental assessments are due depends on when the supplemental tax bill is mailed.

Property taxes on the unsecured roll are due in one payment on the lien date, January 1, and become delinquent after August 31. A 10% penalty and an additional fee determined by the applicable county treasurer-tax collector attaches to delinquent taxes on property on the unsecured roll, plus any additional cost amount determined by the applicable county treasurer-tax collector, and an additional penalty of 1.5% per month begins to accrue on November 1. To collect unpaid taxes, the applicable county treasurer-tax collector may obtain a judgment lien upon and cause the sale of all property owned by the taxpayer in the county, and may seize and sell personal property, improvements and possessory interests of the taxpayer. The applicable county treasurer-tax collector may also bring a civil suit against the taxpayer for payment.

Property tax delinquencies may be impacted by economic and other factors beyond the District'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 a pandemic or a natural or manmade disaster, such as earthquake, drought, flood, fire or toxic dumping or the lack of availability or unaffordability of property or homeowners' insurance. Orange County (but not Los Angeles County) has adopted the Teeter Plan (defined herein), according to which Orange County distributes to the District the amount levied on the secured and supplemental tax rolls, instead of the amount actually collected. For more information, see "– Teeter Plan" and "– *Secured Tax Charges and Delinquencies Within the District*" below. It is not possible for the District to make any representation regarding the extent to which an economic recession or depression could impact the ability or willingness of property owners within the District to pay property taxes in the future. If delinquencies increase substantially as a result of events outside the control of the District, the Counties have the authority to increase allowances for annual reserves in the tax levy to avoid fluctuating tax levies.

Secured Tax Charges and Delinquencies within the District. The first table on the following page under the header "Orange County Portion" sets forth the real property tax charges and corresponding delinquencies for the District's general obligation bond debt service levy, with respect to the property located in the District within Orange County, for fiscal years 2019-20 through 2023-24. For reference and as an indication of comparative delinquency rates, the second table on the following page under the header "Orange County Portion" sets forth the real property tax charges and corresponding delinquencies for the portion of Orange County's 1% general fund levy that is allocated to the District, with respect to property located in the District within Orange County for fiscal years 2019-20 through 2023-24.

The first table on the following page under the header "Los Angeles County Portion" sets forth the real property tax charges and corresponding delinquencies for the District's general obligation bond debt service levy, with respect to the property located in the District within Los Angeles County, for fiscal years 2019-20 through 2023-24. For reference and as an indication of comparative delinquency rates, the second table on the following page under the header "Los Angeles County Portion" sets forth the real property tax charges and corresponding delinquencies for the portion of Los Angeles County's 1% general fund levy

that is allocated to the District, with respect to property located in the District within Los Angeles County for fiscal years 2019-20 through 2023-24.

The portion of each County's 1% general fund levy that is allocated to the District is not pledged to and does not secure the repayment of school district bonds. See "– Teeter Plan" below.

**LOWELL JOINT SCHOOL DISTRICT
(Orange and Los Angeles Counties, California)
Secured Tax Charges and Delinquencies
Fiscal Years 2019-20 through 2023-24⁽¹⁾**

Orange County Portion

Fiscal Year	Secured Tax Charge ⁽²⁾	Amount Delinquent June 30	% Delinquent June 30
2019-20	\$506,537.01	\$3,469.23	0.68%
2020-21	496,870.65	2,705.93	0.54
2021-22	437,557.97	1,434.97	0.33
2022-23	520,010.43	1,853.63	0.36
2023-24	551,283.05	3,022.29	0.55

Fiscal Year	Secured Tax Charge ⁽³⁾	Amount Delinquent June 30	% Delinquent June 30
2019-20	\$6,264,429.16	\$52,425.39	0.84%
2020-21	6,638,733.08	44,730.33	0.67
2021-22	6,828,719.47	48,293.34	0.71
2022-23	7,592,707.99	57,603.96	0.76
2023-24	7,997,576.51	61,652.59	0.77

Los Angeles County Portion

Fiscal Year	Secured Tax Charge ⁽²⁾	Amount Delinquent June 30	% Delinquent June 30
2019-20	\$884,065.50	\$15,571.14	1.76%
2020-21	838,287.70	14,531.60	1.73
2021-22	739,748.91	9,058.23	1.22
2022-23	838,508.09	14,573.44	1.74
2023-24	891,575.08	19,961.28	2.24

Fiscal Year	Secured Tax Charge ⁽³⁾	Amount Delinquent June 30	% Delinquent June 30
2019-20	\$2,173,038.06	\$48,925.86	2.25%
2020-21	2,259,968.29	38,441.20	1.70
2021-22	2,348,280.13	36,691.57	1.56
2022-23	2,500,229.38	38,968.26	1.56
2023-24	2,635,437.49	46,189.51	1.75

⁽¹⁾ This is the most recent fiscal year for which information is available as of the date hereof.

⁽²⁾ Debt service levy.

⁽³⁾ 1% General Fund apportionment. Excludes supplemental property and redevelopment agency impounds.

Source: California Municipal Statistics, Inc.

Teeter Plan

Certain counties in the State operate under a statutory program entitled Alternate Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”). Under the Teeter Plan local taxing entities receive 100% of their tax levies net of delinquencies, but do not receive interest or penalties on delinquent taxes collected by the applicable county. The Board of Supervisors of Orange County has adopted the Teeter Plan, and under the Teeter Plan, each participating local agency levying property taxes in Orange County, including school districts, receives the full amount of uncollected taxes levied on the secured tax roll credited to its fund, in the same manner as if the full amount due from taxpayers had been collected. In return, Orange County receives and retains delinquent payments, penalties and interest as collected that would have been due the local agency. Orange County applies the Teeter Plan to general taxes on the secured tax roll and taxes levied for repayment of school district general obligation bonds on the secured tax roll. There can be no assurances that Orange County will have sufficient funds available to distribute the full amount of the District’s share of property tax collections to the District. However, State law requires Orange County to levy *ad valorem* property taxes sufficient to pay the Series 2025 Bonds when due.

The Teeter Plan is to remain in effect unless the Orange Board of Supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of Orange County (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in Orange County. The Orange County Board of Supervisors may also, after holding a public hearing on the matter, discontinue the Teeter Plan with respect to any tax levying agency or assessment levying agency in Orange County if the rate of secured tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured roll in that agency. The District is not aware of any plans by the Board of Supervisors or Orange County to discontinue the Teeter Plan.

Los Angeles County has not adopted the Teeter Plan, and consequently the Teeter Plan is not available to local taxing entities within Los Angeles County. The District’s receipt of Los Angeles County property taxes is therefore subject to delinquencies. However, the District is a member of the California Statewide Delinquent Tax Finance Authority (“CSDTFA”). CSDTFA is a joint exercise of powers agency formed for the purpose of purchasing delinquent *ad valorem* property taxes of its members in accordance with Section 6516.6 of the Government Code of the State of California. Historically, CSDTFA has from time to time purchased delinquent *ad valorem* property tax receivables related to the District’s share of the 1% general *ad valorem* property tax levy in Los Angeles County (not the additional *ad valorem* property tax levy for debt service on the District’s general obligation bonds) from the District. However, the District cannot predict whether CSDTFA will continue to make such purchases in the future. Any penalty charges collected with respect to the District’s delinquent *ad valorem* property tax receivables sold to CSDTFA will be retained by CSDTFA. CSDTFA does not currently purchase *ad valorem* property tax receivables in Los Angeles County related to the payment of general obligation bonds of the District.

Direct and Overlapping Debt

Set forth on the following page is a schedule of direct and overlapping debt prepared by California Municipal Statistics, Inc. effective July 2, 2025 for debt outstanding as of July 1, 2025. The table is included for general information purposes only. The District has not reviewed this table for completeness or accuracy and makes no representations in connection therewith. The first column in the table names each public agency which has outstanding debt as of the date of the schedule and whose territory overlaps the District in whole or in part. Column two sets forth the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not set forth in the table) produces the amount set forth in column three, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

The schedule generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District. 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.

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LOWELL JOINT SCHOOL DISTRICT
(Orange and Los Angeles Counties, California)
Statement of Direct and Overlapping Bonded Debt

July 2, 2025⁽¹⁾

2024-25 Assessed Valuation:	\$4,893,971,768		Debt 7/1/25
		% Applicable	
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District		7.427%	\$4,933,738
North Orange County Joint Community College District		3.502	9,635,216
Fullerton Joint Union High School District		12.890	37,655,557
Lowell Joint School District		100.000	44,950,000 ⁽²⁾
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			\$92,267,363
<u>OVERLAPPING GENERAL FUND DEBT:</u>			
Orange County General Fund Obligations		0.296%	\$ 1,270,032
Orange County Board of Education Certificates of Participation		0.296	26,995
Los Angeles County General Fund Obligations		0.187	5,678,512
Los Angeles County Superintendent of Schools Certificates of Participation		0.187	4,360
North Orange County Regional Occupation Program Certificates of Participation		1.365	93,912
Fullerton Joint Union High School District Certificates of Participation		12.890	4,755,766
City of La Habra General Fund Obligation and Pension Obligation Bonds		25.968	19,060,512
City of La Mirada General Fund Obligations		0.085	3,239
City of Whittier Pension Obligation Bonds		7.515	8,487,065
TOTAL OVERLAPPING GENERAL FUND DEBT			\$39,380,393
<u>OVERLAPPING TAX INCREEMENT DEBT (Successor Agencies):</u>			\$1,376,945
COMBINED TOTAL DEBT			\$133,024,701 ⁽³⁾

Ratios to 2024-25 Assessed Valuation:

Direct Debt (\$44,950,000)	0.71%
Total Direct and Overlapping Tax and Assessment Debt	1.46%
Combined Total Debt.....	2.10%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$298,103,106):

Total Overlapping Tax Increment Debt	0.46%
--	-------

⁽¹⁾ This is the most recent fiscal year for which information is available as of the date hereof.

⁽²⁾ Excludes the Series 2025 Bonds.

⁽³⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, bond counsel to the District (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2025 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Series 2025 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Series 2025 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or

receipt of interest on, the Series 2025 Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix C.

To the extent the issue price of any maturity of the Series 2025 Bonds is less than the amount to be paid at maturity of such Series 2025 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2025 Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2025 Bonds which is excluded from gross income for federal income tax purposes and exempt from State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2025 Bonds is the first price at which a substantial amount of such maturity of the Series 2025 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2025 Bonds accrues daily over the term to maturity of such Series 2025 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2025 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2025 Bonds. Beneficial Owners of the Series 2025 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2025 Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2025 Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2025 Bonds is sold to the public.

Series 2025 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2025 Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2025 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2025 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2025 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the Series 2025 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2025 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2025 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2025 Bonds may otherwise affect a Beneficial Owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the

Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2025 Bonds to be subject, directly or indirectly, in whole or in part, 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 or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2025 Bonds. Prospective purchasers of the Series 2025 Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2025 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2025 Bonds ends with the issuance of the Series 2025 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Series 2025 Bonds in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2025 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2025 Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

Payments on the Series 2025 Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Series 2025 Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Series 2025 Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series 2025 Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

OTHER LEGAL MATTERS

Legal Opinion

The validity of the Series 2025 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District. Bond Counsel expects to deliver an opinion with respect to the Series 2025 Bonds at the time of issuance substantially in the form set forth in Appendix C. Bond Counsel, as such, undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the District.

Legality for Investment in California

Under the provisions of the California Financial Code, the Series 2025 Bonds are legal investments for commercial banks in the State to the extent that the Series 2025 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 Series 2025 Bonds are eligible securities for deposit of public monies in the State.

Continuing Disclosure

The District will covenant under the Continuing Disclosure Certificate to provide, or to cause to be provided, to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system or such other electronic system designated by the Municipal Securities Rulemaking Board (the “EMMA System”) certain annual financial information and operating data relating to the District (the “Annual Report”) by not later than nine months following the end of the District’s fiscal year (currently ending June 30), commencing with the report for fiscal year 2024-25 (such initial Annual Report due no later than April 1, 2026) and notice of the occurrence of certain enumerated events (“Notice Events”) in a timely manner not in excess of ten business days after the occurrence of such a Notice Event. The specific nature of the information to be contained in the Annual Report and the notices of Notice Events is set forth in APPENDIX D – “FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made for the benefit of the holders and Beneficial Owners of the Series 2025 Bonds in order to assist the Initial Purchaser in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “Rule”).

Fieldman, Rolapp & Associates, Inc. doing business as Applied Best Practices currently serves as the District’s dissemination agent in connection with each of the District’s prior continuing disclosure undertakings pursuant to the Rule and will serve as dissemination agent in connection with the continuing disclosure undertaking pursuant to the Rule relating to the Series 2025 Bonds.

Litigation

No litigation is pending or threatened concerning or contesting the validity of the Series 2025 Bonds or the District’s ability to receive *ad valorem* property taxes and to collect other revenues, or contesting the District’s ability to issue and retire the Series 2025 Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the title to their offices of District officers who will execute the Series 2025 Bonds or District officials who will sign certifications relating to the Series 2025 Bonds, or the powers of those offices. A certificate (or certificates) to that effect will be furnished to the Initial Purchaser at the time of the original delivery of the Series 2025 Bonds.

The District is occasionally subject to lawsuits and claims. 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.

FINANCIAL STATEMENTS

The District's audited financial statements for fiscal year ended June 30, 2024, are included in Appendix B. Such financial statements have been audited by Nigro & Nigro, A Professional Accountancy Corporation, Murrieta, California ("Nigro & Nigro"). The District has not requested nor has the District obtained the consent of Nigro & Nigro to the inclusion of its report in Appendix B. Nigro & Nigro has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Nigro & Nigro has not been requested to perform and has not performed any procedures relating to the Official Statement.

MISCELLANEOUS

Rating

Moody's Investors Service, Inc. has assigned its rating of "Aa2" to the Series 2025 Bonds. A rating agency generally bases its rating on its own investigations, studies and assumptions as well as information and materials furnished to it (which may include information and materials from the District, which are not included in this Official Statement). The rating reflects only the view of the rating agency furnishing the same, and any explanation of the significance of the rating should be obtained only from the rating agency providing the same. Such rating is not a recommendation to buy, sell or hold the Series 2025 Bonds. There is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency providing the same, if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Series 2025 Bonds. Neither the Initial Purchaser nor the District has undertaken any responsibility after the offering of the Series 2025 Bonds to assure the maintenance of the rating or to oppose any such revision or withdrawal.

Professionals Involved in the Offering

Orrick, Herrington & Sutcliffe LLP is acting as Bond Counsel and Disclosure Counsel with respect to the Series 2025 Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Series 2025 Bonds. Fieldman, Rolapp & Associates, Inc. is acting as the District's municipal advisor (the "Municipal Advisor") with respect to the Series 2025 Bonds. Payment of the fees and expenses of the District's Municipal Advisor is also contingent upon the sale and delivery of the Series 2025 Bonds.

The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification of, 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 related to the Series 2025 Bonds. 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 Series 2025 Bonds, or the possible impact of any current, pending or future actions taken by any legislative or judicial bodies, or rating agencies.

Underwriting

The Series 2025 Bonds were purchased by _____, the initial purchaser (the “Initial Purchaser”) of the Series 2025 Bonds, as the winner of a competitive bid conducted on _____, 2025. The Initial Purchaser has agreed to purchase the Series 2025 Bonds at a price of \$ _____. The Initial Purchaser’s total discount is \$ _____. See “THE SERIES 2025 BONDS – Application and Investment of Series 2025 Bond Proceeds.”

The Initial Purchaser may offer and sell the Series 2025 Bonds to certain securities dealers and dealer banks and banks acting as agent at prices lower than the public offering prices set forth on the inside front cover page of this Official Statement. The public offering prices may be changed from time to time by the Initial Purchaser.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to purchasers of the Series 2025 Bonds. Quotations from and summaries and explanations of the Series 2025 Bonds and of the statutes and documents contained herein do not purport to be complete, and reference is made to such documents and statutes for full and complete statements of their provisions.

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 Series 2025 Bonds.

The District has duly authorized the delivery of this Official Statement.

LOWELL JOINT SCHOOL DISTRICT

By: _____
Superintendent

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APPENDIX A

INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET

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The information in this appendix concerning the operations of the Lowell Joint School District (the “District”), the District’s finances, and State of California (the “State”) funding of education, 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 Series 2025 Bonds (as defined in the front portion of this Official Statement) is payable from the general fund of the District or from State revenues. The Series 2025 Bonds are payable from the proceeds of an ad valorem property tax approved by the voters of the District pursuant to all applicable laws and requirements of the Constitution of the State (the “California Constitution”), and required to be levied by the County of Orange (“Orange County”) and the County of Los Angeles (“Los Angeles County” and, together with Orange County, the “Counties” and each, a “County”) on property within the District in an amount sufficient for the timely payment of principal of and interest on the Series 2025 Bonds. See “SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2025 BONDS” in the front portion of this Official Statement.

THE DISTRICT

Introduction

The District was established in 1906 and is located in the northwest portion of the Orange County and the southeastern portion of Los Angeles County and serves families from the cities of La Habra, La Habra Heights, La Mirada, Whittier and unincorporated areas of Orange County and Los Angeles County. The District operates five elementary schools, serving transitional kindergarten through sixth grade, and one intermediate school, serving seventh through eighth grade. Total enrollment in the District was approximately 2,981 students in fiscal year 2024-25. As of the preparation of the District’s fiscal year 2025-26 original budget (the “Fiscal Year 2025-26 Budget”), total enrollment in the District is budgeted to be approximately 2,971 students in fiscal year 2025-26. The District operates under the jurisdiction of the Orange County Superintendent of Schools. Total assessed valuation of taxable property in the District in fiscal year 2024-25 is approximately \$6.33 billion.

Board of Trustees

The District is governed by a five-member Board of Trustees (the “Board of Trustees”), each member of which is a voting member. The members are elected at-large to four-year terms in alternate slates of two and three, and elections are held every two years. Each December, the Board of Trustees elects a President, a Vice President and a Clerk to serve one-year terms. Current members of the Board of Trustees, together with their office and the date their current term expires, are set forth in the following table.

LOWELL JOINT SCHOOL DISTRICT (Orange and Los Angeles Counties, California)

Board of Trustees

Name	Office	Term Expires
Dr. Anthony A. Zegarra	President	December 2028
Christine J. Berg	Vice President	December 2026
Regina L. Woods	Clerk	December 2028
Anastasia “Staci” M. Shackelford	Member	December 2026
Karen L. Shaw	Member	December 2026

Superintendent and Business Services Personnel

General. The Superintendent of the District and Assistant Superintendent, Business Services are appointed by the Board of Trustees. The Superintendent reports directly to the Board of Trustees. The Assistant Superintendent, Business Services reports directly to the Superintendent. The Superintendent is responsible for management of the District's day-to-day operations and supervises the work of other key District administrators. The current Superintendent, Jim Coombs, has served in this position since January 2017. The Assistant Superintendent, Business Services is responsible for management of the District's finances and business operations. David Bennett has served as Assistant Superintendent, Business Services since November 2022.

Jim Coombs, Superintendent. Mr. Jim Coombs began his public education career in 1987 as a science teacher, athletic coach and Director of Student Activities for the Bonita Unified School District. These positions paved the way to serving in the positions of assistant principal at the junior high and high school levels and ultimately to the position of high school principal for West Covina Unified School District and Fullerton Joint Union High School District. From high school principal he transitioned to Assistant Superintendent of Curriculum and Instruction for the Monrovia Unified School District and later Claremont Unified School District. Mr. Coombs was humbled and honored to be appointed as the District's Superintendent of Schools in January 2017. Mr. Coombs received his Bachelor of Science in Kinesiology & Biology from California Polytechnic University, Pomona, and later Master of Science in Education from Azusa Pacific University.

David Bennett, Assistant Superintendent, Business Services. Mr. Bennett began his career in public education in 2009 as the Director of Business Services at the Tri-Cities Regional Occupational Program and was subsequently promoted to the Executive Director where he was responsible for the operations of the entire organization. In 2013, he joined the Fullerton Joint Union High School District as the Director of Business Services where he was responsible for managing food services, payroll, purchasing, warehouse, contracts, and interim positions in both maintenance and in transportation. In 2013, he was honored to be a candidate for the Fiscal Crisis Management and Assistance Team's Chief Business Official Mentor Program and in 2014 he received certification from the California Association of School Business Officials as a Chief Business Official. In 2019, Mr. Bennett joined the District as the Assistant Superintendent, Facilities and Construction and in 2022 Mr. Bennett moved into the role of Assistant Superintendent, Business Services. Mr. Bennett received his Bachelor of Arts degree in Business Administration from California State University, Fullerton.

Cybersecurity

School districts, like other governmental and business entities, face significant risks relating to the use and application of computer software and hardware for educational, operational and management purposes. The District also 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. Given the importance of cybersecurity for school districts, federal lawmakers approved the K-12 Cybersecurity Act of 2021 to study cybersecurity risks that school districts face and develop recommended guidelines and an online training toolkit for school district officials to address such cybersecurity risks.

The District is not aware of any major cyberattack or breach of its systems during the last five years. The District employs security systems to protect against cyberattacks and maintains a technology use policy applicable to students and employees. The District currently maintains cyber liability insurance through the Alliance of Schools for Cooperative Insurance Programs ("ASCIP"). For more information on ASCIP, see "DISTRICT FINANCIAL MATTERS – Insurance, Risk Pooling and Joint Powers Agreements and Joint Ventures." There can be no assurance that a future cybersecurity incident or attempted

cybersecurity incident would not compromise the personal information that the District collects, processes and stores or cause a disruption in District operations, particularly given that students, teachers, and staff are accessing District computer systems and platforms remotely which may increase the risks of intrusion by third parties.

The District relies on other entities and service providers in the course of operating the District, including the Counties with respect to the levy, collection and holding of *ad valorem* property taxes and their servers and systems for accounting and other matters, as well as other trustees, fiscal agents, dissemination agents and project management firms. No assurance can be given that future cyber threats and attacks against third party entities or service providers will not directly or indirectly impact the District or the Owners of the Series 2025 Bonds, including the possibility of impacting the timely payments of debt service on the Series 2025 Bonds or timely filings pursuant to the District's continuing disclosure undertakings.

DISTRICT FINANCIAL MATTERS

State Funding of Education; State Budget Process

General. As is true for all school districts in the State, the District's operating income consists primarily of two components: a State portion funded from the State's general fund in accordance with the Local Control Funding Formula (the "Local Control Funding Formula" or "LCFF") (see "*Allocation of State Funding to School Districts; Local Control Funding Formula*") and a local portion derived from the District's share of the 1% local *ad valorem* property tax authorized by the California Constitution (see "*Local Property Tax Revenues*"). In addition, school districts may be eligible for other special categorical funding from State and federal government programs. As of the preparation of the District's fiscal year 2024-25 estimated actuals (the "Fiscal Year 2024-25 Estimated Actuals"), the District estimates it will receive approximately 43.18% of its general fund revenues from State funds (not including the local portion derived from the District's share of the local *ad valorem* property tax), at approximately \$19.94 million in fiscal year 2024-25. Based on the District's Fiscal Year 2025-26 Budget, the District has budgeted to receive approximately 44.34% of its general fund revenues from State funds (not including the local portion derived from the District's share of the local *ad valorem* property tax), budgeted at approximately \$19.50 million in fiscal year 2025-26. Such amounts include both the State funding provided under the LCFF as well as other State revenues. See "*Allocation of State Funding to School Districts; Local Control Funding Formula*," "*Enrollment, A.D.A. and LCFF*" and "*Other District Revenues – Other State Revenues*" below. As a result, decreases or deferrals in State revenues, or in State legislative appropriations made to fund education, may significantly affect the District's revenues and operations.

Under Proposition 98, a constitutional and statutory amendment adopted by voters of the State in 1988 and amended by Proposition 111 in 1990 (now found at Article XVI, Sections 8 and 8.5 of the California Constitution), a minimum level of funding is guaranteed to school districts, community college districts, and other State agencies that provide direct elementary and secondary instructional programs. Recent years have seen frequent disruptions in State personal income taxes, sales and use taxes, and corporate taxes, making it increasingly difficult for the State to meet its Proposition 98 funding mandate, which normally commands about 45% of all State general fund revenues, while providing for other fixed State costs and priority programs and services. Because education funding constitutes such a large part of the State's general fund expenditures, it is generally at the center of annual budget negotiations and adjustments.

In connection with the State Budget Act for fiscal year 2013-14, the State and local education agencies therein implemented the LCFF. Funding from the LCFF replaced the revenue limit funding system and most categorical programs. See "*Allocation of State Funding to School Districts; Local Control Funding Formula*" for more information.

State Budget Process. According to the California Constitution, the Governor must propose a budget to the State Legislature no later than January 10 of each year, and a final budget must be adopted no later than June 15. The budget requires a simple majority vote of each house of the State Legislature for passage. The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. A two-thirds vote of the State Legislature is required to override any veto by the Governor. School district budgets must generally be adopted by July 1, and revised by the school board within 45 days after the Governor signs the budget act to reflect any changes in budgeted revenues and expenditures made necessary by the adopted State budget. The Governor signed the fiscal year 2025-26 State budget on June 27, 2025, which was amended through a series of legislative trailer bills (as amended, the “2025-26 State Budget”).

When the State budget is not adopted on time, basic appropriations and the categorical funding portion of each school district’s State funding are affected differently. Under the rule of *White v. Davis* (also referred to as *Jarvis v. Connell*), a California Court of Appeal decision reached in 2002, there is no constitutional mandate for appropriations to school districts without an adopted budget or emergency appropriation, and funds for State programs cannot be disbursed by the State Controller until that time, unless the expenditure is (i) authorized by a continuing appropriation found in statute, (ii) mandated by the California Constitution (such as appropriations for salaries of elected State officers), or (iii) mandated by federal law (such as payments to State workers at no more than minimum wage). The State Controller has consistently stated that basic State funding for schools is continuously appropriated by statute, but that special and categorical funds may not be appropriated without an adopted budget. Should the State Legislature fail to pass a budget or emergency appropriation before the start of any fiscal year, the District might experience delays in receiving certain expected revenues. The District is authorized to borrow temporary funds to cover its annual cash flow deficits, and as a result of the *White v. Davis* decision, the District might find it necessary to increase the size or frequency of its cash flow borrowings, or to borrow earlier in the fiscal year. The District does not expect the *White v. Davis* decision to have any long-term effect on its operating budgets.

Aggregate State Education Funding. The Proposition 98 guaranteed amount for education is based on prior-year funding, as adjusted through various formulas and tests that take into account State proceeds of taxes, local property tax proceeds, school enrollment, per capita personal income, and other factors. The State’s share of the guaranteed amount is based on State general fund tax proceeds and is not based on the general fund in total or on the State budget. The local share of the guaranteed amount is funded from local property taxes. The total guaranteed amount varies from year to year and throughout the stages of any given fiscal year’s budget, from the Governor’s initial budget proposal to actual expenditures to post-year-end revisions, as better information regarding the various factors becomes available. Over the long run, the guaranteed amount will increase as enrollment and per capita personal income grow.

If, at year-end, the guaranteed amount is calculated to be higher than the amount actually appropriated in that year, the difference becomes an additional education funding obligation, referred to as “settle-up.” If the amount appropriated is higher than the guaranteed amount in any year, that higher funding level permanently increases the base guaranteed amount in future years. The Proposition 98 guaranteed amount is reduced in years when general fund revenue growth lags personal income growth, and may be suspended for one year at a time by enactment of an urgency statute. In either case, in subsequent years when State general fund revenues grow faster than personal income (or sooner, as the Legislature may determine), the funding level must be restored to the guaranteed amount, the obligation to do so being referred to as “maintenance factor.”

Although the California Constitution requires the State to approve a balanced State Budget Act each fiscal year, the State’s response to fiscal difficulties in some years has had a significant impact upon the Proposition 98 minimum guarantee and the treatment of settle-up payments with respect to years in which the Proposition 98 minimum guarantee was suspended. The State has sought to avoid or delay paying

settle-up amounts when funding has lagged the guaranteed amount. In response, teachers' unions, the State Superintendent and others sued the State or Governor in 1995, 2005, 2009 and 2011 to force the State to fund schools in the full amount required. The settlement of the 1995 and 2005 lawsuits has so far resulted in over \$4 billion in accrued State settle-up obligations. However, legislation enacted to pay down the obligations through additional education funding over time, including the Quality Education Investment Act of 2006, have also become part of annual budget negotiations, resulting in repeated adjustments and deferrals of the settle-up amounts.

The State has also sought to preserve general fund cash while avoiding increases in the base guaranteed amount through various mechanisms: by treating any excess appropriations as advances against subsequent years' Proposition 98 minimum funding levels rather than current year increases; by deferring apportionments of Proposition 98 funds from one fiscal year to the next, as the State did in fiscal years 2019-20 and 2020-21; by suspending Proposition 98, as the State did in fiscal year 2004-05, fiscal year 2010-11, fiscal year 2011-12 and fiscal year 2012-13; and by proposing to amend the California Constitution's definition of the guaranteed amount and settle-up requirement under certain circumstances.

The District cannot predict how State income or State education funding will vary over the term to maturity of the Series 2025 Bonds, and the District takes no responsibility for informing owners of the Series 2025 Bonds as to actions the State Legislature or Governor may take affecting the current year's budget after its adoption. Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget." An impartial analysis of the budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. In addition, various State of California official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found at the website of the State Treasurer, www.treasurer.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the District, and the District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

2025-26 State Budget. The Governor signed the 2025-26 State Budget on June 27, 2024. The 2025-26 State Budget notes that the State has experienced ongoing uncertainty created by recent federal policy changes. The 2025-26 State Budget notes that the State has experienced ongoing uncertainty created by recent federal policy changes. The 2025-26 State Budget reduces growth in State spending while maintaining support for key programs and incorporates a comprehensive regulatory streamlining package to advance more affordable housing and infrastructure.

The 2025-26 State Budget states that the imposition of federal policy changes significantly slowed growth in the California economy, particularly broad-based tariffs which drove a downgrade to California's previous economic and revenue forecasts. The 2025-26 State Budget also notes that California experienced substantial cost and caseload growth in several core State programs – most notably, in Medi-Cal – which combined to a State general fund shortfall of \$11.8 billion. The 2025-26 State Budget addresses this shortfall through a range of solutions, including \$2.8 billion in reductions in fiscal year 2025-26, growing to \$11.9 billion by fiscal year 2028-29; \$7.8 billion in total revenue increases and borrowing solutions in fiscal year 2025-26; and \$1.2 billion in fund shifts in fiscal year 2025-26. To provide a balanced budget over two fiscal years, the 2024-25 State budget authorized withdrawals from the Budget Stabilization Account ("BSA") of \$5.1 billion in fiscal year 2024-25 and \$7.1 billion in fiscal year 2025-26. The 2025-26 State Budget continues the scheduled \$7.1 billion BSA withdrawal in fiscal year 2025-26, while maintaining a combined reserve balance of \$15.7 billion in fiscal year 2025-26, including \$11.2 billion in the BSA and \$4.5 billion in the SFEU.

The 2025-26 State Budget projects total resources available in fiscal year 2024-25 of approximately \$268.7 billion, including revenues and transfers of approximately \$226.7 billion and a prior year balance of approximately \$42.0 billion, and total expenditures in fiscal year 2024-25 of approximately \$233.6 billion. The 2025-26 State Budget projects total resources available for fiscal year 2025-26 of approximately \$250.9 billion, inclusive of revenues and transfers of approximately \$215.7 billion and a prior year balance of approximately \$35.1 billion. The 2025-26 State Budget projects total expenditures in fiscal year 2025-26 of approximately \$228.4 billion, inclusive of non-Proposition 98 expenditures of approximately \$147.6 billion and Proposition 98 expenditures of approximately \$80.7 billion. The 2025-26 State Budget projects total reserve balances of \$33.7 billion at the end of fiscal year 2025-26. This includes \$18.0 billion in the Reserve for Liquidation of Encumbrances, \$4.5 billion in the SFEU, and \$11.2 billion in the State Rainy Day Fund. The 2025-26 State Budget includes total funding of \$137.6 billion for all transitional kindergarten (“TK”) to 12 education programs, including \$80.5 billion from the State’s general fund and \$57.1 billion from other funds. The 2025-26 State Budget reflects significant Proposition 98 funding that enables increased support for core programs such as the LCFF, special education, transitional kindergarten, nutrition, and preschool.

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

- Proposition 98 Minimum Guarantee. The 2025-26 State Budget reflects Proposition 98 funding levels of \$98.5 billion in fiscal year 2023-24, \$119.9 billion in fiscal year 2024-25, and \$114.6 billion in fiscal year 2025-26. Due to the inherent risk in revenue projections, the 2025-26 State Budget appropriates the fiscal year 2024-25 Proposition 98 minimum guarantee at \$118.0 billion, instead of the currently calculated level of \$119.9 billion, in order to mitigate the risk of potentially appropriating more resources to the Proposition 98 minimum guarantee than are ultimately available in the final calculation for fiscal year 2024-25. The 2025-26 State Budget will allocate any settle-up funds that are realized to reduce ongoing deficits and protect core program funding for school districts and community colleges, including funding for growth and cost-of-living adjustments, as well as paying down TK-14 deferrals. The Proposition 98 minimum guarantee is in a Test 2 for fiscal year 2023-24 (although suspended at \$98.5 billion) and continues to be in a Test 1 for fiscal years 2024-25 and 2025-26, meaning that the funding level of the Proposition 98 minimum guarantee for such fiscal years is equal to roughly 40% of the State’s general fund revenues, plus local property tax revenues. Pursuant to the Proposition 98 formula, this percentage of State general fund revenues is not reduced to reflect enrollment adjustments, which further increases per pupil funding. The Proposition 98 minimum guarantee is “rebenched” to reflect the continued implementation of universal TK and property tax backfills related to the January 2025 fires in the County of Los Angeles. The resulting Test 1 percentage is then “rebenched” to increase the percentage of State general fund revenues due to the Proposition 98 minimum guarantee, from 39.2% to 39.6%.
- Proposition 98 Rainy Day Fund. The 2025-26 State Budget maintains the withdrawal of the full \$8.4 billion balance in the Proposition 98 Rainy Day Fund in fiscal year 2023-24. The 2025-26 State Budget provides a mandatory deposit into the Proposition 98 Rainy Day Fund in fiscal year 2024-25 of \$455.0 million. Additionally, a year-over-year decrease in the Proposition 98 minimum guarantee triggers a mandatory withdrawal of \$455.0 million in fiscal year 2025-26, exhausting the remaining Proposition 98 Rainy Day Fund balance. See “– School District Reserves” and “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2 – SB 751.”
- Proposition 98 Funding Split. The 2025-26 State Budget shifts the full TK expansion funding from the community colleges budget to the TK-12 budget of the Proposition 98 budget, beginning in the 2025-26 fiscal year. This shifts \$232.9 million in ongoing Proposition 98 resources from

community colleges to TK-12 schools. The purpose of rebenching Proposition 98 resources for the cost of TK expansion is to ensure that implementation of universal TK does not create a fiscal burden on existing TK-12 programs; therefore, this shift will align resources generated by the rebench.

- Local Control Funding Formula. The 2025-26 State Budget includes an LCFF cost-of-living adjustment of 2.30%. The cost-of-living adjustment, when combined with population growth adjustments, increases discretionary funding for local education agencies (“LEAs”) by \$2.1 billion. To fully fund the LCFF, the 2025-26 State Budget withdraws \$405.3 million from the Proposition 98 Rainy Day Fund to support LCFF costs in fiscal year 2025-26.
- Deferrals. Pursuant to the 2025-26 State Budget, budgetary deferrals of \$246.6 million for TK-12 education from fiscal year 2024-25 are fully repaid in fiscal year 2025-26. However, to fully fund the LCFF and maintain the level of fiscal year 2025-26 principal apportionments, the 2025-26 State Budget defers \$1.9 billion in LCFF funding from June 2026 to July 2026.
- Universal Transitional Kindergarten. In the 2025-26 school year, the 2025-26 State Budget provides a total of \$2.1 billion in ongoing Proposition 98 general fund resources (inclusive of all prior years’ investments) to support the full implementation of universal TK, so that all children who turn four years old by September 1 can enroll in TK in the 2025-26 school year. The 2025-26 State Budget also provides an additional \$1.2 billion in ongoing Proposition 98 general fund resources to support further lowering the average student-to-adult ratio from 12:1 to 10:1 in every TK classroom.
- Before School, After School, and Summer School. The 2025-26 State Budget provides \$515.1 million in ongoing Proposition 98 general fund resources for the full implementation of the Expanded Learning Opportunities Program by increasing the number of elementary schools that offer universal access to students, from all those in LEAs with an unduplicated pupil percentage of 75% to all those in LEAs with 55% unduplicated students. Additionally, the 2025-26 State Budget includes \$10.4 million to increase the minimum grant amount from \$50,000 to \$100,000 per LEA.
- Literacy Instruction. The 2025-26 State Budget provides \$480.0 million to support literacy instruction aligned with the English Language Arts/English Language Department (“ELA/ELD”) Framework for all students, including: (i) \$215.0 million in one-time Proposition 98 general fund resources to expand the existing Literacy Coaches and Reading Specialists Grant Program; (ii) \$200.0 million one-time Proposition 98 general fund resources to support evidence-based professional learning for elementary school educators aligned with the ELA/ELD Framework; (iii) \$40.0 million in one-time Proposition 98 general fund resources to support necessary costs, including purchasing screening materials and training for educators, to administer screenings for risk of reading difficulties to all kindergarten through second grade students beginning in the 2025-26 school year; (iv) \$15.0 million in one-time Proposition 98 general fund resources for Literacy and Mathematics Networks, to convene literacy and mathematics lead agencies to support the implementation of evidence-based practices aligned to their respective curriculum frameworks; and (v) \$10.0 million in one-time Proposition 98 general fund resources for a county office of education to partner with the University of California, San Francisco Dyslexia Center to support the Multitudes screener for risk of reading difficulties, which is free to California public schools, and expand capacity for educator support for those schools using Multitudes.
- Teacher Preparation and Professional Development. The 2025-26 State Budget includes multiple investments intended to support teachers and improve access to the educator pipeline, including: (i) \$300.0 million in one-time Proposition 98 general fund resources to establish the Student Teacher Stipend Program, which will provide \$10,000 grants to teacher candidates completing the

required student teaching hours beginning in the 2026-27 school year, and available through the 2028-29 school year, of which amount, \$5.0 million is available to support a public outreach campaign and a grant management system to facilitate uptake and access to student teacher stipends, teacher residency funds, and national board certification dollars; (ii) \$70.0 million in one-time Proposition 98 general fund resources to increase funding for high-quality teacher residency programs; and (iii) \$30.0 million in one-time Proposition 98 general fund resources to extend the timeline of the existing National Board Certification Incentive Program to support National Board Certified teachers to teach in high poverty schools.

- Student Support and Professional Development Discretionary Block Grant. The 2025-26 State Budget allocates \$1.7 billion in one-time Proposition 98 general fund resources for the Student Support and Professional Development Discretionary Block Grant, to provide LEAs with additional discretionary fiscal support in recognition of rising costs, as well as fund Statewide priorities including: (1) professional development for teachers on the ELA/ELD Framework and the Literacy Roadmap, with a focus on strategies to support literacy for English learners; (2) professional development for teachers on the Mathematics Framework; (3) teacher recruitment and retention strategies; and (4) career pathways and dual enrollment expansion efforts consistent with the Master Plan for Career Education.
- State Preschool. To augment provider rate, the 2025-26 State Budget provides \$19.3 million of Proposition 98 general fund resources and \$10.2 million in non-Proposition 98 general fund resources for the California State Preschool Program to support cost of care. Additionally, within existing funding, the 2025-26 State Budget includes authority for the Department of Education to: (i) expand State Preschool Program provider contracts to increase enrollment of three-year-olds by 10%; (ii) fund prospective pay for State Preschool Program providers to ensure timely payment of State contract funding; and (iii) automate prospective pay for State Preschool Program providers.

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

- Learning Recovery Emergency Block Grant. The 2025-26 State Budget provides \$378.6 million in one-time Proposition 98 general fund resources to support the Learning Recovery Emergency Block Grant, which supports LEAs in establishing learning recovery initiatives through the 2027-28 school year.
- Career Technical Education. The 2025-26 State Budget provides \$150.0 million in one-time Proposition 98 general fund resources for career technical education and career pathways programming, subject to pending legislation.
- Universal School Meals Support Grant. The 2025-26 State Budget provides \$145.0 million in one-time Proposition 98 general fund resources for specialized kitchen equipment, infrastructure, training, and procurement of sustainably grown food to support schools in providing more freshly prepared meals, \$10.0 million in one-time Proposition 98 general fund resources to recruit and retain school food service workers, and \$5.0 million in one-time Proposition 98 general fund resources for a study of ultra-processed foods offered in California school meals.

The complete 2025-26 State Budget is available from the California Department of Finance website at www.dof.ca.gov or www.ebudget.ca.gov. The District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Future Budgets and Budgetary Actions. The District cannot predict what future actions will be taken by the State legislature and the Governor to address changing State revenues and expenditures, collection and receipt of tax revenues due to tax filing delay, funding of delayed investments, or the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors beyond the District's ability to predict or control. Certain actions could result in a significant shortfall of revenue and cash and could impair the State's ability to fund schools during the current fiscal year and in future fiscal years. Certain factors, like an economic recession, could result in State budget shortfalls in any fiscal year and could have a material adverse financial impact on the District. As the Series 2025 Bonds are payable from *ad valorem* property taxes, the 2025-26 State Budget is not expected to have a material impact on the payment of the Series 2025 Bonds.

School District Reserves. Under Senate Bill 751 ("SB 751"), enacted on October 11, 2017, in a fiscal year immediately after a fiscal year in which the amount of moneys in the State's Public School System Stabilization Account (the "Proposition 98 Rainy Day Fund") is equal to or exceeds 3% of the combined total State general fund revenues appropriated for school districts and allocated local proceeds of taxes for that fiscal year, a school district budget that is adopted or revised cannot have an assigned or unassigned ending fund balance that exceeds 10% of those funds. SB 751 excludes from the requirements of those provisions basic aid school districts (also known as community funded districts) and small school districts having fewer than 2,501 units of A.D.A. Payments allocated to the Proposition 98 Rainy Day Fund under the fiscal year 2021-22 State budget and the fiscal year 2022-23 State budget triggered a reserve cap for school districts in fiscal years 2022-23 and 2023-24, respectively. However, State's economic and revenue outlook has changed and the balance in the Proposition 98 Rainy Day Fund has not triggered the reserve cap since fiscal year 2023-24. See "–2025-26 State Budget." School districts may need to access their local reserves in light of operational needs that may exceed expected funding under LCFF in a given fiscal year. The District, which has an average daily attendance ("A.D.A.") of less than 30,000 (but greater than 1,001), is required to maintain a reserve for economic uncertainty in an amount equal to 3% of its general fund expenditures and other financing uses. At the time of preparation of the Fiscal Year 2025-26 Budget, the District projects it will meet the 3% statutory reserve requirement in fiscal years 2025-26 through 2027-28. Since the District is neither a community funded district nor a small school district with fewer than 2,501 units of A.D.A., the District is subject to the reserve cap when applicable. For more information on the reserve cap legislation, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2 – SB 751."

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

The effect of Proposition 22 is to prohibit the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services. It prevents the State from redirecting redevelopment agency property tax increment to any other local government, including school districts, or from temporarily shifting property taxes from cities, counties and special districts to schools, as in the ERAF program. This is intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. One effect of this amendment has been to deprive the State of fuel tax revenues to pay debt service

on most State bonds for transportation projects, reducing the amount of State general fund resources available for other purposes, including education.

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert \$1.935 billion in local property tax revenues in 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs, and included another diversion in the adopted 2009-10 State budget of \$1.7 billion in local property tax revenues from local redevelopment agencies, which local redevelopment agencies have now been dissolved (see “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Assembly Bill No. 26 & *California Redevelopment Association v. Matosantos*”). Redevelopment agencies had sued the State over this latter diversion. However, the lawsuit was decided against the California Redevelopment Association on May 1, 2010. Because Proposition 22 reduces the State’s authority to use or shift certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget in some years such as reducing State spending or increasing State taxes, and school and community college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State’s general fund.

Allocation of State Funding to School Districts; Local Control Funding Formula. Prior to the implementation of the LCFF in fiscal year 2013-14, each school district received State funding based on a unique revenue limit multiplied by such school district’s A.D.A. Under the revenue limit funding system, school districts also received funding for categorical programs based on the demographics and needs of the students in each school district.

Beginning in fiscal year 2013-14, the LCFF replaced the revenue limit funding system and most categorical programs, and distributes combined resources to school districts through a base grant (“Base Grant”) per unit of A.D.A. with additional supplemental funding (referred to as a “Supplemental Grant” and a “Concentration Grant”) allocated to local educational agencies based on their proportion of English language learners, students from low-income families and foster youth. The LCFF was projected to have an eight-year implementation program to incrementally close the gap between actual funding and the target level of funding, but achieved full implementation ahead of schedule in fiscal year 2018-19. The LCFF includes the following components:

- A Base Grant for each local education agency (“LEA”). The Base Grants are based on four uniform, grade-span base rates. For fiscal year 2025-26, the LCFF provided to school districts and charter schools: (a) a Base Grant for each LEA equivalent to \$ 11,323 per A.D.A. for transitional kindergarten/kindergarten through grade 3 (including grade span adjustment); (b) a Base Grant for each LEA equivalent to \$10,411 per A.D.A. for grades 4 through 6; (c) a Base Grant for each LEA equivalent to \$10,719 per A.D.A. for grades 7 and 8; (d) a Base Grant for each LEA equivalent to \$12,746 per A.D.A. for grades 9 through 12 (including grade span adjustment). However, the amount of actual funding allocated to the Base Grant, Supplemental Grants and Concentration Grants will be subject to the discretion of the State. The Base Grant amount for fiscal year 2024-25 includes a cost-of-living adjustment of 2.30%.
- A 20% Supplemental Grant for the unduplicated number of English language 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% of a LEA’s Base Grant, based on the number of English language learners, students from low-income families and foster youth served by the LEA that comprise more than 55% of enrollment.

- An Economic Recovery Target (the “ERT”) that is intended to ensure that almost every LEA receives at least their pre-recession funding level (i.e., the fiscal year 2007-08 revenue limit per unit of A.D.A.), adjusted for inflation, at full implementation of the LCFF in fiscal year 2018-19. Upon full implementation in fiscal year 2018-19, LEAs now receive the greater of the Base Grant or the ERT.

Starting with the 2023-24 fiscal year, an additional equity multiplier (the “Equity Multiplier”) was added as an add-on to the LCFF to accelerate gains in closing opportunity and outcome gaps for LEAs who qualify by having both (1) a prior year nonstability rate of greater than 25% (which refers to the percentage of students who do not complete the year due to factors like expulsion) and (2) a prior year socioeconomically disadvantaged pupil rates of greater than 70% (which includes students with parents that do not have high school diplomas, students from low-income families, homeless youth, and foster youth). Every year, the state will allocate \$300 million to the qualifying LEAs on a per-unit basis based on the LEA’s prior year adjusted cumulative enrollment, but each qualifying school will receive at least \$50 thousand. The Equity Multiplier revenue must be used for evidence-based services and support for pupils.

Prior to fiscal year 2022-23, school districts received their LCFF apportionment based on the higher of their prior fiscal year or current fiscal year A.D.A. This apportionment method helped to temporarily mitigate the impact of LCFF funding losses on school districts that result from declining enrollment. To further mitigate the impact of LCFF funding losses in light of the respiratory disease caused by the COVID-19 pandemic, the fiscal year 2020-21 State budget included a temporary hold harmless provision for the purpose of calculating apportionments in fiscal year 2020-21 in which A.D.A. for fiscal year 2020-21 was based on fiscal year 2019-20 (specifically, the period July 1, 2019 through February 29, 2020). The fiscal year 2021-22 State budget did not extend the A.D.A. hold harmless provision to fiscal year 2021-22. Nonetheless, in fiscal year 2021-22, school districts still retained the ability to receive their LCFF apportionment based on the higher of their prior fiscal year or current fiscal year A.D.A. in accordance with the LCFF.

The fiscal year 2022-23 State budget, as amended (the “2022-23 State Budget”), amended the LCFF calculation to consider the greater of a school district’s current fiscal year, prior fiscal year, or the average of three prior fiscal years’ A.D.A. to allow school districts more time to adjust to enrollment-related LCFF funding declines. For purposes of fiscal year 2021-22, a school district that can demonstrate it provided independent study offerings to students in fiscal year 2021-22 may consider the greater of such school district’s fiscal year 2021-22 A.D.A. or such school district’s fiscal year 2021-22 enrollment adjusted for pre-COVID-19 absence rates. Such adjustment is applicable to fiscal year 2021-22 for purposes of calculating a school district’s fiscal year 2021-22 annual apportionment and calculating a school district’s prior year A.D.A. or the average of three prior years’ A.D.A. in fiscal year 2022-23 and future fiscal years in accordance with the amendments made in connection with the 2022-23 State Budget.

Under LCFF, for community funded districts, local property tax revenues would be used to offset up to the entire allocation under the new formula. However, community funded districts continue to receive the same level of State aid as allocated under the prior revenue limit funding system in fiscal year 2012-13.

Risks Affecting District Revenue. As discussed above, many school districts in the State are funded based on the LCFF, which allocates a Base Grant per unit of A.D.A. with additional supplemental funding in the form of Supplemental Grants and Concentration Grants based on certain factors. See “-Allocation of State Funding to School Districts; Local Control Funding Formula.” Thus, a temporary shutdown of a school or an entire school district or other event resulting in reduced enrollment or attendance would reduce the A.D.A. of a school district and could impact the funding a school district receives. For example, events like the outbreak of a highly contagious disease or epidemic disease could harm a school district’s financial results or result in a temporary shutdown of the school district’s facilities. Such an event could also have impacts on the State’s tax and other revenue receipts which may, in turn, impact educational funding that

school districts receive from the State. See “- Future Budgets and Budgetary Actions.” The outbreak of the respiratory disease caused by COVID-19 was declared a pandemic by the World Health Organization, a national emergency by then President Trump and a state of emergency by the Governor. While State and federal one-time COVID-19 relief funding provided some immediate relief to school districts, including the District, during the COVID-19 pandemic, the District cannot predict whether similar legislation providing State and federal one-time relief funding would be enacted in the future in the event the outbreak of COVID-19 were to increase in intensity or a similar or other outbreak of a highly contagious disease or epidemic disease or other event resulting in reduced enrollment or attendance were to occur in the future.

Enrollment, A.D.A. and LCFF. The table on the following page sets forth the District’s actual A.D.A., funded A.D.A., the basis for such funded A.D.A. (the current fiscal year A.D.A., the prior fiscal year A.D.A., or the average of three prior years’ A.D.A.), enrollment (including the percentage of students who are English language learners, from low-income families and/or foster youth (collectively, “EL/LI Students”)), and Base Grant per unit of A.D.A. for fiscal years 2021-22 through 2024-25, and the District’s budgeted A.D.A., funded A.D.A., the basis for such funded A.D.A., enrollment (including the percentage of EL/LI Students), and Base Grant per unit of A.D.A. for fiscal year 2025-26 at the time of preparation of the Fiscal Year 2025-26 Budget. The A.D.A. and enrollment numbers below include TK students and certain special education students enrolled directly with the District, but exclude certain special education students enrolled in programs operated by the Orange County Office of Education.

LOWELL JOINT SCHOOL DISTRICT
(Orange and Los Angeles Counties, California)
Average Daily Attendance, Enrollment and Targeted Base Grant
Fiscal Years 2021-22 through 2025-26

Fiscal Year		A.D.A./Base Grant				Enrollment ⁽⁹⁾		
		TK-3	4-6	7-8	Total A.D.A	Funding Basis	Total Enrollment	Unduplicated % of EL/LI Students
2021-22	Actual A.D.A. ⁽¹⁾ :	1,194.04	949.95	750.05	2,894.04	--	3,047	46.03%
	Funded A.D.A. ⁽¹⁾ :	1,242.67	1,031.09	782.73	3,056.49	Prior Year	--	--
	Base Grant ⁽²⁾⁽³⁾ :	\$8,935	\$8,215	\$8,458	--	--	--	--
2022-23	Actual A.D.A. ⁽¹⁾ :	1,205.52	914.48	709.47	2,829.47	--	3,015	51.08%
	Funded A.D.A. ⁽¹⁾ :	1,236.24	1,012.76	775.11	3,024.11	3 Year Avg.	--	--
	Base Grant ⁽²⁾⁽⁴⁾ :	\$10,119	\$9,304	\$9,580	--	--	--	--
2023-24	Actual A.D.A. ⁽¹⁾ :	1,275.44	900.45	698.68	2,874.57	--	3,030	56.93%
	Funded A.D.A. ⁽¹⁾ :	1,223.86	973.89	750.69	2,948.44	3 Year Avg.	--	--
	Base Grant ⁽²⁾⁽⁵⁾ :	\$10,951	\$10,069	\$10,367	--	--	--	--
2024-25	Actual A.D.A. ⁽¹⁾ :	1,277.59	879.19	655.82	2,830.60	--	2,981	58.07%
	Funded A.D.A. ⁽¹⁾ :	1,234.78	930.34	722.68	2,887.80	3 Year Avg.	--	--
	Base Grant ⁽²⁾⁽⁶⁾ :	\$11,068	\$10,177	\$10,478	--	--	--	--
2025-26	Actual A.D.A. ⁽⁷⁾ :	1,284.59	904.19	662.42	2,851.20	--	2,971	58.71%
	Funded A.D.A. ⁽⁷⁾ :	1,284.59	904.19	662.42	2,851.20	Current Year	--	--
	Base Grant ⁽²⁾⁽⁸⁾ :	\$11,323	\$10,411	\$10,719	--	--	--	--

⁽¹⁾ A.D.A. for the second period of attendance, typically in mid-April of each school year, which does not reflect subsequent revisions related to days deemed later by the California Department of Education to have a “material decrease” in attendance or attendance at Saturday school.

⁽²⁾ Such amounts include the grade span adjustment, but do not include any Supplemental Grants and Concentration Grants under the LCFF.

⁽³⁾ Fiscal year 2021-22 Base Grant amounts reflect a 5.07% adjustment from fiscal year 2020-21 Base Grant amounts, which includes a 4.05% cost-of-living adjustment and a 1% discretionary increase in Base Grant funding.

⁽⁴⁾ Fiscal year 2022-23 Base Grant amounts reflect an approximately 13.26% adjustment from fiscal year 2021-22 Base Grant amounts, which includes a 6.56% cost-of-living adjustment and a 6.70% discretionary increase in Base Grant funding.

⁽⁵⁾ Fiscal year 2023-24 Base Grant amounts reflect a 8.22% cost-of-living adjustment from fiscal year 2022-23 Base Grant amounts.

⁽⁶⁾ Fiscal year 2024-25 Base Grant amounts reflect a 1.07% cost-of-living adjustment from fiscal year 2023-24 Base Grant amounts.

⁽⁷⁾ Reflects budgeted A.D.A., funded A.D.A., enrollment and percentage of unduplicated EL/LI Students as of the Fiscal Year 2025-26 Budget.

⁽⁸⁾ Fiscal year 2025-26 Base Grant amounts reflect a 2.30% cost-of-living adjustment from fiscal year 2024-25 Base Grant amounts.

⁽⁹⁾ Reflects enrollment as of October report submitted to the California Longitudinal Pupil Achievement Data System. A school district’s funded percentage of unduplicated EL/LI Students is based on a rolling average of such school district’s EL/LI Students enrollment for the then-current fiscal year and the two immediately preceding fiscal years. Enrollment figures exclude TK students not included in ADA counts under the Universal Transitional Kindergarten Implementation Program.

Source: Lowell Joint School District.

As of the Fiscal Year 2024-25 Estimated Actuals, the District estimates to receive approximately \$35.63 million in aggregate revenues reported under LCFF sources in fiscal year 2024-25 (or approximately 77.12% of its general fund revenues in fiscal year 2024-25). Such amount includes Supplemental Grants and Concentration Grants for targeted groups of approximately \$3.57 million and \$613,458, respectively, in fiscal year 2024-25. As of the Fiscal Year 2025-26 Budget, the District budgets to receive approximately \$36.27 million in aggregate revenues reported under LCFF sources in fiscal year 2025-26 (or approximately 82.47% of its general fund revenues in fiscal year 2025-26). Such amount includes Supplemental Grants and Concentration Grants for targeted groups expected at approximately \$3.65 million and \$749,766, respectively, in in fiscal year 2025-26.

The District is not expected to receive additional revenue from the Equity Multiplier because the District did not have a prior year nonstability rate of greater than 25% or a prior year socioeconomically disadvantaged pupil rates of greater than 70%.

Local Control Accountability Plans. A feature of the LCFF is a system of support and intervention for local educational agencies. School districts, county offices of education and charter schools are required to develop, implement and annually update a three-year LCAP. Each LCAP must be developed with input from teachers, parents and the community, and should describe local goals as they pertain to eight areas identified as state priorities, including student achievement, parent engagement and school climate, as well as detail a course of action to attain those goals. Moreover, the LCAPs must be designed to align with the district's budget to ensure adequate funding is allocated for the planned actions.

Typically, each school district must submit its LCAP annually on or before July 1 for approval by its county superintendent. The county superintendent then has until August 15 to seek clarification regarding the contents of the LCAP, and the school district must respond in writing. The county superintendent can submit recommendations for amending the LCAP, and such recommendations must be considered, but are not mandatory. A school district's LCAP must be approved by its county superintendent by October 8 of each year if such superintendent finds (i) the LCAP adheres to the State template, and (ii) the district's budgeted expenditures are sufficient to implement the strategies outlined in the LCAP.

Performance evaluations are to be conducted to assess progress toward goals and guide future actions. County superintendents are expected to review and provide support to the school districts under their jurisdiction, while the State Superintendent of Public Instruction performs a corresponding role for county offices of education. The California Collaborative for Education Excellence (the "Collaborative"), a newly established body of educational specialists, was created to advise and assist local education agencies in achieving the goals identified in their LCAPs. For local education agencies that continue to struggle in meeting their goals, and when the Collaborative indicates that additional intervention is needed, the State Superintendent of Public Instruction would have authority to make changes to a local education agency's LCAP.

Local Property Tax Revenues

General. The principal component of local revenues is a school district's property tax revenues, i.e., each 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. The District's share of the local 1% property tax is separate from and in addition to the *ad valorem* property tax pledged to the repayment of all general obligation bonds of the District, including the Series 2025 Bonds. California Education Code Section 42238(h) itemizes the local revenues that are counted towards the amount allocated under the LCFF (and formerly, the base revenue limit) before calculating how much the State must provide in State aid. The more local property taxes a district receives, the less State aid it is entitled to receive. Prior to the implementation of the LCFF, a school district whose local property tax revenues exceeded its base revenue limit was entitled to receive no State aid, and received only its special categorical aid which is deemed to include the "basic aid" of \$120 per student per year guaranteed by Article IX, Section 6 of the California Constitution. Such districts were known as "basic aid districts," which are now referred to as "community funded districts." School districts that received some State equalization aid were commonly referred to as "revenue limit districts." The District was a revenue limit district and is now referred to as a LCFF district.

Under the LCFF, local property tax revenues are used to offset up to the entire State aid collection under the new formula; however, community funded districts would continue to receive, at a minimum, the same level of State aid as allotted in fiscal year 2012-13. See "State Funding of Education; State Budget Process –Allocation of State Funding to School Districts; Local Control Funding Formula" for more information about the LCFF.

Based on the Fiscal Year 2024-25 Estimated Actuals, local property tax revenues are estimated to account for approximately 52.33% of the District's aggregate general fund revenues reported under LCFF sources and are approximately \$18.64 million, or 40.63% of total general fund revenues in fiscal year 2024-

25. Based on the Fiscal Year 2025-26 Budget, local property tax revenues are budgeted to account for approximately 51.39% of the District's aggregate revenues reported under LCFF sources and are budgeted to be approximately \$18.64 million, or 42.38% of total general fund revenues in fiscal year 2025-26.

For information about the property taxation system in the State and the District's property tax base, see "– Property Taxation System," "– Assessed Valuation of Property Within the District," and "– Tax Charges and Delinquencies" under the caption "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2025 BONDS" in the front portion of the Official Statement.

For a discussion of legal limitations on the ability of the District to raise revenues through local property taxes, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" below.

Effect of Changes in Enrollment. Changes in local property tax revenue and A.D.A. affect LCFF districts and community funded districts differently. In a LCFF district, such as the District, increasing enrollment increases the total amount distributed under the LCFF and thus generally increases a district's entitlement to State equalization aid, while increases in property taxes do nothing to increase district revenues, but only offset the State funding requirement of equalization aid. Operating costs increase disproportionately slowly to enrollment growth; and only at the point where additional teachers and classroom facilities are needed. Declining enrollment has the reverse effect on LCFF districts, generally resulting in a loss of State equalization aid, while operating costs decrease slowly and only when, for example, the district decides to lay off teachers or close schools. In a community funded district, the opposite is generally true: increasing enrollment increases the amount to which the district would be entitled were it a LCFF district, but since all LCFF funding (and more) is already generated by local property taxes, there is no increase in State funding, other than the \$120 per student in basic aid, as described above. Meanwhile, as new students impose increased operating costs, property tax revenue is stretched further. Declining enrollment does not reduce property tax revenue, and has a negligible impact on State aid, but eventually reduces operating costs, and thus can be financially beneficial to a community funded district.

Other District Revenues

Federal Revenues. The federal government provides funding for several District programs, including special education programs. Based on the Fiscal Year 2024-25 Estimated Actuals, federal revenues, most of which are restricted, are estimated to account for approximately 3.37% (or approximately \$1.56 million) of the District's general fund revenues for fiscal year 2024-25. Based on the Fiscal Year 2025-26 Budget, the District budgets that federal revenues, most of which are restricted, will comprise approximately 3.14% (or approximately \$1.38 million) of the District's general fund budgeted revenues for fiscal year 2025-26. Federal revenues are budgeted to be lower in fiscal year 2025-26 due the expiration of federal funding related to the COVID-19 pandemic, which was available through September 30, 2024.

However, no representation can be made that the District will continue to receive or be eligible for federal funding of education programs, including as a result of current efforts and proposals to reduce the size of the federal workforce, eliminate government programs and/or eliminate or merge governmental agencies. In particular, such funding may be impacted by the executive order signed by President Trump on March 20, 2025, to begin dismantling the U.S. Department of Education. On June 30, 2025, the Trump Administration announced it would be withholding approximately \$6.8 billion in federal funding due to be released on July 1, 2025, for certain Title I, II, III and IV programs, including migrant education, professional development, English-learner services, academic enrichment, before-and after-school programs, and adult basic and literacy education. In the June 30, 2025, announcement, the Trump Administration stated that such program grants were under review and no decision had yet been made for the upcoming academic year.

In addition, on January 27, 2025, the U.S. Office of Management and Budget (“OMB”) issued a memorandum directing federal agencies to temporarily pause all activities related to the obligation or disbursement of federal financial assistance, and other relevant activities, that may be implicated by recent executive orders issued under the Trump Administration. On January 29, 2025, OMB rescinded the memorandum. Following the rescission, the White House press secretary noted that the rescission of the memorandum was “[not] a rescission of the federal funding freeze.” Then, on January 31, 2025, a federal judge issued a temporary restraining order stating that the Trump Administration cannot pause, freeze, impede, block, cancel, or terminate federal financial-assistance obligations to the states. The U.S. Department of Education released a letter, dated February 14, 2025, notifying schools and colleges to eliminate diversity, equity, and inclusion programs and initiatives by the end of the month or risk losing federal funding.

The District is unable to predict whether the Trump Administration’s focus on education spending may eventually impact its receipt of federal funding or whether any such impact will have a material effect on the finances or operations of the District. As indicated above, based on the Fiscal Year 2025-26 Budget, the District budgets that federal revenues will comprise approximately 3.14% of the District’s general fund budgeted revenues for fiscal year 2025-26.

Other State Revenues. In addition to State apportionments for Proposition 98 funding through the LCFF, the District receives other State revenues, consisting primarily of restricted revenues designed to implement State mandated programs. Beginning in fiscal year 2013-14, categorical spending restrictions associated with a majority of State mandated programs were eliminated, and funding for these programs was folded into LCFF. Categorical funding for certain programs was excluded from LCFF, and school districts will continue to receive restricted State revenues to fund these programs. Based on the Fiscal Year 2024-25 Estimated Actuals, the District estimates that other State revenues will comprise approximately 6.41% (or approximately \$2.96 million) of the District’s general fund estimated revenues for fiscal year 2024-25. Based on the Fiscal Year 2025-26 Budget, other State revenues are budgeted to comprise approximately 4.25% (or approximately \$1.87 million) of the District’s general fund budgeted revenues for fiscal year 2025-26, which is lower than the previous fiscal year because the District received one-time funds in fiscal year 2024-25 that will not repeat in fiscal year 2025-26.

A portion of such other State revenues are amounts the District expects to receive from State lottery funds, a portion of which may not be used for non-instructional purposes, such as the acquisition of real property, the construction of facilities, or the financing of research. School districts receive lottery funds proportional to their total A.D.A. Based on the Fiscal Year 2024-25 Estimated Actuals, the District estimates it will receive approximately \$788,970 in State lottery revenue for fiscal year 2024-25. Based on the Fiscal Year 2025-26 Budget, the District budgets it will receive approximately \$779,142 in State lottery revenue for fiscal year 2025-26.

Other Local Revenues. In addition to *ad valorem* property taxes, the District receives additional local revenues from sources, such as interest income, leases and rentals, educational foundations, donations and sales of property. Based on the Fiscal Year 2024-25 Estimated Actuals, the District estimates that other local revenues will comprise approximately 13.10% (or approximately \$6.05 million) of the District’s general fund estimated revenues for fiscal year 2024-25. Based on the Fiscal Year 2025-26 Budget, the District budgets that other local revenues will comprise approximately 10.15% (or approximately \$4.46 million) of the District’s general fund revenues for fiscal year 2025-26. Declining general fund balances have resulted in less interest income to be budgeted for in the Fiscal Year 2025-26 Budget.

Charter Schools

Charter schools are largely independent schools operating as part of the public school system created pursuant to Part 26.8 (beginning with Section 47600) of Division 4 of Title 2 of the California Education Code (the “Charter School Law”). A charter school is usually created or organized by a group of teachers, parents and community leaders, or a community-based organization, and may be approved by an existing local public school district, a county board of education or the State Board of Education. A charter school is generally exempt from the laws governing school districts, except where specifically noted in the law. The Charter School Law acknowledges that among its intended purposes are to (a) provide parents and students with expanded choices in the types of educational opportunities that are available within the public school system, (b) hold schools accountable for meeting measurable pupil outcomes and provide schools a way to shift from a rule-based to a performance-based system of accountability, and (c) provide competition within the public school system to stimulate improvements in all public schools.

A school district has certain fiscal oversight and other responsibilities with respect to both affiliated and independent charter schools. However, independent charter schools that receive their funding directly from the State are generally not included in a school district’s financial reports and audited financial statements and function like independent agencies, including having control over their staffing and budgets, which are received directly from the State. Affiliated charter schools receive their funding from the school district and would generally be included in the school district’s financial reports and audited financial statements.

At this time, there are no charter schools operating in the District, and there are no applications for charter schools currently pending before the Board of Trustees of the District. The District cannot provide any assurances as to whether any charter schools will be established within the territory of the District, or as to the impact any charter school developments may have on the District’s A.D.A. or finances in future years.

Significant Accounting Policies and Audited Financial Statements

The State Department of Education imposes by law uniform financial reporting and budgeting requirements for K-12 districts. Financial transactions are required to be accounted for in accordance with the Department of Education’s California School Accounting Manual. This manual, according to Section 41010 of the California Education Code, is to be followed by all State school districts, including the District. Significant accounting policies followed by the District are explained in Note 1 to the District’s audited financial statements for the fiscal year ended June 30, 2024, which are included as Appendix B to the Official Statement.

Independently audited financial statements are prepared annually in conformity with generally accepted accounting principles for educational institutions. The annual audit report is generally available about six months after the June 30 close of each fiscal year. Typically, school districts in the State are required to file their audited financial statements for the preceding fiscal year with the State Controller’s Office, the State Superintendent of Public Instruction, and the county superintendent of schools by December 15 of each year. However, in response to the COVID-19 pandemic and the challenges it presents for school district operations, Senate Bill 98 (Chapter 24, enacted on June 29, 2020, as an urgency bill) provided that a school district’s audited financial statements for fiscal year 2019-20 were not due until March 31, 2021. Accordingly, the District filed its audited financial statements for fiscal year 2019-20 with the State Controller’s Office, the State Superintendent of Public Instruction, and the Orange County Superintendent of Schools by March 31, 2021. Pursuant to Assembly Bill 130 (Chapter 44, enacted on July 9, 2021), the deadline for school districts to file their audited financial statements for fiscal year 2020-21 was extended to January 31, 2022. Accordingly, the District filed its audited financial statements for fiscal year 2020-21 with the State Controller’s Office, the State Superintendent of Public Instruction, and the

Orange County Superintendent of Schools by January 31, 2022. The deadline for school districts to file their audited financial statements for fiscal years 2021-22, 2022-23 and 2023-24 were not extended.

The following tables contain data extracted from general fund financial statements prepared by the District's independent auditor, Nigro & Nigro, A Professional Accountancy Corporation, Murrieta, California ("Nigro & Nigro"), for fiscal years 2019-20 through 2023-24. Nigro & Nigro has not been requested to consent to the use or to the inclusion of its reports in this Official Statement, and it has not audited or reviewed this Official Statement. The following tables are only a summary of the general fund financial statements of the District for the fiscal years shown. The District's audited financial statements for fiscal year 2023-24 are described throughout this Appendix A and are included as Appendix B to this Official Statement. The complete audited financial statements of the District, including the notes to the audited financial statements, are an integral part of this Official Statement.

The table on the following page sets forth the statement of revenues, expenditures and changes in fund balances for the District's general fund for fiscal years 2019-20 through 2023-24.

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LOWELL JOINT SCHOOL DISTRICT
(Orange and Los Angeles Counties, California)
Statement of General Fund Revenues, Expenditures and Changes in Fund Balance
Fiscal Years 2019-20 through 2023-24⁽¹⁾

	Fiscal Year 2019-20 Audited Actuals	Fiscal Year 2020-21 Audited Actuals	Fiscal Year 2021-22 Audited Actuals	Fiscal Year 2022-23 Audited Actuals	Fiscal Year 2023-24 Audited Actuals
REVENUES					
LCFF sources	\$27,449,681	\$27,344,847	\$28,940,309	\$32,922,210	\$35,535,242
Federal sources	1,139,849	3,097,771	3,578,710	2,278,748	2,733,500
Other state sources	3,304,911	4,030,286	4,895,068	8,377,242 ⁽²⁾	4,488,427
Other local sources	2,675,388	3,175,184	3,142,794	3,984,368	5,036,685 ⁽³⁾
Total Revenues	34,569,829	37,648,088	40,556,881	47,562,568	47,793,854
EXPENDITURES					
Current:					
Instruction	22,131,012	22,397,850	26,304,500	27,235,579	30,497,198
Instruction related services:					
Supervision of instruction	967,807	976,908	876,894	967,545	964,292
Instructional library, media, and technology	579,740	669,670	676,018	728,537	753,860
School site administration	2,117,647	2,059,316	2,252,689	2,313,154	2,514,760
Pupil support services:					
Home-to-school transportation	96,609	19,292	109,047	183,516	186,717
Food services	3,505	4,743	-	5,675	93,288
All other pupil services	1,264,001	1,487,234	1,927,731	2,270,707	2,793,064
Ancillary services	20,198	3,614	23,317	31,775	21,807
General administration services:					
Data processing services	150,548	120,990	117,628	123,848	253,272
Other general administration	1,995,988	2,200,690	2,406,845	3,109,349	3,469,009
Plant services	3,129,344	3,456,771	3,973,771	3,933,469	4,746,627
Transfers of indirect costs	(43,631)	(34,912)	(44,344)	(44,344)	(63,744)
Intergovernmental	458,676	319,003	350,370	433,795	449,239
Capital outlay	49,620	110,201	291,465	129,378	365,475
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	32,921,064	33,791,370	39,265,931	41,421,983	47,044,864
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,648,765	3,856,718	1,290,950	6,140,585	748,990
OTHER FINANCING SOURCES (USES)					
Transfers in	682,192	-	-	-	-
Transfers out	(286,121)	-	(100,000)	-	-
Net Financing Sources (Uses)	396,071	-	(100,000)	-	-
Net Change in Fund Balances	2,044,836	3,856,718	1,190,950	6,140,585	748,990
Fund Balance – Beginning	9,330,272	11,375,108	15,231,826	16,422,776	22,563,361
Fund Balance – Ending⁽⁴⁾	\$11,375,108	\$15,231,826	\$16,422,776	\$22,563,361	\$23,312,351

⁽¹⁾ Pursuant to Governmental Accounting Standards Board (“GASB”) Statement No. 54, the District’s audited financial statements include the financial activity of the deferred maintenance fund with the District’s general fund.

⁽²⁾ Increase over prior fiscal year reflective of the District receipt of a Learning Recovery Block Grant of \$3.2 million in fiscal year 2022-23.

⁽³⁾ Increase over prior fiscal year reflective of the District’s receipt of ASCIP insurance coverage rebates, increased interest income due to higher fund balances and higher e-rate revenue.

⁽⁴⁾ The District is projecting unrestricted and restricted general fund deficit spending in fiscal years 2024-25 through 2027-28. See “– District Budget Process and County Review.”

Source: Lowell Joint School District Audited Financial Statements for fiscal years 2019-20 through 2023-24.

The following table sets forth the general fund balance sheet of the District for fiscal years 2019-20 through 2023-24.

LOWELL JOINT SCHOOL DISTRICT
(Orange and Los Angeles Counties, California)
Summary of General Fund Balance Sheet
Fiscal Years 2019-20 through 2023-24

	Fiscal Year 2019-20 Audited Actuals	Fiscal Year 2020-21 Audited Actuals	Fiscal Year 2021-22 Audited Actuals	Fiscal Year 2022-23 Audited Actuals	Fiscal Year 2023-24 Audited Actuals
ASSETS					
Deposits and investments	\$9,775,186	\$12,294,376	\$16,759,454	\$23,411,798	\$22,232,730
Receivables	5,016,500	6,132,252	4,013,807	3,391,933	3,565,926
Due from other funds	-	142,601	403,349	506,731	858,450
Other current assets	-	-	79,276	58,401	50,262
Total Assets	\$14,791,686	\$18,569,229	\$21,255,886	\$27,368,863	\$26,707,368
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$3,374,555	\$2,858,090	\$3,849,817	\$3,624,391	\$3,238,652
Due to other funds	-	-	100,455	400,077	13,190
Unearned revenue	42,023	479,313	882,838	781,034	143,175
Total Liabilities	3,416,578	3,337,403	4,833,110	4,805,502	3,395,017
Fund Balances					
Nonspendable	10,000	10,000	10,000	51,877	50,077
Restricted	503,795	1,279,941	2,109,008	7,197,641	7,597,055
Assigned	5,774,810	12,338,241	9,372,889	14,006,073	12,098,043
Unassigned	5,086,503	1,603,644	4,930,879	1,307,770	3,567,176
Total Fund Balance	11,375,108	15,231,826	16,422,776	22,563,361	23,312,351
Total Liabilities and Fund Balances	\$14,791,686	\$18,569,229	\$21,255,886	\$27,368,863	\$26,707,368

Source: Lowell Joint School District Audited Financial Statements for fiscal years 2019-20 through 2023-24.

District Budget Process and County Review

Budget Process. 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 Orange County Superintendent of Schools.

The county superintendent must review and approve, conditionally 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. In the event that the county superintendent conditionally approves or disapproves the school district's budget, the county superintendent will submit to the governing board of the school district no later than September 15 of such year written recommendations regarding revisions of the budget and the reasons for the

recommendations, including, but not limited to, the amounts of any budget adjustments needed before the county superintendent can approve that budget.

The governing board of the school district, together with the county superintendent, must review and respond to the recommendations of the county superintendent on or before October 8 at a regular meeting of the governing board of the school district. The county superintendent will examine and approve or disapprove of the revised budget by November 8 of such year. If the county superintendent disapproves a revised budget, the county superintendent will call for the formation of a budget review committee. By December 31 of each year, every school district must have an adopted budget, or the Superintendent of Public Instruction (the "State Superintendent") may impose a budget and will report such school district to the State Legislature and the Department of Finance.

Subsequent to approval, the county superintendent will monitor each school district under its jurisdiction throughout the fiscal year pursuant to its adopted budget to determine on an ongoing basis if the school district can meet its current or subsequent year financial obligations. If, after taking various remedial actions, the county superintendent determines that a school district cannot meet its current or the subsequent year's obligations, the county superintendent will notify the school district's governing board, the State Superintendent and the president of the State board (or the president's designee) of the determination and take at least one of the following actions, and all actions that are necessary to ensure that the school district meets its financial obligations: (a) develop and impose, after also consulting with the State Superintendent and the school district's governing board, revisions to the budget that will enable the school district to meet its financial obligations in the current fiscal year, (b) stay or rescind any action inconsistent with the ability of the school district to meet its obligations for the current or subsequent fiscal year, (c) assist in developing, in consultation with the school district's governing board, a financial plan that will enable the school district to meet its future obligations, (d) assist in developing, in consultation with the school district's governing board, a budget for the subsequent fiscal year, and (e) as necessary, appoint a fiscal advisor to perform the aforementioned duties. The county superintendent will also make a report to the State Superintendent and the president of the State board or the president's designee about the financial condition of the school district and the remedial actions proposed by the county superintendent. 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.

Interim Reporting. A State law adopted in 1991 (known as "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 and the California Education Code (Section 42100 *et seq.*), each school district is required to file two 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 fiscal year. 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, based on then-current projections, 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, based on then-current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that, based on then-current projections, may not meet its financial obligations for the current fiscal year or the two subsequent fiscal years. A certification may be revised to a negative or qualified certification by the county superintendent, as appropriate. A school district that receives a qualified or negative certification for its second interim report must provide to the county superintendent, the State Controller and the State Superintendent no later than June 1, financial statement projections of the school district's fund and cash balances through June 30 for the period ending April 30.

Any school district that receives 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 and revenue anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the school district, unless the county superintendent determines that the school district's repayment of indebtedness is probable. In the past five years, the District has not received a negative or qualified certification for an interim financial report.

County and State Response to School Districts Under Financial Distress. For school districts under fiscal distress, the county superintendent is authorized to take a number of actions to ensure that the school district meets its financial obligations, including budget revisions. However, the county superintendent is not authorized to approve any diversion of revenue from *ad valorem* property taxes levied to pay debt service on district general obligation bonds. A school district that becomes insolvent may, upon the approval of a fiscal plan by the county superintendent, request an emergency appropriation from the State, in which case the county superintendent, the State Superintendent and the president of the State board or the president's designee will appoint a trustee to serve the school district until it has adequate fiscal systems and controls in place. The acceptance by a school district of an emergency apportionment exceeding 200% of the reserve recommended for that school district constitutes an agreement that the county superintendent will assume control of the school district in order to ensure the school district's return to fiscal solvency.

In the event the State elects to provide an emergency apportionment to a school district, such apportionment will constitute an advance payment of apportionments owed to the school district from the State School Fund and the Education Protection Account. The emergency apportionment may be accomplished in two ways. First, a school district may participate in a two-part financing in which the school district receives an interim loan from the State general fund, with the agreement that the school district will subsequently enter into a lease financing with the California Infrastructure and Economic Development Bank for purposes of financing the emergency apportionment, including repaying such amounts advanced to the State general fund. State law provides that so long as bonds from such lease financing are outstanding, the recipient school district (via its administrator) cannot file for bankruptcy. As an alternative, a school district may receive an emergency apportionment from the State general fund that must be repaid in 20 years. Each year, the State Superintendent will withhold from the apportionments to be made to the school district from the State School Fund and the Education Protection Account an amount equal to the emergency apportionment repayment that becomes due that year. The determination as to whether the emergency apportionment will take the form of a lease financing or an emergency apportionment from the State general fund will be based upon the availability of funds within the State general fund.

Fiscal Year 2024-25 Estimated Actuals. The District revises its projections of revenues, expenditures, and ending fund balances contained in its adopted fiscal year 2024-25 budget (the "Fiscal Year 2024-25 Budget") as more financial data becomes available throughout the fiscal year. Accordingly, the Fiscal Year 2024-25 Estimated Actuals reflect actual financial data through May 31, 2025, and projections for the remainder of fiscal year 2024-25 based on such data. The Fiscal Year 2024-25 Estimated Actuals, which were presented to the Board of Trustees in connection with the adoption of the Fiscal Year 2025-26 Budget on June 23, 2025, are included in the table that follows and described throughout the section entitled "DISTRICT FINANCIAL MATTERS." The District is projecting unrestricted and restricted general fund deficit spending in fiscal year 2024-25. Restricted general fund deficit spending is primarily due to the planned use of one-time funds and the drawdown of restricted ending balances. Unrestricted general fund deficit spending is primarily due to a deliberate strategy to reduce reserves from 46.0% to 25.0% through the expenditure of one-time funds received in prior years and salary increases commensurate with ongoing cost-of-living adjustments. The District is also projecting unrestricted and restricted general fund deficit spending in fiscal years 2025-26 through 2027-28. However, the District is projecting a surplus in fiscal year 2028-29. See "*District's Fiscal Year 2025-26 Budget*" below.

The achievement of certain results or other expectations contained in the Fiscal Year 2024-25 Estimated Actuals involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described therein to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. All projections, forecasts, assumptions, expressions of opinions, estimates, and other forward-looking statements contained in the Fiscal Year 2024-25 Estimated Actuals are expressly qualified in their entirety by the foregoing and the other cautionary statements.

District's Fiscal Year 2025-26 Budget. The Fiscal Year 2025-26 Budget, which was adopted by the Board of Trustees on June 23, 2025, is included in the table that follows. The Fiscal Year 2025-26 Budget largely reflects the assumptions contained in the Governor's May revision to the proposed fiscal year 2025-26 State budget. Subsequently, on June 27, 2025, the 2025-26 State Budget was enacted. The District continues to analyze the 2025-26 State Budget to determine what adjustments will need to be made to the Fiscal Year 2025-26 Budget. The District delivered a 45-day update to the Board of Trustees on August 4, 2025 regarding additional revenue expected to be received in fiscal year 2025-26, including funding under the Expanding Learning Opportunities Program (accounted for in the District's child development fund (fund 12)), a one-time discretionary block grant, Learning Recovery Emergency Block Grant restoration program, and the Universal Transitional Kindergarten Grant. Such updates are expected to be incorporated into the District's first interim report for fiscal year 2025-26.

The Fiscal Year 2025-26 Budget, along with projections for each of the two subsequent fiscal years, reflects unrestricted and restricted general fund deficit spending. The majority of these deficits are due to the planned use of one-time funds and the drawdown of restricted ending balances—resources that will not carry over from year to year. In addition, the unrestricted general fund deficit spending is primarily due to a deliberate strategy to reduce reserves from 46% to 25% through the expenditure of one-time funds received in prior years, and salary increases commensurate with ongoing cost-of-living adjustment. As fund balances return to more typical levels (between 20.0% and 25.0%), programs and services will need to be evaluated and, if necessary, prioritized or adjusted to support balanced financial planning moving forward. The District is currently projecting a general fund surplus in fiscal year 2028-29.

The Fiscal Year 2025-26 Budget does not contain historical facts but consists of forecasts and “forward-looking statements” at the time of preparation thereof. The achievement of certain results or other expectations contained in the Fiscal Year 2025-26 Budget involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described therein to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. All projections, forecasts, assumptions, expressions of opinions, estimates, and other forward-looking statements contained in the Fiscal Year 2025-26 Budget are expressly qualified in their entirety by the foregoing and the other cautionary statements. The Fiscal Year 2025-26 Budget may be revised throughout fiscal year 2025-26 as additional information becomes available.

The table on the following page sets forth the District's original adopted general fund budgets for fiscal years 2022-23 through 2025-26, unaudited actuals for fiscal years 2022-23 and 2023-24, and the Fiscal Year 2024-25 Estimated Actuals.

LOWELL JOINT SCHOOL DISTRICT
(Orange and Los Angeles Counties, California)
General Fund Budgets for Fiscal Years 2022-23 through 2025-26,
Unaudited Actuals for Fiscal Years 2022-23 and 2023-24 and
Estimated Actuals for Fiscal Year 2024-25⁽¹⁾

	2022-23 Original Budget	2022-23 Unaudited Actuals	2023-24 Original Budget	2023-24 Unaudited Actuals	2024-25 Original Budget	2024-25 Estimated Actuals ⁽⁵⁾	2025-26 Original Budget
REVENUES							
LCFF Sources	\$30,836,281.00	\$32,922,210.29	\$35,414,827.00	\$35,535,242.37	\$35,564,402.00	\$35,625,182.00	\$36,273,087.00
Federal Revenue	2,373,272.00	2,278,748.28	3,026,539.00	2,733,500.41	1,472,105.00	1,558,188.00	1,378,955.00
Other State Revenue	970,670.00	6,414,303.33	1,252,484.00	3,233,442.41	1,853,056.00	2,959,928.00	1,869,009.00
Other Local Revenue	3,204,644.00	3,858,283.63	3,670,975.00	4,828,594.17	3,849,305.00	6,049,117.00	4,462,980.00
Total Revenues	37,384,867.00	45,473,545.53	43,364,825.00	46,330,779.36	42,738,868.00	46,192,415.00	43,984,031.00
EXPENDITURES							
Certificated Salaries	17,427,045.00	17,587,676.67	18,212,940.00	20,322,657.15	20,520,670.00	21,228,200.00	20,989,322.00
Classified Salaries	6,016,319.00	6,283,787.47	6,265,126.00	7,121,737.21	7,151,728.00	7,133,797.00	7,191,642.00
Employee Benefits	10,641,722.00	10,254,143.68	10,639,264.00	11,563,096.97	11,580,000.00	11,451,788.00	11,530,503.00
Books and Supplies	1,691,230.00	1,851,258.74	2,892,414.00	1,898,669.02	3,867,263.00	3,914,388.00	2,127,780.00
Services, Other Operating Expenses	2,543,759.00	3,220,371.11	3,588,357.00	3,420,532.91	4,523,661.00	5,122,361.00	4,141,210.00
Capital Outlay	11,970.00	46,593.99	101,699.00	410,910.17	517,054.00	511,100.00	451,936.00
Other Outgo (excluding Direct Support/Indirect Costs)	349,152.00	433,794.50	495,922.00	449,238.88	496,707.00	579,701.00	520,902.00
Transfers of Direct Support/Indirect Costs	(151,520.00)	(50,869.25)	(156,300.00)	(63,743.86)	(156,300.00)	(156,300.00)	(138,800.00)
Total Expenditures	38,529,677.00	39,626,756.91	42,039,422.00	45,123,098.45	48,500,783.00	49,785,035.00	46,814,495.00
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,144,810.00)	5,846,788.62	1,325,403.00	1,207,680.91	(5,761,915.00)	(3,592,620.00)	(2,830,464.00)
OTHER FINANCING SOURCES (USES)							
Inter-fund Transfers In ⁽²⁾	-	-	-	-	-	1,139,776.00	-
Inter-fund Transfers Out ⁽²⁾	-	-	-	-	-	(1,760,109.00)	-
Total, Other Financing Sources (Uses)	-	-	-	-	-	(620,333.00)	-
NET INCREASE (DECREASE) IN FUND BALANCE	(1,144,810.00)	5,846,788.62	1,325,403.00	1,207,680.91	(5,761,915.00)	(4,212,953.00)	(2,830,464.00)
BEGINNING BALANCE, as of July 1	11,932,122.00	14,137,117.27	15,522,230.00	19,983,905.89	19,377,302.50	21,272,638.00	17,059,685.00
Audit Adjustments⁽³⁾	-	-	-	81,051.00	-	-	-
As of July 1 – Audited	11,932,122.00	14,137,117.27	15,522,230.00	20,064,956.89	19,377,302.50	21,272,638.00	17,059,685.00
Other Restatements	-	-	-	-	-	-	-
Adjusted Beginning Balance	11,932,122.00	14,137,117.27	15,522,230.00	20,064,956.89	19,377,302.50	21,272,638.00	17,059,685.00
ENDING BALANCE⁽⁴⁾	\$10,787,312.00	\$19,983,905.89	\$16,847,633.00	\$21,272,637.80	\$13,615,387.50	\$17,059,685.00	\$14,229,221.00

LOWELL JOINT SCHOOL DISTRICT
(Orange and Los Angeles Counties, California)
General Fund Budgets for Fiscal Years 2022-23 through 2025-26,
Unaudited Actuals for Fiscal Years 2022-23 and 2023-24 and
Estimated Actuals for Fiscal Year 2024-25⁽¹⁾

(continued)

	2022-23 Original Budget	2022-23 Unaudited Actuals	2023-24 Original Budget	2023-24 Unaudited Actuals	2024-25 Original Budget	2024-25 Estimated Actuals ⁽⁵⁾	2025-26 Original Budget
FUND BALANCE							
Nonspendable	\$30,000.00	\$51,877.30	\$30,000.00	\$50,077.30	\$30,000.00	\$30,000.00	\$30,000.00
Restricted	1,211,776.00	6,407,916.01	2,075,654.00	7,102,923.03	3,934,356.50	5,954,975.00	5,493,422.00
Committed	6,934,344.00	-	11,116,632.00	10,552,462.00	8,105,088.00	-	-
Assigned	-	12,216,343.00	-	-	-	9,581,161.00	7,301,364.00
Reserved for Economic Uncertainties	1,926,484.00	-	2,354,795.00	-	1,455,024.00	1,493,551.00	1,518,056.00
Unassigned/Unappropriated	684,708.00	1,307,769.58	1,270,552.00	3,567,175.47	90,919.00	(2.00)	(113,621.00)
	<u>\$10,787,312.00</u>	<u>\$19,983,905.89</u>	<u>\$16,847,633.00</u>	<u>\$21,272,637.80</u>	<u>\$13,615,387.50</u>	<u>\$17,059,685.00</u>	<u>\$14,229,221.00</u>

⁽¹⁾ Pursuant to GASB Statement No. 54, the District's audited financial statements reflect the unrestricted and restricted general fund, as well as the deferred maintenance fund, but the District's unaudited actuals, adopted budgets, and interim reports reflect only the unrestricted and restricted general fund without the inclusion of the deferred maintenance fund.

⁽²⁾ Transfers in and out in fiscal year 2024-25 are reflective of the California Department of Education (the "CDE") informing the District that Expanding Learning Opportunities Program funds could not be held in the District's child development fund (fund 12) but then reversing the directive.

⁽³⁾ Audit adjustment was due to loss of TK-ADA from exceeding average enrollment of 24 pupils.

⁽⁴⁾ The District is projecting unrestricted and restricted general fund deficit spending in fiscal years 2024-25 through 2027-28. Restricted general fund deficit spending is primarily due to the planned use of one-time funds and the drawdown of restricted ending balances. Unrestricted general fund deficit spending is primarily due to a deliberate strategy to reduce reserves from 46.0% to 25.0% through the expenditure of one-time funds received in prior years and salary increases commensurate with ongoing cost-of-living adjustments. See "– District Budget Process and County Review" above.

⁽⁵⁾ Figures are projections.

Source: Lowell Joint School District original adopted general fund budgets for fiscal years 2022-23 through 2025-26; unaudited actuals for fiscal years 2022-23 and 2023-24; and estimated actuals for fiscal year 2024-25.

District Debt Structure

Long-Term liabilities other than OPEB and pension. A schedule of changes in the District’s long-term liabilities, other than other post-employment benefits (“OPEB”) and pension liabilities, for the fiscal year ended June 30, 2024, consisted of the following:

Long-Term Liabilities	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024	Amount Due Within One Year
General obligation bonds: ⁽¹⁾					
Principal payments	\$45,040,000	\$ -	\$10,000	\$45,030,000	\$80,000
Issuance premiums	2,612,499	-	97,243	2,515,256	97,244
Subtotal – Bonds	47,652,499	-	107,243	47,545,256	177,244
Compensated Absences	444,242	183,108	-	627,350	-
Total	\$48,096,741	\$183,108	\$107,243	\$48,172,606	\$177,244

⁽¹⁾ Does not reflect the issuance of the Series 2025 Bonds.

Source: Lowell Joint School District Audited Financial Statements for fiscal year 2023-24.

General Obligation Bonds. Prior to the issuance of the Series 2025 Bonds, the District has two outstanding series of bonds secured by *ad valorem* property taxes levied upon all property subject to taxation by the District. See “THE SERIES 2025 BONDS – Outstanding Bonds” and “– Aggregate Debt Service” in the front portion of this Official Statement for more information about such outstanding bonds. See also Note 7 to the District’s financial statements in APPENDIX B – “FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2024.”

Tax and Revenue Anticipation Notes. The District did not issue tax and revenue anticipation notes (“TRANS”) or borrow funds to supplement the District’s cash flow in fiscal years 2023-24 and 2024-25. The District does not currently plan to issue TRANS in fiscal year 2025-26. The District may issue TRANS or borrow funds in future fiscal years as and if necessary to supplement cash flow.

Employment

General. As of the preparation of the Fiscal Year 2025-26 Budget, the District employs approximately 255 full-time equivalent (“FTE”) employees, including approximately 137 FTE certificated (credentialed teaching) staff, approximately 88 FTE classified (non-teaching) staff, and approximately 30 FTE management personnel. As of the Fiscal Year 2024-25 Estimated Actuals, the total certificated and classified salaries (including management personnel who are either counted as certificated or classified) paid from all applicable funds of the District were estimated to be approximately \$21.23 million and \$7.13 million, respectively. As of the Fiscal Year 2025-26 Budget, the District budgets that the total certificated and classified salaries (including management personnel who are either counted as certificated or classified) paid from all applicable funds of the District will be approximately \$20.99 million and \$7.19 million, respectively, in fiscal year 2024-25. These employees, except unrepresented management employees, are represented by the Lowell Joint Education Association/California Teachers Association/National Education Association (“LJEA/CTA/NBA”) and California School Employees Association – Ch. 294 (“CSEA”), as described in more detail below.

LJEA/CTA/NBA. As of the preparation of the Fiscal Year 2025-26 Budget, LJEA/CTA/NBA represents approximately 137 FTE certificated (credentialed teaching) employees in the District. The District and LJEA/CTA/NBA entered into a contract effective July 1, 2023, that expires on June 30, 2026 (the “LJEA/CTA/NBA Agreement”) and provides for the ability to reopen and renegotiate certain terms of the contract. Salary and benefit increases for fiscal year 2025-26 are one of the reopeners and will be settled

during the fiscal year 2025-26. The financial impact of the LJE/CTA/NBA Agreement for fiscal year 2025-26 are not reflected in the Fiscal Year 2025-26 Budget but will be incorporated upon settlement.

CSEA. As of the preparation of the Fiscal Year 2025-26 Budget, CSEA represents approximately 88 FTE classified (non-teaching) employees in the District. The District and CSEA entered into a multi-year contract effective July 1, 2023, that expires on June 30, 2026 (the “CSEA Agreement”) and provides for the ability to reopen and renegotiate certain terms of the contract. Salary and benefit increases for fiscal year 2025-26 are one of the reopeners and will be settled during the fiscal year 2025-26. The financial impact of the CSEA Agreement for fiscal year 2025-26 are not reflected in the Fiscal Year 2025-26 Budget but will be incorporated upon settlement.

Management Employees. As of the preparation of the Fiscal Year 2025-26 Budget, there are approximately 30 FTE management employees in the District. Salary and benefit increases for fiscal year 2025-26 for management employees are one of the reopeners and will be settled during fiscal year 2025-26. The financial impact for fiscal year 2025-26 are not reflected in the Fiscal Year 2025-26 Budget but will be incorporated upon settlement.

Other Post-Employment Benefits

In addition to the retirement plan benefits with California State Teachers’ Retirement System (“CalSTRS”) and California Public Employees’ Retirement System (“CalPERS”), the District provides other post-employment benefits (“OPEB”) through two different plans: (1) the District’s single-employer defined OPEB plan (the “District Plan”) and (2) the cost-sharing multiple-employer OPEB plan administered by CalSTRS through the Teachers’ Health Benefits Fund (the “MPP Plan”). For fiscal year 2023-24, the District reported the total OPEB liability, deferred outflows of resources, deferred inflows of resources and OPEB expense for the District Plan and the MPP Plan as follows.

OPEB Plan	Net OPEB Liability(Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense (Benefit)
District Plan	\$9,951,172	\$3,071,242	\$5,426,476	\$677,541
Medicare Premium Payment (MPP) Program	129,294	-	-	(11,819)
Total	<u>\$10,080,466</u>	<u>\$3,071,242</u>	<u>\$5,426,476</u>	<u>\$665,722</u>

Source: Lowell Joint School District Audited Financial Statements for fiscal year 2023-24.

District Plan. The District Plan is a single-employee-defined benefit plan that is used to provide OPEB for eligible certificated, classified and management employees of the District. The District sponsors healthcare coverage under the California Public Employees Medical and Hospital Care Act (“PEMHCA”), commonly referred to as PERS Health. PEMHCA provides health insurance through a variety of Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) options. The authority to establish and amend the benefit terms and financing requirements are governed by collective bargaining agreements with plan members. The District has assets that are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75 (described below). The District participates in the California Employers’ Retiree Benefit Trust (CERBT) Fund, which is a Section 115 trust fund dedicated to prefunding OPEB for all eligible California public agencies.

Benefits Provided. The District makes the required statutory PEMHCA contribution as described above, subject to the “Equal Contribution Method” under which the District’s contribution for retirees is equal to its basic contribution for active employees. The District also pays a percent-of-premiums administrative fee to PEMHCA for each retiree. Further, the District makes supplemental contributions

towards certain eligible retirees' premiums until age 65. Employees who have completed at least 10 years of service with the District and are at least age 55 at retirement, are eligible to receive a monthly District contribution under one of two options: (1) the lesser of the PEMHCA option they have selected or the single-party Kaiser rate for the Los Angeles Area, plus retiree-only dental and vision coverage through ASCIP; or (2) the lesser of the PEMHCA option they have selected, or the two-party Kaiser rate for the Los Angeles Area; both offset by the District's statutory minimum contribution to PEMHCA. Supplemental benefits are payable until age 65, after which the contribution reverts to the statutory minimum for the retiree's further lifetime.

Employees hired after July 1, 2013 must be at least age 60 at retirement in order to be eligible for District supplemental contributions described above. Supplemental benefits are pro-rated for employees who worked less than eight hours per day in accordance with the employee contracts.

Three former members of the Board of Trustees, one retired superintendent and one sitting member of the Board of Trustees are entitled to lifetime District-paid medical, dental, vision and life coverage for retiree and/or spouse.

As of the June 30, 2023 valuation date, the District Plan membership consisted of 355 total employees, which included 297 active employees and 58 inactive employees currently receiving benefits payments.

Contributions. The required contribution is based on projected pay-as-you-go financing requirements. The District adopted an irrevocable trust in June 2022, with initial contributions posted in July 2023. The trust is reflected in reporting information for fiscal year 2023-24.

Foster & Foster Actuaries and Consultants prepared an actuarial valuation for the District Plan, dated December 12, 2024, for the reporting period for fiscal year 2022-23, using a valuation date of June 30, 2023 (the "Actuarial Valuation"). According to the Actuarial Valuation, at June 30, 2023, the District's total OPEB liability was \$10,519,300. Such liability reflects an increase in the total OPEB liability from the prior actuarial valuation, as of June 30, 2022, that reflected a total OPEB liability of \$9,901,817. The Actuarial Valuation uses the following assumptions when determining the District's net and total OPEB liability for fiscal year 2022-23: a discount rate of 4.01% per year, an inflation rate of 2.50% per year, a payroll increase rate of 3.00% per year, and a healthcare cost trend rate of 6.00% for 2023 and decreasing to 4.00 % per year thereafter.

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The following summarizes the changes in the total OPEB liability during the year ended June 30, 2023:

1. Total OPEB Liability	
a. Total OPEB Liability on July 1, 2022 ⁽¹⁾	\$9,901,817
b. Service Cost ⁽²⁾	707,871
c. Interest Cost	400,229
d. Benefit Payments ⁽³⁾	(377,685)
e. Changes in plan provisions ⁽⁴⁾	0
f. Difference between expected and actual experience ⁽⁵⁾	(508,212)
g. Changes in assumptions and other inputs ⁽⁵⁾	395,280
h. Total OPEB Liability on June 30, 2023	<u>\$10,519,300</u>
2. Plan Fiduciary Net Position	
a. Plan Fiduciary Net Position on July 1, 2022 ⁽¹⁾	\$440,000
b. Contributions ⁽³⁾	477,685
c. Expected Investment Income	26,668
d. Administrative Expenses	(128)
e. Benefit Payments ⁽³⁾	(377,685)
f. Net Transfers	0
g. Difference between actual and expected return on assets ⁽⁴⁾	1,588
h. Plan Fiduciary Net Position on June 30, 2023	<u>\$568,128</u>
3. Net OPEB liability: (1h) – (2h)	\$9,951,172
4. Discount Rate	
a. July 1, 2022	3.84%
b. June 30, 2023	4.01%

⁽¹⁾ From June 30, 2023 disclosure report, based on the July 1, 2021 actuarial valuation.

⁽²⁾ Discounted from June 30, 2023 valuation.

⁽³⁾ Includes credit toward implicit subsidy (if applicable).

⁽⁴⁾ Included in OPEB Expense.

⁽⁵⁾ Deferred (Outflow)/Inflow of Resources to be established during fiscal year end June 30, 2024.

Source: Actuarial Report.

MPP Plan. The MPP Plan is a cost-sharing multiple-employer OPEB established pursuant to Chapter 1032, Statutes of 2000 (SB 1435), and CalSTRS administers the MPP Plan through the Teachers' Health Benefit Fund ("THBF"). A full description of the MPP Plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>. The information referred to at such website is prepared and maintained by CalSTRS and not by the District, and the District can take no responsibility for the continued accuracy of the internet address or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

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

The MPP Plan is funded on a pay-as-you-go basis from a portion of monthly District benefit payments. In accordance with Section 25930 of the California Education Code, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Plan to fund monthly

program and administrative costs. Total redirections to the MPP Plan are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Total OPEB Liability. At June 30, 2024, the District reported a liability of \$129,294 for its proportionate share of the net OPEB liability for the MPP Plan. The total OPEB liability for the MPP Plan as of June 30, 2023, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022 and rolling forward the total OPEB liability to June 30, 2023. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the MPP Plan relative to the projected contributions of all participating school districts of the State, actuarially determined. For fiscal year 2023-24, the District reported OPEB expense of \$(11,819).

Discount Rate. The MPP Plan is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Plan as of June 30, 2023, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund (SMIF), which is a pooled investment program administrated by the State Treasurer. As the MPP Plan is funded on a pay-as-you-go basis and the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Plan used *The Bond Buyer's* 20-Bond GO Index from Bondbuyer.com as of June 30, 2023, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2023, was 3.65%, which is an increase of 0.11% from 3.54%, as of June 30, 2022.

For more information regarding the District Plan and the MPP Plan, see Note 8 to the District's financial statements in APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2024."

In June 2015, GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("Statement No. 75"). OPEBs generally include post-employment health benefits (medical, dental, vision, prescription drug and mental health), life insurance, disability benefits and long-term care benefits. The objective of Statement No. 75 is to improve accounting and financial reporting by the State and local governments for OPEB by requiring the recognition of entire OPEB liability, a more comprehensive measure of OPEB expense, new note disclosures and certain required supplementary information. In addition, Statement No. 75 sets forth additional accounting methods to improve the usefulness of information about OPEB included in the general purpose external financial reports of State and local governmental OPEB plans for making decisions and assessing accountability. Statement No. 75 results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all post-employment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. Statement No. 75 replaces GASB Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. The District has implemented Statement No. 75 in its financial statements beginning with fiscal year 2017-18.

Retirement Benefits

The District participates in retirement plans with CalSTRS, which covers all full-time certificated District employees, including teachers and administrators, and CalPERS, which covers certain classified employees. Classified personnel who are employed four or more hours per day may participate in CalPERS.

CalSTRS. The CalSTRS defined benefit pension plan provides retirement benefits (generally 2% of final compensation for each year of credited service) to participating employees based on hiring date, age, final compensation and years of credited service. The CalSTRS benefit pension plan is funded through a combination of investment earnings and statutorily set contributions from participating employees, employers (including the District) and the State. Prior to fiscal year 2014-15, the statutorily set rates did not vary annually to adjust for funding shortfalls or actuarial surpluses. As a result, the combined employee, employer and State contributions to CalSTRS were not sufficient to pay actuarially determined amounts. To address the shortfall and implement a new funding strategy, Assembly Bill 1469, signed into law by former Governor Brown as part of the fiscal year 2014-15 State budget, increased employee, employer and State contributions to CalSTRS as part of a plan to eliminate by June 30, 2046, CalSTRS' unfunded liability for service credited to members of the CalSTRS defined benefit program before July 1, 2014, based upon actuarial recommendations and subject to certain limitations. The State Teachers' Retirement Board may not increase the employer contribution rate by more than 1% in any fiscal year up to a maximum contribution rate of 20.25%. The State Teachers' Retirement Board may also adjust the State's contribution rate by a maximum of 0.50% from year to year, based on the funding status of the CalSTRS actuarially determined unfunded liability. A decrease in investment earnings may result in increased employer contribution rates in order to timely eliminate by June 30, 2046, CalSTRS' unfunded liability for service credited to members of the CalSTRS defined benefit program before July 1, 2014, based upon actuarial recommendations. The District cannot predict the impact of State, national, and international events on investment earnings and contribution rates or the amount the District will be required to pay for pension related costs in future fiscal years.

The employer contribution rate for fiscal year 2021-22 was 16.92%, which reflects a 2.18% reduction from the statutorily prescribed rate as a result of the State redirecting certain State supplemental pension payments to reduce employer contribution rates in fiscal years 2020-21 and 2021-22. For fiscal years 2022-23, 2023-24 and 2024-25, the employer contribution rate was approximately 19.10% of covered payroll and will remain at 19.10% for fiscal year 2025-26. The employer contribution rate is inclusive of the employer base contribution of 8.25% of payroll provided by the California Education Code. The State's total contribution was increased from approximately 6.83% of payroll in fiscal year 2017-18 to approximately 10.83% of payroll in fiscal year 2021-22. The State's contribution rate was approximately 10.83% of payroll for fiscal years 2022-23, 2023-24 and 2024-25, and will remain at approximately 10.83% for fiscal year 2025-26. The State's contribution includes an annual payment of 2.50% of payroll pursuant to a supplemental inflation protection program. The employee contribution rate for CalSTRS members first hired on or before December 31, 2012 to perform CalSTRS creditable activities (i.e., CalSTRS 2% at 60 members) was 10.25% for fiscal years 2016-17 through 2024-25 and will remain at 10.25% for fiscal year 2025-26. The employee contribution rate for CalSTRS members first hired on or after January 1, 2013 to perform CalSTRS creditable activities (i.e., CalSTRS 2% at 62 members) was approximately 9.21% for fiscal years 2016-17 and 2017-18, approximately 10.21% for fiscal years 2018-19 through 2024-25 and will remain at approximately 10.21% for fiscal year 2025-26.

The following table sets forth the District’s employer contributions from all funds of the District to CalSTRS as well as the State’s non-employer contributions to CalSTRS on behalf of the District for fiscal years 2021-22 through 2024-25, and the budgeted contributions for fiscal year 2025-26.

LOWELL JOINT SCHOOL DISTRICT
(Orange and Los Angeles Counties, California)
Contributions to CalSTRS for Fiscal Years 2021-22 through 2025-26

<u>Fiscal Year</u>	<u>District Contribution</u>	<u>State On-Behalf Contribution</u>
2021-22	\$2,752,736	\$1,798,138
2022-23	3,375,465	1,593,397
2023-24	3,861,981	1,681,418
2024-25 ⁽¹⁾	3,819,749	1,876,697
2025-26 ⁽²⁾	3,780,236	1,993,869

⁽¹⁾ Estimated actuals for fiscal year 2024-25

⁽²⁾ Original adopted budget for fiscal year 2025-26.

Source: Lowell Joint School District.

The District’s total employer contributions to CalSTRS for fiscal years 2021-22 through 2024-25 were equal to 100% of the required contributions for each year.

The actuarial valuation for the entire CalSTRS defined benefit program as of June 30, 2023 (the “2023 CalSTRS Actuarial Valuation”) showed an estimated unfunded actuarial liability of \$86.59 billion, a decrease of approximately \$1.97 billion from the June 30, 2022, valuation. Such estimated unfunded actuarial liability was projected to decrease in the June 30, 2022, valuation, which projected an unfunded actuarial liability of \$88.10 billion as of June 30, 2023. The actual unfunded actuarial liability as of June 30, 2023, represents a net actuarial gain of approximately \$1.52 billion. Such net actuarial gain is due primarily to change in actuarial value assumptions based on the most recent experience analysis, member salary increases being more than assumed, market value returns (estimated at 6.50%) being less than assumed (7.00%) and returns on actuarial value of assets (estimated at 7.20%) being greater than assumed as the recognition of actuarial investment gains which were previously deferred had a greater impact on recognition of the less-than-assumed market return for the most recent year. The funded ratios of the actuarial value of valuation assets over the actuarial accrued liabilities as of June 30, 2023, and June 30, 2022, based on the actuarial assumptions, were approximately 75.90% and 74.40%, respectively. According to the 2023 CalSTRS Actuarial Valuation, the funded ratio increased by 1.50% during the past year. As described in the 2023 CalSTRS Actuarial Valuation, the increase in the funded ratio is primarily due to the new assumptions and contributions made to pay down the unfunded actuarial obligation in fiscal year 2022-23. Persistent negative returns on investments may result in increased employer contribution rates above the current level of expected increases. The District cannot predict the impact of State, national, and international events on investment returns and employer contribution rates or the amount the District will be required to pay for pension related costs. Accordingly, there can be no assurances that the District’s required contributions to CalSTRS will not increase in the future, subject to the limitations of AB 1469. The following are certain of the actuarial assumptions set forth in the 2023 CalSTRS Actuarial Valuation: measurement of accruing costs by the “Entry Age Normal Actuarial Cost Method,” an assumed 7.00% investment rate of return for measurements subsequent to June 30, 2016, 3.00% interest on member accounts, 3.50% projected wage growth, 3.25% payroll growth, and 2.75% projected inflation and demographic assumptions relating to mortality rates, length of service, rates of disability, rates of withdrawal, probability of refund, and merit salary increases. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions and other experience that may differ from the actuarial assumptions used for the CalSTRS valuation. The 2023 CalSTRS Actuarial Valuation

also assumes that all members hired on or after January 1, 2013 are subject to the provisions of PEPRA (as defined herein). See “– Governor’s Pension Reform” below for a discussion of the pension reform measure signed by the Governor in September 2012 expected to help reduce future pension obligations of public employers with respect to employees hired on or after January 1, 2013.

CalSTRS produces a comprehensive annual financial report and actuarial valuations which include financial statements and required supplementary information. Copies of the CalSTRS comprehensive annual financial report and actuarial valuations may be obtained from CalSTRS. The information presented in these reports is not incorporated by reference in this Official Statement.

See also Note 9A to and the Required Supplementary Information included with the District’s financial statements in APPENDIX B – “FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2024,” for information with respect to the District’s proportionate share of the CalSTRS net pension liability of \$21,939,953 as of June 30, 2024 (which excludes the State proportionate share of the net pension liability in the amount of \$10,512,048), as well as information about the District’s proportionate share for prior fiscal years.

CalPERS. All qualifying classified employees of K-14 school districts in the State are members in CalPERS. All K-14 school districts contributing to CalPERS participate in the same plan and share the same contribution rate in each year. K-14 school districts’ contributions to CalPERS fluctuate each year and include a normal cost component and a component equal to an amortized amount of the unfunded liability of CalPERS. Accordingly, the District cannot provide any assurances that the District’s required contributions to CalPERS in future years will not significantly vary from any current projected levels of contributions to CalPERS.

CalPERS is funded by employee contributions and investment earnings, with the balance of the funding provided by employer contributions. K-14 school districts’ contributions decrease when investment earnings rise and increase when investment earnings decline. As a result, declines in investment earnings may result in substantial increases in K-14 school district contributions. The District cannot make any predictions as to the effect of State, national or international events on investment earnings and K-14 school district contributions. Participating employees enrolled in CalPERS prior to January 1, 2013 contribute 7.00% of their respective salaries, while participating employees enrolled after January 1, 2013 contribute the higher of 50% of normal costs of benefits or an actuarially determined rate of 7.00% in fiscal year 2021-22, which increased to 8.00% for fiscal years 2022-23, 2023-24 and 2024-25 and remains at 8.00% for fiscal year 2025-26. K-14 school districts are required to contribute to CalPERS at an actuarially determined rate, which was 18.06% of eligible salary expenditures for fiscal year 2018-19 and originally 20.73% and 22.68% for fiscal years 2019-20 and 2020-21, respectively. However, the employer contribution rate for fiscal year 2019-20 was reduced to 19.72% as a result of the State’s buydown of employer contribution rates in fiscal year 2019-20. Similarly, the fiscal year 2020-21 State budget allocated funding to buy down employer contribution rates in fiscal years 2020-21 and 2021-22 to an estimated 20.70% and 22.91%, respectively. The actuarially determined rate for employer contributions was 25.37% for fiscal year 2022-23, 26.68% for fiscal year 2023-24, 27.05% for fiscal year 2024-25 and is 26.81% for fiscal year 2025-26.

The following table sets forth the District’s total employer contributions from all applicable funds of the District to CalPERS for fiscal years 2021-22 through 2024-25 and the budgeted contribution for fiscal year 2025-26.

LOWELL JOINT SCHOOL DISTRICT
(Orange and Los Angeles Counties, California)
Contributions to CalPERS for Fiscal Years 2021-22 through 2025-26

Fiscal Year	District Contribution
2021-22	\$1,095,450
2022-23	1,419,832
2023-24	1,804,914
2024-25 ⁽¹⁾	1,551,768
2025-26 ⁽²⁾	1,547,679

⁽¹⁾ Estimated actuals for fiscal year 2024-25.

⁽²⁾ Original adopted budget for fiscal year 2025-26.

Source: Lowell Joint School District.

The District’s total employer contributions to CalPERS for fiscal years 2021-22 through 2024-25 were equal to 100% of the required contributions for each year.

The CalPERS Schools Pool Actuarial Valuation as of June 30, 2023 (the “2023 CalPERS Schools Pool Actuarial Valuation”), was released in August 2024, and such valuation reported an actuarial accrued liability of approximately \$124.92 billion with the market value of assets at approximately \$84.29 billion, and a funded status of approximately 67.50%. From June 30, 2022, to June 30, 2023, the funded status of the CalPERS Schools Pool decreased by approximately 0.40%, and the unfunded accrued liability increased by approximately \$3.04 billion, largely due to the difference between the expected and actual rate of return on investments.

CalPERS reported a negative 6.10% net return on investments for fiscal year 2021-22, which is CalPERS’ first negative return on investments since fiscal year 2008-09. The negative 6.10% net return on investments was less than the assumed annual rate of return on investments of 6.80%. Such negative return generated an actuarial investment loss of approximately \$12.40 billion, which will be amortized over 20 years with a five-year phase-in, increasing the component of the expected employer contribution rate related to the unfunded liability contribution in fiscal year 2024-25 by 0.07% of payroll. The 2023 CalPERS Schools Pool Actuarial Valuation reports that the employer contribution rates for fiscal years 2024-25, 2025-26, 2026-27, 2027-28, 2028-29 and 2029-30 are projected to be 27.05%, 27.60%, 28.00%, 29.20%, 29.00% and 28.80%, respectively. Such projections assume that all actuarial assumptions will be realized, including net investment returns in such fiscal years of 6.80%, and that no further changes to assumptions, contributions, benefits or funding will occur during such fiscal years. Persistent negative returns on investments may result in increased employer contribution rates above the current level of expected increases reflected in the 2023 CalPERS Schools Pool Actuarial Valuation. The District cannot predict the impact of State, national, and international events on investment returns and employer contribution rates. Accordingly, there can be no assurances that the District’s required contributions to CalPERS will not significantly increase in the future.

The 2023 CalPERS Schools Pool Actuarial Valuation as summarized assumes, among other things, 2.30% price inflation, 2.80% wage inflation and payroll growth of 2.80% compounded annually. The 2023 CalPERS Schools Pool Actuarial Valuation as summarized reflects a discount rate of 6.80% compounded annually (net of administrative expenses) as of June 30, 2023. The CalPERS Board of Administration adopted new demographic assumptions on November 17, 2021, including a reduction in the discount rate

from 7.00% as of June 30, 2020 to 6.80% as of June 30, 2021, a reduction in the inflation assumption from 2.50% as of June 30, 2020 to 2.30% as of June 30, 2021, and an increase in payroll growth from 2.75% as of June 30, 2020 to 2.80% as of June 30, 2021. Such assumption changes result in increases in both the normal cost and unfunded liabilities contributions to be paid in the future. The actuarial funding method used in the 2023 CalPERS Schools Pool Actuarial Valuation is the “Entry Age Normal Cost Method.”

CalPERS produces a comprehensive annual financial report and actuarial valuations that include financial statements and required supplementary information. Copies of the CalPERS comprehensive annual financial report and actuarial valuations may be obtained from CalPERS Financial Services Division. The information presented in these reports is not incorporated by reference in this Official Statement.

See also Note 9B to and the Required Supplementary Information included with the District’s financial statements in APPENDIX B – “FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2024,” for information with respect to the District’s proportionate share of the CalPERS net pension liability of \$11,695,683 as of June 30, 2024, as well as information about the District’s proportionate share for prior fiscal years.

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 (“Social Security”) as its alternative plan.

The District is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the District may be required to make. CalSTRS, CalPERS and Social Security are more fully described in Note 9 to the District’s financial statements in APPENDIX B – “FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2024.”

Governor’s Pension Reform. On August 28, 2012, Governor Brown and the State Legislature reached agreement on a law that reforms pensions for State and local government employees. AB 340, which was signed into law on September 12, 2012, established the California Public Employees’ Pension Reform Act of 2012 (“PEPRA”) which governs pensions for public employers and public pension plans on and after January 1, 2013. For new employees, PEPRA, among other things, caps pensionable salaries at the Social Security contribution and wage base, which is \$160,200 for 2023, or 120% of that amount for employees not covered by Social Security, increases the retirement age by two years or more for all new public employees while adjusting the retirement formulas, requires State employees to pay at least half of their pension costs, and also requires the calculation of benefits on regular, recurring pay to stop income spiking. For all employees, changes required by PEPRA include the prohibition of retroactive pension increases, pension holidays and purchases of service credit. PEPRA applies to all State and local public retirement systems, including county and district retirement systems. PEPRA only exempts the University of California system and charter cities and counties whose pension plans are not governed by State law.

Insurance, Risk Pooling and Joint Powers Agreements and Joint Ventures

The District participates in a joint venture under a joint power agreement (“JPA”) with ASCIP. The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes. Audited financial statements are available from the respective entities.

ASCIP provides medical, property and liability insurance coverage and workers’ compensation insurance coverage for their members. The JPA is governed by a board consisting of a representative for each district category. The governing board controls the operation of its JPA independent of any influence

by the member districts beyond their representation on the governing board. Each member district pays a premium commensurate with the level of coverage required and shares surpluses and deficits proportionate only to its participation in the JPA.

Property and Liability. The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2023-24, the District participated in ASCIP for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation. The District was in the ASCIP JPB for fiscal year 2023-24 for workers' compensation with York Risk Services Group acting as claims administrator. The District has \$447,201 on hand with ASCIP from separation from the Whittier Area Schools Insurance Authority (ASIA) Joint Powers Agency JPA in 2011 for workers' compensation reserves to be held until maturity of prior year claims.

Employee Medical Benefits. The District has contracted with the CalPERS to provide employee health and welfare benefits.

See Notes 10 and 11 to the District's financial statements in APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2024" for more information.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Limitations on Revenues

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

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

County of Orange v. Orange County Assessment Appeals Board No. 3. Section 51 of the California Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor's measure of the restoration of value of the damaged property. The

constitutionality of this procedure was challenged in a lawsuit brought in 2001 in the Orange County Superior Court, and in similar lawsuits brought in other counties, on the basis that the decrease in assessed value creates a new “base year value” for purposes of Proposition 13 and that subsequent increases in the assessed value of a property by more than 2% in a single year violate Article XIII A. On appeal, the California Court of Appeal upheld the recapture practice in 2004, and the California Supreme Court declined to review the ruling, leaving the recapture law in place.

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

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

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

Proposition 19. Proposition 19, which was approved by the voters of the State on November 3, 2020, among other things, allows an owner of a primary residence who is over 55 years of age, severely disabled, or a victim of a wildfire or natural disaster to transfer the taxable value (i.e., the base year value plus inflation adjustments) of their primary residence to a replacement primary residence located anywhere in the State, regardless of the location or value of the replacement primary residence, that is purchased or newly constructed as that person’s principal residence within two years of the sale of the original primary residence. Proposition 19 limits a person who is over 55 years of age or severely disabled to three transfers under these provisions. Proposition 19 also excludes from the terms “purchase” and “change in ownership” for purposes of determining the “full cash value” of property the purchase or transfer of a family home or family farm of the transferor in the case of a transfer between parents and their children, or between grandparents and their grandchildren if all the parents of those grandchildren are deceased. In the case of a transfer of a family home, Proposition 19 requires that the property continue as the family home of the transferee. The District is unable to predict the effect such measure may have on tax assessments within the District.

Article XIII B of the California Constitution

An initiative to amend the California Constitution entitled “Limitation of Government Appropriations” was approved on September 6, 1979, thereby adding Article XIII B to the California Constitution (“Article XIII B”). Under Article XIII B state and local governmental entities have an annual “appropriations limit” and are not permitted to spend certain moneys which are called “appropriations subject to limitation” (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the “appropriations limit.” Article XIII B does not affect the appropriation of moneys which are excluded from the definition of “appropriations subject to limitation,” including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the “appropriations limit” is to be based on certain 1978-79 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIII B, if these entities’ revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules

over the subsequent two years. Any proceeds of taxes received by the District in excess of the allowable limit are absorbed into the State's allowable limit.

Article XIII C and Article XIII D of the California Constitution

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

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIII C establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIII C further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4. Article XIII D deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIII C or XIII D will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIII A of the California Constitution. 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.

Statutory Limitations

On November 4, 1986, voters of the State approved Proposition 62, an initiative statute limiting the imposition of new or higher taxes by local agencies. The statute (a) requires new or higher general taxes to be approved by two-thirds of the local agency's governing body and a majority of its voters; (b) requires the inclusion of specific information in all local ordinances or resolutions proposing new or higher general or special taxes; (c) penalizes local agencies that fail to comply with the foregoing; and (d) required local agencies to stop collecting any new or higher general tax adopted after July 31, 1985, unless a majority of the voters approved the tax by November 1, 1988.

Appellate court decisions following the approval of Proposition 62 determined that certain provisions of Proposition 62 were unconstitutional. However, the California Supreme Court upheld Proposition 62 in its decision on September 28, 1995 in *Santa Clara County Transportation Authority v. Guardino*. This decision reaffirmed the constitutionality of Proposition 62. Certain matters regarding Proposition 62 were not addressed in the California Supreme Court's decision, such as whether the decision applies retroactively, what remedies exist for taxpayers subject to a tax not in compliance with Proposition 62, and whether the decision applies to charter cities.

Proposition 98 and Proposition 111

On November 8, 1988, voters of the State approved Proposition 98, a combined initiative constitutional amendment and statute called the “Classroom Instructional Improvement and Accountability Act” (the “Accountability Act”). The Accountability Act changed State funding of public education below the university level, and the operation of the State’s appropriations limit. The Accountability Act guarantees State funding for K-12 districts and community college districts (collectively, “K-14 districts”) at a level equal to the greater of (a) the same percentage of general fund revenues as the percentage appropriated to such districts in 1986-87, which percentage is equal to 40.9%, or (b) the amount actually appropriated to such districts from the general fund in the previous fiscal year, adjusted for growth in enrollment and inflation.

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

The Accountability Act also changes how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 districts. Such transfer would be excluded from the appropriations limit for K-14 districts and the K-14 districts 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 districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIII B surplus. The maximum amount of excess tax revenues which could be transferred to schools is 4% of the minimum State spending for education mandated by the Accountability Act, as described above.

On June 5, 1990, voters of the State approved Proposition 111 (Senate Constitutional Amendment 1), which further modified the California Constitution to alter the spending limit and education funding provisions of Proposition 98. Most significantly, Proposition 111 (1) liberalized the annual adjustments to the spending limit by measuring the “change in the cost of living” by the change in State per capita personal income rather than the Consumer Price Index, and specified that a portion of the State’s spending limit would be adjusted to reflect changes in school attendance; (2) provided that 50% of the “excess” tax revenues, determined based on a two-year cycle, would be transferred to K-14 districts with the balance returned to taxpayers (rather than the previous 100% but only up to a cap of 4% of the districts’ minimum funding level), and that any such transfer to K-14 districts would not be built into the school districts’ base expenditures for calculating their entitlement for State aid in the following year and would not increase the State’s appropriations limit; (3) excluded from the calculation of appropriations that are subject to the limit appropriations for certain “qualified capital outlay projects” and certain increases in gasoline taxes, sales and use taxes, and receipts from vehicle weight fees; (4) provided that the appropriations limit for each unit of government, including the State, would be recalculated beginning in the 1990-91 fiscal year, based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Senate Constitutional Amendment 1 had been in effect; and (5) adjusted the Proposition 98 formula that guarantees K-14 districts a certain amount of general fund revenues, as described below.

Under prior law, K-14 districts were guaranteed the greater of (a) 40.9% of general fund revenues (the “first test”) or (b) the amount appropriated in the prior year adjusted for changes in the cost of living

(measured as in Article XIII B by reference to per capita personal income) and enrollment (the “second test”). Under Proposition 111, school districts would receive the greater of (a) the first test, (b) the second test or (c) a third test, which would replace the second test in any year when growth in per capita general fund revenues from the prior year was less than the annual growth in State per capita personal income. Under the third test, school districts would receive the amount appropriated in the prior year adjusted for change in enrollment and per capita general fund revenues, plus an additional small adjustment factor. If the third test were used in any year, the difference between the third test and the second test would become a “credit” to be paid in future years when general fund revenue growth exceeds personal income growth.

Assembly Bill No. 26 & *California Redevelopment Association v. Matosantos*

On February 1, 2012, pursuant to the California Supreme Court’s decision in *California Redevelopment Association v. Matosantos*, Assembly Bill No. 26 (First Extraordinary Session) (“AB1X 26”) dissolved all redevelopment agencies in existence and designated “successor agencies” and “oversight boards” to satisfy “enforceable obligations” of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies. With limited exceptions, all assets, properties, contracts, leases, records, buildings and equipment, including cash and cash equivalents of a former redevelopment agency were transferred to the control of its successor agency and, unless otherwise required pursuant to the terms of an enforceable obligation, distributed to various related taxing agencies pursuant to AB1X 26.

It is possible that there will be additional legislation proposed and/or enacted to clarify various inconsistencies contained in AB1X 26 and there may be additional legislation proposed and/or enacted in the future affecting the current scheme of dissolution and winding up of redevelopment agencies currently contemplated by AB1X 26. For example, AB 1484 was signed by the Governor on June 27, 2012, to clarify and amend certain aspects of AB1X 26. AB 1484, among other things, attempts to clarify the role and requirements of successor agencies, provides successor agencies with more control over agency bond proceeds and properties previously owned by redevelopment agencies and adds other new and modified requirements and deadlines. AB 1484 also provides for a “tax claw back” provision, wherein the State is authorized to withhold sales and use tax revenue allocations to local successor agencies to offset payment of property taxes owed and not paid by such local successor agencies to other local taxing agencies. This “tax claw back” provision has been challenged in court by certain cities and successor agencies. The District cannot predict the outcome of such litigation and what effect, if any, it will have on the District. Additionally, no assurances can be given as to the effect of any such future proposed and/or enacted legislation on the District.

Proposition 30 and Proposition 55

On November 6, 2012, voters of the State approved Proposition 30, also referred to as the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment. Proposition 30 temporarily (a) increased the personal income tax on certain of the State’s income taxpayers by one to three percent for a period of seven years beginning with the 2012 tax year and ending with the 2019 tax year, and (b) increased the sales and use tax by one-quarter percent for a period of four years beginning on January 1, 2013 and ending with the 2016 tax year. The revenues generated from such tax increases are included in the calculation of the Proposition 98 minimum funding guarantee (see “– Proposition 98 and Proposition 111” above). The revenues generated from such temporary tax increases are deposited into a State account created pursuant to Proposition 30 (the Education Protection Account), and 89% of the amounts therein are allocated to school districts and 11% of the amounts therein are allocated to community college districts.

The Proposition 30 sales and use tax increases expired at the end of the 2016 tax year. Under Proposition 30, the personal income tax increases were set to expire at the end of the 2018 tax year. However, the California Tax Extension to Fund Education and Healthcare Initiative (“Proposition 55”), approved by voters of the State on November 8, 2016, extends by 12 years the temporary personal income tax increases on incomes over \$250,000 that was first enacted by Proposition 30; Proposition 55 did not extend the sales and use tax increases imposed by Proposition 30. Revenues from the income tax increase under Proposition 55 will be allocated to school districts and community colleges in the State.

Applications of Constitutional and Statutory Provisions

The application of Proposition 98 and other statutory regulations has become increasingly difficult to predict accurately in recent years. For a discussion of how the provisions of Proposition 98 have been applied to school funding see “DISTRICT FINANCIAL MATTERS – State Funding of Education; State Budget Process.”

Proposition 2

General. Proposition 2, which included certain constitutional amendments to the State Rainy Day Fund and, upon its approval, triggered the implementation of certain provisions which could limit the amount of reserves that may be maintained by a school district, was approved by voters of the State in the November 2014 election.

State Rainy Day Fund. The Proposition 2 constitutional amendments related to the State Rainy Day Fund (i) require deposits into the State Rainy Day Fund whenever capital gains revenues rise to more than 8% of general fund tax revenues; (ii) set the maximum size of the State 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 multi-year budget forecast; and (vi) create the Proposition 98 Rainy Day Fund 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 Proposition 98 Rainy Day Fund unless the State is in a Test 1 year under Proposition 98 or in any year in which a maintenance factor is created.

SB 858. Senate Bill 858 (“SB 858”) became effective upon the passage of Proposition 2. SB 858 includes provisions which could limit the amount of reserves that may be maintained by a school district in certain circumstances. Under SB 858, in any fiscal year immediately following a fiscal year in which the State has made a transfer into the Proposition 98 Rainy Day Fund, any adopted or revised budget by a school district would need to contain a combined unassigned and assigned ending fund balance that (a) for school districts with an A.D.A. of less than 400,000, is not more than two times the amount of the reserve for economic uncertainties mandated by the California Education Code, or (b) for school districts with an A.D.A. that is more than 400,000, is not more than three times the amount of the reserve for economic uncertainties mandated by the California Education Code. In certain cases, the county superintendent of schools may grant a school district a waiver from this limitation on reserves for up to two consecutive years within a three-year period if there are certain extraordinary fiscal circumstances.

SB 751. SB 751, enacted on October 11, 2017, alters the reserve requirements imposed by SB 858. Under SB 751, in a fiscal year immediately after a fiscal year in which the amount of moneys in the Proposition 98 Rainy Day Fund is equal to or exceeds 3% of the combined total general fund revenues appropriated for school districts and allocated local proceeds of taxes for that fiscal year, a school district budget that is adopted or revised cannot have an assigned or unassigned ending fund balance that exceeds 10% of those funds. SB 751 excludes from the requirements of those provisions basic aid school districts (also known as community funded districts) and small school districts having fewer than 2,501 units of A.D.A.

Since the District is neither a community funded district nor a small school district with fewer than 2,501 units of A.D.A., the District is subject to the reserve cap when applicable. The District, which has an A.D.A. of less than 30,000 (but greater than 1,001), is required to maintain a reserve for economic uncertainty in an amount equal to 3% of its general fund expenditures and other financing uses. For more information on the District's reserves, current projections with respect to such reserves, and related policies, see "DISTRICT FINANCIAL MATTERS – State Funding of Education; State Budget Process – *School District Reserves*."

The Series 2025 Bonds are payable from *ad valorem* property taxes to be levied within the District pursuant to the California Constitution and other State law. Accordingly, the District does not expect SB 858 or SB 751 to adversely affect its ability to pay the principal of and interest on the Series 2025 Bonds as and when due.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C, Article XIII D, as well as Propositions 2, 19, 30, 55, 62, 98, 111 and 218, were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time-to-time other initiative measures could be adopted, further affecting District revenues or the District's ability to expend revenue.

APPENDIX B

**FINANCIAL STATEMENTS OF THE DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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**LOWELL JOINT SCHOOL DISTRICT
ORANGE COUNTY
AUDIT REPORT
For the Fiscal Year Ended
June 30, 2024**

LOWELL JOINT SCHOOL DISTRICT

For the Fiscal Year Ended June 30, 2024

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LOWELL JOINT SCHOOL DISTRICT

For the Fiscal Year Ended June 30, 2024

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Financial Section

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Lowell Joint School District
Whittier, 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 Lowell Joint School District, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of the net pension liability, schedule of pension contributions, schedule of changes in the District's total OPEB liability and related ratios, schedule of OPEB contributions, schedule of the District's proportionate share of the net OPEB liability-MPP Program, and the notes to the required supplementary information 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 District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the 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 Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to the 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 5, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Nigro + Nigro, PC".

Murrieta, California
December 5, 2024

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LOWELL JOINT SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2024

This discussion and analysis of Lowell Joint School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

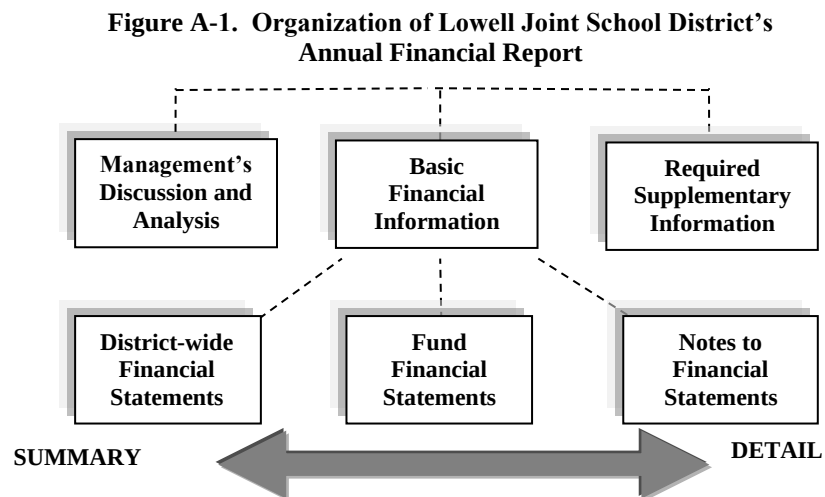
- The District's financial status increased overall as a result of this year's operations. Net position of governmental activities increased by \$7.2 million, or 74.7%.
- Governmental expenses were about \$52.8 million. Revenues were about \$60.0 million.
- The District acquired over \$15.3 million in new capital assets during the year.
- Governmental funds decreased by \$6.9 million, or 13.7%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial* statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
 - The *governmental funds* statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.
 - *Fiduciary funds* statement provides information about the financial relationships in which the District acts solely as a trustee or custodian for the benefit of others to whom the resources belong.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.



LOWELL JOINT SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

District-Wide Statements

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

The two District-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of school buildings and other facilities.
- In the District-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues.

The District has two kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- *Fiduciary funds* – Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District's fiduciary funds include CFD custodial funds. The accounting used for fiduciary funds is much like that used for proprietary funds.

LOWELL JOINT SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was higher on June 30, 2024, than it was the year before – increasing 74.7% to \$16.9 million (See Table A-1).

Table A-1: Statement of Net Position

	Governmental Activities		Variance Increase (Decrease)
	2024	2023*	
Assets			
Current assets	\$ 49,031,000	\$ 57,279,991	\$ (8,248,991)
Capital assets	56,818,451	42,462,259	14,356,192
Total assets	105,849,451	99,742,250	6,107,201
Total Deferred outflows of resources	17,206,434	16,510,327	696,107
Liabilities			
Current liabilities	5,905,831	7,255,639	(1,349,808)
Long-term liabilities	91,888,708	88,321,325	3,567,383
Total liabilities	97,794,539	95,576,964	2,217,575
Total Deferred inflows of resources	8,397,296	11,020,869	(2,623,573)
Net position			
Net investment in capital assets	9,273,575	3,428,653	5,844,922
Restricted	12,420,329	24,801,260	(12,380,931)
Unrestricted	(4,829,854)	(18,575,169)	13,745,315
Total net position	\$ 16,864,050	\$ 9,654,744	\$ 7,209,306

*As restated

Changes in net position, governmental activities. The District's total revenues increased 11.9% to \$60.0 million (See Table A-2). The increase is due primarily to unrestricted federal and state revenue.

The total cost of all programs and services increased 19.3% to \$52.8 million. The District's expenses are predominantly related to educating and caring for students, 76.8%. The purely administrative activities of the District accounted for just 8.0% of total costs. A significant contributor to the increase in costs was negotiated salary benefits and related pension costs.

Table A-2: Statement of Activities

	Governmental Activities		Variance Increase (Decrease)
	2024	2023	
Revenues			
Program Revenues:			
Charges for services	\$ 44,115	\$ 715,242	\$ (671,127)
Operating grants and contributions	12,943,023	15,916,579	(2,973,556)
General Revenues:			
Property taxes	16,352,099	15,709,057	643,042
Federal and state aid not restricted	26,300,046	19,479,988	6,820,058
Other general revenues	4,346,672	1,778,207	2,568,465
Total Revenues	59,985,955	53,599,073	6,386,882
Expenses			
Instruction-related	35,679,778	28,935,311	6,744,467
Pupil services	4,851,849	3,930,725	921,124
Administration	4,215,099	3,254,364	960,735
Plant services	5,229,435	5,349,853	(120,418)
All other activities	2,800,488	2,773,834	26,654
Total Expenses	52,776,649	44,244,087	8,532,562
Increase (decrease) in net position	\$ 7,209,306	\$ 9,354,986	\$ (2,145,680)
Total Net Position	\$ 16,864,050	\$ 9,654,744	

LOWELL JOINT SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$43.7 million, which is below last year's ending fund balance of \$50.6 million. The primary cause of the decreased fund balance is spending down the Building Fund on construction projects.

Table A-3: The District's Fund Balances

Fund	Fund Balances				
	July 1, 2023*	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2024
General Fund	\$ 20,380,150	\$ 47,585,763	\$ 46,693,275	\$ -	\$ 21,272,638
Student Activity Fund	64,450	27,371	21,050	-	70,771
Child Development Fund	1,357,088	2,911,120	2,782,689	-	1,485,519
Cafeteria Fund	2,168,967	2,436,910	2,159,866	-	2,446,011
Deferred Maintenance Fund	2,183,211	208,091	351,589	-	2,039,713
Building Fund	8,655,167	313,943	8,968,730	-	380
Capital Facilities Fund	742,156	69,931	2,468	-	809,619
Special Reserve Fund (Capital Outlay)	14,289,135	6,346,460	5,891,811	-	14,743,784
Bond Interest and Redemption Fund	778,731	1,509,536	1,437,038	-	851,229
Totals	<u>\$ 50,619,055</u>	<u>\$ 61,409,125</u>	<u>\$ 68,308,516</u>	<u>\$ -</u>	<u>\$ 43,719,664</u>

*As restated

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. The major budget amendments fall into these categories:

- Revenues – increased by \$2.6 million primarily to reflect federal and state budget actions.
- Salaries and benefits costs – increased \$3.8 million to reflect revised cost estimates.
- Other non-personnel expenses – increased \$0.7 million to revise operational cost estimates.

While the District's final budget for the General Fund anticipated that expenditures would exceed revenues by about \$0.6 million, the actual results for the year show that revenues exceeded expenditures by roughly \$0.9 million. Actual revenues were \$1.6 million more than anticipated, and expenditures were \$0.1 million more than budgeted.

LOWELL JOINT SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2023-24 the District had acquired \$15.3 million in new capital assets, related to construction in progress, site improvements, buildings, and equipment purchases. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year was \$1.0 million.

Table A-4: Capital Assets at Year End, Net of Depreciation

	Governmental Activities		Variance Increase (Decrease)
	2024	2023	
Land	\$ 1,428,571	\$ 1,428,571	\$ -
Improvement of sites	1,825,595	1,078,851	746,744
Buildings	44,772,679	30,445,474	14,327,205
Equipment	1,385,921	898,349	487,572
Construction in progress	7,405,685	8,611,014	(1,205,329)
Totals	<u>\$ 56,818,451</u>	<u>\$ 42,462,259</u>	<u>\$ 14,356,192</u>

Long-Term Debt

At year-end the District had \$91.9 million in long-term liabilities – an increase of 4.0% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Notes 7-9 to the financial statements).

Table A-5: Outstanding Long-Term Debt at Year-End

	Governmental Activities		Variance Increase (Decrease)
	2024	2023	
General obligation bonds	\$ 47,545,256	\$ 47,652,499	\$ (107,243)
Compensated absences	627,350	444,242	183,108
Other postemployment benefits	10,080,466	9,602,929	477,537
Net pension liability	33,635,636	30,621,655	3,013,981
Totals	<u>\$ 91,888,708</u>	<u>\$ 88,321,325</u>	<u>\$ 3,567,383</u>

LOWELL JOINT SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

FACTORS BEARING ON THE DISTRICT'S FUTURE

State Budget

The Legislature passed an initial budget on June 15, 2024. The main structural difference between the legislative package and the May Revision was that the legislative package started the proposed limitation on NOLs and tax credits one year earlier—resulting in roughly \$5 billion in additional revenue. The Legislature's budget used that additional budget capacity to reject some of the Governor's spending solutions and/or provide other augmentations. The legislative package also included a large number of other smaller changes across a variety of programs. The legislative package used slightly more (nearly \$1 billion) in general purpose reserves than the May Revision.

K-14 Education

Funds Modest COLA and a Few Smaller Augmentations

For 2024-25, the budget provides \$1 billion to cover a 1.07 percent COLA for existing school and community college programs. For schools, the budget also provides an increase of \$300 million (\$179 million ongoing and \$121 million one time) to cover cost increases related to universal school meals. A small portion of the budget's remaining funds are allocated to cover enrollment- and caseload-driven increases in a few specific areas.

Implements Small Payment Deferral

The budget reduces spending in 2024-25 by deferring \$487 million in payments to 2025-26. Of this deferral, half applies to schools and half applies to community colleges. The state will implement the deferral by delaying a portion of the payment districts ordinarily would receive in June 2025 to July 2025. The law allows school districts to be exempt from this deferral (meaning they would receive all of their funding on time) if they can show the delay would cause fiscal insolvency. The purpose of the deferral is to reduce spending in 2024-25 to the minimum level required by Proposition 98.

Suspends Proposition 98 Requirement and Reduces Spending

For 2023-24, the budget invokes a provision allowing the state to suspend the minimum Proposition 98 requirement and reduce spending on schools and community colleges by \$8.3 billion relative to the level otherwise required that year. Separate from this action, the budget makes a \$2.6 billion reduction attributable to 2022-23. Both of these reductions lower the Proposition 98 requirement on an ongoing basis. The combined effect of these reductions is to reduce General Fund spending by \$12.7 billion over the 2022-23 through 2024-25 period. As required by the State Constitution, the budget also withdraws the entire balance from the Proposition 98 Reserve (\$8.4 billion) in 2023-24 to supplement the funding provided to schools and community colleges. In 2024-25, the budget begins to build back the Proposition 98 Reserve by making a discretionary deposit of nearly \$1.1 billion.

Bond Funds

The state is seeking approval of two bond measures on the November 2024 ballot: Proposition 2 and Proposition 4. Proposition 2 would allow the state to borrow \$10 billion to build new facilities and renovate existing facilities at school districts and community colleges. The cost to repay this bond would be about \$500 million each year for 35 years. Proposition 4 would allow the state to borrow \$10 billion to pay for various natural resources and climate activities. The cost to repay this bond would be about \$400 million each year for 40 years. The cost to repay both bonds would total about \$900 million each year.

LOWELL JOINT SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2024

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

Scores Savings Related to Attendance and a Few Other Adjustments

In response to significant declines in attendance over the past several years, the state adopted a series of policies temporarily funding school districts based on the attendance they reported prior to the COVID-19 pandemic. For 2024-25, the budget assumes savings of \$1.8 billion as these higher pre-pandemic attendance levels phase out of district funding calculations. In addition, the budget obtains \$1.2 billion in savings by (1) deferring some payments from 2024-25 to 2025-26, (2) reducing funding for State Preschool that is expected to go unused, and (3) repurposing certain unspent appropriations from previous years. Under the Constitution, the state must dedicate all of these savings to other school and community college purposes.

All of these factors were considered in preparing the Lowell Joint School District budget for the 2024-25 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District's Business Office at (562) 943-0211.

LOWELL JOINT SCHOOL DISTRICT
Statement of Net Position
June 30, 2024

	Total Governmental Activities
ASSETS	
Deposits and investments	\$ 45,022,968
Accounts receivable	3,954,408
Inventories	3,362
Other current assets	50,262
Capital assets:	
Non-depreciable assets	8,834,256
Depreciable assets	64,986,138
Less accumulated depreciation	(17,001,943)
Total assets	<u>105,849,451</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	14,135,192
Deferred outflows related to OPEB	<u>3,071,242</u>
Total deferred outflows of resources	<u>17,206,434</u>
LIABILITIES	
Accounts payable	5,119,271
Accrued interest payable	594,495
Unearned revenue	192,065
Noncurrent liabilities	
Due or payable within one year	177,244
Due or payable after one year:	
Other than OPEB and pensions	47,995,362
Total OPEB liability	10,080,466
Net pension liability	<u>33,635,636</u>
Total liabilities	<u>97,794,539</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	2,970,820
Deferred inflows related to OPEB	<u>5,426,476</u>
Total deferred inflows of resources	<u>8,397,296</u>
NET POSITION	
Net investment in capital assets	9,273,575
Restricted for:	
Capital projects	809,619
Debt service	851,229
Educational programs	10,688,710
Student activity	70,771
Unrestricted	<u>(4,829,854)</u>
Total net position	<u>\$ 16,864,050</u>

LOWELL JOINT SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
Governmental Activities				
Instructional Services:				
Instruction	\$ 30,840,001	\$ 8,210	\$ 7,522,797	\$ (23,308,994)
Instruction-Related Services:				
Supervision of instruction	909,854	-	160,193	(749,661)
Instructional library, media and technology	786,403	-	-	(786,403)
School site administration	3,143,520	-	591,958	(2,551,562)
Pupil Support Services:				
Home-to-school transportation	186,717	-	-	(186,717)
Food services	1,976,556	9,297	2,162,279	195,020
All other pupil services	2,688,576	1,186	1,496,484	(1,190,906)
General Administration Services:				
Data processing services	263,953	-	-	(263,953)
Other general administration	3,951,146	460	184,625	(3,766,061)
Plant services	5,229,435	870	192,101	(5,036,464)
Ancillary services	41,954	-	44,723	2,769
Interest on long-term debt	1,329,587	-	-	(1,329,587)
Other outgo	449,239	24,092	587,863	162,716
Depreciation (unallocated)	979,708	-	-	(979,708)
Total Governmental Activities	<u>\$ 52,776,649</u>	<u>\$ 44,115</u>	<u>\$ 12,943,023</u>	<u>(39,789,511)</u>
General Revenues:				
Property taxes				16,352,099
Federal and state aid not restricted to specific purpose				26,300,046
Interest and investment earnings				2,305,091
Miscellaneous				<u>2,041,581</u>
Total general revenues				<u>46,998,817</u>
Change in net position				<u>7,209,306</u>
Net position - July 1, 2023, as originally stated				9,572,131
Adjustment for restatement (Note 14)				<u>82,613</u>
Net position - July 1, 2023				<u>9,654,744</u>
Net position - June 30, 2024				\$ 16,864,050

LOWELL JOINT SCHOOL DISTRICT
Balance Sheet – Governmental Funds
June 30, 2024

	General Fund	Child Development Fund	Building Fund	Special Reserve Fund for Capital Outlay Project	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Deposits and investments	\$ 22,232,730	\$ 2,313,582	\$ 20,287	\$ 16,091,849	\$ 4,364,520	\$ 45,022,968
Accounts receivable	3,565,926	-	7,225	63,721	317,536	3,954,408
Due from other funds	858,450	-	26,020	-	6,882	891,352
Inventories	-	-	-	-	3,362	3,362
Other current assets	50,262	-	-	-	-	50,262
Total Assets	<u>\$ 26,707,368</u>	<u>\$ 2,313,582</u>	<u>\$ 53,532</u>	<u>\$ 16,155,570</u>	<u>\$ 4,692,300</u>	<u>\$ 49,922,352</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 3,238,652	\$ 451,817	\$ 12,370	\$ 1,304,002	\$ 112,430	\$ 5,119,271
Due to other funds	13,190	376,246	40,782	107,784	353,350	891,352
Unearned revenue	143,175	-	-	-	48,890	192,065
Total Liabilities	<u>3,395,017</u>	<u>828,063</u>	<u>53,152</u>	<u>1,411,786</u>	<u>514,670</u>	<u>6,202,688</u>
Fund Balances						
Nonspendable	50,077	-	-	-	3,362	53,439
Restricted	7,597,055	1,139,776	380	-	4,174,268	12,911,479
Assigned	12,098,043	345,743	-	14,743,784	-	27,187,570
Unassigned	3,567,176	-	-	-	-	3,567,176
Total Fund Balances	<u>23,312,351</u>	<u>1,485,519</u>	<u>380</u>	<u>14,743,784</u>	<u>4,177,630</u>	<u>43,719,664</u>
Total Liabilities and Fund Balances	<u>\$ 26,707,368</u>	<u>\$ 2,313,582</u>	<u>\$ 53,532</u>	<u>\$ 16,155,570</u>	<u>\$ 4,692,300</u>	<u>\$ 49,922,352</u>

LOWELL JOINT SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2024

Total fund balances - governmental funds \$ 43,719,664

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

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 at historical cost:	73,820,394	
Accumulated depreciation:	<u>(17,001,943)</u>	
Net:		56,818,451

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid.

In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was: (594,495)

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

General obligation bonds payable	47,545,256	
Compensated absences	627,350	
Other postemployment benefits payable	10,080,466	
Net pension liability	<u>33,635,636</u>	
Total:		(91,888,708)

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

Deferred outflows of resources relating to pensions	14,135,192	
Deferred inflows of resources relating to pensions	<u>(2,970,820)</u>	
Net:		11,164,372

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

Deferred outflows of resources relating to OPEB	3,071,242	
Deferred inflows of resources relating to OPEB	<u>(5,426,476)</u>	
Net:		<u>(2,355,234)</u>

Total net position - governmental activities \$ 16,864,050

LOWELL JOINT SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Fiscal Year Ended June 30, 2024

	General Fund	Child Development Fund	Building Fund	Special Reserve Fund for Capital Outlay Project	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
LCFF sources	\$ 35,535,242	\$ -	\$ -	\$ -	\$ -	\$ 35,535,242
Federal sources	2,733,500	-	-	-	1,015,295	3,748,795
Other state sources	4,488,427	2,736,654	-	4,769,051	1,303,781	13,297,913
Other local sources	5,036,685	174,466	313,943	1,577,409	1,724,672	8,827,175
Total Revenues	47,793,854	2,911,120	313,943	6,346,460	4,043,748	61,409,125
EXPENDITURES						
Current:						
Instruction	30,497,198	2,063,395	-	-	-	32,560,593
Instruction-related services:						
Supervision of instruction	964,292	-	-	-	-	964,292
Instructional library, media and technology	753,860	-	-	-	-	753,860
School site administration	2,514,760	719,294	-	-	-	3,234,054
Pupil support services:						
Home-to-school transportation	186,717	-	-	-	-	186,717
Food services	93,288	-	-	-	1,926,128	2,019,416
All other pupil services	2,793,064	-	-	-	-	2,793,064
Ancillary services	21,807	-	-	-	21,050	42,857
General administration services:						
Data processing services	253,272	-	-	-	-	253,272
Other general administration	3,469,009	-	-	-	2,467	3,471,476
Plant services	4,746,627	-	185,428	137,704	169,995	5,239,754
Transfers of indirect costs	(63,744)	-	-	-	63,744	-
Intergovernmental	449,239	-	-	-	-	449,239
Capital outlay	365,475	-	8,783,302	5,754,107	-	14,902,884
Debt service:						
Principal	-	-	-	-	10,000	10,000
Interest	-	-	-	-	1,427,038	1,427,038
Total Expenditures	47,044,864	2,782,689	8,968,730	5,891,811	3,620,422	68,308,516
Excess (Deficiency) of Revenues Over (Under) Expenditures	748,990	128,431	(8,654,787)	454,649	423,326	(6,899,391)
Fund Balances, July 1, 2023, as originally stated	22,563,361	1,357,088	8,618,893	-	17,997,100	50,536,442
Adjustment for Restatement (Note 14)	-	-	36,274	46,339	-	82,613
Change within financial reporting entity (nonmajor to major fund)	-	-	-	14,242,796	(14,242,796)	-
Fund Balances, July 1, 2023, as restated	22,563,361	1,357,088	8,655,167	14,289,135	3,754,304	50,619,055
Fund Balances, June 30, 2024	\$ 23,312,351	\$ 1,485,519	\$ 380	\$ 14,743,784	\$ 4,177,630	\$ 43,719,664

LOWELL JOINT 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, 2024

Total net change in fund balances - governmental funds \$ (6,899,391)

Amounts reported for governmental *activities* in the statement of activities are different because:

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period

Expenditures for capital outlay	15,335,900	
Depreciation expense	<u>(979,708)</u>	
Net:		14,356,192

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as a reduction of liabilities. Expenditures for repayment of the principal portion of long term debt were: 10,000

In governmental funds, if debt is issued at a premium or at a discount, the premium is recognized as an Other Financing Source in the period it is incurred. In the government-wide statements, the premium is amortized as interest over the life of the debt. Amortization of premium for the period was: 97,243

In governmental funds, interest on long-term debt is recognized in the period it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was: 208

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statements of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was: (183,108)

In government funds, pension costs are recognized when employer contributions are made in the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis and actual employer contributions was: (57,343)

In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was: (114,495)

Change in net position of governmental activities \$ 7,209,306

LOWELL JOINT SCHOOL DISTRICT*Statement of Fiduciary Net Position**June 30, 2024*

	<u>Trust Funds</u>
	<u>Retiree</u>
	<u>Benefits</u>
	<u>Fund</u>
ASSETS	
Deposits and investments	<u>\$ 784,577</u>
Total assets	<u>784,577</u>
LIABILITIES	
Accounts payable	<u>-</u>
NET POSITION	
Restricted for postemployment benefits	<u><u>\$ 784,577</u></u>

LOWELL JOINT SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2024

	Trust Funds
	Retiree Benefits Fund
ADDITIONS	
Increase in fair value of investments	\$ 62,549
In-district contributions	154,485
Total Additions	217,034
DEDUCTIONS	
Operating expenses	499
Total Deductions	499
Change in net position	216,535
Net position - July 1, 2023	568,042
Net position - June 30, 2024	\$ 784,577

LOWELL JOINT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lowell Joint School District (the “District”) accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education’s *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

A. Reporting Entity

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

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization’s relationship with the District is such that exclusion would cause the District’s financial statements to be misleading or incomplete.

The District has identified no organizations that are required to be reported as component units.

The District has evaluated the activity of the Lowell Joint Education Foundation and has determined that the Foundation does not meet the criteria to be reported as a component unit.

B. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the District’s funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

LOWELL JOINT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Major Governmental Funds

The District maintains the following major governmental funds:

General Fund: This is the chief operating fund for the District. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund. The District also maintains a Deferred Maintenance Fund which does not currently meet the definition of a special revenue fund as it is not primarily composed of restricted or committed revenue sources. Because this fund does not meet the definition of a special revenue fund under GASB 54, the activity in this fund is being reported within the General Fund.

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs.

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

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (*Education Code* Section 42840). This fund may also be used to account for any other revenues specifically for capital projects that are not restricted to fund 21, 25, 30, 35, or 49.

Non-Major Governmental Funds

The District maintains the following non-major governmental funds:

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

Student Activity Fund: The District maintains a separate fund for each school that operates an ASB fund, whether it is organized or not.

Cafeteria Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code* Sections 38090 and 38093).

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

LOWELL JOINT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

Capital Facilities Fund: This fund is used to primarily account separately for moneys received from fees levied on development projects as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.).

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

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

2. Measurement Focus, Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resource or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

As a general rule the effect of interfund activity has been eliminated from the District-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the District's proprietary funds and various other functions of the District. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

LOWELL JOINT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

3. Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

C. Budgetary Data

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

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For budget purposes, on behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

D. 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 as of June 30.

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

1. Cash and Cash Equivalents

The District considers cash and cash equivalents to be cash on hand and demand deposits. In addition, because the Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

LOWELL JOINT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

2. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

3. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Description	Estimated Lives
Buildings	20-50 years
Land Improvements	5-40 years
Machinery and Equipment	2-15 years

4. Unearned Revenue

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

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

5. Deferred Outflows/Inflows of Resources

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

LOWELL JOINT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

6. Compensated Absences

The liability for compensated absences reported in the District-wide statements consists of unpaid, accumulated vacation balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

7. Leases

Lessee:

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

If material, lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor:

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

LOWELL JOINT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

7. Leases (continued)

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

8. Subscription-Based Information Technology Arrangements

A SBITA is defined as a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which the District has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend or to terminate.

If material, the District recognizes a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. The District recognizes the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability is measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the interest rate the SBITA vendor charges the District which may be implicit, or the District's incremental borrowing rate if the interest rate is not readily determinable. The District recognizes amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

9. Postemployment Benefits Other Than Pensions (OPEB)

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

LOWELL JOINT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

10. Pensions

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

11. Fund Balances

The fund balance for Governmental Funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

12. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

LOWELL JOINT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

12. Net Position (continued)

- **Restricted** – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** – This component of net position consists of net position that does not meet the definition of “net investment in capital assets” or “restricted”.

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.

F. Minimum Fund Balance Policy

During the 2010-11 fiscal year, pursuant to GASB Statement No. 54, the District adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than five percent of total General Fund expenditures and other financing uses.

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

G. Property Tax Calendar

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools and special districts within the County. The Board of Supervisors levies property taxes as of September 1 on property values assessed on July 1. Secured property tax payments are due in two equal installments. The first is generally due November 1 and is delinquent with penalties on December 10, and the second is generally due on February 1 and is delinquent with penalties on April 10. Secured property taxes become a lien on the property on January 1.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

I. Change in Accounting Principle

For the fiscal year ended June 30, 2024, the District implemented GASB Statement No. 100, *Accounting Changes and Error Corrections—an Amendment of GASB Statement No. 62*. This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net positions, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

LOWELL JOINT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 2 – DEPOSITS AND INVESTMENTS

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

Governmental funds and activities	\$ 45,022,968
Fiduciary funds	784,577
Total deposits and investments	<u>\$ 45,807,545</u>

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

Cash on hand and in banks	\$ 100,671
Cash in revolving fund	50,077
Cash with fiscal agent	784,577
Investments	<u>44,872,220</u>
Total deposits and investments	<u>\$ 45,807,545</u>

Pooled Funds

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest-bearing Orange County Treasurer's Pooled Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value provided by the Orange 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 Orange County Treasurer, which is recorded on the amortized basis.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to \$250,000 by the Federal Depositary Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

As of June 30, 2024, none of the District's bank balance was exposed to custodial credit risk because it was insured by the FDIC.

LOWELL JOINT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Investments - Interest Rate Risk

The District's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investment policy limits investment purchases to investments with a term not to exceed three years. Investments purchased with maturity terms greater than three years require approval by the Board of Trustees. Investments purchased with maturities greater than one year require written approval by the Superintendent prior to commitment. Maturities of investments held at June 30, 2024, consist of the following:

	Fair Value	Less Than One Year	One Year Through Five Years	Fair Value Measurement	Rating
Investments:					
Orange County Investment Pool	\$ 44,872,220	\$ 44,872,220	\$ -	Uncategorized	N/A

Investments - Credit Risk

The District's investment policy limits investment choices to obligations of local, state and federal agencies, commercial paper, certificates of deposit, repurchase agreements, corporate notes, banker acceptances, and other securities allowed by *State Government Code* Section 53600. At June 30, 2024, all investments represented governmental securities which were issued, registered and held by the District's agent in the District's name.

Investments - Concentration of Credit Risk

The District does not place limits on the amount it may invest in any one issuer. At June 30, 2024, the District had no investments outside of the County Pool.

Fair Value Measurements

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

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

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

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

Uncategorized – Investments in the Orange 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.

LOWELL JOINT SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2024

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2024, consisted of the following:

	Governmental Funds				
	General Fund	Building Fund	Special Reserve Fund fo Capital Outlay Projects	Non-Major Governmental Funds	Totals
Federal Government:					
Categorical aid programs	\$ 1,545,629	\$ -	\$ -	\$ 127,776	\$ 1,673,405
State Government:					
Lottery	193,096	-	-	-	193,096
Categorical aid programs	1,394,071	-	-	162,888	1,556,959
Local:					
Interest	-	-	63,021	-	63,021
Other local	433,130	7,225	700	26,872	467,927
Total	<u>\$ 3,565,926</u>	<u>\$ 7,225</u>	<u>\$ 63,721</u>	<u>\$ 317,536</u>	<u>\$ 3,954,408</u>

NOTE 4 – INTERFUND ACTIVITIES

Balances Due To/From Other Funds

Balances due to/from other funds at June 30, 2024, consisted of the following:

	Due From Other Funds			
	General Fund	Building Fund	Non-Major Governmental Funds	Total
General Fund	\$ -	\$ 6,308	\$ 6,882	\$ 13,190
Child Development Fund	376,246	-	-	376,246
Building Fund	40,782	-	-	40,782
Special Reserve Fund for Capital Outlay Projects	88,072	19,712	-	107,784
Non-Major Governmental Funds	353,350	-	-	353,350
Total	<u>\$ 858,450</u>	<u>\$ 26,020</u>	<u>\$ 6,882</u>	<u>\$ 891,352</u>

General Fund due to Cafeteria Fund for custodian costs	\$ 6,882
General Fund due to Building Fund for prior year expenditure reimbursement	6,308
Child Development Fund due to General Fund for benefits costs	376,246
Cafeteria Fund due to General Fund for benefits costs	353,350
Building Fund due to General Fund for benefits costs	40,782
Special Reserve Fund for Capital Outlay Projects due to General Fund for packing days, audit fees, and expenditure reimbursement	88,072
Special Reserve Fund for Capital Outlay Projects due to Building Fund for expenditure reimbursement	19,712
Total	<u>\$ 891,352</u>

LOWELL JOINT SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2024

NOTE 5 – FUND BALANCES

At June 30, 2024, fund balances of the District’s governmental funds were classified as follows:

	General Fund	Child Development Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Nonspendable:						
Revolving cash	\$ 50,077	\$ -	\$ -	\$ -	\$ -	\$ 50,077
Inventories	-	-	-	-	3,362	3,362
Total Nonspendable	50,077	-	-	-	3,362	53,439
Restricted:						
Categorical programs	7,102,923	1,139,776	-	-	-	8,242,699
Student activity	-	-	-	-	70,771	70,771
Food service program	-	-	-	-	2,442,649	2,442,649
Deferred maintenance program	494,132	-	-	-	-	494,132
Capital projects	-	-	380	-	809,619	809,999
Debt service	-	-	-	-	851,229	851,229
Total Restricted	7,597,055	1,139,776	380	-	4,174,268	12,911,479
Assigned:						
Chromebooks replacement	1,050,000	-	-	-	-	1,050,000
Textbook adoption	2,000,000	-	-	-	-	2,000,000
Additional 2% reserve per board	902,462	-	-	-	-	902,462
Furniture replacement	1,350,000	-	-	-	-	1,350,000
Vehicle replacement	250,000	-	-	-	-	250,000
Equipment	300,000	-	-	-	-	300,000
Lunch tables	150,000	-	-	-	-	150,000
Intervention	550,000	-	-	-	-	550,000
Site beautification	500,000	-	-	-	-	500,000
8.75 FTE commitment	2,300,000	-	-	-	-	2,300,000
Future program operations	1,000,000	-	-	-	-	1,000,000
Irrevocable trust deposit	200,000	-	-	-	-	200,000
Deferred maintenance program	1,545,581	-	-	-	-	1,545,581
Other assignments	-	345,743	-	14,743,784	-	15,089,527
Total Assigned	12,098,043	345,743	-	14,743,784	-	27,187,570
Unassigned:						
Remaining unassigned balances	3,567,176	-	-	-	-	3,567,176
Total Unassigned	3,567,176	-	-	-	-	3,567,176
Total	\$ 23,312,351	\$ 1,485,519	\$ 380	\$ 14,743,784	\$ 4,177,630	\$ 43,719,664

LOWELL JOINT SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2024

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

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

	Balance, July 1, 2023	Additions	Retirements	Balance, June 30, 2024
Capital assets not being depreciated:				
Land	\$ 1,428,571	\$ -	\$ -	\$ 1,428,571
Construction in progress	8,611,014	7,405,685	8,611,014	7,405,685
Total capital assets not being depreciated	10,039,585	7,405,685	8,611,014	8,834,256
Capital assets being depreciated:				
Improvement of sites	2,119,834	857,874	-	2,977,708
Buildings	43,276,250	15,111,089	-	58,387,339
Equipment	3,048,825	572,266	-	3,621,091
Total capital assets being depreciated	48,444,909	16,541,229	-	64,986,138
Accumulated depreciation for:				
Improvement of sites	(1,040,983)	(111,130)	-	(1,152,113)
Buildings	(12,830,776)	(783,884)	-	(13,614,660)
Equipment	(2,150,476)	(84,694)	-	(2,235,170)
Total accumulated depreciation	(16,022,235)	(979,708)	-	(17,001,943)
Total capital assets being depreciated, net	32,422,674	15,561,521	-	47,984,195
Governmental activity capital assets, net	<u>\$ 42,462,259</u>	<u>\$ 22,967,206</u>	<u>\$ 8,611,014</u>	<u>\$ 56,818,451</u>

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS

Changes in long-term debt for the year ended June 30, 2024, were as follows:

	Balance, July 1, 2023	Additions	Deductions	Balance, June 30, 2024	Amount Due Within One Year
General Obligation Bonds:					
Principal payments	\$ 45,040,000	\$ -	\$ 10,000	\$ 45,030,000	\$ 80,000
Issuance premiums	2,612,499	-	97,243	2,515,256	97,244
Sub-total - bonds	47,652,499	-	107,243	47,545,256	177,244
Compensated Absences	444,242	183,108	-	627,350	-
Totals	<u>\$ 48,096,741</u>	<u>\$ 183,108</u>	<u>\$ 107,243</u>	<u>\$ 48,172,606</u>	<u>\$ 177,244</u>

General Obligations Bonds will be paid from the Bond Interest and Redemption Fund. Compensated absences will be paid for by the fund for which the employee worked.

General Obligation Bonds

Election of 2018

On November 6, 2018, the voters of the District approved by more than 55% Measure LL, authorizing the Board of Trustees to issue general obligation bonds in an amount not to exceed \$48,000,000. Proceeds from the sale of the bonds authorized by Measure LL shall be used for the purpose of making essential repairs and upgrades to neighborhood schools.

LOWELL JOINT SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2024

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

General Obligation Bonds (continued)

A summary of bonds issued by the District is below:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2023	Additions	Deductions	Balance, June 30, 2024
<i>Election of 2018 (Measure LL)</i>								
Series 2019	7/16/2019	8/1/2048	3.0% - 5.0%	\$ 14,000,000	\$ 11,740,000	\$ -	\$ -	\$ 11,740,000
Series 2020	10/28/2020	8/1/2050	2.25% - 5.00%	34,000,000	33,300,000	-	10,000	33,290,000
					<u>\$ 45,040,000</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 45,030,000</u>

The annual requirements to amortize general obligation bonds payable outstanding at June 30, 2024 were as follows:

Fiscal Year	Principal	Interest	Total
2024-2025	\$ 80,000	\$ 1,424,788	\$ 1,504,788
2025-2026	145,000	1,419,163	1,564,163
2026-2027	215,000	1,410,163	1,625,163
2027-2028	290,000	1,397,538	1,687,538
2028-2029	370,000	1,381,038	1,751,038
2029-2034	3,335,000	6,495,813	9,830,813
2034-2039	6,585,000	5,323,937	11,908,937
2039-2044	10,710,000	3,792,913	14,502,913
2044-2049	15,550,000	2,068,369	17,618,369
2049-2051	7,750,000	196,875	7,946,875
Totals	<u>\$ 45,030,000</u>	<u>\$ 24,910,597</u>	<u>\$ 69,940,597</u>

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 9,951,172	\$ 3,071,242	\$ 5,426,476	\$ 677,541
MPP Program	129,294	-	-	(11,819)
Totals	<u>\$ 10,080,466</u>	<u>\$ 3,071,242</u>	<u>\$ 5,426,476</u>	<u>\$ 665,722</u>

LOWELL JOINT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan

The details of each plan are as follows:

Plan Description

The District's single-employer defined benefit OPEB plan provides OPEB for eligible certificated, classified, and management employees of the District. The District sponsors healthcare coverage under the California Public Employees Medical and Hospital Care Act ("PEMHCA"), commonly referred to as PERS Health. PEMHCA provides health insurance through a variety of Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) options. The authority to establish and amend the benefit terms and financing requirements are governed by collective bargaining agreements with plan members. The District has assets that are accumulated in a trust administer that meets the criteria in paragraph 4 of Statement 75. The District participates in the California Employers' Retiree Benefit Trust (CERBT) Fund, which is a Section 115 trust fund dedicated to prefunding Other Post-Employment Benefits (OPEB) for all eligible California public agencies.

Benefits Provided

The District makes the required statutory PEMHCA contribution as described above, subject to the "Equal Contribution Method" under which the District's contribution for retirees is equal to its basic contribution for active employees. The District also pays a percent-of-premiums administrative fee to PEMHCA for each retiree. Further, the District makes supplemental contributions towards certain eligible retirees' premiums until age 65, as described below.

Employees who have completed at least 10 years of service with the District, and are at least age 55 at retirement, are eligible to receive a monthly District contribution under one of two options: (1) the lesser of the PEMHCA option they have selected, or the single-party Kaiser rate for the Los Angeles Area, plus retiree-only dental and vision coverage through ASCIP; or (2) the lesser of the PEMHCA option they have selected, or the two-party Kaiser rate for the Los Angeles Area; both offset by the District's statutory minimum contribution to PEMHCA. Supplemental benefits are payable until age 65, after which the contribution reverts to the statutory minimum for the retiree's further lifetime.

Employees hired after July 1, 2013 must be at least age 60 at retirement in order to be eligible for District supplemental contributions described above.

Supplemental benefits are pro-rated for employees who worked less than eight hours per day in accordance with the employee contracts.

Three former Board Members, one retired superintendent, and one sitting Board Member are entitled to lifetime District-paid medical, dental, vision and life coverage for retiree and/or spouse.

Employees Covered by Benefit Terms

As of the valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	58
Active employees	297
Total	355

LOWELL JOINT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

Contributions

The required contribution is based on projected pay-as-you-go financing requirements. The District adopted an irrevocable trust in June 2022, with initial contributions posted in July 2023. The trust is reflected in reporting information for fiscal year ending June 30, 2024.

Total OPEB Liability

The District's total OPEB liability of \$10,519,300 for the Plan was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2023. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2023
Inflation	2.50 percent
Salary increases	3.00 percent
Healthcare cost trend rates	6.00 percent decreasing to 4.00 percent

Discount Rate

For OPEB Plans that are not administered through trusts that meet the criteria in paragraph 4, GASB 75 requires a discount rate that is a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Reporting Date	Measurement Date	Fidelity GO AA 20 Years Municipal Index	Discount Rate
June 30, 2023	June 30, 2022	3.69%	3.84%
June 30, 2024	June 30, 2023	3.86%	4.01%

Mortality Rates

Mortality rates are from the CalSTRS Experience Analysis (2015-2018) and CalPERS Experience Study (2000-2019).

LOWELL JOINT SCHOOL DISTRICT*Notes to Financial Statements**June 30, 2024***NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)****District Plan(continued)****Changes in the OPEB Liability**

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at July 1, 2022	<u>\$ 9,901,817</u>	<u>\$ 440,000</u>	<u>\$ 9,461,817</u>
Changes for the year:			
Service cost	707,871	-	707,871
Interest	400,229	-	400,229
Differences between expected and actual experience	(508,212)	-	(508,212)
Employer contributions	-	477,685	(477,685)
Net investment income	-	28,256	(28,256)
Benefit payments	(377,685)	(377,685)	-
Administrative expenses	-	(128)	128
Changes of assumptions	395,280	-	395,280
Net changes	<u>617,483</u>	<u>128,128</u>	<u>489,355</u>
Balance at June 30, 2023	<u><u>\$ 10,519,300</u></u>	<u><u>\$ 568,128</u></u>	<u><u>\$ 9,951,172</u></u>

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

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

Discount Rate	OPEB Liability
1% decrease	\$ 11,624,802
Current discount rate	\$ 9,951,172
1% increase	\$ 8,648,977

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

Healthcare Cost Trend Rate	OPEB Liability
1% decrease	\$ 8,338,912
Current trend rate	\$ 9,951,172
1% increase	\$ 12,093,072

LOWELL JOINT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$677,541. In addition, at June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date of the net OPEB liability	\$ 551,229	\$ -
Differences between expected and actual experience	-	2,661,197
Changes of assumptions	2,520,013	2,764,009
Net difference between projected and actual earnings on OPEB plan investments	-	1,270
Totals	<u>\$ 3,071,242</u>	<u>\$ 5,426,476</u>

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

Year Ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2025	\$ 503,722	\$ 907,741
2026	503,722	907,741
2027	503,722	826,252
2028	442,434	810,234
2029	274,993	800,994
Thereafter	291,420	1,173,514
Totals	<u>\$ 2,520,013</u>	<u>\$ 5,426,476</u>

Medicare Premium Payment (MPP) Program

Plan Description

The MPP Program is a cost-sharing multiple-employer other postemployment benefit (OPEB) plan established pursuant to Chapter 1032, Statutes of 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefit Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022 annual actuarial valuation report, Medicare Premium Payment Program. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <https://www.calstrs.com/general-information/gasb-6768>.

LOWELL JOINT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the DB Program who were retired or began receiving a disability allowance prior to July 1, 2012, and were not eligible for premium-free Medicare Part A. Members who retire on or after July 1, 2012, are not eligible for coverage under the MPP Program.

As of June 30, 2023, 4,457 retirees participated in the MPP Program; however, the number of retired members who will participate in the program in the future is unknown as eligibility cannot be predetermined.

The MPP Program is funded on a pay-as-you-go basis from a portion of monthly employer contributions. In accordance with Education Code section 22950, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Total OPEB Liability

At June 30, 2024, the District reported a liability of \$129,294 for its proportionate share of the net OPEB liability for the MPP Program. The total OPEB liability for the MPP Program as of June 30, 2023, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022 and rolling forward the total OPEB liability to June 30, 2023. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net OPEB liability for the two most recent measurement periods were:

	<u>Percentage Share of MPP Program</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending June 30, 2024</u>	<u>Fiscal Year Ending June 30, 2023</u>	
Measurement Date	<u>June 30, 2023</u>	<u>June 30, 2022</u>	
Proportion of the Net OPEB Liability	0.042610%	0.042838%	-0.000228%

For the year ended June 30, 2024, the District reported OPEB expense of \$(11,819).

LOWELL JOINT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	June 30, 2023
Valuation Date	June 30, 2022
Experience Study	June 30, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	3.65%
Healthcare Cost Trend Rates	4.5% for Medicare Part A, and 5.4% for Medicare Part B

Assumptions were made about future participation (enrollment) into the MPP Program as CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' ages increase. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility but are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 179 or an average of 0.13% of the potentially eligible population of 138,780.

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

Discount Rate

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2023, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund (SMIF), which is a pooled investment program administered by the California State Treasurer.

As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer's 20-Bond GO Index from Bondbuyer.com as of June 30, 2023, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2023, was 3.65%, which is an increase of 0.11% from 3.54% as of June 30, 2022.

LOWELL JOINT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Sensitivity of the Proportionate Share of The Net OPEB Liability to Changes in the Discount Rate

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

Discount Rate	MPP OPEB Liability
1% decrease	\$ 140,516
Current discount rate	\$ 129,294
1% increase	\$ 119,536

Sensitivity of the Proportionate Share of The Net OPEB Liability to Changes in the Medicare Costs Trend Rates

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

Medicare Cost Trend Rates	MPP OPEB Liability
1% decrease	\$ 118,963
Current trend rate	\$ 129,294
1% increase	\$ 140,957

NOTE 9 – PENSION PLANS

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

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

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 21,939,953	\$ 7,687,567	\$ 1,388,717	\$ 4,998,584
CalPERS	11,695,683	6,447,625	1,582,103	2,254,417
Totals	<u>\$ 33,635,636</u>	<u>\$ 14,135,192</u>	<u>\$ 2,970,820</u>	<u>\$ 7,253,001</u>

LOWELL JOINT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION PLANS (continued)

The details of each plan are as follows:

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <https://www.calstrs.com/general-information/gasb-6768>.

Benefits Provided

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

The STRP is a multiple-employer, cost-sharing defined benefit plan composed of four programs: Defined Benefit (DB) Program, Defined Benefit Supplement (DBS) Program, Cash Balance Benefit (CBB) Program and Replacement Benefits (RB) Program. A Supplemental Benefit Maintenance Account (SBMA) exists within the STRP and provides purchasing power protection for DB Program benefits. 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 of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor and obligor of the trust. In addition, the state is both an employer and non-employer contributing entity to the STRP.

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

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire Date	On or before December 31, 2012	On or after January 1, 2013
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	60	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0%-2.4%	2.0%-2.4%
Required Member Contribution Rate	10.25%	10.205%
Required Employer Contribution Rate	19.10%	19.10%
Required State Contribution Rate	10.828%	10.828%

LOWELL JOINT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION 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.

The contribution rates for each program for the year ended June 30, 2024, are presented above, and the District's total contributions were \$3,861,981.

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

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

Total net pension liability, including State share:

District's proportionate share of net pension liability	\$	21,939,953
State's proportionate share of the net pension liability associated with the District		10,512,048
Total	\$	<u>32,452,001</u>

The net pension liability was measured as of June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2024	Fiscal Year Ending June 30, 2023	
Measurement Date	June 30, 2023	June 30, 2022	
Proportion of the Net Pension Liability	0.028807%	0.028543%	0.000264%

LOWELL JOINT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION PLANS (continued)

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

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

For the year ended June 30, 2024, the District recognized pension expense of \$4,998,584. In addition, the District recognized pension expense and revenue of \$(152,656) for support provided by the State. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 3,861,981	\$ -
Net change in proportionate share of net pension liability	1,880,515	214,818
Difference between projected and actual earnings on pension plan investments	93,912	-
Changes of assumptions	127,040	-
Differences between expected and actual experience	1,724,119	1,173,899
Totals	<u>\$ 7,687,567</u>	<u>\$ 1,388,717</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 7 years.

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,	Deferred Outflows of Resources	Deferred Inflows of Resources
2025	\$ 374,904	\$ 608,759
2026	374,904	779,958
2027	2,103,593	-
2028	333,459	-
2029	341,664	-
Thereafter	297,062	-
Totals	<u>\$ 3,825,586</u>	<u>\$ 1,388,717</u>

LOWELL JOINT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION PLANS (continued)

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

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, 2022, and rolling forward the total pension liability to June 30, 2023. Significant actuarial methods and assumptions used in the financial reporting actuarial valuation to determine the total pension liability as of June 30, 2023, include:

Valuation Date	June 30, 2022
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.00%
Inflation	2.75%
Payroll Growth	3.50%

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

The long-term investment rate of return assumption was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process.

The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2023, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public Equity	38.0%	5.25%
Real Estate	15.0%	4.05%
Private Equity	14.0%	6.75%
Fixed Income	14.0%	2.45%
Risk Mitigating Strategies	10.0%	2.25%
Inflation Sensitive	7.0%	3.65%
Cash/Liquidity	2.0%	0.05%

LOWELL JOINT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION PLANS (continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.10%, 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 in accordance with the rate increases. 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 following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 36,802,520
Current discount rate (7.10%)	\$ 21,939,953
1% increase (8.10%)	\$ 9,594,858

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS pursuant to Sections 22954, 22955, and 22955.1 of the *Education Code* and *Public Resources Code* Section 6217.5. Under accounting principles generally accepted in the United States of America, these contributions are reported as revenues and expenditures in the fund financial statements. The total amount recognized by the District for its proportionate share of the State's on-behalf contributions is \$1,681,418.

B. California Public Employees Retirement System (CalPERS)

Plan Description

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

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

LOWELL JOINT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION PLANS (continued)

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

Benefits Provided

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

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

	Schools Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire Date		
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55	62
Required Employee Contribution Rate	7.00%	8.00%
Required Employer Contribution Rate	26.68%	26.68%

Contributions

The benefits for the defined benefit pension plans are funded by contributions from members, employers, non-employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. In some circumstances, contributions are made by the employer to satisfy member contribution requirements. Member and employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Non-employer contributions are not expected each year, but when provided they are accrued for. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2024 are presented above, and the total District contributions were \$1,804,914.

LOWELL JOINT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION PLANS (continued)

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

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

As of June 30, 2024, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$11,695,683. The net pension liability was measured as of June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2024	Fiscal Year Ending June 30, 2023	
Measurement Date	June 30, 2023	June 30, 2022	
Proportion of the Net Pension Liability	0.032310%	0.031352%	0.000957%

For the year ended June 30, 2024, the District recognized pension expense of \$2,254,417. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,804,914	\$ -
Net change in proportionate share of net pension liability	1,025,346	-
Difference between projected and actual earnings on pension plan investments	2,651,741	1,402,475
Changes of assumptions	538,815	-
Differences between expected and actual experience	426,809	179,628
Totals	\$ 6,447,625	\$ 1,582,103

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.8 years.

LOWELL JOINT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION PLANS (continued)

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

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

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	Deferred Outflows	Deferred Inflows
June 30,	of Resources	of Resources
2025	\$ 1,813,589	\$ 798,224
2026	1,616,752	783,879
2027	1,116,052	-
2028	96,318	-
2029	-	-
Thereafter	-	-
Totals	<u>\$ 4,642,711</u>	<u>\$ 1,582,103</u>

Actuarial Methods and Assumptions

Total pension liability for the Schools Pool was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2022 and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of June 30, 2022 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2022
Experience Study	2000-2019
Actuarial Cost Method	Entry age normal
Discount Rate	6.9%
Inflation Rate	2.3%
Salary Increases	Varies by entry age and service

Post-retirement mortality rates are based on CalPERS' experience and include generational mortality improvement using 80 percent of Scale MP 2020 published by the Society of Actuaries. These tables are used to estimate the value of benefits expected to be paid for service and disability retirements. For disability retirements, impaired longevity is recognized by a separate table.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term.

LOWELL JOINT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION PLANS (continued)

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

Actuarial Methods and Assumptions (continued)

The target asset allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Real Return
Global Equity Cap-weighted	30.00%	4.54%
Global Equity Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

Discount Rate

The discount rate used to measure the total pension liability was 6.9%. The discount rate is not adjusted for administrative expenses. The 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 for the pension plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (5.9%)	\$ 16,908,934
Current discount rate (6.9%)	\$ 11,695,683
1% increase (7.9%)	\$ 7,387,049

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 the Social Security as its alternative plan.

D. Payables to the Pension Plans

At June 30, 2024, the District reported payables of \$363,248 and \$219,453 for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, for the fiscal year ended June 30, 2024.

LOWELL JOINT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 10 – JOINT VENTURES

Lowell Joint School District participates in a joint venture under joint powers agreements (JPAs) with the Alliance of Schools for Cooperative Insurance Programs (ASCIP). The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes. Audited financial statements are available from the respective entities.

The JPA provides medical, property and liability insurance coverage and workers' compensation insurance coverage for their members. The JPA is governed by a board consisting of a representative for each district category. The governing board controls the operations of its JPA independent of any influence by the member districts beyond their representation on the governing board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate only to its participation in the JPA.

NOTE 11 – RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2024, the District participated in the ASCIP public entity risk pool for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2024, the District was in the ASCIP JPA for workers' compensation, with York Risk Services Group acting as claims administrator. The District has \$447,201 on hand with ASCIP from separation from the Whittier Area Schools Insurance Authority (WASIA) Joint Powers Agency (JPA) in 2011 for workers' compensation reserves to be held until maturity of prior year claims.

Employee Medical Benefits

The District has contracted with CalPERS to provide employee health and welfare benefits.

NOTE 12 – 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 reimbursement will not be material.

B. Construction Commitments

As of June 30, 2024, the District had commitments with respect to unfinished capital projects of approximately \$4.4 million.

C. Litigation

The District is involved in certain legal matters that arose out of the normal course of business. The District has not accrued a liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30, 2024.

LOWELL JOINT SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 13 – DEFERRED COMPENSATION PLAN

The District has adopted a deferred compensation plan on February 14, 1998 in accordance with Internal Revenue Code Section 457 for its eligible employees. Under this plan, employees may choose to defer income until retirement or termination. The District established a custodial agreement with Credit Union of Southern California (CUSC) and created a custodial account on behalf of the plan participants.

The District makes no contributions under the plan. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, are held in such custodial account for the exclusive benefit of the employee participants and their beneficiaries. The District determined that the custodial account established with CUSC qualifies as a third party trust agreement as described in GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Section 457 Deferred Compensation plans. Accordingly, the Plan net assets are excluded from the accompanying general purpose financial statements.

While the District has full power and authority to administer and to adopt rules and regulations for the plan, all investment decisions under the plan are the responsibility of the plan participants. The District has no liability for losses under the plan, but does have the duty of due care that would be required of an ordinary prudent investor. Under certain circumstances, employees may modify their arrangements with the plan to provide for greater or lesser contributions or to terminate their participation. If participants retire under the plan or terminate service with the District, they may be eligible to receive payments under the plan in accordance with provisions thereof. In the event of serious financial emergency, the District may approve, upon request, withdrawal from the plan by the participants, along with their allocated contributions. At June 30, 2024, assets of the plan totaled \$50,262.

NOTE 14 – ADJUSTMENT FOR RESTATEMENT

The beginning net position on the Statement of Activities and the beginning Fund Balance on the Statement of Revenues, Expenditures, and Changes in Fund Balance was restated by \$82,613 to correct interest revenues and accounts receivable.

		Statement of Revenues, Expenditures, and Changes in Fund Balance	
	Statement of Activities	Building Fund	Special Reserve Fund for Capital Outlay Project
July 1, 2023, as originally stated	\$ 9,572,131	\$ 8,618,893	\$ 14,242,796
Adjustment for interest revenue	82,613	36,274	46,339
July 1, 2023, as restated	<u>\$ 9,654,744</u>	<u>\$ 8,655,167</u>	<u>\$ 14,289,135</u>

NOTE 15 – SUBSEQUENT EVENT

On November 5, 2024, the District passed Measure “P” authorizing the issuance of \$54 million in general obligation bonds to provide safe, modern elementary/intermediate schools; construct, repair/update classrooms, science labs/school facilities to support student achievement and college/career readiness in math, science, technology, arts/engineering; improve disabled student access; and replace deteriorating portables with permanent classrooms.

Required Supplementary Information

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LOWELL JOINT SCHOOL DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget - Pos (Neg)
Revenues				
LCFF sources	\$ 35,414,827	\$ 35,682,088	\$ 35,535,242	\$ (146,846)
Federal sources	3,026,539	2,976,644	2,733,500	(243,144)
Other state sources	1,252,484	3,000,988	4,488,427	1,487,439
Other local sources	3,670,975	4,327,762	4,828,594	500,832
Total Revenues	43,364,825	45,987,482	47,585,763	1,598,281
Expenditures				
Current:				
Certificated salaries	18,212,940	20,520,229	20,322,657	197,572
Classified salaries	6,265,126	6,995,875	7,121,737	(125,862)
Employee benefits	10,639,264	11,448,297	13,214,326	(1,766,029)
Books and supplies	2,892,414	2,665,205	1,898,669	766,536
Services and other operating expenditures	3,588,357	4,099,279	3,375,482	723,797
Transfers of indirect costs	(156,300)	(156,300)	(63,744)	(92,556)
Capital outlay	101,699	507,311	410,910	96,401
Intergovernmental	495,922	514,189	413,238	100,951
Total Expenditures	42,039,422	46,594,085	46,693,275	(99,190)
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,325,403	(606,603)	892,488	1,499,091
Fund Balances, July 1, 2023	15,522,230	20,380,150	20,380,150	-
Fund Balances, June 30, 2024	<u>\$ 16,847,633</u>	<u>\$ 19,773,547</u>	21,272,638	<u>\$ 1,499,091</u>

**Other Fund Balances included in the Statement of Revenues, Expenditures
and Changes in Fund Balances:**

Deferred Maintenance Fund 2,039,713

**Total reported General Fund balance on the Statement of Revenues,
Expenditures and Changes in Fund Balances:**

\$ 23,312,351

LOWELL JOINT SCHOOL DISTRICT*Budgetary Comparison Schedule – Child Development Fund
For the Fiscal Year Ended June 30, 2024*

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget - Pos (Neg)
Revenues				
Other state sources	\$ 1,400,000	\$ 2,076,938	\$ 2,736,654	\$ 659,716
Other local sources	264,000	292,172	174,466	(117,706)
Total Revenues	1,664,000	2,369,110	2,911,120	542,010
Expenditures				
Current:				
Certificated Salaries	662,559	675,898	318,874	357,024
Classified Salaries	601,632	650,695	879,261	(228,566)
Employee Benefits	393,000	393,000	527,189	(134,189)
Books and Supplies	43,015	43,015	122,116	(79,101)
Services and Other Operating Expenditures	552,808	552,808	935,249	(382,441)
Transfers of indirect costs	110,500	110,500	-	110,500
Capital Outlay	32,097	32,097	-	32,097
Total Expenditures	2,395,611	2,458,013	2,782,689	(324,676)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(731,611)	(88,903)	128,431	217,334
Fund Balances, July 1, 2023	155,863	1,357,088	1,357,088	-
Fund Balances, June 30, 2024	\$ (575,748)	\$ 1,268,185	\$ 1,485,519	\$ 217,334

LOWELL JOINT SCHOOL DISTRICT
Schedule of Proportionate Share of the Net Pension Liability-CalSTRS
For the Fiscal Year Ended June 30, 2024

	<i>Last Ten Fiscal Years</i>				
Employer's Fiscal Year Measurement Period	2023-24 2022-23	2022-23 2021-22	2021-22 2020-21	2020-21 2019-20	2019-20 2018-19
District's proportion of the net pension liability	0.0288%	0.0285%	0.0280%	0.0268%	0.0265%
District's proportionate share of the net pension liability	\$ 21,939,953	\$ 19,833,637	\$ 12,723,736	\$ 26,006,899	\$ 23,920,337
State's proportionate share of the net pension liability associated with the District	10,512,048	9,932,608	6,402,090	13,406,560	13,050,141
Totals	<u>\$ 32,452,001</u>	<u>\$ 29,766,245</u>	<u>\$ 19,125,826</u>	<u>\$ 39,413,459</u>	<u>\$ 36,970,478</u>
District's covered-employee payroll	<u>\$ 17,672,593</u>	<u>\$ 16,269,125</u>	<u>\$ 15,346,745</u>	<u>\$ 14,586,397</u>	<u>\$ 14,175,228</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	124.15%	121.91%	82.91%	178.30%	168.75%
Plan fiduciary net position as a percentage of the total pension liability	81%	81%	87%	72%	73%
Employer's Fiscal Year Measurement Period	2018-19 2017-18	2017-18 2016-17	2016-17 2015-16	2015-16 2014-15	2014-15 2013-14
District's proportion of the net pension liability	0.0258%	0.0250%	0.0270%	0.0250%	0.0280%
District's proportionate share of the net pension liability	\$ 23,742,714	\$ 23,149,952	\$ 21,837,870	\$ 16,831,000	\$ 16,831,000
State's proportionate share of the net pension liability associated with the District	13,593,814	13,695,316	12,433,740	8,901,720	10,163,387
Totals	<u>\$ 37,336,528</u>	<u>\$ 36,845,268</u>	<u>\$ 34,271,610</u>	<u>\$ 25,732,720</u>	<u>\$ 26,994,387</u>
District's covered-employee payroll	<u>\$ 13,997,942</u>	<u>\$ 13,252,997</u>	<u>\$ 13,241,445</u>	<u>\$ 12,798,224</u>	<u>\$ 11,954,788</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	169.62%	174.68%	164.92%	131.51%	140.79%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%	70%	74%	77%

LOWELL JOINT SCHOOL DISTRICT
Schedule of Proportionate Share of the Net Pension Liability-CalPERS
For the Fiscal Year Ended June 30, 2024

	<i>Last Ten Fiscal Years</i>				
Employer's Fiscal Year Measurement Period	2023-24 2022-23	2022-23 2021-22	2021-22 2020-21	2020-21 2019-20	2019-20 2018-19
District's proportion of the net pension liability	0.0323%	0.0314%	0.0300%	0.0272%	0.0260%
District's proportionate share of the net pension liability	\$ 11,695,683	\$ 10,788,018	\$ 6,106,815	\$ 8,358,040	\$ 7,588,302
District's covered-employee payroll	\$ 5,596,500	\$ 4,781,536	\$ 4,366,932	\$ 3,928,640	\$ 3,717,220
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	208.98%	225.62%	139.84%	212.75%	204.14%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	81%	70%	70%
Employer's Fiscal Year Measurement Period	2018-19 2017-18	2017-18 2016-17	2016-17 2015-16	2015-16 2014-15	2014-15 2013-14
District's proportion of the net pension liability	0.0258%	0.0267%	0.0279%	0.0285%	0.0266%
District's proportionate share of the net pension liability	\$ 6,866,935	\$ 6,371,011	\$ 5,510,267	\$ 4,200,928	\$ 3,022,553
District's covered-employee payroll	\$ 3,428,691	\$ 3,410,354	\$ 3,413,413	\$ 3,071,880	\$ 2,977,583
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	200.28%	186.81%	161.43%	136.75%	101.51%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%	74%	79%	83%

LOWELL JOINT SCHOOL DISTRICT
Schedule of Pension Contributions-CalSTRS
For the Fiscal Year Ended June 30, 2024

	<i>Last Ten Fiscal Years</i>				
Employer's Fiscal Year	2023-24	2022-23	2021-22	2020-21	2019-20
Contractually required contribution	\$ 3,861,981	\$ 3,375,465	\$ 2,752,736	\$ 2,478,499	\$ 2,494,274
Contributions in relation to the contractually required contribution	3,861,981	3,375,465	2,752,736	2,478,499	2,494,274
Contribution deficiency (excess):	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 20,219,794	\$ 17,672,593	\$ 16,269,125	\$ 15,346,745	\$ 14,586,397
Contributions as a percentage of covered-employee payroll	19.10%	19.10%	16.92%	16.15%	17.10%
Employer's Fiscal Year	2018-19	2017-18	2016-17	2015-16	2014-15
Contractually required contribution	\$ 2,307,727	\$ 2,019,903	\$ 1,667,227	\$ 1,420,807	\$ 1,136,482
Contributions in relation to the contractually required contribution	2,307,727	2,019,903	1,667,227	1,420,807	1,136,482
Contribution deficiency (excess):	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 14,175,228	\$ 13,997,942	\$ 13,252,997	\$ 13,241,445	\$ 12,798,224
Contributions as a percentage of covered-employee payroll	16.28%	14.43%	12.58%	10.73%	8.88%

LOWELL JOINT SCHOOL DISTRICT
Schedule of Pension Contributions-CalPERS
For the Fiscal Year Ended June 30, 2024

	<i>Last Ten Fiscal Years</i>				
Employer's Fiscal Year	2023-24	2022-23	2021-22	2020-21	2019-20
Contractually required contribution	\$ 1,804,914	\$ 1,419,832	\$ 1,095,450	\$ 903,955	\$ 774,767
Contributions in relation to the contractually required contribution	<u>1,804,914</u>	<u>1,419,832</u>	<u>1,095,450</u>	<u>903,955</u>	<u>774,767</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 6,765,045</u>	<u>\$ 5,596,500</u>	<u>\$ 4,781,536</u>	<u>\$ 4,366,932</u>	<u>\$ 3,928,640</u>
Contributions as a percentage of covered-employee payroll	<u>26.680%</u>	<u>25.370%</u>	<u>22.910%</u>	<u>20.700%</u>	<u>19.721%</u>
Employer's Fiscal Year	2018-19	2017-18	2016-17	2015-16	2014-15
Contractually required contribution	\$ 671,404	\$ 532,510	\$ 473,630	\$ 404,387	\$ 361,591
Contributions in relation to the contractually required contribution	<u>671,404</u>	<u>532,510</u>	<u>473,630</u>	<u>404,387</u>	<u>361,591</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 3,717,220</u>	<u>\$ 3,428,691</u>	<u>\$ 3,410,354</u>	<u>\$ 3,413,413</u>	<u>\$ 3,071,880</u>
Contributions as a percentage of covered-employee payroll	<u>18.062%</u>	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

LOWELL JOINT SCHOOL DISTRICT

Schedule of Changes in the District's Total OPEB Liability and Related Ratios For the Fiscal Year Ended June 30, 2024

Last Ten Fiscal Years*

Employer's Fiscal Year Measurement Period	2023-24 2022-23	2022-23 2021-22	2021-22 2020-21	2020-21 2019-20	2019-20 2018-19	2018-19 2017-18	2017-18 2016-17
Total OPEB liability							
Service cost	\$ 707,871	\$ 732,777	\$ 615,993	\$ 600,464	\$ 489,135	\$ 455,123	\$ 441,867
Interest	400,229	252,909	358,485	389,044	385,262	328,707	318,118
Differences between expected and actual experience	(508,212)	-	(3,268,001)	-	(127,892)	-	-
Changes of assumptions or other inputs	395,280	(3,338,234)	1,125,260	1,623,317	1,317,728	(742,533)	-
Benefit payments	(377,685)	(368,608)	(446,920)	(404,329)	(372,730)	(406,789)	(436,312)
Net change in total OPEB liability	617,483	(2,721,156)	(1,615,183)	2,208,496	1,691,503	(365,492)	323,673
Total OPEB liability - beginning	9,901,817	12,622,973	14,238,156	12,029,660	10,338,157	10,703,649	10,379,976
Total OPEB liability - ending	\$ 10,519,300	\$ 9,901,817	\$ 12,622,973	\$ 14,238,156	\$ 12,029,660	\$ 10,338,157	\$ 10,703,649
Plan fiduciary net position							
Contributions - employer	\$ 477,685	\$ 808,608	\$ -	\$ -	\$ -	\$ -	\$ -
Net investment income	28,256	-	-	-	-	-	-
Benefit payments	(377,685)	(368,608)	-	-	-	-	-
Administrative expense	(128)	-	-	-	-	-	-
Net change in plan fiduciary net position	128,128	440,000	-	-	-	-	-
Plan fiduciary net position - beginning	440,000	-	-	-	-	-	-
Plan fiduciary net position - ending	\$ 568,128	\$ 440,000	\$ -	\$ -	\$ -	\$ -	\$ -
District's net OPEB liability - ending	\$ 9,951,172	\$ 9,461,817	\$ 12,622,973	\$ 14,238,156	\$ 12,029,660	\$ 10,338,157	\$ 10,703,649
Plan fiduciary net position as a percentage of the total OPEB liability	5.40%	4.44%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 23,673,982	\$ 19,797,805	\$ 17,499,937	\$ 17,721,154	\$ 17,220,221	\$ 18,705,914	\$ 17,737,894
Total OPEB liability as a percentage of covered-employee payroll	44.43%	50.01%	72.13%	80.35%	69.86%	55.27%	60.34%

* This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.

LOWELL JOINT SCHOOL DISTRICT
Schedule of the OPEB Contributions
For the Fiscal Year Ended June 30, 2024

	<i>Last Ten Fiscal Years*</i>						
Employer's Fiscal Year	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
Measurement Period	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
Actuarially determined contribution	\$ 1,086,942	\$ 808,576	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the actuarially determined contribution	477,685	808,608	-	-	-	-	-
Contribution deficiency (excess)	\$ 609,257	\$ (32)	N/A	N/A	N/A	N/A	N/A
Covered-employee payroll	\$ 23,673,982	\$ 19,797,805	\$ 17,499,937	\$ 17,721,154	\$ 17,220,221	\$ 18,705,914	\$ 17,737,894
Contributions as a percentage of covered-employee payroll	2.02%	4.08%	0.00%	0.00%	0.00%	0.00%	0.00%

** This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

LOWELL JOINT SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program

For the Fiscal Year Ended June 30, 2024

Employer's Fiscal Year Measurement Period	Last Ten Fiscal Years*						
	2023-24 2022-23	2022-23 2021-22	2021-22 2020-21	2020-21 2019-20	2019-20 2018-19	2018-19 2017-18	2017-18 2016-17
District's proportion of net OPEB liability	0.0426%	0.0428%	0.0420%	0.0407%	0.0409%	0.0406%	0.0398%
District's proportionate share of net OPEB liability	\$ 129,294	\$ 141,112	\$ 167,632	\$ 172,356	\$ 152,439	\$ 155,497	\$ 167,616
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	(0.96%)	(0.94%)	(0.80%)	(0.71%)	(0.81%)	0.40%	0.01%

* This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.

LOWELL JOINT SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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

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

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

Schedule of the District's Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District.

Change in benefit terms – There were no changes in benefit terms since the previous valuations for either CalSTRS and CalPERS.

Change of assumptions - There were no changes in economic assumptions since the previous valuations for either CalSTRS or CalPERS.

Schedule of District Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution.

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

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

Change in benefit terms – There were no changes in benefit terms since the previous valuation.

Change of assumptions – Liability changes resulting from changes in economic and demographic assumptions are deferred based on the average working life. The discount rate was changed from 3.84 percent to 4.01 percent since the previous valuation.

LOWELL JOINT SCHOOL DISTRICT

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024*

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program

This schedule presents information on the District's proportionate share of the net OPEB liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented. As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP program; therefore, the covered payroll disclosure is not applicable.

Change in benefit terms – There were no changes in benefit terms since the previous valuation.

Change of assumptions – The discount rate was changed from 3.54 percent to 3.65 percent since the previous valuation.

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Supplementary Information

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LOWELL JOINT SCHOOL DISTRICT
Schedule of Average Daily Attendance
For the Fiscal Year Ended June 30, 2024

	Second Period Report	Annual Report
Regular ADA & Extended Year:		
TK/Grades K-3	1,275.44	1,276.48
Grades 4-6	900.45	898.03
Grades 7-8	698.68	695.58
Total ADA	2,874.57	2,870.09

LOWELL JOINT SCHOOL DISTRICT*Schedule of Instructional Time**For the Fiscal Year Ended June 30, 2024*

Grade Level	Instructional Minutes Requirement	Instructional Minutes Offered	Instructional Days Offered	Status
Kindergarten	36,000	46,170	180	Complied
Grade 1	50,400	54,590	180	Complied
Grade 2	50,400	54,590	180	Complied
Grade 3	50,400	54,590	180	Complied
Grade 4	54,000	54,590	180	Complied
Grade 5	54,000	54,590	180	Complied
Grade 6	54,000	54,590	180	Complied
Grade 7	54,000	60,367	180	Complied
Grade 8	54,000	60,230	180	Complied

LOWELL JOINT SCHOOL DISTRICT
Schedule of Financial Trends and Analysis
For the Fiscal Year Ended June 30, 2024

General Fund	(Budget) 2025 ²	2024 ³	2023	2022
Revenues and other financing sources	\$ 42,738,868	\$ 47,585,763	\$ 47,436,484	\$ 40,466,236
Expenditures	48,500,783	46,693,275	41,193,451	38,561,922
Other uses and transfers out	-	-	-	100,000
Total outgo	48,500,783	46,693,275	41,193,451	38,661,922
Change in fund balance (deficit)	(5,761,915)	892,488	6,243,033	1,804,314
Ending fund balance	\$ 15,510,723	\$ 21,272,638	\$ 20,380,150	\$ 14,137,117
Available reserves ¹	\$ 2,654,334	\$ 3,567,176	\$ 1,307,770	\$ 4,930,879
Available reserves as a percentage of total outgo	5.5%	7.6%	3.2%	12.8%
Total long-term debt	\$ 91,711,464	\$ 91,888,708	\$ 88,321,325	\$ 80,436,095
Average daily attendance at P-2	2,870	2,875	2,828	2,894

The General Fund balance has increased by \$7.1 million over the past two years. The fiscal year 2024-25 adopted budget projects a decrease of \$5.7 million. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

The District has experienced an operating surplus in each of the past three years, but anticipates incurring an operating deficit during the 2024-25 fiscal year. Long-term debt has increased by \$11.5 million over the past two years.

Average daily attendance decreased by 19 in 2023-24 compared to 2021-22. Budgeted ADA for 2024-25 is 2,870.

¹ Available reserves consist of all unassigned fund balances in the General Fund.

² Revised Final Budget September, 2024.

³ The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Deferred Maintenance Fund in accordance with the fund type definitions promulgated by GASB Statement No. 54.

LOWELL JOINT SCHOOL DISTRICT*Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
For the Fiscal Year Ended June 30, 2024*

	Special Reserve for Capital Outlay Fund
June 30, 2024, annual financial and budget report (SACS) fund balances	\$ 14,680,763
Adjustments and reclassifications:	
Increasing (decreasing) the fund balance:	
Accounts receivable understated	63,021
Net adjustments and reclassifications	63,021
June 30, 2024, audited financial statement fund balances	\$ 14,743,784

LOWELL JOINT SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Sub-total Expenditures	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
Child Nutrition Cluster:				
School Breakfast Program - Especially Needy	10.553	13526	\$ 175,394	
School Breakfast Program - Basic	10.553	13390	22,248	
National School Lunch Program	10.555	13755	707,290	
USDA Donated Foods	10.555	13391	113,426	
Total Child Nutrition Cluster				<u>\$ 1,018,358</u>
Total U.S. Department of Agriculture				<u>1,018,358</u>
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
Every Student Succeeds Act (ESSA):				
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329		362,099
Title II, Part A, Supporting Effective Instruction	84.367	14341		69,826
Title III, Limited English Proficiency	84.365	14346		26,879
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396		30,235
COVID-19: Education Stabilization Funds:				
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559		1,442,188
Passed through North Orange County SELPA:				
Individuals with Disabilities Education Act (IDEA):				
Special Education Cluster:				
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	746,247	
Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	20,368	
Preschool Local Entitlement, Part B, Sec 611	84.027A	13682	32,595	
Total Special Education Cluster				<u>799,210</u>
Total U.S. Department of Education				<u>2,730,437</u>
Total Expenditures of Federal Awards				<u>\$ 3,748,795</u>

Of the Federal expenditures presented in the schedule, the District provided no Federal awards to subrecipients.

LOWELL JOINT SCHOOL DISTRICT

Note to the Supplementary Information

June 30, 2024

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time

This schedule presents information on the number of instructional days offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 Part 26 of the *Education Code*.

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. The instructional time presented in this schedule includes the days that the District was closed due to the COVID-19 pandemic.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual financial report to the audited financial statements.

Schedule of Expenditures of Federal Awards

The schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. The District did not elect to use the ten percent de minimis indirect cost rate.

Other Information

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LOWELL JOINT SCHOOL DISTRICT
Local Educational Agency Organization Structure
June 30, 2024

The Lowell Joint School District was established in 1906 and is located in the southeastern portion of Los Angeles County and the northwestern portion of Orange County. It serves families from the communities of La Habra, La Habra Heights, and Whittier. There were no changes in the boundaries of the District during the current year. The District operates five elementary schools and one intermediate school.

The Board of Trustees and the District Administration for the fiscal year ending June 30, 2024 were as follows:

GOVERNING BOARD		
Member	Office	Term Expires
Anastasia Shackelford	President	November, 2026
Anthony Zegarra	Vice President	November, 2024
Christina Berg	Clerk	November, 2026
Karen Shaw	Member	November, 2026
Regina L. Woods	Member	November, 2024

DISTRICT ADMINISTRATORS

Jim Coombs,
Superintendent

Rhonda Overby,
Assistant Superintendent, Instruction

Carl Erickson,
Assistant Superintendent, Administrative Services

David Bennett,
Assistant Superintendent, Business Services

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Other Independent Auditors' Reports

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Lowell Joint School District
Whittier, 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 Lowell Joint School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 5, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Nigro + Nigro, PC". The signature is written in a cursive, flowing style.

Murrieta, California
December 5, 2024



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees
Lowell Joint School District
Whittier, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Lowell Joint School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Lowell Joint School District's major federal programs for the year ended June 30, 2024. The Lowell Joint School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Lowell Joint School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Lowell Joint School District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Lowell Joint School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Lowell Joint School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Lowell Joint School 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 Lowell Joint School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Lowell Joint School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Nigro + Nigro, PC".

Murrieta, California
December 5, 2024

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INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

Board of Trustees
Lowell Joint School District
Whittier, California

Report on Compliance

Opinion

We have audited the Lowell Joint School District's (District) compliance with the requirements specified in the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the District's state program requirements identified below for the year ended June 30, 2024.

In our opinion, Lowell Joint School District complied in all material aspects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2024.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above, and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Lowell Joint School District's state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the 2023-24 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the 2023-24 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the 2023-24 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No
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	Not Applicable
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes

Description	Procedures Performed
School Districts, County Offices of Education, and Charter Schools:	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study – Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
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

Independent Study was below the materiality threshold that would require testing.

Areas marked as “Not Applicable” were not operated by the District.

Independent Study ADA was below materiality levels requiring 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 identify in the audit.

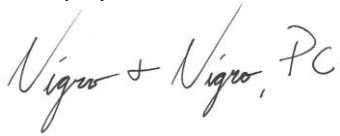
Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Nigro + Nigro, PC".

Murrieta, California
December 5, 2024

Schedule of Findings and Questioned Costs

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LOWELL JOINT SCHOOL DISTRICT

Summary of Auditors' Results

For the Fiscal Year Ended June 30, 2024

Financial Statements

Type of auditors' report issued	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, Section 200.516(a)?	<u>No</u>
Identification of major programs:	
Assistance Listing	
<u>Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.425U</u>	<u>Education Stabilization Fund</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

State Awards

Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>
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LOWELL JOINT SCHOOL DISTRICT

Financial Statement Findings

For the Fiscal Year Ended June 30, 2024

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

Five Digit Code	AB 3627 Finding Types
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no financial statement findings in 2023-24.

LOWELL JOINT SCHOOL DISTRICT
Federal Award Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

This section identifies the audit findings required to be reported by the Uniform Guidance, Section 200.516(a) (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or questioned costs in 2023-24.

LOWELL JOINT SCHOOL DISTRICT
State Award Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

There were no state award findings or questioned costs in 2023-24.

LOWELL JOINT SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2024

Original Finding No.	Finding	Code	Recommendation	Current Status
<i>Finding 2023-001: Cash Reconciliation</i>	According to Education Code 41017, the governing board of any school district or any county office of education may authorize any school district governed by it, or any school under its jurisdiction to deposit in one or more bank accounts as clearing accounts any miscellaneous receipts received or collected by the school district and may provide for the withdrawals from those accounts. All moneys in those bank accounts shall be paid into the county treasury within the time periods specified pursuant to Section 41001, which specifies that deposits to treasury should be made in no event less frequently than monthly. The District maintains a clearing account for child care fee payments. Although this bank account was reconciled, the account was not cleared to the county treasury throughout the 2023-24 fiscal year, nor was the related revenue recorded in the District's financial system or unaudited actuals.	30000	We recommend that the District adopt procedures to ensure that all clearing accounts are cleared monthly to the county treasury.	Implemented.
<i>Finding 2023-002: Transitional Kindergarten</i>	Pursuant to Education Code Section 48000(g)(1), an LEA shall maintain an average transitional kindergarten class enrollment of not more than 24 pupils for each school site. Two school sites exceeded the average enrollment of 24 pupils. Macy Elementary had an average enrollment of 24.25 and Meadow Green Elementary had an average of 24.75 students per class.	40000	We recommend that the District continue to monitor the average class enrollment and adjust classes as needed to meet the requirement.	Implemented.
<i>Finding 2023-003: Attendance Accounting Repeat finding of 2022-002</i>	California Education Code section 46000 states: Attendance in all schools and classes shall be recorded and kept according to regulations prescribed by the State Board of Education, subject to the provisions of this chapter. Good internal controls require the District to review its pupil attendance reporting processes and ensure that attendance policies and procedures are maintained and followed at all school sites.	10000	We recommend that the District develop policies and procedures, and implement controls to ensure that pupil attendance is recorded and reported consistently and accurately.	Implemented.

LOWELL JOINT SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2024

Original Finding No.	Finding	Code	Recommendation	Current Status
.	During our review of P-2 ADA totals reported by the District to CDE, we noted that TK was overstated on line B-5 by 3.67.			



To the Board of Trustees
Lowell Joint School District
Whitter, California

In planning and performing our audit of the basic financial statements of Lowell Joint School District for the year ending June 30, 2024, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are an opportunity for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 5, 2024 on the financial statements of Lowell Joint School District.

Observation: During our testing of cash receipts we noted several collections that were not deposited in a timely manner.

Recommendation: Deposits should be made on a weekly basis or more often as needed. Money should never be left over the weekend or holidays because thefts often occur during these times.

Observation: During our review of bank reconciliations, it was noted that Nutrition Services is preparing the reconciliations on a monthly basis, however, there is not a second person reviewing these reconciliations. Furthermore, the Fiscal department is preparing bank reconciliations every quarter instead of monthly.

Recommendation: We recommend the District perform monthly bank reconciliations within two weeks after the statement arrives. Furthermore, a second individual should review the bank reconciliation and initial and date the bank statement and reconciliation as evidence they were reviewed.

Observation: The District has not taken a physical inventory of capital assets in a number of years. As a result, we observed several capital asset items on the District's capital asset inventory that were several years old (in some cases, as much as 40 years old), which are likely no longer owned or in use. In addition, there is not a consistent process in place to reconcile capital asset disposals to the asset listing, potentially causing the District to continue to report assets that were disposed of previously.

Recommendation: The District should either hire a consultant to perform a full physical inventory of all capital assets, or it should identify employees that can perform the inventory count in-house.

We will review the status of the current year comments during our next audit engagement.

A handwritten signature in cursive script that reads "Nigro + Nigro, PC".

Murrieta, California
December 5, 2024

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon issuance and delivery of the Series 2025 Bonds, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, proposes to render its final approving opinion with respect to the Series 2025 Bonds in substantially the following form:

[Date of Delivery]

Lowell Joint School District
Whittier, California

Lowell Joint School District
(Orange and Los Angeles Counties, California)
General Obligation Bonds, Election of 2024, Series 2025
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Lowell Joint School District (the “District”), which is located in the County of Orange, California and the County of Los Angeles, California (together, the “Counties”), in connection with the issuance by the District of \$_____ aggregate principal amount of bonds designated as “Lowell Joint School District (Orange and Los Angeles Counties, California) General Obligation Bonds, Election of 2024, Series 2025” (the “Series 2025 Bonds”), representing part of an issue in the aggregate principal amount of \$54,000,000 authorized at an election held in the District on November 5, 2024. The Series 2025 Bonds are issued under and pursuant to a resolution of the Board of Trustees of the District adopted on August 4, 2025 (the “Resolution”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution.

In such connection, we have reviewed the Resolution, the Tax Certificate of the District, dated the date hereof (the “Tax Certificate”), certificates of the District, the Counties and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Series 2025 Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Series 2025 Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Series 2025 Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery of each such document by each party thereto other than the District and that each such document constitutes a valid and binding agreement of such party. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that

future actions, omissions or events will not cause interest on the Series 2025 Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Series 2025 Bonds, the Resolution and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities such as the District or the Counties in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the property described in or as subject to the lien of the Resolution, or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, dated _____, 2025, or other offering material relating to the Series 2025 Bonds and express no view with respect thereto.

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

1. The Series 2025 Bonds constitute valid and binding obligations of the District.
2. The Resolution has been duly and legally adopted and constitutes a valid and binding obligation of the District.
3. The Board of Supervisors of the County of Orange and the Board of Supervisors of the County of Los Angeles, respectively, have power and are obligated to levy ad valorem taxes without limitation as to rate or amount upon all property within the District's boundaries that is located within such county and subject to taxation by the District (except certain personal property which is taxable at limited rates) for the payment of the Series 2025 Bonds and the interest thereon.
4. Interest on the Series 2025 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Series 2025 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the Series 2025 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2025 Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (this “Disclosure Certificate”) is executed and delivered by the Lowell Joint School District (the “District”) in connection with the issuance of \$_____ aggregate principal amount of Lowell Joint School District (Orange and Los Angeles Counties, California) General Obligation Bonds, Election of 2024, Series 2025 (the “Series 2025 Bonds”). The Series 2025 Bonds are being issued pursuant to a resolution adopted by the Board of Trustees of the District on August 4, 2025 (the “Resolution”). The District 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 Series 2025 Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 hereof.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Series 2025 Bonds (including persons holding Series 2025 Bonds through nominees, depositories or other intermediaries).

“Dissemination Agent” shall mean 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 a written acceptance of such designation.

“Financial Obligation” shall mean, for the purposes of the Listed Events set out in Section 5(a)(x) and 5(b)(viii), 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 defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Holder” shall mean the person in whose name any Series 2025 Bond shall be registered.

“Listed Events” shall mean any of the events listed in Section 5(a) or (b) hereof.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the Official Statement, dated _____, 2025 (including all exhibits or appendices thereto), relating to the offer and sale of Series 2025 Bonds.

“Participating Underwriter” shall mean the original underwriter(s) of the Series 2025 Bonds required to comply with the Rule in connection with offering of the Series 2025 Bonds.

“Rule” shall mean 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 nine months after the end of the District’s fiscal year (which due date shall be April 1 of each year, so long as the District’s fiscal year ends on June 30), commencing with the report for the 2024-25 Fiscal Year (which is due not later than April 1, 2026), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 hereof. The Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 hereof; provided, however, that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District’s fiscal year changes, it shall give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Series 2025 Bonds by name and CUSIP number.

(b) Not later than 15 business days prior to the date specified in subsection (a), the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the District shall, in a timely manner, send or cause to be sent to the MSRB a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) (if the Dissemination Agent is other than the District), provide any Annual Report received by it to the MSRB as provided herein; 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 to the MSRB pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

Section 4. Content of Annual Reports. The District’s Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the District’s audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a) hereof, 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 provided to the MSRB in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statements of the District, the Annual Report shall also include the following:

(i) The adopted budget of the District for the then current fiscal year.

(ii) The District’s outstanding debt.

(iii) The total assessed valuation of taxable properties within the District for the then-current fiscal year as shown on the most recent equalized assessment role, if and to the extent provided to the District by the counties in which the District is located (the “Counties” or, individually, a “County”).

(iv) The twenty taxpayers with the greatest combined ownership of taxable property in the District for the then-current fiscal year, as measured by secured assessed valuation, the amount of their respective assessed value, and their percentage of total secured assessed value, if and to the extent provided to the District by the Counties.

(v) The secured tax levies, collections and delinquencies for properties within the territory of the District for the most recently completed fiscal year, if and to the extent provided to the District by the Counties.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been made available to the public on the MSRB’s website. 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 events with respect to the Series 2025 Bonds in a timely manner not later than ten business days after the occurrence of the event:

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers or their failure to perform;
- (v) adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
- (vi) tender offers;
- (vii) defeasances;
- (viii) rating changes;
- (ix) bankruptcy, insolvency, receivership or similar event of the District; or
- (x) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

For the purposes of the event identified in subparagraph (ix), the event 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 U.S. 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 governmental 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.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2025 Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

(i) unless described in paragraph 5(a)(v), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Series 2025 Bonds or other material events affecting the tax status of the Series 2025 Bonds;

(ii) modifications to rights of Series 2025 Bond Holders;

(iii) Series 2025 Bond calls;

(iv) release, substitution, or sale of property securing repayment of the Series 2025 Bonds;

(v) non-payment related defaults;

(vi) 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;

(vii) appointment of a successor or additional paying agent or the change of name of a paying agent; or

(viii) incurrence of a Financial Obligation of the District, 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 Series 2025 Bond Holders.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3 hereof, as provided in Section 3(b) hereof.

(d) Upon the occurrence of a Listed Event described in Section 5(a), or upon the occurrence of a Listed Event described in Section 5(b) which the District determines would be material under applicable federal securities laws, the District shall within ten business days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Series 2025 Bonds pursuant to the Resolution.

(e) The District intends to comply with the Listed Events described in subsection (a)(x) and subsection (b)(viii), and the definition of “Financial Obligation” in Section 2, with reference to the Rule,

any other applicable federal securities laws and the guidance provided by the Securities and Exchange Commission in Release No. 34-83885, dated August 20, 2018 (the “2018 Release”), and any further amendments or written guidance provided by the Securities and Exchange Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

Section 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is 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 Series 2025 Bonds. If such termination occurs prior to the final maturity of the Series 2025 Bonds, the District shall give notice of such termination in a filing with the MSRB.

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 such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be Fieldman, Rolapp & Associates, Inc., doing business as Applied Best Practices.

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 Section 3(a) hereof, Section 4 hereof, or Section 5(a) or (b) hereof, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the District with respect to the Series 2025 Bonds, or the type of business conducted;

(b) the undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2025 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 the Holders in the same manner as 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 Series 2025 Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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 required to be filed pursuant to this Disclosure Certificate, 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 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 or any other event required to be reported.

Section 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Series 2025 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; provided, that any such action may be instituted only in Superior Court of the State of California in and for the County of Orange or in U.S. District Court in or nearest to the County of Orange. 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. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and (if the Dissemination Agent is other than the District), the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it 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 obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2025 Bonds.

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 Series 2025 Bonds, and shall create no rights in any other person or entity.

Section 14. Electronic Signature. Each of the parties hereto agrees that the transaction consisting of this Disclosure Certificate may be conducted by electronic means. Each party agrees and acknowledges that it is such party's intent that, by signing of this Disclosure Certificate using an electronic signature, it is signing, adopting and accepting this Disclosure Certificate, and that signing this Disclosure Certificate using an electronic signature is the legal equivalent of having placed the undersigned officer's handwritten signature on this Disclosure Certificate on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Disclosure Certificate in a usable format.

Dated: _____, 2025

LOWELL JOINT SCHOOL DISTRICT

By: _____

ACCEPTED AND AGREED TO:

**FIELDMAN, ROLAPP & ASSOCIATES,
INC., doing business as Applied Best
Practices, LLC,** as Dissemination Agent

By: _____
Authorized Signatory

EXHIBIT A

**NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: **LOWELL JOINT SCHOOL DISTRICT**

Name of Issue: Lowell Joint School District (Orange and Los Angeles Counties,
California)
General Obligation Bonds, Election of 2024, Series 2025

Date of Issuance: _____, 2025

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Series 2025 Bonds as required by Section 4 of the Continuing Disclosure Certificate of the District, dated _____, 2025. [The District anticipates that the Annual Report will be filed by _____.]

Dated: _____

LOWELL JOINT SCHOOL DISTRICT

APPENDIX E

ORANGE COUNTY TREASURY POOL

Under California Government Code Section (“CGC”) 53601, effective January 1, 2025, the Board of Supervisors of the County of Orange (“Orange County”) became the named fiduciary subject to the prudent investor standard and retained the authority to invest or reinvest the funds of Orange County and the funds of the Educational Districts in the Orange County Treasury.

The primary goal of the Orange County Treasury Pool is to invest public funds in a manner which will provide the maximum security of principal invested with secondary emphasis on providing adequate liquidity to Pool Participants and lastly to achieve a market rate of return within the parameters of prudent risk management while conforming to all applicable statutes and resolutions governing the investment of public funds. The main investing objectives, in order of priority are: Safety, Liquidity and Yield.

The Orange County Auditor-Controller Internal Audit Division audits the Orange County Treasury on a quarterly and annual basis pursuant to CGC 26920(a). In addition, an annual audit as required by CGC 26920(b) and CGC 27134 is conducted by an outside auditor. All investment audit reports and the monthly Treasurer’s Investment Report are available on line at **octreasurer.gov/publicfunds**. (This reference is for convenience of reference only and not considered to be incorporated as part of this Official Statement).

The District’s funds held by the Orange County Treasury are invested in the Orange County Treasury Pool, which pools all of the public funds from the Orange County and the Educational Districts. Neither the District nor the Initial Purchaser has made an independent investigation of the investments in the Orange County Treasury Pool. The value of the various investments in the Orange County Treasury Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. As of January, 31, 2025, Fitch Ratings, LLC has rated the pooled funds in the County Treasury at AA+ for credit risk and a volatility rating of S1.

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Treasurer's Report of Assets in the County Treasury

June 2025



From the Office of
SHARI L. FREIDENRICH, CPA, CCMT, CPFA, ACPFIM
Orange County Treasurer-Tax Collector

COUNTY OF ORANGE

TREASURER’S REPORT OF ASSETS IN THE COUNTY TREASURY

For the Quarter Ended June 30, 2025

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OFFICE OF THE TREASURER-TAX COLLECTOR
SHARI L. FREIDENRICH, CPA, CCMT, CPFA, CPFIM, ACPFIM



ACINTERDEPARTMENTAL COMMUNICATION

Date: August 6, 2025

To: Chair Doug Chaffee
Vice Chair Katrina Foley
Supervisor Janet Nguyen
Supervisor Vicente Sarmiento
Supervisor Donald P. Wagner

From: Shari L. Freidenrich, CPA, CCMT, CPFA, CPFIM, ACPFIM, Orange County Treasurer 

Subject: Treasurer's Report of Assets in the County Treasury for the Quarter Ended June 30, 2025

The Treasurer's Report of Assets in the County Treasury for the quarter ended June 30, 2025 is attached and is online at octreasurer.gov/publicfunds. Pursuant to California Government Code Section (GCS) 53646 (b)(1) and (g), the Orange County Treasurer (Treasurer) is issuing this report listing the public funds in the County Treasury records held by the local agency to the chief executive officer, the internal auditor and the legislative body of the local agencies. This report includes the required information detailed in GCS (b)(2), (3), and (4) and includes other fund account information in the County Treasury records for information purposes. [a](#)

COUNTY TREASURY ASSETS

The report shows the total of all securities, investments and moneys held by the local agency recorded in the County Treasury records as of June 30, 2025. A summary page lists these public funds assets in the County Treasury records for the current month, prior month and prior year. The assets in the County Treasury in the County's custodial accounts as of June 30, 2025 consist of Cash, OCTP (pooled funds), and a Bond Proceeds Account. In addition, as required to disclose per GCS 53646(b)(1), certain bond funds are held with contracted bond trustees, and are not included in this summary. The investment security in the CEO-PP Specific Investment matured in June, and funds were transferred back to County pooled funds. The securities in the FV -Fund 40 were transferred to the Fountain Valley School District to be invested outside the County Treasury by the local agency as allowed under Education Code Section 41015 for surplus funds.

NET POOL INTEREST EARNINGS APPORTIONEMNT PER GCS 53647 et seq & 27013, 27133(f)

Interest on all money deposited belongs to, and shall be paid quarterly into the general fund of the local agency, unless directed by the governing board or law to be paid to another fund and administrative expense related to investing, depositing, banking, auditing, reporting or handling of the funds may be deducted. Monthly, the Treasurer calculates total interest earnings to be paid to the appropriate fund account. The actual cash payments for February 2025, March 2025 and April 2025 interest apportionments are expected to be paid in May 2025, June 2025, and July 2025 respectively.

TEMPORARY TRANSFERS PER CONSTITUTION ARTICLE XVI SECTION 6

The Treasurer has the power and duty pursuant to the Constitution and the Board of Supervisor's Resolution 24-011 to make temporary transfers to school districts to address their short-term cash flow needs. The loans are secured by tax receipts to be received by the County Treasurer, as the banker for the school districts. There were no temporary transfers outstanding as of June 30, 2025.

COUNTY TREASURY REPORTS STATUS AND COMPLIANCE SUMMARY

On June 19, 2025, Eide Bailly (on behalf of the Auditor-Controller (AC)) issued the Annual Schedule of Assets Audit of the County Treasury for the period ending June 30, 2024 with an unmodified opinion. The delay in issuance of this report was due to the change in the basis of accounting requested by the AC from a cash modified basis to a full accrual basis.

The following reports are outstanding and a compliance summary and status are included in a separate section of this report:

- 1) The Quarterly Schedule of Assets Review reports of the County Treasury for the periods ending September 30, 2024, December 31, 2024 and March 31, 2025 by the AC are in process (engagement letter signed on August 4, 2025).
- 2) The Annual Compliance Audit report of the County Treasury's Compliance with California Government Code Article 6 as of June 30, 2024 by an external auditor is in process (engagement letter signed on July 24, 2025)
- 3) The Quarterly Compliance Monitoring reports of the County Treasurer as directed by the Treasury Oversight Committee for the periods September 30, 2024 and December 31, 2024 are in process (engagement letter signed on July 30, 2025).

The delay in the Quarterly Schedule of Assets reports was due to the need to update the engagement letter to reflect the changes in scope requested by the AC in the basis of accounting from a modified cash basis to a modified accrual basis of accounting. The delay in the compliance related reports is due to the need to update the engagement letter time periods to reflect the Board's actions that dissolved the Treasury Oversight Committee on March 11, 2025 and deleted the Treasurer's 2025 Investment Policy Statement (IPS). The GCS Article 6. Treasury Oversight Committee code section 27134 requiring an annual compliance audit and the Treasurer's requirement to report compliance per GCS Article 6 27133 et seq and GCS 53646(b)(2) are no longer applicable as the IPS submitted by the Treasurer was not reviewed or approved by the Board pursuant to GCS 53646(a)(1). The Board Resolution approving an Investment Policy (IP) on February 11, 2025 directs the County Investment Manager to report compliance with the IP.

Although the above reports have been delayed, asset amounts and status in the compliance summary have been reported timely in the prior monthly Treasurer's reports.

As stated last month and as allowed by GCS 53646 (b)(4), the Treasurer will report the detailed subsidiary ledger of investments and the compliance summary on a quarterly basis versus the monthly method used previously and expects to continue to provide a condensed monthly report highlighting key County Treasury asset and other information.

CERTIFICATION OF COUNTY TREASURY RECORDS PER GCS 53646 (b)(3)

I certify that this report includes the cash and investments in the records of the County Treasury maintained by the Treasurer as of June 30, 2025. Based on the Treasurer's pooled cash forecast that includes investment maturities, estimated deposits and estimated withdrawals, the local agencies have the ability to meet the pooled funds' expected expenditures for the next six months. I am available if you have any questions on the Treasurer's Report of Assets in the County Treasury at (714) 615-1421.

Enclosures

cc: Distribution List

ORANGE COUNTY TREASURER-TAX COLLECTOR
Summary of Assets in the County Treasury*
June 30, 2025

Assets:

OCTP

	June 30, 2025				May 30, 2025		June 30, 2024		
	<u>Market Value</u>	<u>Book Value</u>	<u>NAV</u>	<u>YTD Interest Income</u>	<u>Market Value</u>	<u>NAV</u>	<u>Market Value</u>	<u>NAV</u>	<u>YTD Interest Income</u>
Cash	\$38,389,031	\$38,389,031	1.0000	**	\$26,788,405	1.0000	\$54,250,863	1.0000	**
Investments	\$15,487,662,924	\$15,630,982,384	1.0017	\$643,793,997	\$15,581,173,156	1.0010	\$15,032,313,486	0.9944	\$644,293,424
Pooled Assets in the County Treasury	\$15,526,051,955	\$15,669,371,415	0.990853528	\$643,793,997	\$15,607,961,561		\$15,086,564,349		\$644,293,424

Specific Investments

FV-Fund 40

	June 30, 2025				May 30, 2025		June 30, 2024		
	<u>Market Value</u>	<u>Book Value</u>	<u>NAV</u>	<u>YTD Interest Income***</u>	<u>Market Value</u>	<u>NAV</u>	<u>Market Value</u>	<u>NAV</u>	<u>YTD Interest Income</u>
Investments	\$0	\$0	N/A	\$912,939	\$33,717,562	0.9985	\$32,935,752	0.9766	\$866,144

Pension Prepayment - CEO

	June 30, 2025				May 30, 2025		June 30, 2024		
	<u>Market Value</u>	<u>Book Value</u>	<u>NAV</u>	<u>YTD Interest Income</u>	<u>Market Value</u>	<u>NAV</u>	<u>Market Value</u>	<u>NAV</u>	<u>YTD Interest Income</u>
Investments	\$0	\$0	N/A	\$25,266,017	\$522,307,915	1.0004	\$500,069,987	1.0004	\$22,971,618

Bond Proceeds

CCCD-Bond Proceeds

	June 30, 2025				May 30, 2025		June 30, 2024		
	<u>Market Value</u>	<u>Book Value</u>	<u>NAV</u>	<u>YTD Interest Income</u>	<u>Market Value</u>	<u>NAV</u>	<u>Market Value</u>	<u>NAV</u>	<u>YTD Interest Income</u>
Investments	\$23,764,483	\$24,718,245	0.9614	\$796,586	\$23,555,270	0.9536	\$22,480,812	0.9383	\$805,454

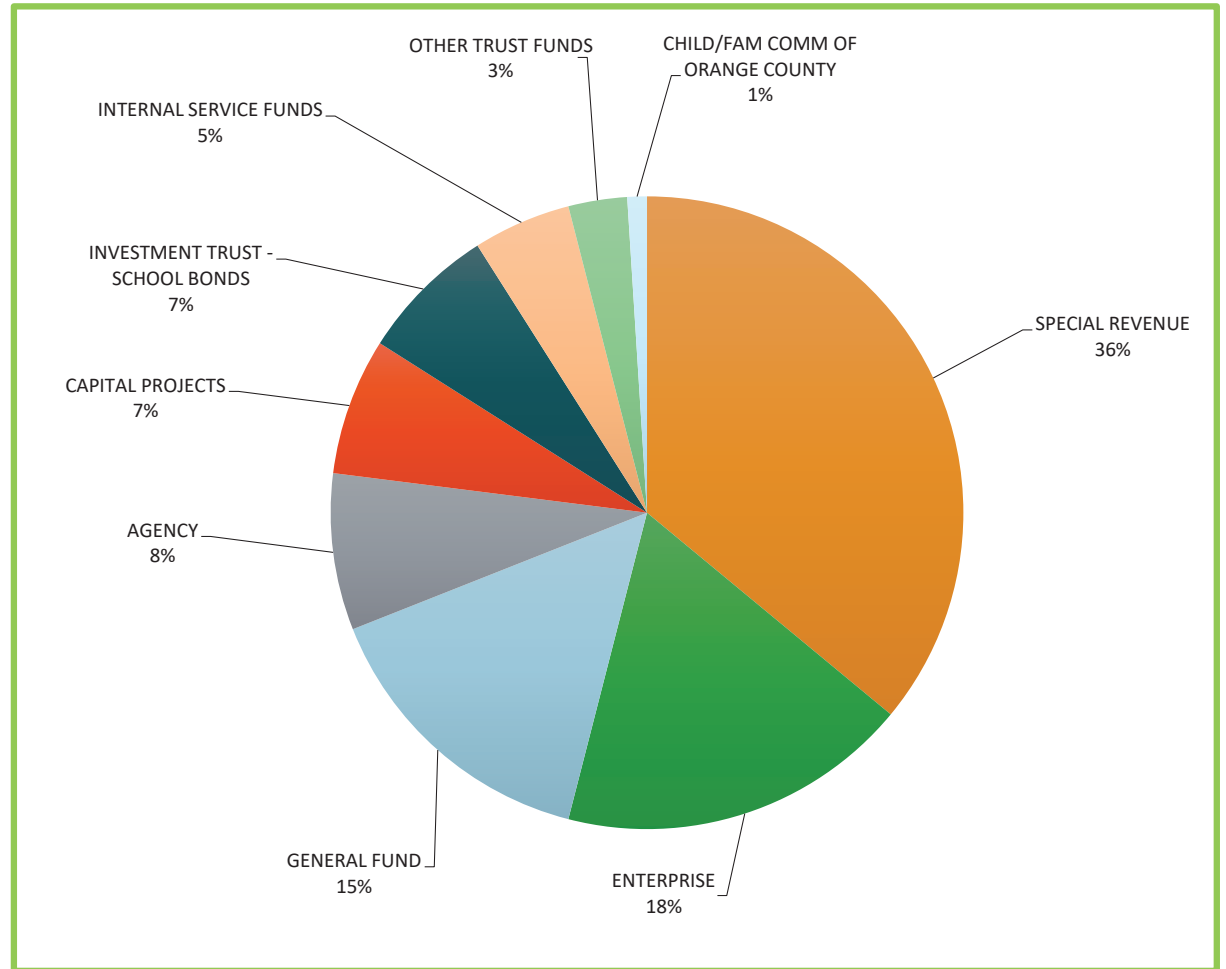
* Market Valuation Source: Northern Trust

** Cash at Bank accrues ECR used to pay banking related costs.

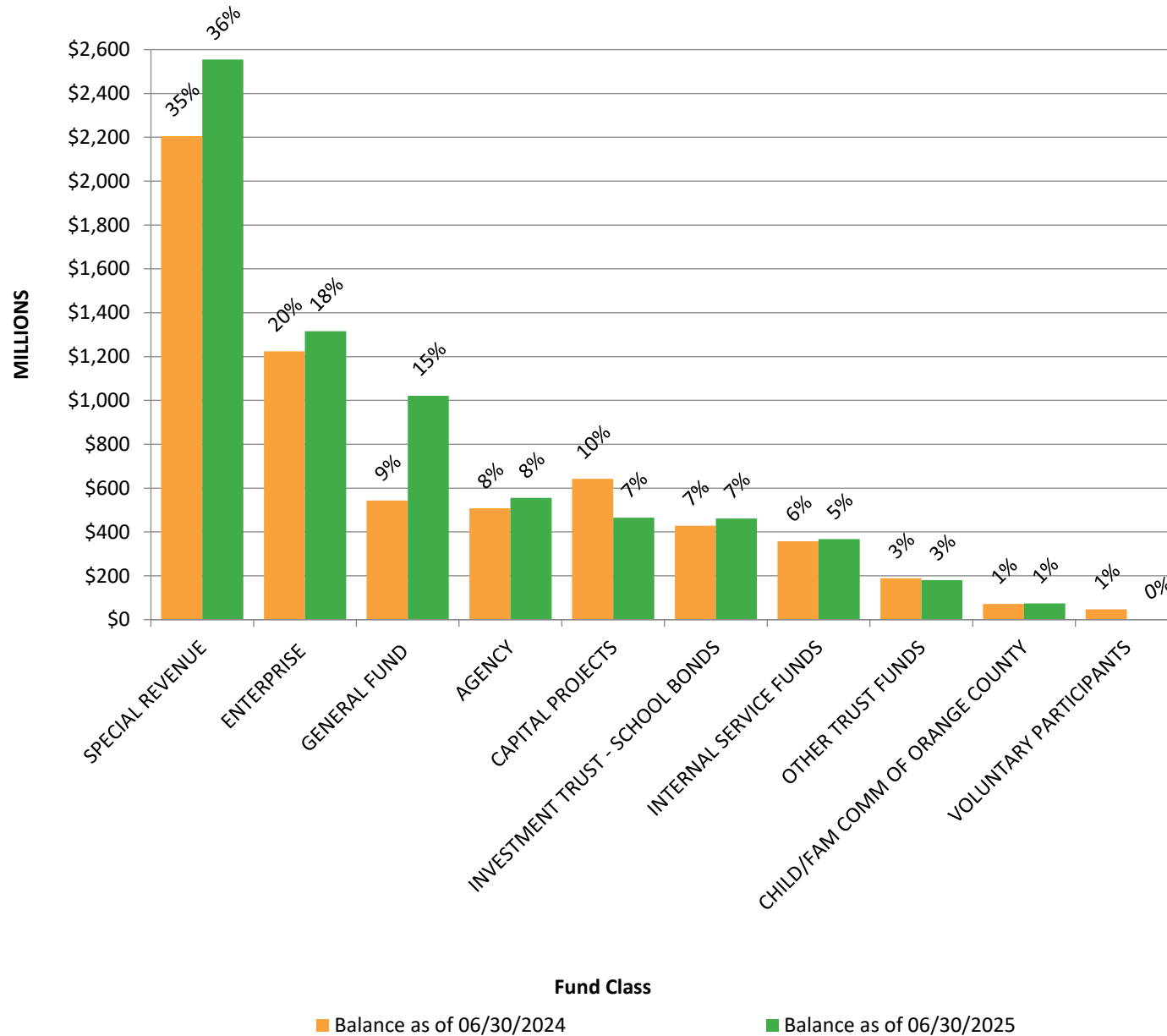
*** FV-Fund 40: reported net earnings of \$912,939 piro to securities transfer. An accrual of \$787,844.80 was reversed at the time of transfer and reconciled.

**ORANGE COUNTY INVESTMENT POOL
COMPOSITION BY ACCOUNTING FUND
AS OF JUNE 30, 2025**

ACCOUNTING FUND	BALANCE
SPECIAL REVENUE	\$ 2,554,037,752
ENTERPRISE	1,315,758,085
GENERAL FUND	1,020,959,071
AGENCY	555,184,715
CAPITAL PROJECTS	464,901,957
INVESTMENT TRUST - SCHOOL BONDS	461,348,440
INTERNAL SERVICE FUNDS	367,271,759
OTHER TRUST FUNDS	179,923,386
CHILD/FAM COMM OF ORANGE COUNTY	74,604,940
TOTAL	<u>\$ 6,993,990,105</u>

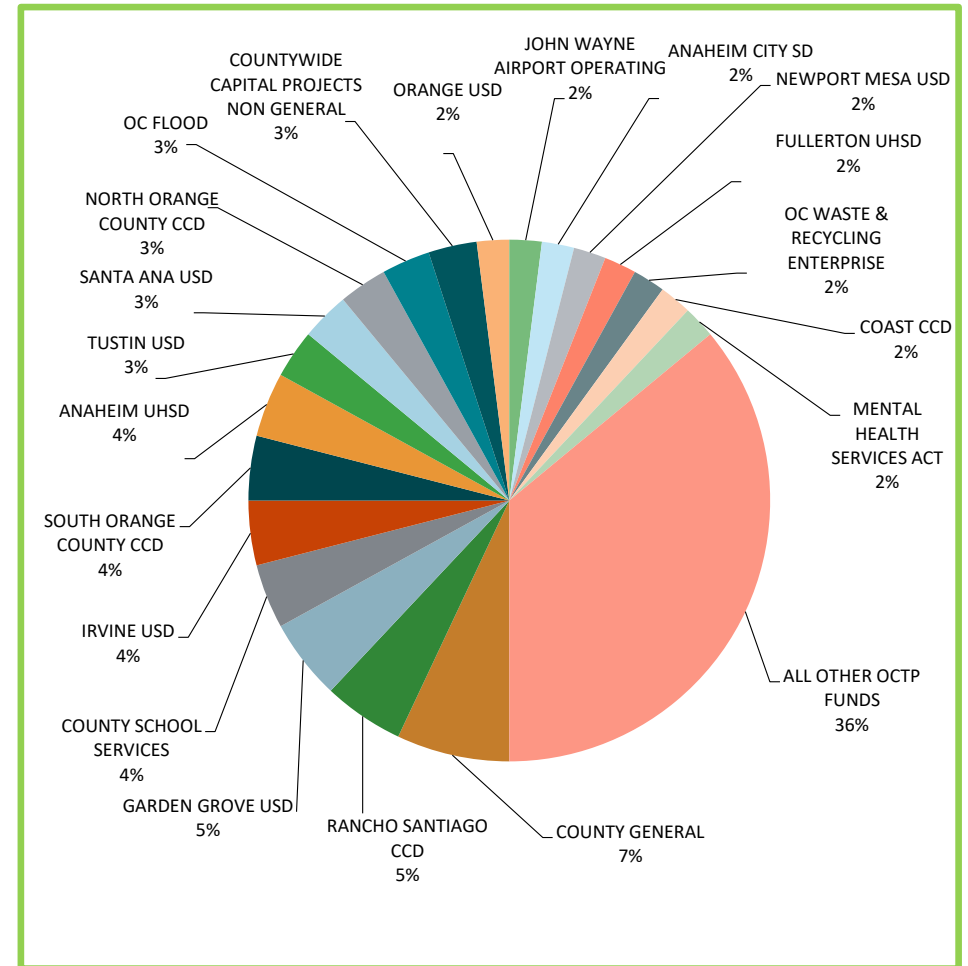


**ORANGE COUNTY INVESTMENT POOL
COMPOSITION BY ACCOUNTING FUND
AS OF JUNE 30, 2025**



**ORANGE COUNTY TREASURY POOL
TOP 20 POOL PARTICIPANTS - ACCOUNTING FUND NUMBERS
AS OF JUNE 30, 2025**

FUND #	FUND ACCOUNT NAME	BALANCE ⁽¹⁾
100	COUNTY GENERAL	\$ 1,020,932,332
92	RANCHO SANTIAGO CCD	787,097,756
72	GARDEN GROVE USD	774,110,226 (1)
94	COUNTY SCHOOL SERVICES	665,647,991
75	IRVINE USD	661,794,539 (1)
96	SOUTH ORANGE COUNTY CCD	592,507,964
64	ANAHEIM UHSD	556,895,018 (1)
87	TUSTIN USD	514,161,253 (1)
84	SANTA ANA USD	418,836,225 (1)
88	NORTH ORANGE COUNTY CCD	417,600,946 (1)
400	OC FLOOD	407,209,468
15D	COUNTYWIDE CAPITAL PROJECTS NON GENERAL	388,778,617
80	ORANGE USD	349,117,545 (1)
280	JOHN WAYNE AIRPORT OPERATING	307,393,954
04	ANAHEIM CITY SD	282,152,598 (1)
78	NEWPORT MESA USD	272,166,266 (1)
70	FULLERTON UHSD	265,554,241 (1)
299	OC WASTE & RECYCLING ENTERPRISE	247,769,647
90	COAST CCD	245,424,230 (1)
13Y	MENTAL HEALTH SERVICES ACT	234,312,634
	ALL OTHER OCTP FUNDS	6,116,588,505 (1)
	TOTAL	<u>\$ 15,526,051,955</u>



(1) BALANCES INCLUDE GENERAL OBLIGATION BOND PROCEEDS

Department of Education Bond Fund Balances
From 06/30/2024 to 06/30/2025

Fund	Description	PRIOR YEAR 06/30/2024	PRIOR MONTH 05/31/2025	CURRENT MONTH 06/30/2025	Monthly \$ Change	Year \$ Change	Yearly % Change
042128	ANAHEIM ESD GOB EL 2010, SERIES 2016 (3)	344,669.88	-	-	-	(344,669.88)	-100.00%
042130	ANAHEIM ESD GOB EL 2016, SER 2018A	2,495,338.74	1,444,160.82	1,386,633.48	(57,527.34)	(1,108,705.26)	-44.43%
042131	ANAHEIM ESD GOB EL 2010, SERIES 2019	18,728,921.58	11,472,261.66	11,180,567.21	(291,694.45)	(7,548,354.37)	-40.30%
042132	ANAHEIM ESD GOB EL 2010 SERIES 2022	31,386,602.72	21,172,364.69	19,313,395.14	(1,858,969.55)	(12,073,207.58)	-38.47%
042133	ANAHEIM ESD GOB EL 2016 SERIES B	88,637,040.20	83,837,814.59	84,077,822.20	240,007.61	(4,559,218.00)	-5.14%
082121	BUENA PARK SD GO BOND 2014, MEASURE B SERIES 2021	539,882.86	103,080.99	103,435.89	354.90	(436,446.97)	-80.84%
082122	BUENA PARK SD GOB EL 2014 SERIES 2023	12,387,834.60	6,776,868.97	5,784,735.19	(992,133.78)	(6,603,099.41)	-53.30%
082123	BUENA PARK SD GOB EL 2024 SERIES 2025	-	29,623,868.51	29,482,336.70	(141,531.81)	29,482,336.70	100.00%
122124	CENTRALIA SD GOB EL 2016, SERIES 2020B	1,381,682.90	1,436,916.94	1,441,864.10	4,947.16	60,181.20	4.36%
122126	CENTRALIA ESD GOB EL 2016 SERIES C	4,985,576.73	2,794,598.05	1,041,079.05	(1,753,519.00)	(3,944,497.68)	-79.12%
222121	FULLERTON ELEM BLDG FUND	844.19	877.93	880.95	3.02	36.76	4.35%
222124	FULLERTON ESD GOB EL 2024 SERIES A	-	45,459,345.86	42,738,859.49	(2,720,486.37)	42,738,859.49	100.00%
302123	LA HABRA SD GOB EL 2024 SERIES A	-	19,495,126.00	19,508,214.65	13,088.65	19,508,214.65	100.00%
302128	LA HABRA CSD GOB EL 2012, SER 2018D	13.20	13.75	13.80	0.05	0.60	4.55%
302129	LA HABRA CITY SD EL 2012, SERIES 2021E	167,581.16	39.59	39.73	0.14	(167,541.43)	-99.98%
382121	OCEAN VIEW SD GOB EL 2016, SER 2017A	164.16	0.67	0.67	-	(163.49)	-99.59%
382122	OCEAN VIEW USD GOB EL 2016 SERIES C	24,705.71	101.32	101.67	0.35	(24,604.04)	-99.59%
382124	OCEAN VIEW SD GOB EL 2016, SERIES 2020B	10,696.43	42.88	43.03	0.15	(10,653.40)	-99.60%
382126	OCEAN VIEW SD GOB EL 2016, SERIES D	15,415,345.38	15,218.35	434.48	(14,783.87)	(15,414,910.90)	-99.997%
602127	WESTMINSTER SD EL 2016 SERIES 2020C	8,667,648.10	57,060.00	18,777.38	(38,282.62)	(8,648,870.72)	-99.78%
602128	WESTMINSTER SD GOB EL 2016 SERIES D	-	0.03	-	(0.03)	-	0.00%
602129	WESTMINSTER SD GOB EL 2016 SERIES E	8,532,007.09	2,551.11	-	(2,551.11)	(8,532,007.09)	-100.00%
642127	ANAHEIM UHSA GOB EL 2014, SERIES 2019 (2)	154,185.03	-	-	-	(154,185.03)	-100.00%
642128	ANAHEIM UHSD GOB EL 2024 SERIES A	-	-	178,864,241.20	178,864,241.20	178,864,241.20	100.00%
662122	BREA OLINDA GOB EL 1999, SER 2003A BLDG FUND	3.13	1,013.00	1,016.49	3.49	1,013.36	32375.72%
702121	FULLERTON HIGH BLDG	8,671,262.45	9,564,541.87	9,597,865.07	33,323.20	926,602.62	10.69%
702128	FULLERTON JUHSD GOB EL 2014, SER 2019D	-	95.25	95.58	0.33	95.58	100.00%
702129	FULLERTON JUHSD GOB EL 2014 SERIES 2020E	13,515,130.52	8,232,285.10	8,089,591.75	(142,693.35)	(5,425,538.77)	-40.14%
702130	FULLERTON JUHSD GOB EL 2024 SERIES A (2025)	-	119,961,397.80	119,814,333.55	(147,064.25)	119,814,333.55	100.00%
722122	GARDEN GROVE GOB 2010 ELECTION, SERIES B	0.71	-	-	-	(0.71)	-100.00%
722123	GARDEN GROVE GOB 2010 ELECTION, SERIES C	0.14	-	-	-	(0.14)	-100.00%
722126	GARDEN GROVE GOB ELECTION 2016, SERIES 2017	4.49	-	-	-	(4.49)	-100.00%
722127	GARDEN GROVE USD GOB EL 2016 SERIES 2019	423.73	-	-	-	(423.73)	-100.00%
722128	GARDEN GROVE USD EL 2016, SERIES 2021	1,116.07	-	-	-	(1,116.07)	-100.00%
722129	GARDEN GROVE USD GOB EL 2016 SERIES 2022	16,609,164.54	15,372,797.88	14,773,130.15	(599,667.73)	(1,836,034.39)	-11.05%
752121	IRVINE USD SFID#1 GOB EL 2016, SERIES 2016A	99,625,348.09	77,174,533.76	77,044,184.51	(130,349.25)	(22,581,163.58)	-22.67%
772128	LOS ALAMITOS USD GOB EL 2018, SERIES A	0.27	-	-	-	(0.27)	-100.00%
772129	LOS ALAMITOS USD GOB EL 2008, SERIES F	8,443.24	0.32	0.32	-	(8,442.92)	-99.996%
772130	LOS ALAMITOS USD GOB EL 2008 SERIES 2020G	17,410.29	0.12	0.12	-	(17,410.17)	-99.999%

Department of Education Bond Fund Balances
From 06/30/2024 to 06/30/2025

Fund	Description	PRIOR YEAR 06/30/2024	PRIOR MONTH 05/31/2025	CURRENT MONTH 06/30/2025	Monthly \$ Change	Year \$ Change	Yearly % Change
772131	LOS ALAMITOS USD GOB EL 2018 SERIES 2020B	566.62	0.02	0.02	-	(566.60)	-99.996%
772132	LOS ALAMITOS USD GOB EL 2008 SERIES H MEASURE K	12,663.50	99.33	99.67	0.34	(12,563.83)	-99.21%
772133	LOS ALAMITOS USD GOB EL 2018 SERIES C MEASURE G	16,793,658.49	476,589.31	426,632.81	(49,956.50)	(16,367,025.68)	-97.46%
782126	NEWPORT-MESA USD GOB EL 2005, SER 2017	19,284,929.86	3,019,235.31	2,988,219.32	(31,015.99)	(16,296,710.54)	-84.50%
802121	ORANGE USD, GOB ELEC 2016, SERIES 2018	4,904,823.04	3,618,544.45	3,692,248.97	73,704.52	(1,212,574.07)	-24.72%
802122	ORANGE USD GOB EL 2016 SERIES 2022	62,353,285.26	35,906,662.60	35,245,474.10	(661,188.50)	(27,107,811.16)	-43.47%
842122	SANTA ANA USD GOB EL 2018, SERIES A	12,227.03	43.41	50.61	7.20	(12,176.42)	-99.59%
842123	SANTA ANA USD EL 2018, SERIES 2021B	1,065,606.23	2,172.98	2,533.41	360.43	(1,063,072.82)	-99.76%
842130	SANTA ANA USD GOB 2018 EL 2022 SERIES C	62,253,494.77	48,605,827.80	49,934,798.64	1,328,970.84	(12,318,696.13)	-19.79%
872131	TUSTIN USD SFID 2012-1, GOB EL 2012, SER 2018B (1)	14,847.14	-	-	-	(14,847.14)	-100.00%
872132	TUSTIN USD GOB EL 2012 SERIES C	11,997,872.11	10,317,794.22	9,697,162.35	(620,631.87)	(2,300,709.76)	-19.18%
872133	TUSTIN USD GOB EL 2024 SERIES 2025	-	86,792,484.90	86,623,847.98	(168,636.92)	86,623,847.98	100.00%
882123	NOCCCD GOB EL 2014, SERIES B	37,024,334.53	2,636.61	-	(2,636.61)	(37,024,334.53)	-100.00%
882124	NOCCCD GOB EL 2014 SERIES C	158,687,711.29	158,263,668.90	144,612,444.60	(13,651,224.30)	(14,075,266.69)	-8.87%
902125	COAST CCD, TECH ENDOW, GOB EL 2012, SER 2013B BLDG	84,959.69	1,592,545.12	1,178,793.39	(413,751.73)	1,093,833.70	1287.47%
902126	COAST CCD GOB ELECTION 2012, SERIES 2016C	2,619,801.28	5,036,045.58	5,053,384.17	17,338.59	2,433,582.89	92.89%
902129	COAST CCD GOB EL 2012, SERIES 2019F	36,507,916.03	20,716,488.75	20,126,343.65	(590,145.10)	(16,381,572.38)	-44.87%
992121	LOWELL JSD GOB EL 2018 SERIES 2019	20,344.29	925.52	928.71	3.19	(19,415.58)	-95.44%
Grand Total		745,948,089.49	828,350,742.62	983,846,655.95	155,495,913.33	237,898,566.46	31.89%

- (1) GOB(s) closed in November 2024
- (2) GOB(s) closed in March 2025
- (3) GOB(s) closed in June 2025

Orange County Treasurer-Tax Collector
Temporary Transfers to School Districts**
Fiscal Years 2011/2012 through 2024/2025

<u>Temporary Transfer-from OCEIP</u>	<u>Transfer Date</u>	<u>Maturity</u>	<u>Int Rate*</u>		<u>Original Amount</u>	<u>Principal Paydown</u>	<u>Principal Outstanding</u>
Anaheim Union High	4/30/2012	10/31/2012	0.560%	\$	55,000,000	\$ 55,000,000	-
Anaheim Union High	10/10/2012	1/31/2013	0.440%		15,000,000	15,000,000	-
Anaheim Union High	2/28/2013	8/31/2013	0.380%		47,000,000	47,000,000	-
Anaheim Union High	4/28/2014	7/31/2014	0.470%		26,000,000	26,000,000	-
Anaheim Union High	10/23/2015	12/31/2015	0.760%		17,000,000	17,000,000	-
Anaheim Union High	8/23/2016	12/31/2016	0.780%		15,000,000	15,000,000	-
Anaheim City	4/29/2013	8/31/2013	0.380%		14,700,000	14,700,000	-
Anaheim City	9/9/2013	12/31/2013	0.340%		12,000,000	12,000,000	-
Anaheim City	4/28/2014	7/31/2014	0.470%		12,000,000	12,000,000	-
Anaheim City	8/1/2014	12/31/2014	0.460%		12,000,000	12,000,000	-
Anaheim City	8/3/2015	12/31/2015	0.760%		10,000,000	10,000,000	-
Brea Olinda	4/30/2012	10/31/2012	0.560%		3,000,000	3,000,000	-
Capistrano Unified	4/29/2013	7/31/2013	0.360%		15,000,000	15,000,000	-
Capistrano Unified	8/9/2013	12/31/2013	0.340%		55,000,000	55,000,000	-
Capistrano Unified	10/1/2014	12/31/2014	0.460%		25,000,000	25,000,000	-
Capistrano Unified	10/9/2015	4/30/2016	0.800%		40,000,000	40,000,000	-
Capistrano Unified	8/8/2016	1/31/2017	0.780%		60,000,000	60,000,000	-
Capistrano Unified	10/10/2017	1/31/2018	1.340%		60,000,000	60,000,000	-
Capistrano Unified	9/28/2018	1/31/2019	2.238%		40,000,000	40,000,000	-
Capistrano Unified	9/27/2019	1/31/2020	2.130%		40,000,000	40,000,000	-
Capistrano Unified	9/24/2020	1/29/2021	0.926%		40,000,000	40,000,000	-
Capistrano Unified	10/7/2021	1/31/2022	0.571%		25,000,000	25,000,000	-
Capistrano Unified	10/5/2022	1/31/2023	3.042%		25,000,000	25,000,000	-
Capistrano Unified	10/11/2024	1/31/2025	4.301%		25,000,000	25,000,000	-
Fullerton Joint Union High	4/30/2012	10/31/2012	0.560%		15,000,000	15,000,000	-
Fullerton Joint Union High	4/29/2013	8/31/2013	0.380%		15,000,000	15,000,000	-
La Habra City	4/30/2012	10/31/2012	0.560%		4,000,000	4,000,000	-
La Habra City	4/10/2013	8/31/2013	0.380%		4,000,000	4,000,000	-
La Habra City	4/28/2014	7/31/2014	0.470%		2,000,000	2,000,000	-
La Habra City	3/15/2021	10/31/2021	0.680%		10,000,000	10,000,000	-
Ocean View	4/29/2013	8/31/2013	0.380%		3,000,000	3,000,000	-
Placentia Yorba-Linda	10/10/2012	1/31/2013	0.440%		20,000,000	20,000,000	-
Placentia Yorba-Linda	2/28/2013	8/31/2013	0.380%		40,000,000	40,000,000	-
Santa Ana Unified	4/30/2012	10/31/2012	0.560%		70,000,000	70,000,000	-
Santa Ana Unified	4/15/2013	8/31/2013	0.380%		45,000,000	45,000,000	-
Santa Ana Unified	4/28/2014	7/31/2014	0.470%		35,000,000	35,000,000	-
Savanna School District	11/2/2015	1/6/2016	0.760%		1,000,000	1,000,000	-
Total Temporary Transfers				\$	952,700,000	\$ 952,700,000	-

* Int Rate is the Educational Investment Pool monthly apportionment gross yield for the last active month plus 10 basis points.

** Temporary Transfers are authorized by California Constitution Article XVI Section 6, and OC Board of Supervisors Resolution 24-011.

These transactions are reported in the County's books as Due to/From other Governmental Entities within the School Fund #650.

ORANGE COUNTY TREASURER-TAX COLLECTOR

CASH AVAILABILITY PROJECTION

FOR THE SIX MONTHS ENDING DECEMBER 31, 2025

The OCTP consists of funds in the County Treasury deposited by various entities required to do so by statute. The Treasurer, shall have the power and duty pursuant to Constitution Article XVI Section 6 and the Board of Supervisor's Resolution 24-011, to make temporary transfers to school districts to address their short-term cash needs. The loans are secured by tax receipts to be received by the County Treasurer, as the banker for the school districts. As reported, there were no temporary transfers outstanding as of June 30, 2025.

Pursuant to Government Code Section 29808, the Auditor-Controller may direct that amounts authorized by order, requisition, or other means be transferred from the accounts or funds of any district, public corporation, or public agency into one or more clearing funds in the County Treasury. This is for the purpose of enabling warrants for such entities to be drawn against the designated clearing funds. Legal investments made by the Board of Supervisors, acting in a fiduciary capacity, are not subject to this provision except to the extent funds are transferred into clearing accounts under this section.

The Treasurer, in the projection of cash availability to disburse funds as directed by the Auditor-Controller and the Department of Education, is primarily relying on historical trends involving deposits and withdrawals and known future cash flows. No representation is made as to an individual depositor's ability to meet their anticipated expenditures with anticipated revenues.

The Cash Availability Projection for the six months ending December 31, 2025, indicates the ability of the pool to meet projected expenditures. However, there will usually be differences between projected and actual results because events and circumstances frequently do not occur as expected and those differences may be material.

ORANGE COUNTY TREASURY POOL				
Month	Investment Maturities	Projected Deposits	Projected Disbursements	Cumulative Available Cash
June 2025 - Ending Cash				\$ 38,389,031
January	\$ 1,085,884,632	\$ 915,757,454	\$ 1,479,285,426	560,745,691
February	1,305,176,250	\$ 909,156,980	\$ 1,787,573,448	987,505,473
March	992,798,813	\$ 1,105,519,537	\$ 1,671,623,985	1,414,199,838
April	891,544,306	\$ 1,929,882,361	\$ 1,719,163,876	2,516,462,629
May	808,037,486	\$ 1,907,364,414	\$ 1,962,601,095	3,269,263,434
June	909,801,250	\$ 3,860,492,524	\$ 1,934,772,010	6,104,785,198

ORANGE COUNTY TREASURER-TAX COLLECTOR
STATEMENT OF ACCOUNTABILITY
FOR THE MONTH, QUARTER AND FISCAL YEAR ENDED JUNE 30, 2025

	Month	Quarter	Year
Accountability at the Beginning of the Period:	\$ 16,021,488,251	\$ 15,769,709,220	\$ 15,683,426,958
OCTP Cash Deposits:			
County	1,052,517,280	4,719,954,028	16,280,296,556
School and Community College Districts	975,264,151	3,551,919,401	11,736,339,201
Total Cash Receipts	2,027,781,431	8,271,873,429	28,016,635,757
OCTP Cash Disbursements:			
County	963,867,207	4,860,838,120	15,501,136,880
School and Community College Districts	1,001,449,299	3,096,890,199	12,115,555,544
Total Cash Disbursements	1,965,316,506	7,957,728,319	27,616,692,424
Net Change in Cost Value of OCTP and Cash	62,464,925	314,145,110	399,943,333
Net Change in Specific Investment Accounts and the CCCD Bond Proceeds Account	(532,087,508)	(531,988,662)	(531,504,623)
Accountability at the End of the Period:	\$ 15,551,865,668	\$ 15,551,865,668	\$ 15,551,865,668
Assets in the County Treasury at the End of the Period (Cost):			
Pooled Investments:			
Orange County Treasury Pool			\$ 15,487,662,924
Total Pooled Investments			15,487,662,924
Specific Investments:			
Fountain Valley School District Fund 40			-
Pension Prepayment - CEO			-
Total Specific Investments			-
Bond Proceeds Account:			
CCCD Series 2017E Bonds			25,813,713
Total Bond Proceeds Account			25,813,713
OCTP Cash:			
Cash in Banks			38,347,199
Cash - Other			41,832
Total Cash			38,389,031
Total Assets in the County Treasury at the End of the Period:			\$ 15,551,865,668

ORANGE COUNTY TREASURER-TAX COLLECTOR
California Government Code (CGC) Oversight, Reporting & Compliance Requirements for County Treasurer
June 30, 2025

COMPLIANCE DESCRIPTION	DUTY OF	REGULATORY/POLICY GUIDELINES	CURRENT STATUS	IN COMPLIANCE?
Annual Compliance Audit of County Treasury's Compliance with CGC Article 6	TOC	CGC Ch. 5. County Treasurer, Article 6 Treasury Oversight Committees, Section 27134	Annual Compliance Audit as of June 30, 2023 complete with no findings. Annual Compliance Audit as of June 30, 2024 in process (auditor engagement letter signed July 24, 2025). Board dissolved TOC on March 11, 2025 eliminating this audit of Compliance with CGS Article 6. Article does not include a time deadline for completion.	Yes
Quarterly Compliance Monitoring of County Treasury	TOC	TOC Directive	Quarterly Compliance Monitoring as of 6-30-24 completed; 9-30-24 and 12-31-24 monitoring in process (auditor engagement letter signed July 30, 2025) TOC dissolved by Board on March 11, 2025 eliminating this Ch.5, Article 6 TOC Directive. Directive did not include a time deadline for completion.	Yes
Quarterly Statement of Assets Review of County Treasury (Schedule)	AC	CGC Ch. 4. Auditor, Article 2 Counting Money in the County Treasury, Section 26920(a)	September 30, 2024, December 30, 2024 and March 31, 2025 in progress (engagement letter signed August 4, 2025). Article does not include a time deadline for completion.	Yes
Annual Statement of Assets Audit of County Treasury (Schedule)	AC	CGC Ch. 4. Auditor, Article 2 Counting Money in the County Treasury, Section 26920(b)	June 30, 2024 issued June 19, 2025 with unmodified opinion. Article does not include a time deadline for completion.	Yes
Deduction of administrative costs of investing, depositing, handling & distribution of funds (Investment Administrative Fee) prior to Distribution of income and payment posting to the county general fund or other authorized fund postings. Annual reconciliation and adjustment of estimated charges to actual charges and prepare budget estimate of revenue.	TTC	CGC Ch. 5, County Treasurer, Article 1 Duties Generally, Section 27013; Ch. 4 Financial Affairs, Article 2. Deposit of Funds, Section 53647 and 2024 IPS Section XVI.	FY 24-25 Budget estimated completed. Reconciliation resulted in FY 23/24 refunds totaling approximately \$1.1 million completed in January 29, 2025. Currently, administrative costs of investing, depositing and handling are apportioned monthly, and expenses are not netted out prior to distribution of income to general fund of local agency or as directed by governing board or law to be paid to another fund and review for netting out requirement is being reviewed. Article does not include a time deadline for completion.	Under Review
County Treasurer may render to Board of Supervisors and any oversight committee a Statement of Investment Policy (IPS). In recognition of the state and local interests services by actions made optional, Legislature encourages the county treasurer and Board to continue taking actions formally mandated relating to IPS.	TTC	CGS Ch. 4. Financial Affairs, Article 2 Deposit of Funds, Section 53646 (a)(1) and (g)	2025 Treasurer Investment Statement Policy (IPS) rendered to Treasury Oversight Committee on October 30, 2024 and to Board at December 17, 2024 public board meeting. Treasurer continues to comply with previously mandated State law GCS 53646(b) et seq.	Yes

COMPLIANCE DESCRIPTION	DUTY OF	REGULATORY/POLICY GUIDELINES	CURRENT STATUS	IN COMPLIANCE?
If the Treasurer renders a Statement of Investment Policy (IPS), the Board of Supervisors shall review and approve a Statement of Investment Policy (IPS) at a public meeting	TTC	CGC Ch. 4. Financial Affairs, Article 2 Deposit of Funds, Section 53646 (a) (1)	Board deleted County Treasurer submitted IPS at the December 17, 2024 public board meeting and did not review or approve the IPS. Board subsequently approved a County of Orange Resolution with a County of Orange California Investment Policy submitted by County Counsel at the February 11, 2025 public board meeting.	Under Review
The Treasurer may submit a Quarterly Report to CEO, Internal Auditor and Legislative Body of the Local Agency including type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments and moneys held by the local agency and funds under management of contracted parties and market value and valuation source issued within 45 days of quarter-end. In recognition of the state and local interests services by actions made optional, Legislature encourages the county treasurer to continue taking actions formally mandated relating to Reporting.	TTC	CGS Ch. 4. Financial Affairs, Article 2 Deposit of Funds, Section 53646 (b)(1) and (g)	2025 submittals as previously mandated: Monthly: January, February, March, April, May reports issued. Quarterly: June issued within 45 days of moneys held by local agency and details by investment included by reference to Board report. Treasurer continues to comply with previously mandated State law GCS 53646(b) et seq.	Yes
County Treasurer Quarterly Report includes a Statement of Compliance of the Portfolio to the Treasurer's Investment Policy Statement, or manner in which the portfolio is not in compliance.	TTC	CGS Ch. 4. Financial Affairs, Article 2 Deposit of Funds, Section 53646 (b) (2)	2025 submittals as previously mandated: Monthly: January, February, March, April compliance statements in report. Quarterly: June - Treasurer's IPS not approved by Board, so reporting on compliance to Treasurer's IPS is no longer applicable & noted in report.	N/A
County Treasurer Quarterly Report includes a Statement Denoting the ability of the Local Agency to Meet its Pool Expenditure Requirements for 6 months	TTC	CGC Ch. 4. Financial Affairs, Article 2 Deposit of Funds, Section 53646 (b) (3)	2025 submittals as previously mandated: Monthly: January, February, March, April, May reports issued. Quarterly: June issued.	Yes
County Treasurer Quarterly Report includes a Subsidiary Ledger of Investments	TTC	CGC Ch. 4. Financial Affairs, Article 2 Deposit of Funds, Section 53646 (b) (4)	2025 submittals as previously mandated: Monthly: January, February, March, April, May compliance statement in reports issued. Quarterly: June included a subsidiary ledger.	Yes
County Treasury Oversight Committee: Board may establish a county treasury oversight committee. In recognition of the state and local interests services by actions made optional, Legislature encourages the Board to continue taking actions formally mandated relating to County Treasury Oversight Committee.	BOS/TOC	GCS Ch. 5. County Treasurer, Article 6 County Treasury Oversight Committee, Section 27131(a) and (b)	Board dissolved the previously mandated treasury oversight committee (TOC) on February 25, 2025 and approved a Resolution establishing an Investment Oversight Committee on February 25, 2025. County Treasurer's IPS only provided to TOC as required, State law has no requirement for County Treasurer to monitor and report compliance to IOC, only to TOC.	N/A

COMPLIANCE DESCRIPTION	DUTY OF	REGULATORY/POLICY GUIDELINES	CURRENT STATUS	IN COMPLIANCE?
TOC Annual Report	BOS/TOC	TOC Bylaws Rule 34 - Oral and Written Report	The 2024 TOC Annual Report was reviewed at January 29, 2025 TOC meeting. Board dissolved TOC on February 25, 2025. TOC did not issue an annual report for calendar year 2024. Monthly issued reports indicate no compliance findings during the year that were not self-identified. Bylaws do not include a time deadline for completion.	N/A
TOC Certificates of Compliance	TTC	GCS Ch. 5. County Treasurer, Article 1 Duties Generally, Section 27000.8	The TOC members are in compliance for calendar year 2025. Board dissolved TOC on February 25, 2025.	Yes
Settle accounts relating to public funds with the auditor month and if requested by the auditor, provide him a monthly settlement of cash receipts and disbursements within 10 days of the request	TTC	GCS Ch. 5. County Treasurer, Article 1 Duties Generally, Section 27061	Auditor has requested this information and Treasurer is providing it within required time frame.	Yes
Treasurer Required Minimum Continuing Education Training - 24 hours and Ethics training - 2 hours: every two years	TTC	GCS Ch. 5. County Treasurer, Article 1 Duties Generally, Section 27000.9	Treasurer in process for training requirement for June 30, 2026.	Yes
County Treasurer enter and maintain an Account of the Receipts/Expenditures received/paid out and enter in County Treasury books and only disburse money in the County Treasury on County warrants when based on order of the Board, except for the making of investments.	TTC	GSC Ch. 5. County Treasurer, Article 1 Duties Generally, Section 27002	Daily.	Yes
County Treasurer Conflict of Interest Form 700 Filing	TTC	State Law	Filed by April 1, 2025	Yes

LEGEND	
Auditor-Controller	AC
Board of Supervisors	BOS
Treasury Oversight Committee	TOC
Treasurer-Tax Collector	TTC



Report of the Schedule of Assets
Held by the County Treasury
June 30, 2024

Orange County Treasury

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Independent Auditor's Report

To the Board of Supervisors
County of Orange California

Report on Schedule of Assets Held by the County Treasury

Opinion

We have audited the Schedule of Assets Held by the County Treasury (Schedule) of the County of Orange, California (County) as of and for the year ended June 30, 2024, and the related notes.

In our opinion, the accompanying Schedule presents fairly, in all material respects, the assets held by the County Treasury of the County, as of June 30, 2024, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedule section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Reporting Entity

As discussed in Note 1, the Schedule presents only the assets of the County Treasury, and does not purport to, and does not, present fairly the financial position of the County as of June 30, 2024, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Schedule

Management is responsible for the preparation and fair presentation of the Schedule 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 the Schedule that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Schedule

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedule, 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 Schedule.
- 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 County'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 Schedule.

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.

Other Matter

We have audited, in accordance with GAAS, the financial statements of the County as of and for the year ended June 30, 2024, and our report thereon, dated February 24, 2025, expressed unmodified opinions on those financial statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2025, on our consideration of the County Treasury's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County Treasury's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County Treasury's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Laguna Hills, California
June 19, 2025

Orange County Treasury
Schedule of Assets Held by the County Treasury
(Dollar Amounts in Thousands)
June 30, 2024

	Orange County Treasurer's Pool	Specific Investment Account	Bond Proceeds Account	Total
Cash and Cash Equivalents	\$ 652,022	\$ -	\$ 3,963	\$ 655,985
Investments	14,235,596	532,276	18,522	14,786,394
Interest Receivable	167,134	894	248	168,276
Total Assets	<u>\$ 15,054,752</u>	<u>\$ 533,170</u>	<u>\$ 22,733</u>	<u>\$ 15,610,655</u>

Note 1 – Summary of Significant Accounting Policies

The Financial Reporting Entity

The Orange County Treasurer-Tax Collector (TTC) is responsible for tax collection, banking, investment, disbursement and accountability of public funds in the Orange County Treasury (County Treasury). The TTC is also responsible for authorizing all County bank accounts and, pursuant to California Government Code (CGC) Sections 27000.1 – 27000.5, 27130 – 27137, and 53600 – 53686, conducting County investment activities for all public funds in the Orange County Investment Fund (OCIF). The OCIF consists of three types of Funds, an external investment pool called the Orange County Treasurer's Pool (OCTP), Specific Investment Accounts and a Bond Proceeds Account that are included in the Schedule of Assets. The primary goal is to invest public funds in a manner which will provide maximum security of principal invested with secondary emphasis on providing adequate liquidity to pool participants. The last goal is to achieve a market rate of return within the parameters of prudent risk management while conforming to all applicable statutes and resolutions governing the investment of public funds.

The OCTP is managed on behalf of the pool participants that consist of the County, local school and community college districts (Educational Districts), both whom are required by State statute to deposit funds in the County Treasury, and other non-mandatory local agencies and districts (Voluntary Pool Participants). Monies of the County, Educational Districts and other legally separate external entities, which are not part of the County reporting entity, are commingled (pooled) for banking and investment purposes only and invested on the participants' behalf for the purpose of benefiting from economies of scale through pooled banking and investment activities. The OCTP is not registered with the Securities and Exchange Commission (SEC) as an investment company, and therefore is exempt from SEC rules. The Treasurer will act on a "best efforts" basis to stabilize the OCTP Net Asset Value (NAV) at or above \$0.9975 (in absolute dollar amounts). OCTP does not have any legally binding guarantees of share values. The investment practices and policies of the TTC are based on compliance with state law and prudent money management.

The Specific Investment Accounts are governed by the Treasurer's 2024 Investment Policy Statement (IPS) approved by the Board of Supervisors (Board) on December 19, 2023. The Bond Proceeds Account is governed by a governing board bond resolution and both account types have separate agreements detailing investment related information between the County and/or a participant's governing board to invest funds that are set up for a specific requirement and if the investment maturities may extend beyond five years.

With respect to County funds deposited in the County Treasury, the Board is the agent of the County who serves as a fiduciary and is subject to the prudent investor standard, unless a delegation has occurred, in which case the Treasurer shall be the agent of the County with respect to these funds, serve as a fiduciary, and be subject to the prudent investor standard. The Board may, by ordinance, delegate to the Treasurer the authority to invest or reinvest the funds of the County and the funds of other depositors in the County Treasury, and the Board will not be the agent, serve as a fiduciary, or be subject to the prudent investor standard until the Board either revokes its delegation of authority, by ordinance, or decides not to renew the annual delegation, as provided for in CGC Section 53607 and 27000.1. With funds deposited in the County Treasury that are deposited by local agencies (Voluntary Pool Participant Program), the Treasurer serves as the fiduciary subject to the prudent investor standard pursuant

to CGC 53684. The Board delegated the authority to invest or to reinvest funds of the County for Calendar Year 2023 and 2024 to the Treasurer each for one-year periods. Pursuant to CGC Sections 27130-27137, the Board has established the Treasury Oversight Committee (TOC) that monitors and reviews the IPS annually, causes an annual audit of the County Treasury to ensure compliance and requires an annual oral/written report at a public Board meeting. The TOC consists of the County Executive Officer, the elected County Auditor-Controller, the elected County Superintendent of Schools, or their respective designees, and four public members appointed by the Board of Supervisors, with at least three having expertise in, or an academic background in, public finance

Financial Statement Presentation

This schedule is prepared using the economic resources measurement focus and the accrual basis of accounting.

The accompanying schedule of assets presents only the assets of the County Treasury that includes the Orange County Treasurer's Pool (OCTP), Specific Investment Accounts and Bond Proceed Accounts and is not intended to present fairly the financial position of the county as whole in conformity with accounting principles generally accepted in the United States of American (GAAP). Contributions from pool participants are recognized in the period in which they are received. Distributions to pool participants are recognized in the period in which they are disbursed.

Earnings on investments are recognized as revenue in the period in which they are earned, and investment costs are recognized as an expense when incurred, regardless of the timing of related cash flows. In accordance with Government Accounting Standards Board (GASB) Statement No. 31 *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* (GASB 31) as amended by GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72), the statement reflects the fair value of certain investments. Pool participants' cash balances and redemptions are based on cost. Interest earned on OCTP funds is allocated to individual eligible funds monthly based on the average daily balances on deposit in the County Treasury records. This method used to determine participants shares sold and redeemed differs from the method used to report investments. The deposit and investment disclosures are in accordance with GASB Statement No. 40 *Deposit and Investment Risk Disclosures, an amendment to GASB Statement No. 3*.

Use of Estimates

The preparation of the schedule of assets in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the schedule of assets and accompanying notes. Actual results could differ from those estimates. Where significant estimates have been made in preparing these financial statements, they are described in the applicable footnotes.

Note 2 – Cash, Cash Equivalents and Investments

Cash and Cash Equivalents

Cash and cash equivalents are demand deposits, cash on hand and cash equivalents that include Money Market Mutual Funds (MMMF) readily converted to cash without any penalty traded in an established market, LAIF and securities within 90 days and are reported at amortized cost which approximates fair value. These amounts are offset by reconciling items such as outstanding checks and deposits in transit. At June 30, 2024, the carrying amount of the County's cash was negative \$197,703, the total bank balance amounted to \$54,251, the MMMF balance was \$794,103, and the LAIF balance was 1,371. The Bond Proceeds Account MMMF balance was \$200 and securities purchased within 90 days to maturity was \$3,763.

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Demand deposits of public funds at financial institutions that are not covered by the Federal Depository Insurance Corporation (FDIC) are required to be collateralized under CGC Section 53652 et. seq. and the IPS, which also prescribe the amount of collateral at market value that is required to secure these deposits. All such collateral is considered to be held by an agent of depository pursuant to CGC Section 53658. The pledge to secure deposits is administered by the California Department of Financial Protection and Innovation. Obligations pledged to secure deposits must be delivered to an institution other than the institution in which the deposit is made; however, the trust department of the same institution may hold them. Written agreements are required to provide, among other things, that the collateral securities are held separately from the assets of the custodial institution. Collateral is required for demand deposits at 110% of all deposits not covered by FDIC Obligations of the United States and its agencies, or obligations of the State or its municipalities, school districts, and district corporations are pledged. Collateral of 150% is required if a deposit is secured by first mortgages or first trust deeds upon improved residential real property located in California. FDIC is available for demand deposits and time saving deposits at any one financial institution up to a maximum of \$250.

Investments

The CGC Sections 53601 and 53635, ordinances and resolutions, the County's IPS, bond indenture documents, trust agreements, and other contractual agreements govern the investments that may be purchased and may include certain restrictions on investment maturity, maximum portfolio percentages, term, value, credit quality and timing to minimize the risk of loss. The IPS adds further restrictions to permitted investments from the CGC for OCTP and Specific Investment Accounts. The IPS, in compliance with CGC Sections 53601 and 53635, authorizes the Treasurer to investment in the following instruments: obligations of the U.S. Treasury, agencies and instrumentalities, commercial paper, banker's acceptances, repurchase agreements, corporate notes, negotiable certificate of deposit, supranational instruments, money market mutual funds, share of beneficial interest of a Joint Powers Authority that invest in authorized securities and the state pool (LAIF). The current IPS expressly prohibits leverage, reverse repurchase agreements as defined by CGC Section 53601, structured notes, structured investment vehicles, derivatives and money market mutual funds that do not maintain a constant net asset value. At June 30, 2024, the TTC was in full compliance with all applicable governing documents, such as state law, IPS and bond documents for OCIF. Investments by the Treasurer are reported at fair value in compliance with GASB 72. Investments in the OCIF are marked-to-market on a daily basis, and the fair value of investments is provided by the custodial bank.

Unless otherwise required in a trust agreement, educational districts (school and community college districts), including certain bond-related funds are required by legal provisions to deposit and invest all monies received from any source in the County Treasury. At June 30, 2024, the OCTP includes approximately 69.16% of these involuntary participant deposits. Involuntary (Education Code Sections 41001 and 41002) and other external pool participant funds (Government Code Section 27001.1) are deemed to be held in trust and such funds shall not be deemed funds or assets of the County and the relationship of the depositing entity and the County shall not be one of creditor-debtor.

Investment in State Investment Pool

The TTC is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the Government Code Section 16429.1 under the oversight of the Treasurer of the State of California. The fair value of the investments in this pool is reported in the accompanying Schedule at amounts based on the pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Orange County Treasury
Notes to Financial Schedule
(Dollar Amounts in Thousands)
June 30, 2024

Fair Value Measures

The TTC categorizes its fair value measurements within the fair value hierarchy established by GASB 72. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices based on quoted identical assets in an active market.
- Level 2: Investments reflect prices that are based on identical or similar assets in inactive markets or similar assets in active markets. Inputs other than quotes are observable.
- Level 3: Investments reflect prices based on significant unobservable inputs.

Fair value measurement is based on pricing received from the custodial bank.

The TTC uses the market approach method as a valuation technique in the application of GASB 72. This method uses prices and other relevant information generated by market transactions involving identical or similar assets or groups of assets. The following table presents a summary of the County Treasury's investments according to the assigned fair value hierarchy level at June 30, 2024.

	Fair Value	Fair Value Measurement		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
OCTP				
U.S. Treasuries	\$ 3,154,057	\$ --	\$ 3,154,057	\$ --
U.S. Government Agencies:				
Federal Farm Credit Bank (FFCB)	4,140,937	--	4,140,937	--
Federal Home Loan Bank (FHLB) Bonds	6,761,702	--	6,761,702	--
Federal Home Loan Mortgage Corporation (FREDDIE MAC)	29,216	--	29,216	--
Federal National Mortgage Association (FNMA)	149,684	--	149,684	--
Sub-Total	14,235,596	--	14,235,596	--
Cash Equivalents Not Subject to Fair Value Hierarchy				
Money Market Mutual Funds	794,103			
Local Agency Investment Fund (LAIF)	1,371			
Sub-Total	795,474			
Total Investments and Cash Equivalents	\$ 15,031,070			
Specific Investment Accounts				
U.S. Treasuries	\$ 522,398	\$ --	\$ 522,398	\$ --
U.S. Government Agencies:				
Federal National Mortgage Association (FNMA)	9,878	--	9,878	--
Total Investments and Cash Equivalents	532,276	--	532,276	--
Bond Proceeds Account				
U.S. Treasuries	\$ 3,413	\$ --	\$ 3,413	\$ --
U.S. Government Agencies:				
Federal Farm Credit Bank (FFCB)	8,936		8,936	--
Federal Home Loan Bank (FHLB) Bonds	620	--	620	--
Federal Home Loan Mortgage Corporation (FREDDIE MAC)	3,932	--	3,932	--
Federal National Mortgage Association (FNMA)	1,621	--	1,621	--
Sub-Total	18,522	--	18,522	--
U.S. Government Agencies Purchased Within 90 Days to Maturity				
Federal Home Loan Bank (FHLB) Bonds	3,763		3,763	
Cash Equivalents Not Subject to Fair Value Hierarchy				
Money Market Mutual Funds	200			
Total Investments and Cash Equivalents	\$ 22,485			
Total	\$ 15,585,831			

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, fixed income securities of longer maturities are more sensitive to changes in market interest rates. Declines in the fair value of investments are managed by limiting the length of the maturity of the securities and providing daily and ongoing liquidity in the portfolio. The Treasurer manages its exposure to interest rate risk by carefully matching incoming cash flows and maturing investments to meet expenditures and by limiting duration. The duration of OCTP as of June 30, 2024, is 1.05 year. The table below shows the maturities distribution of the OCTP as of June 30, 2024. Neither the Specific Investments nor the Bond Proceeds accounts have duration limits.

Maturities		Par Value	% of Portfolio
1 day to 30 days	\$	1,645,480	10.82%
31 day to 180 days		2,999,605	19.73%
181 day to 365 days		4,093,500	26.92%
1 year to 2 years		2,995,000	19.70%
2 years to 3 years		3,173,000	20.87%
3 years to 5 years		300,000	1.97%
Total	\$	15,206,584	100.00%

In general, the maximum maturity allowed is five years unless the Board or governing body has granted express authority either specifically or as part of an investment policy. Actual weighted average days to maturity by investment type for the OCTP, Specific Investments and the Bond Proceeds Account are presented in the table in the Credit Risk section below. The OCTP at June 30, 2024 has 30.55% of investments maturing in six months or less and 69.45% maturing between six months and five years. As of June 30, 2024, the OCTP had no variable-rate notes.

Credit Risk

This is the risk that an issuer or other counterparty to an investment or cash and cash equivalent may not fulfill its obligations or that negative perceptions of the issuer's ability to make these payments will cause the price to decline. The IPS, which is more restrictive than the government code, sets forth the minimum acceptable credit ratings for investments from at least two of the following NRSROs: S&P, Moody's, or Fitch. All short-term and long-term investments, except those noted below, 1) must have the minimum ratings required below by at least two NRSROs, and 2) the lowest rating of any NRSRO must meet or exceed the minimum rating required below:

S&P	A-1, "AA"
Moody's	P-1, MIG 1/VMIG 1, "Aa"
Fitch	F-1, "AA"

If an issuer of Long-term debt has a Short-term debt rating, then it may not be less than the minimum required Short-term debt ratings above.

Exceptions to the Rating Policy above:

- a) Municipal debt issued by the County of Orange, California, U.S. Government obligations and LAIF are exempt from the credit rating requirements listed above.
- b) Money Market Mutual Funds (MMMF) that have retained an investment advisor registered or exempt from registration with the SEC with not less than five years' experience managing MMMF with assets under management in excess of \$500 million require the highest rating or highest letter and numerical ranking provided by at least one NRSRO.

Orange County Treasury
Notes to Financial Schedule
(Dollar Amounts in Thousands)
June 30, 2024

No investment may be purchased from an issuer and all related entities, including parent and subsidiaries, that have been placed on “credit watch-negative” by any of the NRSROs or whose credit rating by any of the NRSROs is less than the minimum rating required by the IPS for that class of security unless the issuer has a short-term rating of A-1+ or F1+ or a long-term rating of at least AA or Aa2; and the TTC has approved the purchase in writing prior to purchase.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The investment policy of the County is more restrictive for certain investment types on the percentage or amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

The following table presents a summary of the OCIF investments by interest rate risk, credit risk and concentration of credit risk (single issuers that represent 5 percent or more of total investments) as of June 30, 2024.

<u>OCTP</u>	Fair Value	Principal	IPS Maximum Maturity	Weighted Average Maturity in Years (2)	Rating (1)	% of Portfolio
U.S. Treasuries	\$ 3,154,057	\$ 3,300,000	5 Years	0.334		20.98%
U.S. Government Agencies:						
Federal Farm Credit Bank (FFCB)	4,140,937	4,145,000	5 Years	0.406	AA	27.55%
Federal Home Loan Bank (FHLB) Bonds	6,761,702	6,781,500	5 Years	0.366	AA	44.99%
Federal Home Loan Mortgage Corporation (FREDDIE MAC)	29,216	30,000	5 Years	0.001	AA	0.19%
Federal National Mortgage Association (FNMA)	149,684	154,605	5 Years	0.007	AA	1.00%
Money Market Mutual Funds	794,103	794,103	N/A	0.000	AAA	5.28%
Local Agency Investment Fund (LAIF)	1,371	1,376	N/A	0.000	NR	0.01%
Total Investments and Cash Equivalents	\$ 15,031,070	\$ 15,206,584		1.114		100.00%
<u>Specific Investment Accounts</u>	Fair Value	Principal	Maximum Maturity	Weighted Average Maturity in Years (2)	Rating (1)	% of Portfolio
U.S. Treasuries	\$ 522,398	\$ 548,375	2/15/2028	1.040		98.14%
U.S. Government Agencies:						
Federal National Mortgage Association (FNMA)	9,878	10,300	9/24/2026	0.023	AA	1.86%
Total Investments and Cash Equivalents	\$ 532,276	\$ 558,675		1.063		100.00%
<u>Bond Proceeds Account</u>	Fair Value	Principal	Maximum Maturity	Weighted Average Maturity in Years (2)	Rating (1)	% of Portfolio
U.S. Treasuries	\$ 3,413	\$ 3,500	2/15/2036	1.011		15.18%
U.S. Government Agencies:						
Federal Farm Credit Bank (FFCB)	8,936	9,666	11/2/2035	2.937	AA	39.74%
Federal Home Loan Bank (FHLB) Bonds	620	650	11/16/2028	0.090	AA	2.75%
Federal Home Loan Mortgage Corporation (FREDDIE MAC)	3,932	3,500	7/15/2032	1.306	AA	17.49%
Federal National Mortgage Association (FNMA)	1,621	1,500	5/15/2029	0.352	AA	7.21%
U.S. Government Agencies Purchased Within 90 Days to Maturity						
Federal Home Loan Bank (FHLB) Bonds	3,763	3,800	9/5/2024	0.031	AA	16.74%
Money Market Mutual Funds	200	200	7/1/2024	0.000	AAA	0.89%
Total Investments and Cash Equivalents	\$ 22,485	\$ 22,816		5.727		100.00%
Total	\$ 15,585,831	\$ 15,788,075				

(1) The County Treasurer obtains credit ratings from S&P, Moody's, and Fitch. The ratings indicative of the greatest degree of risk have been disclosed. NR means not rated. The County Treasurer is not required to disclose the credit ratings of obligations of the U.S. government or obligations explicitly guaranteed.

(2) The total Weighted Average Maturity (WAM) is the portfolio's weighted-average maturity and the WAM for each security type is the portion of the total WAM attributable to that security type.

Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total OCIF investments are as follows: Federal Home Loan Bank Bonds \$6,766,084, and Federal Farm Credit Bank \$4,149,874.

As of June 30, 2024, all OCIF investments were in compliance with credit ratings and single issuer limits, as applicable.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The IPS does not permit investments in uninsured and unregistered securities not held by the County. The TTC utilizes third party Delivery Versus Payment (DVP) which mitigates any custodial credit risk. Securities purchased by the TTC are held by third party custodians in their trust department to mitigate custodial credit risk. On June 30, 2024, all OCIF security investments were held by the custodial bank. In addition, the TTC did not have any securities lending during the year (or at year-end).

Foreign Currency Risk

The IPS requires all securities to be U.S. dollar denominated. The OCIF is not exposed to foreign currency risk.

Note 3 – Interest Receivable

Interest receivable consists of interest accrued on investments including interest purchased with certain securities. At June 30, 2024, interest receivable totaled: \$167,134 for OCTP, \$894 for Specific Investments, and \$248 for the Bond Proceeds account.

Note 4 – Subsequent Events

Fitch Ratings (Fitch) Affirms OCTP Ratings: On August 1, 2024, Fitch affirmed that the OCTP maintained their highest credit rating possible for a local government investment pool of AA+ for credit risk and a rating of S1. The “S1” volatility rating signifies that OCTP possesses very low sensitivity to market risk, given its conservative investment policies.

Fiduciary, Investment Policy Statement, Voluntary Pool Participant Program and Oversight Committee Changes:

The authority by the Board to invest or reinvest funds of the County and the funds of other depositors to the Treasurer was not renewed and expired on December 31, 2024, along with the 2024 IPS. On December 17, 2024, in a public meeting, the Board deleted the annual renewal request of the Treasurer’s authority to invest or reinvest and also deleted the 2025 IPS submitted pursuant to CGC 53646(a)(1), that had been reviewed, as required by state law, on October 30, 2024, by the TOC. Therefore, with regard to County funds and the funds of other depositors in the County Treasury as of January 1, 2025, the Board is the agent of the County who serves as a fiduciary and is subject to the prudent investor standard, and the Treasurer is the agent and fiduciary for funds deposited in the County Treasury that are deposited by local agencies other than the County and at the discretion of those local agencies (Voluntary Pool Participant Program). On February 11, 2025, in a public meeting, the Board approved a 2025 Investment Policy submitted by County Counsel. On February 25, 2025, in a public meeting, the Board terminated the Voluntary Pool Participant Program. On March 11, 2025, in a public meeting, the Board dissolved the TOC established pursuant to CGC 27133 and established the Investment Oversight Committee (IOC),

not defined in state law, to monitor the activities of the investments. The IOC retained an annual audit requirement but did not retain other membership restrictions or qualifications previously in effect for the TOC. The January 29, 2025, public meeting of the TOC discussed the 2024 annual TOC report that requires an annual oral/written report. It was reviewed but not approved, and no TOC 2024 annual report has yet been issued. The Board directed that the County's Audit Oversight Committee members become members on the 11-member IOC, with eight voting members (Board Chair, Board Vice-Chair, the Orange County elected Superintendent of Schools, and five members appointed by the Board with expertise in prior audit experience—financial and internal controls), and three non-voting ex-officio members (elected Auditor-Controller, Board-appointed Internal Audit Director, elected Treasurer-Tax Collector)



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Supervisors
County of Orange, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the Schedule of Assets Held by the County Treasury (Schedule) of the County of Orange, California (County), as of and for the year ended June 30, 2024, and the related notes to the Schedule and have issued our report thereon dated June 19, 2025. Our report contained an emphasis of matter regarding the Schedule presents only the assets of the County Treasury, and does not purport to, and does not, present fairly the financial position of the County as of June 30, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the Schedule, we considered the County Treasury'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 Schedule, but not for the purpose of expressing an opinion on the effectiveness of the County Treasury's internal control. Accordingly, we do not express an opinion on the effectiveness of the County Treasury's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County Treasury's Schedule is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Laguna Hills, California
June 19, 2025



June 19, 2025

To the Investment Oversight Committee,
Audit Oversight Committee,
Board of Supervisors, and
Auditor-Controller
County of Orange, California

We have audited the Schedule of Assets Held by the County Treasury (Schedule) of the County of Orange, California (County) as of and for the year ended June 30, 2024, and have issued our report thereon dated June 19, 2025. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Schedule Audit under Generally Accepted Auditing Standards and Government Auditing Standards

As communicated in our letter dated January 8, 2025, our responsibility, as described by professional standards, is to form and express an opinion about whether the Schedule that has been prepared by management with your oversight is presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the Schedule does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the Schedule is free of material misstatement. An audit of the Schedule includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the County solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our 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* dated June 19, 2025.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the County is included in Note 1 to the Schedule. There have been no initial selection of accounting policies during 2024. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. No such sensitive accounting estimates were identified.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the County's Schedule relate to:

As more fully discussed in Note 4 to the Schedule, the authority by the Board to invest or reinvest funds of the County and the funds of other depositors to the Treasurer was not renewed and expired on December 31, 2024, along with the 2024 IPS. On December 17, 2024, in a public meeting, the Board deleted the annual renewal request of the Treasurer's authority to invest or reinvest and also deleted the 2025 IPS submitted pursuant to CGC 53646(a)(1), that had been reviewed, as required by state law, on October 30, 2024, by the TOC. Therefore, with regard to County funds and the funds of other depositors in the County Treasury as of January 1, 2025, the Board is the agent of the County who serves as a fiduciary and is subject to the prudent investor standard, and the Treasurer is the agent and fiduciary for funds deposited in the County Treasury that are deposited by local agencies other than the County and at the discretion of those local agencies (Voluntary Pool Participant Program).

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the Schedule as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period Schedule to be materially misstated, even though the uncorrected misstatements are immaterial to the Schedule currently under audit. There were no uncorrected or corrected misstatements identified as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the County's Schedule or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report.

We have included an emphasis of matter in the auditor's report to describe that the Schedule presents only the assets of the County Treasury, and does not purport to, and does not, present fairly the financial position of the County as of June 30, 2024, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated June 19, 2025.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the County, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as County's auditors.

This information is intended solely for the information and use of the Investment Oversight Committee, Audit Oversight Committee, Board of Supervisors and management and is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Laguna Hills, California

TREASURER'S REPORT OF ASSETS IN THE COUNTY TREASURY

Distribution List

County of Orange Elected Officials

Honorable Don Barnes, Sheriff-Coroner
Honorable Hugh Nguyen, Clerk-Recorder
Honorable Claude Parrish, Assessor
Honorable Todd Spitzer, District Attorney-
Public Administrator
Honorable Andrew Hamilton, Auditor-Controller

Investment Oversight Committee

Yvonne Rowden Hon. Doug Chaffee
Tim Johnson Hon. Katrina Foley
Drew Atwater Aggie Alonso
Mark Wille Hon. Shari Freidenrich
Hon. Andrew Hamilton
Michelle Aguirre
Stefan Bean

County of Orange Departments

Assessor
Auditor-Controller
Campaign Finance and Ethics Commission
Child Support Services
Clerk of the Board
Clerk-Recorder
County Counsel
County Executive Office
District Attorney-Public Administrator
Health Care Agency
Human Resources Services
Independent Review
Internal Audit
John Wayne Airport
OC Community Resources
OC Public Works
OC Waste & Recycling
Probation
Public Defender
Registrar of Voters
Sheriff-Coroner
Social Services Agency

County Agencies

Civic Center Commission
First 5 Orange County
In-Home Supportive Services
Orange County Public Law Library
Orange County Employees Retirement
System Orange County Cemetery District
Orange County Housing Finance Trust
Orange County Fire Authority
Orange County Transportation Authority
Santa Ana River Flood Protection Agency
Transportation Corridor Agencies

State of California

Superior Court

Orange County School Districts

Orange County Department of Education
Anaheim Elementary School District
Anaheim Union High School District

Brea-Olinda Unified School District
Buena Park School District
Capistrano Unified School District
Centralia School District
Cypress School District
Fountain Valley School District
Fullerton School District
Fullerton Joint Union High School District
Garden Grove Unified School District
Huntington Beach City School District
Huntington Beach Union High School District
Irvine Unified School District
Laguna Beach Unified School District
La Habra City School District
Los Alamitos Unified School District
Lowell Joint School District
Magnolia School District
Newport-Mesa Unified School District
Ocean View School District
Orange Unified School District
Placentia-Yorba Linda Unified School District
Saddleback Valley Unified School District
Santa Ana Unified School District
Savanna School District
Tustin Unified School District
Westminster School District

Orange County Community College Districts (CCD)

Coast CCD
North Orange County CCD
Rancho-Santiago CCD
South Orange County CCD

Orange County Regional Occupational Programs (ROP)

Capistrano-Laguna Beach ROP
Coastline ROP
North Orange County ROP

Interested Local Agencies

Serrano Water District
City of Villa Park
City of Tustin
Mesa Water District
Orange County Water District
Municipal Water District of Orange County
Orange County Mosquito and Vector Control District
Buena Park Library District
Local Agency Formation Commission
Villa Park Community Services Foundation
City of Laguna Niguel
City of Lake Forest
Foothill/Eastern TCA
San Joaquin Hills TCA
Foothill/Eastern TCA/RCC
City of Laguna Woods
City of Mission Viejo
Placentia Library District
City of Huntington Beach

APPENDIX

Shari L. Freidenrich, CPA, CCMT, CPFA, CFIM, CPFIM, ACPFIM

OC Treasurer-Tax Collector



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Issuer / Broker															
UNITED STATES DOLLAR															
Orange County Treasury Pool															
FUNDS															
NORTHERN TRUST OCTP SWEEP															
						NR	0.00			0.00			0.00	0.00	0.00
LAIF - EXTENDED FUND															
	07/01/2025					NR	1,440,531.41		4.2690	1,440,531.41			1,440,531.41	1,440,531.41	0.00
OC Treasurer Extended Fund															
	07/01/2025					NR	436,874,449.59		4.2487	436,874,449.59			436,874,449.59	436,874,449.59	0.00
OC Treasurer X FUND MMF															
	07/01/2025					NR	1,391,431,776.90		4.2398	1,391,431,776.90			1,391,431,776.90	1,391,431,776.90	0.00
Subtotal for FUNDS:							1,829,746,757.90		4.2420	1,829,746,757.90			1,829,746,757.90	1,829,746,757.90	0.00
GOVERNMENT AGENCY															
AGENCY DISCOUNT NOTES															
FHLB DISC CORP / DEUTSCHE															
1297816	12/3/24	07/03/2025	313385HR0	A-1+	P-1	NR	50,000,000.00		4.3381	48,754,500.00	1,233,750.00	0.00	49,988,250.00	49,982,625.00	(5,625.00)
FHLB DISC CORP / DEUTSCHE															
1298061	12/4/24	07/07/2025	313385HV1	A-1+	P-1	NR	50,000,000.00		4.2870	48,751,805.56	1,213,361.11	0.00	49,965,166.67	49,959,458.50	(5,708.17)
FHLB DISC CORP / BANK OF AMERICA															
1298067	12/4/24	07/08/2025	313385HW9	A-1+	P-1	NR	50,000,000.00		4.2875	48,746,000.00	1,213,361.11	0.00	49,959,361.11	49,953,666.50	(5,694.61)
FED FARM CR BK / BNY Mellon Capital Market															
1310004	3/4/25	07/16/2025	313313JE9	A-1+	P-1	F1+	50,000,000.00		4.2151	49,227,638.89	685,902.78	0.00	49,913,541.67	49,907,333.50	(6,208.17)
FHLB DISC CORP / JEFFERIES & COMPANY															
1298225	12/5/24	07/29/2025	313385JT4	A-1+	P-1	NR	50,000,000.00		4.2713	48,638,083.35	1,200,333.32	0.00	49,838,416.67	49,832,041.50	(6,375.17)
FHLB DISC CORP / JEFFERIES & COMPANY															
1298226	12/5/24	07/29/2025	313385JT4	A-1+	P-1	NR	50,000,000.00		4.2713	48,638,083.35	1,200,333.32	0.00	49,838,416.67	49,832,041.50	(6,375.17)
FHLB DISC CORP / CASTLE OAK SECURITIES															
1298064	12/4/24	08/01/2025	313385JW7	A-1+	P-1	NR	50,000,000.00		4.2787	48,613,333.33	1,207,555.56	0.00	49,820,888.89	49,812,444.50	(8,444.39)
FHLB DISC CORP / CASTLE OAK SECURITIES															
1298065	12/4/24	08/01/2025	313385JW7	A-1+	P-1	NR	50,000,000.00		4.2787	48,613,333.33	1,207,555.56	0.00	49,820,888.89	49,812,444.50	(8,444.39)
FHLB DISC CORP / JEFFERIES & COMPANY															
1298477	12/6/24	08/01/2025	313385JW7	A-1+	P-1	NR	50,000,000.00		4.2512	48,633,152.80	1,188,812.48	0.00	49,821,965.28	49,812,444.50	(9,520.78)
FHLB DISC CORP / JEFFERIES & COMPANY															
1298478	12/6/24	08/01/2025	313385JW7	A-1+	P-1	NR	50,000,000.00		4.2512	48,633,152.80	1,188,812.48	0.00	49,821,965.28	49,812,444.50	(9,520.78)
FHLB DISC CORP / TD SECURITIES															
1298473	12/6/24	08/29/2025	313385LA2	A-1+	P-1	NR	50,000,000.00		4.2281	48,485,277.78	1,178,750.00	0.00	49,664,027.78	49,648,333.50	(15,694.28)
FHLB DISC CORP / TD SECURITIES															

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Issuer / Broker															
UNITED STATES DOLLAR															
Orange County Treasury Pool															
GOVERNMENT AGENCY															
AGENCY DISCOUNT NOTES															
1298474	12/6/24	08/29/2025	313385LA2	A-1+	P-1	NR	50,000,000.00		4.2281	48,485,277.78	1,178,750.00	0.00	49,664,027.78	49,648,333.50	(15,694.28)
FHLB DISC CORP / GREAT PACIFIC SECURITIES															
1298475	12/6/24	08/29/2025	313385LA2	A-1+	P-1	NR	50,000,000.00		4.2281	48,485,277.78	1,178,750.00	0.00	49,664,027.78	49,648,333.50	(15,694.28)
FHLB DISC CORP / GREAT PACIFIC SECURITIES															
1298476	12/6/24	08/29/2025	313385LA2	A-1+	P-1	NR	50,000,000.00		4.2281	48,485,277.78	1,178,750.00	0.00	49,664,027.78	49,648,333.50	(15,694.28)
FHLB DISC CORP / JEFFERIES & COMPANY															
1298599	12/9/24	08/29/2025	313385LA2	A-1+	P-1	NR	50,000,000.00		4.1682	48,522,451.40	1,146,083.32	0.00	49,668,534.72	49,648,333.50	(20,201.22)
FHLB DISC CORP / UBS FINANCIAL SERVICES															
1299094	12/11/24	08/29/2025	313385LA2	A-1+	P-1	NR	50,000,000.00		4.1937	48,524,625.00	1,141,861.11	0.00	49,666,486.11	49,648,333.50	(18,152.61)
FHLB DISC CORP / BANK OF AMERICA															
1299095	12/11/24	09/02/2025	313385LE4	A-1+	P-1	NR	50,000,000.00		4.1957	48,502,013.85	1,141,861.14	0.00	49,643,874.99	49,626,666.50	(17,208.49)
FHLB DISC CORP / RBC															
1298598	12/9/24	09/10/2025	313385LN4	A-1+	P-1	NR	50,000,000.00		4.1633	48,458,854.17	1,143,250.00	0.00	49,602,104.17	49,580,000.00	(22,104.17)
FHLB DISC CORP / RBC															
1299096	12/11/24	09/10/2025	313385LN4	A-1+	P-1	NR	50,000,000.00		4.1890	48,460,583.33	1,139,055.56	0.00	49,599,638.89	49,580,000.00	(19,638.89)
FHLB DISC CORP / CITIGROUP GLOBAL MARKETS															
1298597	12/9/24	09/12/2025	313385LQ7	A-1+	P-1	NR	50,000,000.00		4.1643	48,447,645.83	1,143,250.00	0.00	49,590,895.83	49,568,333.50	(22,562.33)
FHLB DISC CORP / CITIGROUP GLOBAL MARKETS															
1299097	12/11/24	09/12/2025	313385LQ7	A-1+	P-1	NR	50,000,000.00		4.1899	48,449,305.56	1,139,055.55	0.00	49,588,361.11	49,568,333.50	(20,027.61)
FHLB DISC CORP / UBS FINANCIAL SERVICES															
1299098	12/11/24	09/22/2025	313385MA1	A-1+	P-1	NR	50,000,000.00		4.1842	48,396,875.00	1,136,250.00	0.00	49,533,125.00	49,510,000.00	(23,125.00)
FHLB DISC CORP / JP MORGAN CHASE & CO															
1299287	12/12/24	09/25/2025	313385MD5	A-1+	P-1	NR	50,000,000.00		4.1424	48,401,569.45	1,119,458.33	0.00	49,521,027.78	49,492,500.00	(28,527.78)
FHLB DISC CORP / JP MORGAN CHASE & CO															
1299288	12/12/24	09/25/2025	313385MD5	A-1+	P-1	NR	50,000,000.00		4.1424	48,401,569.45	1,119,458.33	0.00	49,521,027.78	49,492,500.00	(28,527.78)
FHLB DISC CORP / CITIGROUP GLOBAL MARKETS															
1299291	12/12/24	10/06/2025	313385MQ6	A-1+	P-1	NR	50,000,000.00		4.1370	48,344,444.44	1,116,666.67	0.00	49,461,111.11	49,439,222.00	(21,889.11)
FHLB DISC CORP / BNY Mellon Capital Market															
1299289	12/12/24	10/07/2025	313385MR4	A-1+	P-1	NR	50,000,000.00		4.1375	48,338,888.89	1,116,666.67	0.00	49,455,555.56	49,433,500.00	(22,055.56)
FED FARM CR BK / DEUTSCHE															
1299686	12/16/24	10/07/2025	313313MR6	A-1+	P-1	F1+	50,000,000.00		4.1783	48,344,722.22	1,105,388.89	0.00	49,450,111.11	49,433,500.00	(16,611.11)
FHLB DISC CORP / BANK OF AMERICA															
1299290	12/12/24	10/10/2025	313385MU7	A-1+	P-1	NR	50,000,000.00		4.1389	48,322,222.20	1,116,666.68	0.00	49,438,888.88	49,416,333.50	40 (22,555.38)

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Issuer / Broker															
UNITED STATES DOLLAR															
Orange County Treasury Pool															
GOVERNMENT AGENCY															
AGENCY DISCOUNT NOTES															
FHLB DISC CORP / BARCLAYS CAPITAL															
1299683	12/16/24	10/10/2025	313385MU7	A-1+	P-1	NR	50,000,000.00		4.1744	48,329,958.34	1,104,020.83	0.00	49,433,979.17	49,416,333.50	(17,645.67)
FHLB DISC CORP / BARCLAYS CAPITAL															
1299684	12/16/24	10/10/2025	313385MU7	A-1+	P-1	NR	50,000,000.00		4.1744	48,329,958.33	1,104,020.84	0.00	49,433,979.17	49,416,333.50	(17,645.67)
FED FARM CR BK / BANK OF AMERICA															
1299685	12/16/24	10/14/2025	313313MY1	A-1+	P-1	F1+	50,000,000.00		4.1710	48,309,638.85	1,102,652.80	0.00	49,412,291.65	49,393,444.50	(18,847.15)
FHLB DISC CORP / DEUTSCHE															
1299835	12/17/24	10/20/2025	313385NE2	A-1+	P-1	NR	50,000,000.00		4.1734	48,281,652.78	1,097,055.55	0.00	49,378,708.33	49,359,111.00	(19,597.33)
FHLB DISC CORP / BARCLAYS CAPITAL															
1299832	12/17/24	10/24/2025	313385NJ1	A-1+	P-1	NR	50,000,000.00		4.1754	48,259,263.89	1,097,055.55	0.00	49,356,319.44	49,336,222.00	(20,097.44)
FHLB DISC CORP / FTN FINANCIAL															
1305452	1/29/25	10/24/2025	313385NJ1	A-1+	P-1	NR	50,000,000.00		4.1600	48,498,083.34	857,437.50	0.00	49,355,520.84	49,336,222.00	(19,298.84)
FHLB DISC CORP / TD SECURITIES															
1311774	3/17/25	11/04/2025	313385NV4	A-1+	P-1	NR	50,000,000.00		4.0848	48,717,555.56	585,944.44	0.00	49,303,500.00	49,280,333.50	(23,166.50)
FED FARM CR BK / BARCLAYS CAPITAL															
1300008	12/18/24	11/07/2025	313313NY0	A-1+	P-1	F1+	50,000,000.00		4.1924	48,182,000.00	1,094,166.67	0.00	49,276,166.67	49,263,333.50	(12,833.17)
FED FARM CR BK / BARCLAYS CAPITAL															
1308270	2/20/25	11/07/2025	313313NY0	A-1+	P-1	F1+	50,000,000.00		4.2464	48,512,222.22	749,611.11	0.00	49,261,833.33	49,263,333.50	1,500.17
FED FARM CR BK / DAIWA CAPITAL MARKETS															
1308749	2/24/25	11/07/2025	313313NY0	A-1+	P-1	F1+	50,000,000.00		4.2337	48,538,666.67	724,958.33	0.00	49,263,625.00	49,263,333.50	(291.50)
FHLB DISC CORP / CITIGROUP GLOBAL MARKETS															
1307707	2/14/25	11/10/2025	313385PB6	A-1+	P-1	NR	50,000,000.00		4.2562	48,458,854.17	784,895.83	0.00	49,243,750.00	49,246,333.50	2,583.50
FED FARM CR BK / UBS FINANCIAL SERVICES															
1308748	2/24/25	11/10/2025	313313PB8	A-1+	P-1	F1+	50,000,000.00		4.2352	48,521,541.67	724,958.33	0.00	49,246,500.00	49,246,333.50	(166.50)
FHLB DISC CORP / BANK OF AMERICA															
1311775	3/17/25	11/10/2025	313385PB6	A-1+	P-1	NR	50,000,000.00		4.0876	48,684,388.85	585,944.46	0.00	49,270,333.31	49,246,333.50	(23,999.81)
FED FARM CR BK / DEUTSCHE															
1300006	12/18/24	11/14/2025	313313PF9	A-1+	P-1	F1+	50,000,000.00		4.1959	48,142,722.22	1,094,166.67	0.00	49,236,888.89	49,223,666.50	(13,222.39)
FED FARM CR BK / JEFFERIES & COMPANY															
1308271	2/20/25	11/21/2025	313313PN2	A-1+	P-1	F1+	50,000,000.00		4.2427	48,435,916.65	747,791.67	0.00	49,183,708.32	49,184,000.00	291.68
FED FARM CR BK / Mizuho Securities USA Inc															
1309425	2/27/25	11/21/2025	313313PN2	A-1+	P-1	F1+	50,000,000.00		4.1754	48,498,125.00	697,500.00	0.00	49,195,625.00	49,184,000.00	(11,625.00)
FHLB DISC CORP / GREAT PACIFIC SECURITIES															

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Issuer / Broker															
UNITED STATES DOLLAR															
Orange County Treasury Pool															
GOVERNMENT AGENCY															
AGENCY DISCOUNT NOTES															
1309426	2/27/25	11/26/2025	313385PT7	A-1+	P-1	NR	50,000,000.00		4.1778	48,470,000.00	697,500.00	0.00	49,167,500.00	49,155,666.50	(11,833.50)
FHLB DISC CORP / GREAT PACIFIC SECURITIES															
1309427	2/27/25	11/26/2025	313385PT7	A-1+	P-1	NR	50,000,000.00		4.1778	48,470,000.00	697,500.00	0.00	49,167,500.00	49,155,666.50	(11,833.50)
FHLB DISC CORP / CITIGROUP GLOBAL MARKETS															
1312397	3/20/25	12/18/2025	313385QR0	A-1+	P-1	NR	50,000,000.00		4.1198	48,485,229.17	571,506.94	0.00	49,056,736.11	49,046,437.50	(10,298.61)
FED FARM CR BK / JEFFERIES & COMPANY															
1312943	3/25/25	12/18/2025	313313QR2	A-1+	P-1	F1+	50,000,000.00		4.0803	48,526,000.00	539,000.00	0.00	49,065,000.00	49,046,437.50	(18,562.50)
FHLB DISC CORP / UBS FINANCIAL SERVICES															
1313175	3/26/25	12/18/2025	313385QR0	A-1+	P-1	NR	50,000,000.00		4.1170	48,518,520.84	538,215.28	0.00	49,056,736.12	49,046,437.50	(10,298.62)
FHLB DISC CORP / UBS FINANCIAL SERVICES															
1313176	3/26/25	12/18/2025	313385QR0	A-1+	P-1	NR	50,000,000.00		4.1170	48,518,520.84	538,215.28	0.00	49,056,736.12	49,046,437.50	(10,298.62)
FHLB DISC CORP / DEUTSCHE															
1313416	3/27/25	12/18/2025	313385QR0	A-1+	P-1	NR	50,000,000.00		4.1006	48,529,611.11	530,666.67	0.00	49,060,277.78	49,046,437.50	(13,840.28)
FHLB DISC CORP / TD SECURITIES															
1313463	3/28/25	12/18/2025	313385QR0	A-1+	P-1	NR	50,000,000.00		4.1001	48,535,138.89	525,138.89	0.00	49,060,277.78	49,046,437.50	(13,840.28)
FHLB DISC CORP / CITIGROUP GLOBAL MARKETS															
1314246	4/2/25	12/18/2025	313385QR0	A-1+	P-1	NR	50,000,000.00		4.0448	48,580,833.33	491,250.00	0.00	49,072,083.33	49,046,437.50	(25,645.83)
FHLB DISC CORP / BNY Mellon Capital Market															
1314430	4/3/25	12/18/2025	313385QR0	A-1+	P-1	NR	50,000,000.00		4.0444	48,586,291.67	485,791.67	0.00	49,072,083.34	49,046,437.50	(25,645.84)
FHLB DISC CORP / JP MORGAN CHASE & CO															
1314431	4/3/25	12/18/2025	313385QR0	A-1+	P-1	NR	50,000,000.00		4.0444	48,586,291.67	485,791.67	0.00	49,072,083.34	49,046,437.50	(25,645.84)
FHLB DISC CORP / GREAT PACIFIC SECURITIES															
1314854	4/8/25	12/18/2025	313385QR0	A-1+	P-1	NR	50,000,000.00		3.8730	48,670,027.78	439,833.33	0.00	49,109,861.11	49,046,437.50	(63,423.61)
FHLB DISC CORP / CITIGROUP GLOBAL MARKETS															
1315224	4/9/25	12/18/2025	313385QR0	A-1+	P-1	NR	50,000,000.00		3.9571	48,647,152.78	443,819.44	0.00	49,090,972.22	49,046,437.50	(44,534.72)
FHLB DISC CORP / GREAT PACIFIC SECURITIES															
1315472	4/10/25	12/18/2025	313385QR0	A-1+	P-1	NR	50,000,000.00		3.8511	48,687,500.00	427,083.33	0.00	49,114,583.33	49,046,437.50	(68,145.83)
FHLB DISC CORP / BNY Mellon Capital Market															
1316039	4/15/25	12/18/2025	313385QR0	A-1+	P-1	NR	50,000,000.00		4.0389	48,651,791.67	420,291.67	0.00	49,072,083.34	49,046,437.50	(25,645.84)
FHLB DISC CORP / BNY Mellon Capital Market															
1312398	3/20/25	12/19/2025	313385QS8	A-1+	P-1	NR	50,000,000.00		4.1203	48,479,680.56	571,506.94	0.00	49,051,187.50	49,040,861.00	(10,326.50)
FHLB DISC CORP / BANK OF AMERICA															
1315688	4/11/25	01/09/2026	313385RP3	A-1+	P-1	NR	50,000,000.00		3.9658	48,540,208.30	433,125.01	0.00	48,973,333.31	48,937,159.50	42(36,173.81)

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Issuer / Broker															
UNITED STATES DOLLAR															
Orange County Treasury Pool															
GOVERNMENT AGENCY															
AGENCY DISCOUNT NOTES															
FHLB DISC CORP / CITIGROUP GLOBAL MARKETS															
1315689	4/11/25	01/09/2026	313385RP3	A-1+	P-1	NR	50,000,000.00		3.9658	48,540,208.33	433,125.00	0.00	48,973,333.33	48,937,159.50	(36,173.83)
FHLB DISC CORP / BARCLAYS CAPITAL															
1314247	4/2/25	01/23/2026	313385SD9	A-1+	P-1	NR	50,000,000.00		4.0079	48,404,888.89	485,000.00	0.00	48,889,888.89	48,860,062.50	(29,826.39)
FHLB DISC CORP / UBS FINANCIAL SERVICES															
1314849	4/8/25	01/30/2026	313385SL1	A-1+	P-1	NR	50,000,000.00		3.8165	48,473,750.00	431,666.67	0.00	48,905,416.67	48,821,514.00	(83,902.67)
FHLB DISC CORP / JP MORGAN CHASE & CO															
1315223	4/9/25	01/30/2026	313385SL1	A-1+	P-1	NR	50,000,000.00		3.9226	48,437,777.78	438,055.55	0.00	48,875,833.33	48,821,514.00	(54,319.33)
FHLB DISC CORP / DEUTSCHE															
1315470	4/10/25	01/30/2026	313385SL1	A-1+	P-1	NR	50,000,000.00		3.7944	48,492,222.22	419,111.11	0.00	48,911,333.33	48,821,514.00	(89,819.33)
FHLB DISC CORP / JP MORGAN CHASE & CO															
1316040	4/15/25	01/30/2026	313385SL1	A-1+	P-1	NR	50,000,000.00		4.0052	48,437,222.22	414,944.45	0.00	48,852,166.67	48,821,514.00	(30,652.67)
FHLB DISC CORP / DAIWA CAPITAL MARKETS															
1316397	4/17/25	01/30/2026	313385SL1	A-1+	P-1	NR	50,000,000.00		3.9617	48,464,000.00	400,000.00	0.00	48,864,000.00	48,821,514.00	(42,486.00)
FHLB DISC CORP / BARCLAYS CAPITAL															
1321349	5/22/25	02/02/2026	313385SP2	A-1+	P-1	NR	50,000,000.00		4.1595	48,563,555.56	224,444.44	0.00	48,788,000.00	48,826,090.50	38,090.50
FED FARM CR BK / Mizuho Securities USA Inc															
1313174	3/26/25	02/06/2026	313313ST6	A-1+	P-1	F1+	50,000,000.00		4.0816	48,265,305.56	530,805.55	0.00	48,796,111.11	48,804,451.50	8,340.39
FHLB DISC CORP / DAIWA CAPITAL MARKETS															
1314853	4/8/25	02/10/2026	313385SX5	A-1+	P-1	NR	50,000,000.00		3.8103	48,421,500.00	430,500.00	0.00	48,852,000.00	48,782,812.50	(69,187.50)
FHLB DISC CORP / BARCLAYS CAPITAL															
1315225	4/9/25	02/10/2026	313385SX5	A-1+	P-1	NR	50,000,000.00		3.9166	48,383,986.11	436,902.78	0.00	48,820,888.89	48,782,812.50	(38,076.39)
FHLB DISC CORP / Mizuho Securities USA Inc															
1314855	4/8/25	02/13/2026	313385TA4	A-1+	P-1	NR	50,000,000.00		3.8115	48,406,125.00	430,500.00	0.00	48,836,625.00	48,766,583.50	(70,041.50)
FHLB DISC CORP / BNY Mellon Capital Market															
1315226	4/9/25	02/13/2026	313385TA4	A-1+	P-1	NR	50,000,000.00		3.9179	48,368,194.44	436,902.78	0.00	48,805,097.22	48,766,583.50	(38,513.72)
FHLB DISC CORP / TD SECURITIES															
1315471	4/10/25	02/13/2026	313385TA4	A-1+	P-1	NR	50,000,000.00		3.8000	48,420,666.67	419,111.11	0.00	48,839,777.78	48,766,583.50	(73,194.28)
FED FARM CR BK / Mizuho Securities USA Inc															
1315849	4/14/25	02/13/2026	313313TA6	A-1+	P-1	F1+	50,000,000.00		3.9264	48,390,277.78	411,666.67	0.00	48,801,944.45	48,766,583.50	(35,360.95)
FHLB DISC CORP / FTN FINANCIAL															
1314434	4/3/25	02/27/2026	313385TQ9	A-1+	P-1	NR	50,000,000.00		4.0123	48,226,250.00	478,375.00	0.00	48,704,625.00	48,690,847.00	(13,778.00)
FHLB DISC CORP / FTN FINANCIAL															

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Issuer / Broker															
UNITED STATES DOLLAR															
Orange County Treasury Pool															
GOVERNMENT AGENCY															
AGENCY DISCOUNT NOTES															
1314435	4/3/25	02/27/2026	313385TQ9	A-1+	P-1	NR	50,000,000.00		4.0123	48,226,250.00	478,375.00	0.00	48,704,625.00	48,690,847.00	(13,778.00)
FHLB DISC CORP / TD SECURITIES															
1321348	5/22/25	02/27/2026	313385TQ9	A-1+	P-1	NR	50,000,000.00		4.1396	48,434,986.11	222,777.78	0.00	48,657,763.89	48,690,847.00	33,083.11
FHLB DISC CORP / UBS FINANCIAL SERVICES															
1322954	6/4/25	02/27/2026	313385TQ9	A-1+	P-1	NR	50,000,000.00		4.1334	48,507,388.89	150,375.00	0.00	48,657,763.89	48,690,847.00	33,083.11
FED FARM CR BK / UBS FINANCIAL SERVICES															
1322955	6/4/25	03/02/2026	313313TT5	A-1+	P-1	F1+	50,000,000.00		4.1348	48,490,680.55	150,375.00	0.00	48,641,055.55	48,693,333.50	52,277.95
FHLB DISC CORP / TD SECURITIES															
1313417	3/27/25	03/06/2026	313385TX4	A-1+	P-1	NR	50,000,000.00		4.0887	48,119,944.45	524,666.67	0.00	48,644,611.12	48,672,000.00	27,388.88
FHLB DISC CORP / DEUTSCHE															
1315847	4/14/25	03/10/2026	313385UB0	A-1+	P-1	NR	50,000,000.00		3.9157	48,267,500.00	409,500.00	0.00	48,677,000.00	48,650,666.50	(26,333.50)
FHLB DISC CORP / BARCLAYS CAPITAL															
1324785	6/17/25	03/10/2026	313385UB0	A-1+	P-1	NR	50,000,000.00		4.1324	48,518,527.78	77,972.22	0.00	48,596,500.00	48,650,666.50	54,166.50
FHLB DISC CORP / CASTLE OAK SECURITIES															
1314432	4/3/25	03/13/2026	313385UE4	A-1+	P-1	NR	50,000,000.00		4.0078	48,155,777.78	477,138.89	0.00	48,632,916.67	48,634,666.50	1,749.83
FHLB DISC CORP / CASTLE OAK SECURITIES															
1314433	4/3/25	03/13/2026	313385UE4	A-1+	P-1	NR	50,000,000.00		4.0078	48,155,777.78	477,138.89	0.00	48,632,916.67	48,634,666.50	1,749.83
FHLB DISC CORP / JEFFERIES & COMPANY															
1324786	6/17/25	03/16/2026	313385UH7	A-1+	P-1	NR	50,000,000.00		4.1247	48,488,888.90	77,777.78	0.00	48,566,666.68	48,618,666.50	51,999.82
FHLB DISC CORP / CITIGROUP GLOBAL MARKETS															
1324787	6/17/25	03/23/2026	313385UQ7	A-1+	P-1	NR	50,000,000.00		4.1173	48,453,875.00	77,583.33	0.00	48,531,458.33	48,581,333.50	49,875.17
FHLB DISC CORP / Mizuho Securities USA Inc															
1315473	4/10/25	03/27/2026	313385UU8	A-1+	P-1	NR	50,000,000.00		3.7632	48,230,375.00	413,416.67	0.00	48,643,791.67	48,560,000.00	(83,791.67)
FED FARM CR BK / JEFFERIES & COMPANY															
1315848	4/14/25	03/27/2026	313313UU0	A-1+	P-1	F1+	50,000,000.00		3.8906	48,192,708.35	406,250.00	0.00	48,598,958.35	48,560,000.00	(38,958.35)
Subtotal for AGENCY DISCOUNT NOTES:							4,500,000,000.00	0.0000	4.1028	4,362,227,923.62	65,832,625.01	0.00	4,428,060,548.63	4,426,486,223.50	(1,574,325.13)
GOVT AGENCY-FIX-30/360															
FED HM LN BK BD / Mizuho Securities USA Inc															
1253862	1/12/24	07/03/2025	3130AYHY5	AA+	Aa1	NR	50,000,000.00	4.5300	4.5308	50,000,000.00	0.00	1,119,916.67	50,000,000.00	50,000,355.00	355.00
FED HM LN BK BD / BNY Mellon Capital Market															
1253861	1/12/24	07/08/2025	3130AYHT6	AA+	Aa1	NR	50,000,000.00	4.5300	4.5304	50,000,000.00	0.00	1,088,458.33	50,000,000.00	50,001,267.50	1,267.50
FED HM LN BK BD / CASTLE OAK SECURITIES															
1254236	1/17/24	07/10/2025	3130AYJW7	AA+	Aa1	NR	50,000,000.00	4.4000	4.4006	50,000,000.00	0.00	1,045,000.00	50,000,000.00	50,000,052.50	52.50

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Issuer / Broker															
UNITED STATES DOLLAR															
Orange County Treasury Pool															
GOVERNMENT AGENCY															
GOVT AGENCY-FIX-30/360															
FED HM LN BK BD / CASTLE OAK SECURITIES															
1254237	1/17/24	07/10/2025	3130AYJW7	AA+	Aa1	NR	50,000,000.00	4.4000	4.4006	50,000,000.00	0.00	1,045,000.00	50,000,000.00	50,000,052.50	52.50
FED HM LN BK BD / DEUTSCHE															
1254408	1/18/24	07/10/2025	3130AYKW5	AA+	Aa1	NR	50,000,000.00	4.5200	4.5207	50,000,000.00	0.00	1,073,500.00	50,000,000.00	50,001,520.50	1,520.50
FED HM LN BK BD / GREAT PACIFIC SECURITIES															
1254407	1/18/24	07/18/2025	3130AYKC9	AA+	Aa1	NR	50,000,000.00	4.4000	4.4000	50,000,000.00	0.00	996,111.11	50,000,000.00	50,000,198.50	198.50
FED HM LN BK BD / FTN FINANCIAL															
1254625	1/19/24	07/18/2025	3130AYM52	AA+	Aa1	NR	50,000,000.00	4.5100	4.5101	50,000,000.00	0.00	1,021,013.89	50,000,000.00	50,001,190.00	1,190.00
FED HM LN BK BD / DEUTSCHE															
1254409	1/18/24	07/21/2025	3130AYKZ8	AA+	Aa1	NR	50,000,000.00	4.5150	4.5147	50,000,000.00	0.00	997,062.50	50,000,000.00	50,003,418.00	3,418.00
FED FARM CR BK / DAIWA CAPITAL MARKETS															
1254624	1/19/24	07/29/2025	3133EPY41	AA+	Aa1	AA+	50,000,000.00	4.4900	4.4909	50,000,000.00	0.00	947,888.89	50,000,000.00	50,002,272.00	2,272.00
FED HM LN BK BD / CITIGROUP GLOBAL MARKETS															
1255248	1/24/24	08/01/2025	3130AYNV4	AA+	Aa1	NR	50,000,000.00	4.5700	4.5693	50,000,000.00	0.00	952,083.33	50,000,000.00	49,998,921.50	(1,078.50)
FED HM LN BK BD / Mizuho Securities USA Inc															
1255288	1/25/24	08/07/2025	3130AYPG5	AA+	Aa1	NR	50,000,000.00	4.5400	4.5388	50,000,000.00	0.00	908,000.00	50,000,000.00	50,004,500.00	4,500.00
FED FARM CR BK / UBS FINANCIAL SERVICES															
1256332	1/31/24	08/07/2025	3133EP2D6	AA+	Aa1	AA+	50,000,000.00	4.5500	4.5507	50,000,000.00	0.00	910,000.00	50,000,000.00	50,000,292.50	292.50
FED HM LN BK BD / Mizuho Securities USA Inc															
1256819	2/5/24	08/08/2025	3130AYTM8	AA+	Aa1	NR	50,000,000.00	4.5600	4.5597	50,000,000.00	0.00	905,666.67	50,000,000.00	50,000,485.00	485.00
FED HM LN BK BD / Mizuho Securities USA Inc															
1256820	2/5/24	08/08/2025	3130AYTM8	AA+	Aa1	NR	50,000,000.00	4.5600	4.5597	50,000,000.00	0.00	905,666.67	50,000,000.00	50,000,485.00	485.00
FED HM LN BK BD / UBS FINANCIAL SERVICES															
1257039	2/6/24	08/12/2025	3130AYUR5	AA+	Aa1	NR	50,000,000.00	4.6450	4.6444	50,000,000.00	0.00	896,743.06	50,000,000.00	50,006,491.50	6,491.50
FED FARM CR BK / FTN FINANCIAL															
1256818	2/5/24	08/18/2025	3133EP2J3	AA+	Aa1	AA+	50,000,000.00	4.5500	4.5512	50,000,000.00	0.00	840,486.11	50,000,000.00	49,999,235.00	(765.00)
FANNIE MAE / DAIWA CAPITAL MARKETS															
1105176	3/8/21	08/25/2025	3135G05X7	AA+	Aa1	AA+	25,000,000.00	0.3750	0.7622	24,575,925.00	409,824.81	32,812.50	24,985,749.81	24,846,775.25	(138,974.56)
FED HM LN BK BD / RBC															
1256817	2/5/24	08/25/2025	3130AYTJ5	AA+	Aa1	NR	50,000,000.00	4.5500	4.5517	50,000,000.00	0.00	796,250.00	50,000,000.00	50,004,061.00	4,061.00
FED HM LN BK BD / GREAT PACIFIC SECURITIES															
1256821	2/5/24	09/08/2025	3130AYTSS	AA+	Aa1	NR	50,000,000.00	4.5300	4.5325	50,000,000.00	0.00	710,958.33	50,000,000.00	49,998,543.50	(1,456.50)
FREDDIE MAC / TD SECURITIES															

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Issuer / Broker															
UNITED STATES DOLLAR															
Orange County Treasury Pool															
GOVERNMENT AGENCY															
GOVT AGENCY-FIX-30/360															
1104040	2/26/21	09/23/2025	3137EAX3	AA+	Aa1	AA+	10,000,000.00	0.3750	0.7054	9,851,527.20	141,080.71	10,208.33	9,992,607.91	9,908,885.80	(83,722.11)
FED FARM CR BK / CITIGROUP GLOBAL MARKETS															
1241228	10/10/23	10/10/2025	3133EPYK5	AA+	Aa1	AA+	50,000,000.00	5.1250	5.1250	50,000,000.00	0.00	576,562.50	50,000,000.00	50,099,106.50	99,106.50
FED HM LN BK BD / GREAT PACIFIC SECURITIES															
1134091	7/28/21	10/28/2025	3130ANB74	AA+	Aa1	NR	20,000,000.00	0.8000	0.8000	20,000,000.00	0.00	68,000.00	20,000,000.00	19,767,942.80	(232,057.20)
FANNIE MAE / MORGAN STANLEY _1															
1104586	3/3/21	11/07/2025	3135G06G3	AA+	Aa1	AA+	50,000,000.00	0.5000	0.7129	49,511,000.00	452,412.11	37,500.00	49,963,412.11	49,340,073.50	(623,338.61)
FED FARM CR BK / FTN FINANCIAL															
1148918	11/17/21	11/17/2025	3133ENEG1	AA+	Aa1	AA+	25,000,000.00	1.0500	1.0900	24,960,963.44	35,349.77	32,083.33	24,996,313.21	24,683,432.75	(312,880.46)
FED FARM CR BK / GREAT PACIFIC SECURITIES															
1148919	11/17/21	11/17/2025	3133ENEG1	AA+	Aa1	AA+	25,000,000.00	1.0500	1.0902	24,960,750.00	35,543.06	32,083.33	24,996,293.06	24,683,432.75	(312,860.31)
FED HM LN BK BD / GREAT PACIFIC SECURITIES															
1317405	4/24/25	12/18/2025	3130B63M6	A-1+	P-1	NR	50,000,000.00	4.0600	4.0667	50,000,000.00	0.00	73,305.56	50,000,000.00	49,960,725.00	(39,275.00)
FED HM LN BK BD / CASTLE OAK SECURITIES															
1312612	3/21/25	12/19/2025	3130B5NW4	A-1+	P-1	NR	50,000,000.00	4.1900	4.1974	50,000,000.00	0.00	69,833.33	50,000,000.00	49,942,984.00	(57,016.00)
FED FARM CR BK / CASTLE OAK SECURITIES															
1300229	12/19/24	01/02/2026	3133ERN80	AA+	Aa1	AA+	50,000,000.00	4.2300	4.2315	50,000,000.00	0.00	1,051,625.00	50,000,000.00	49,983,690.50	(16,309.50)
FED FARM CR BK / CASTLE OAK SECURITIES															
1300230	12/19/24	01/02/2026	3133ERN80	AA+	Aa1	AA+	50,000,000.00	4.2300	4.2315	50,000,000.00	0.00	1,051,625.00	50,000,000.00	49,983,690.50	(16,309.50)
FED FARM CR BK / RBC															
1300231	12/19/24	01/08/2026	3133ERN98	AA+	Aa1	AA+	50,000,000.00	4.2300	4.2320	50,000,000.00	0.00	1,016,375.00	50,000,000.00	49,984,665.00	(15,335.00)
FED FARM CR BK / RBC															
1300232	12/19/24	01/08/2026	3133ERN98	AA+	Aa1	AA+	50,000,000.00	4.2300	4.2320	50,000,000.00	0.00	1,016,375.00	50,000,000.00	49,984,665.00	(15,335.00)
FED HM LN BK BD / GREAT PACIFIC SECURITIES															
1257686	2/9/24	02/06/2026	3130AYWT9	AA+	Aa1	NR	50,000,000.00	4.4300	4.4302	50,000,000.00	0.00	892,152.78	50,000,000.00	50,067,412.50	67,412.50
FED HM LN BK BD / GREAT PACIFIC SECURITIES															
1254807	1/22/24	02/27/2026	3130AYMT0	AA+	Aa1	NR	50,000,000.00	4.3400	4.3418	50,000,000.00	0.00	747,444.44	50,000,000.00	50,046,490.00	46,490.00
FED HM LN BK BD / GREAT PACIFIC SECURITIES															
1259641	2/27/24	03/06/2026	3130B0BA6	AA+	Aa1	NR	50,000,000.00	4.6800	4.6793	50,000,000.00	0.00	747,500.00	50,000,000.00	50,166,170.00	166,170.00
FED FARM CR BK / DAIWA CAPITAL MARKETS															
1261922	3/13/24	03/13/2026	3133EP5K7	AA+	Aa1	AA+	50,000,000.00	4.5000	4.5019	49,998,240.00	1,144.00	675,000.00	49,999,384.00	50,125,961.50	126,577.50
FED HM LN BK BD / RBC															
1263583	3/27/24	05/07/2026	3130B0NQ8	AA+	Aa1	NR	50,000,000.00	4.6100	4.6123	50,000,000.00	0.00	345,750.00	50,000,000.00	50,190,679.00	46190.679

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Issuer / Broker															
UNITED STATES DOLLAR															
Orange County Treasury Pool															
GOVERNMENT AGENCY															
GOVT AGENCY-FIX-30/360															
FED HM LN BK BD / GREAT PACIFIC SECURITIES															
1263887	3/28/24	05/08/2026	3130B0P86	AA+	Aa1	NR	50,000,000.00	4.5750	4.5770	50,000,000.00	0.00	590,937.50	50,000,000.00	50,178,661.00	178,661.00
FED FARM CR BK / FTN FINANCIAL															
1313413	3/27/25	05/22/2026	3133ETBJ5	AA+	Aa1	AA+	50,000,000.00	4.1000	4.1039	50,000,000.00	0.00	222,083.33	50,000,000.00	49,974,376.00	(25,624.00)
FED HM LN BK BD / FTN FINANCIAL															
1263889	3/28/24	07/08/2026	3130B0NZ8	AA+	Aa1	NR	50,000,000.00	4.5350	4.5379	50,000,000.00	0.00	1,089,659.72	50,000,000.00	50,272,062.00	272,062.00
FED FARM CR BK / BARCLAYS CAPITAL															
1262665	3/19/24	09/08/2026	3133EP6D2	AA+	Aa1	AA+	20,000,000.00	4.6100	4.6106	20,000,000.00	0.00	289,405.56	20,000,000.00	20,137,042.40	137,042.40
FED FARM CR BK / BARCLAYS CAPITAL															
1262666	3/19/24	09/08/2026	3133EP6D2	AA+	Aa1	AA+	50,000,000.00	4.6100	4.6106	50,000,000.00	0.00	723,513.89	50,000,000.00	50,342,606.00	342,606.00
FED FARM CR BK / TD SECURITIES															
1263888	3/28/24	09/11/2026	3133EP7K5	AA+	Aa1	AA+	50,000,000.00	4.4700	4.4709	50,000,000.00	0.00	682,916.67	50,000,000.00	50,273,797.50	273,797.50
FED FARM CR BK / CITIGROUP GLOBAL MARKETS															
1262086	3/14/24	10/07/2026	3133EP5V3	AA+	Aa1	AA+	50,000,000.00	4.4600	4.4611	50,000,000.00	0.00	520,333.33	50,000,000.00	50,291,924.50	291,924.50
FED FARM CR BK / CITIGROUP GLOBAL MARKETS															
1262085	3/14/24	10/09/2026	3133EP5W1	AA+	Aa1	AA+	50,000,000.00	4.4600	4.4612	50,000,000.00	0.00	507,944.44	50,000,000.00	50,293,821.00	293,821.00
FED FARM CR BK / Mizuho Securities USA Inc															
1262667	3/19/24	10/15/2026	3133EP6J9	AA+	Aa1	AA+	50,000,000.00	4.6000	4.6013	50,000,000.00	0.00	485,555.56	50,000,000.00	50,378,176.00	378,176.00
FED FARM CR BK / UBS FINANCIAL SERVICES															
1316403	4/17/25	10/30/2026	3133ETED5	AA+	Aa1	AA+	50,000,000.00	3.9000	3.9009	50,000,000.00	0.00	330,416.67	50,000,000.00	49,949,745.50	(50,254.50)
FED HM LN BK BD / GREAT PACIFIC SECURITIES															
1267657	4/24/24	11/06/2026	3130B14S3	AA+	Aa1	NR	50,000,000.00	4.8600	4.8607	50,000,000.00	0.00	452,250.00	50,000,000.00	50,616,647.50	616,647.50
FED FARM CR BK / DEUTSCHE															
1267811	4/25/24	11/06/2026	3133ERDC2	AA+	Aa1	AA+	50,000,000.00	4.8800	4.8807	50,000,000.00	0.00	372,777.78	50,000,000.00	50,580,869.00	580,869.00
FED FARM CR BK / JP MORGAN CHASE & CO															
1267249	4/22/24	11/10/2026	3133ERCRO	AA+	Aa1	AA+	50,000,000.00	4.9000	4.9011	50,000,000.00	0.00	347,083.33	50,000,000.00	50,600,236.00	600,236.00
FED FARM CR BK / TD SECURITIES															
1267094	4/19/24	11/13/2026	3133ERCJ8	AA+	Aa1	AA+	50,000,000.00	4.8900	4.8914	50,000,000.00	0.00	326,000.00	50,000,000.00	50,598,474.00	598,474.00
FED FARM CR BK / JEFFERIES & COMPANY															
1267463	4/23/24	11/17/2026	3133ERCV1	AA+	Aa1	AA+	50,000,000.00	4.9000	4.9014	50,000,000.00	0.00	299,444.44	50,000,000.00	50,611,499.50	611,499.50
FED FARM CR BK / CASTLE OAK SECURITIES															
1264499	4/2/24	11/20/2026	3133EP7L3	AA+	Aa1	AA+	50,000,000.00	4.5900	4.5921	50,000,000.00	0.00	261,375.00	50,000,000.00	50,409,586.50	409,586.50
FED FARM CR BK / BARCLAY CAPITAL															

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Issuer / Broker															
UNITED STATES DOLLAR															
Orange County Treasury Pool															
GOVERNMENT AGENCY															
GOVT AGENCY-FIX-30/360															
1267093	4/19/24	12/04/2026	3133ERCK5	AA+	Aa1	AA+	50,000,000.00	4.8800	4.8822	50,000,000.00	0.00	183,000.00	50,000,000.00	50,625,471.00	625,471.00
FED FARM CR BK / MORGAN STANLEY															
1265598	4/10/24	01/04/2027	3133ERBD2	AA+	Aa1	AA+	50,000,000.00	4.6100	4.6125	50,000,000.00	0.00	1,133,291.67	50,000,000.00	50,475,140.00	475,140.00
FED HM LN BK BD / Mizuho Securities USA Inc															
1259108	2/22/24	01/08/2027	3130806J3	AA+	Aa1	NR	50,000,000.00	4.4150	4.4166	50,000,000.00	0.00	1,060,826.39	50,000,000.00	50,394,672.00	394,672.00
FED FARM CR BK / CASTLE OAK SECURITIES															
1259497	2/26/24	01/08/2027	3133EP4G7	AA+	Aa1	AA+	50,000,000.00	4.4900	4.4918	50,000,000.00	0.00	1,078,847.22	50,000,000.00	50,408,820.00	408,820.00
FED HM LN BK BD / BARCLAY CAPITAL															
1265229	4/8/24	01/08/2027	313080T33	AA+	Aa1	NR	50,000,000.00	4.5750	4.5775	50,000,000.00	0.00	1,099,270.83	50,000,000.00	50,500,396.00	500,396.00
FED HM LN BK BD / GREAT PACIFIC SECURITIES															
1265187	4/5/24	01/11/2027	313080SC4	AA+	Aa1	NR	50,000,000.00	4.5550	4.5572	50,000,000.00	0.00	544,069.44	50,000,000.00	50,487,794.00	487,794.00
FED HM LN BK BD / CASTLE OAK SECURITIES															
1255775	1/29/24	01/15/2027	3130AYPN0	AA+	Aa1	NR	25,000,000.00	4.1250	4.2072	24,943,750.00	27,016.89	475,520.83	24,970,766.89	25,123,377.75	152,610.86
FED HM LN BK BD / GREAT PACIFIC SECURITIES															
1255777	1/29/24	01/15/2027	3130AYPN0	AA+	Aa1	NR	28,000,000.00	4.1250	4.2072	27,937,000.00	30,258.91	532,583.33	27,967,258.91	28,138,183.08	170,924.17
FED FARM CR BK / BANK OF AMERICA															
1266747	4/17/24	01/15/2027	3133ERBV2	AA+	Aa1	AA+	50,000,000.00	4.8600	4.8628	50,000,000.00	0.00	1,120,500.00	50,000,000.00	50,672,867.50	672,867.50
FED FARM CR BK / JP MORGAN CHASE & CO															
1266748	4/17/24	01/19/2027	3133ERBU4	AA+	Aa1	AA+	50,000,000.00	4.8600	4.8628	50,000,000.00	0.00	1,093,500.00	50,000,000.00	50,678,933.00	678,933.00
FED FARM CR BK / TD SECURITIES															
1265803	4/11/24	01/25/2027	3133ERBL4	AA+	Aa1	AA+	50,000,000.00	4.8300	4.8327	50,000,000.00	0.00	1,046,500.00	50,000,000.00	50,665,527.00	665,527.00
FED FARM CR BK / BNY Mellon Capital Market															
1259496	2/26/24	01/29/2027	3133EP4E2	AA+	Aa1	AA+	50,000,000.00	4.4800	4.4811	50,000,000.00	0.00	945,777.78	50,000,000.00	50,413,801.00	413,801.00
FED FARM CR BK / UBS FINANCIAL SERVICES															
1265590	4/10/24	02/01/2027	3133ERBE0	AA+	Aa1	AA+	50,000,000.00	4.5900	4.5923	50,000,000.00	0.00	956,250.00	50,000,000.00	50,488,630.00	488,630.00
FED FARM CR BK / UBS FINANCIAL SERVICES															
1265597	4/10/24	02/01/2027	3133ERBE0	AA+	Aa1	AA+	50,000,000.00	4.5900	4.5923	50,000,000.00	0.00	956,250.00	50,000,000.00	50,488,630.00	488,630.00
FED FARM CR BK / FTN FINANCIAL															
1259493	2/26/24	02/05/2027	3133EP4C6	AA+	Aa1	AA+	50,000,000.00	4.4800	4.4809	50,000,000.00	0.00	908,444.44	50,000,000.00	50,416,590.00	416,590.00
FED FARM CR BK / TD SECURITIES															
1265226	4/8/24	02/05/2027	3133ERAM3	AA+	Aa1	AA+	50,000,000.00	4.5400	4.5422	50,000,000.00	0.00	920,611.11	50,000,000.00	50,455,206.00	455,206.00
FED FARM CR BK / CASTLE OAK SECURITIES															
1265599	4/10/24	02/09/2027	3133ERBF7	AA+	Aa1	AA+	50,000,000.00	4.5950	4.5972	50,000,000.00	0.00	906,236.11	50,000,000.00	50,502,098.00	48502,098.00

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Issuer / Broker															
UNITED STATES DOLLAR															
Orange County Treasury Pool															
GOVERNMENT AGENCY															
GOVT AGENCY-FIX-30/360															
FED HM LN BK BD / BNY Mellon Capital Market															
1265227	4/8/24	02/10/2027	3130B0SW0	AA+	Aa1	NR	50,000,000.00	4.5550	4.5571	50,000,000.00	0.00	892,020.83	50,000,000.00	50,512,591.00	512,591.00
FED FARM CR BK / DAIWA CAPITAL MARKETS															
1259494	2/26/24	02/11/2027	3133EP4D4	AA+	Aa1	AA+	50,000,000.00	4.4800	4.4807	50,000,000.00	0.00	871,111.11	50,000,000.00	50,422,861.00	422,861.00
FED FARM CR BK / DAIWA CAPITAL MARKETS															
1259495	2/26/24	02/11/2027	3133EP4D4	AA+	Aa1	AA+	50,000,000.00	4.4800	4.4807	50,000,000.00	0.00	871,111.11	50,000,000.00	50,422,861.00	422,861.00
FED HM LN BK BD / BNY Mellon Capital Market															
1265228	4/8/24	02/12/2027	3130B0SV2	AA+	Aa1	NR	50,000,000.00	4.5550	4.5571	50,000,000.00	0.00	879,368.06	50,000,000.00	50,514,326.00	514,326.00
FED FARM CR BK / DAIWA CAPITAL MARKETS															
1265406	4/9/24	02/16/2027	3133ERAV3	AA+	Aa1	AA+	50,000,000.00	4.6300	4.6321	50,000,000.00	0.00	868,125.00	50,000,000.00	50,537,900.00	537,900.00
FED FARM CR BK / DAIWA CAPITAL MARKETS															
1265407	4/9/24	02/22/2027	3133ERAW1	AA+	Aa1	AA+	50,000,000.00	4.6300	4.6319	50,000,000.00	0.00	829,541.67	50,000,000.00	50,545,568.50	545,568.50
FED FARM CR BK / DEUTSCHE															
1265225	4/8/24	02/26/2027	3133ERAL5	AA+	Aa1	AA+	50,000,000.00	4.5300	4.5317	50,000,000.00	0.00	786,458.33	50,000,000.00	50,471,576.00	471,576.00
FED FARM CR BK / CITIGROUP GLOBAL MARKETS															
1265411	4/9/24	03/02/2027	3133ERAR2	AA+	Aa1	AA+	50,000,000.00	4.6200	4.6216	50,000,000.00	0.00	763,583.33	50,000,000.00	50,557,067.00	557,067.00
FED HM LN BK BD / BNY Mellon Capital Market															
1264595	4/2/24	03/05/2027	3130B0Q93	AA+	Aa1	NR	50,000,000.00	4.5200	4.5212	50,000,000.00	0.00	728,222.22	50,000,000.00	50,548,950.00	548,950.00
FED HM LN BK BD / BNY Mellon Capital Market															
1264596	4/2/24	03/05/2027	3130B0Q93	AA+	Aa1	NR	50,000,000.00	4.5200	4.5212	50,000,000.00	0.00	728,222.22	50,000,000.00	50,548,950.00	548,950.00
FED FARM CR BK / CITIGROUP GLOBAL MARKETS															
1265410	4/9/24	03/08/2027	3133ERAS0	AA+	Aa1	AA+	50,000,000.00	4.6200	4.6214	50,000,000.00	0.00	725,083.33	50,000,000.00	50,564,821.00	564,821.00
FED FARM CR BK / Mizuho Securities USA Inc															
1264810	4/3/24	03/10/2027	3133ERAA9	AA+	Aa1	AA+	50,000,000.00	4.5400	4.5410	50,000,000.00	0.00	699,916.67	50,000,000.00	50,502,666.50	502,666.50
FED FARM CR BK / Mizuho Securities USA Inc															
1264811	4/3/24	03/10/2027	3133ERAA9	AA+	Aa1	AA+	50,000,000.00	4.5400	4.5410	50,000,000.00	0.00	699,916.67	50,000,000.00	50,502,666.50	502,666.50
FED HM LN BK BD / FTN FINANCIAL															
1264594	4/2/24	03/12/2027	3130B0Q28	AA+	Aa1	NR	50,000,000.00	4.5200	4.5209	50,000,000.00	0.00	684,277.78	50,000,000.00	50,567,786.00	567,786.00
FED HM LN BK BD / JEFFERIES & COMPANY															
1265185	4/5/24	03/15/2027	3130B0S91	AA+	Aa1	NR	50,000,000.00	4.5200	4.5209	50,000,000.00	0.00	665,444.44	50,000,000.00	50,572,195.50	572,195.50
FED FARM CR BK / RBC															
1265409	4/9/24	03/15/2027	3133ERAT8	AA+	Aa1	AA+	50,000,000.00	4.6100	4.6111	50,000,000.00	0.00	678,694.44	50,000,000.00	50,565,791.00	565,791.00
FED FARM CR BK / RBC															

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Issuer / Broker															
UNITED STATES DOLLAR															
Orange County Treasury Pool															
GOVERNMENT AGENCY															
GOVT AGENCY-FIX-30/360															
1265408	4/9/24	03/22/2027	3133ERAU5	AA+	Aa1	AA+	50,000,000.00	4.6100	4.6108	50,000,000.00	0.00	633,875.00	50,000,000.00	50,574,918.00	574,918.00
FED HM LN BK BD / DEUTSCHE															
1265184	4/5/24	03/25/2027	313080S83	AA+	Aa1	NR	50,000,000.00	4.5050	4.5055	50,000,000.00	0.00	600,666.67	50,000,000.00	50,574,611.00	574,611.00
FED HM LN BK BD / JEFFERIES & COMPANY															
1265186	4/5/24	03/30/2027	313080S86	AA+	Aa1	NR	50,000,000.00	4.5150	4.5152	50,000,000.00	0.00	570,645.83	50,000,000.00	50,590,385.50	590,385.50
FED FARM CR BK / FTN FINANCIAL															
1266744	4/17/24	04/07/2027	3133ERBZ3	AA+	Aa1	AA+	50,000,000.00	4.8300	4.8305	50,000,000.00	0.00	563,500.00	50,000,000.00	50,777,186.50	777,186.50
FED FARM CR BK / FTN FINANCIAL															
1266746	4/17/24	04/07/2027	3133ERBT7	AA+	Aa1	AA+	50,000,000.00	4.8200	4.8205	50,000,000.00	0.00	562,333.33	50,000,000.00	50,768,745.00	768,745.00
FED FARM CR BK / BANK OF AMERICA															
1266745	4/17/24	04/09/2027	3133ERCA7	AA+	Aa1	AA+	50,000,000.00	4.8300	4.8304	50,000,000.00	0.00	550,083.33	50,000,000.00	50,780,440.00	780,440.00
FED FARM CR BK / JP MORGAN CHASE & CO															
1267095	4/19/24	04/15/2027	3133ERCL3	AA+	Aa1	AA+	50,000,000.00	4.8300	4.8302	50,000,000.00	0.00	509,833.33	50,000,000.00	50,790,245.50	790,245.50
Subtotal for GOVT AGENCY-FIX-30/360:							4,378,000,000.00	4.4135	4.4216	4,376,739,155.64	1,132,630.26	64,461,252.73	4,377,871,785.90	4,403,450,893.08	25,579,107.18
GOV'T AGY - CALLABLE															
FED HM LN BK BD / GREAT PACIFIC SECURITIES															
1115693	5/24/21	11/24/2025	3130AMHJ4	AA+	Aa1	NR	15,000,000.00	0.7600	0.7600	15,000,000.00	0.00	11,716.67	15,000,000.00	14,784,888.30	(215,111.70)
FED HM LN BK BD / GREAT PACIFIC SECURITIES															
1116512	5/28/21	11/28/2025	3130AMQT2	AA+	Aa1	NR	25,000,000.00	0.7900	0.7900	25,000,000.00	0.00	18,104.17	25,000,000.00	24,635,100.00	(364,900.00)
FREDDIE MAC / DAIWA CAPITAL MARKETS															
1321800	5/14/25	06/15/2027	3134HBRN3	AA+	Aa1	AA+	50,000,000.00	3.9500	4.1061	49,850,000.00	9,387.48	257,847.22	49,859,387.48	49,866,320.50	6,933.02
FREDDIE MAC / GREAT PACIFIC SECURITIES															
1321804	4/29/25	07/26/2027	3134HBN7	AA+	Aa1	AA+	50,000,000.00	3.9500	4.0371	49,910,000.00	6,914.50	340,138.89	49,916,914.50	49,836,834.00	(80,080.50)
FANNIE MAE / GREAT PACIFIC SECURITIES															
1321802	4/30/25	08/27/2027	3136GAGE3	AA+	Aa1	AA+	50,000,000.00	3.9500	4.0271	49,917,500.00	6,012.54	334,652.78	49,923,512.54	49,829,700.00	(93,812.54)
FREDDIE MAC / GREAT PACIFIC SECURITIES															
1321785	3/14/25	09/08/2027	3134HBDZ1	AA+	Aa1	AA+	25,000,000.00	4.1250	4.1874	24,963,750.00	4,338.65	306,510.42	24,968,088.65	24,968,371.50	282.85
FREDDIE MAC / GREAT PACIFIC SECURITIES															
1321792	3/20/25	10/21/2027	3134HBFJ5	AA+	Aa1	AA+	50,000,000.00	4.2500	4.2905	49,952,500.00	5,153.06	413,194.44	49,957,653.06	49,938,381.50	(19,271.56)
FREDDIE MAC / DAIWA CAPITAL MARKETS															
1321796	5/9/25	10/22/2027	3134HBNQ4	AA+	Aa1	AA+	50,000,000.00	4.0000	4.1198	49,862,500.00	8,097.40	288,888.89	49,870,597.40	49,844,961.00	(25,636.40)
FREDDIE MAC / CASTLE OAK SECURITIES															
1321803	4/29/25	10/29/2027	3134HBNF4	AA+	Aa1	AA+	50,000,000.00	3.8750	4.0002	49,852,500.00	10,161.11	333,680.56	49,862,661.11	49,755,809.00	(106,852.11)

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Issuer / Broker															
UNITED STATES DOLLAR															
Orange County Treasury Pool															
GOVERNMENT AGENCY															
GOV'T AGY - CALLABLE															
FREDDIE MAC / FTN FINANCIAL															
1321795	5/5/25	11/05/2027	3134HBPB1	AA+	Aa1	AA+	50,000,000.00	3.9000	4.0103	49,870,000.00	8,088.89	303,333.33	49,878,088.89	49,815,380.00	(62,708.89)
FREDDIE MAC / FTN FINANCIAL															
1321797	5/9/25	11/05/2027	3134HBQJ3	AA+	Aa1	AA+	50,000,000.00	3.9000	4.0494	49,825,000.00	10,156.25	281,666.67	49,835,156.25	49,815,687.00	(19,469.25)
FREDDIE MAC / GREAT PACIFIC SECURITIES															
1321790	5/2/25	11/12/2027	3134HBPH8	AA+	Aa1	AA+	50,000,000.00	3.9500	4.0470	49,883,950.00	7,524.12	323,680.56	49,891,474.12	49,805,150.50	(86,323.62)
FREDDIE MAC / DAIWA CAPITAL MARKETS															
1321794	5/5/25	11/19/2027	3134HBPS4	AA+	Aa1	AA+	50,000,000.00	3.9000	4.0500	49,820,000.00	11,028.45	303,333.33	49,831,028.45	49,802,163.00	(28,865.45)
FREDDIE MAC / FTN FINANCIAL															
1321793	5/5/25	12/03/2027	3134HBPO8	AA+	Aa1	AA+	50,000,000.00	3.9500	4.0625	49,865,000.00	8,146.55	153,611.11	49,873,146.55	49,797,051.00	(76,095.55)
FREDDIE MAC / GREAT PACIFIC SECURITIES															
1321798	5/13/25	12/03/2027	3134HBRC7	AA+	Aa1	AA+	50,000,000.00	4.1250	4.2350	49,870,000.00	6,782.61	275,000.00	49,876,782.61	49,930,711.00	53,928.39
FREDDIE MAC / GREAT PACIFIC SECURITIES															
1321791	5/5/25	12/15/2027	3134HBPR6	AA+	Aa1	AA+	50,000,000.00	4.0000	4.0993	49,880,000.00	7,148.94	88,888.89	49,887,148.94	49,787,990.50	(99,158.44)
FREDDIE MAC / GREAT PACIFIC SECURITIES															
1321799	3/27/25	01/14/2028	3134HBGB1	AA+	Aa1	AA+	50,000,000.00	4.1500	4.2055	49,930,000.00	6,534.26	541,805.55	49,936,534.26	49,919,615.50	(16,918.76)
FREDDIE MAC / GREAT PACIFIC SECURITIES															
1321801	4/2/25	03/15/2028	3134HBGZ8	AA+	Aa1	AA+	50,000,000.00	4.0000	4.1023	49,860,000.00	11,721.54	494,444.45	49,871,721.54	49,790,651.00	(81,070.54)
Subtotal for GOV'T AGY - CALLABLE:							815,000,000.00	3.8365	3.9361	813,112,700.00	127,196.35	5,070,497.93	813,239,896.35	811,924,765.30	(1,315,131.05)
Subtotal for GOVERNMENT AGENCY:							9,693,000,000.00	2.3160	4.2328	9,552,079,779.26	67,092,451.62	69,531,750.66	9,619,172,230.88	9,641,861,881.88	22,689,651.00
U. S. TREASURIES															
TREASURY BOND															
US TREASURY N/B / BARCLAYS CAPITAL															
1248617	12/4/23	07/15/2025	91282CEY3	AA+	Aa1	AA+	50,000,000.00	3.0000	4.7343	48,666,015.63	1,302,276.76	691,988.95	49,968,292.39	49,973,273.50	4,981.11
US TREASURY N/B / Mizuho Securities USA Inc															
1248619	12/4/23	08/15/2025	91282CFE6	AA+	Aa1	AA+	50,000,000.00	3.1250	4.6927	48,732,421.88	1,175,576.48	587,016.57	49,907,998.36	49,914,660.00	6,661.64
US TREASURY N/B / MORGAN STANLEY															
1248654	12/5/23	08/15/2025	91282CFE6	AA+	Aa1	AA+	50,000,000.00	3.1250	4.7395	48,697,265.63	1,208,028.32	587,016.57	49,905,293.95	49,914,660.00	9,366.05
US TREASURY N/B / JP MORGAN CHASE & CO															
1298471	12/6/24	08/15/2025	912828K74	AA+	Aa1	AA+	50,000,000.00	2.0000	4.3326	49,210,937.50	648,158.48	375,690.61	49,859,095.98	49,846,284.50	(12,811.48)
US TREASURY N/B / MORGAN STANLEY															
1248655	12/5/23	09/15/2025	91282CFK2	AA+	Aa1	AA+	50,000,000.00	3.5000	4.7227	48,966,796.88	912,397.83	513,586.96	49,879,194.71	49,945,312.50	66,117.79
US TREASURY N/B / MORGAN STANLEY															

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Issuer / Broker															
UNITED STATES DOLLAR															
Orange County Treasury Pool															
U. S. TREASURIES															
TREASURY BOND															
1299093	12/11/24	09/15/2025	91282CFK2	AA+	Aa1	AA+	50,000,000.00	3.5000	4.2859	49,707,031.25	212,876.57	513,586.96	49,919,907.82	49,945,312.50	25,404.68
US TREASURY N/B / MORGAN STANLEY															
1249205	12/7/23	10/15/2025	91282CFP1	AA+	Aa1	AA+	50,000,000.00	4.2500	4.6360	49,658,203.13	288,359.60	447,062.84	49,946,562.73	49,985,840.00	39,277.27
US TREASURY N/B / RBC															
1310645	3/10/25	11/15/2025	912828M56	AA+	Aa1	AA+	50,000,000.00	2.2500	4.1345	49,371,093.75	284,265.63	143,682.07	49,655,359.38	49,618,489.50	(36,869.88)
US TREASURY N/B / RBC															
1310643	3/10/25	12/15/2025	91282CGA3	AA+	Aa1	AA+	50,000,000.00	4.0000	4.0926	49,962,890.63	14,976.28	87,431.69	49,977,866.91	49,962,402.50	(15,464.41)
US TREASURY N/B / JEFFERIES & COMPANY															
1249206	12/7/23	01/15/2026	91282CGE5	AA+	Aa1	AA+	50,000,000.00	3.8750	4.5337	49,343,750.00	487,500.00	893,819.06	49,831,250.00	49,932,617.00	101,367.00
US TREASURY N/B / MORGAN STANLEY															
1307708	2/14/25	01/15/2026	91282CGE5	AA+	Aa1	AA+	50,000,000.00	3.8750	4.2844	49,816,406.25	75,081.62	733,252.76	49,891,487.87	49,932,617.00	41,129.13
US TREASURY N/B / RBC															
1310644	3/10/25	01/15/2026	91282CGE5	AA+	Aa1	AA+	50,000,000.00	3.8750	4.0682	49,917,968.75	29,805.57	604,799.72	49,947,774.32	49,932,617.00	(15,157.32)
US TREASURY N/B / MORGAN STANLEY															
1254403	1/18/24	02/15/2026	912828P46	AA+	Aa1	AA+	50,000,000.00	1.6250	4.3008	47,369,140.63	1,837,095.48	305,248.62	49,206,236.11	49,214,355.50	8,119.39
US TREASURY N/B / RBC															
1311776	3/17/25	02/15/2026	912828P46	AA+	Aa1	AA+	50,000,000.00	1.6250	4.1315	48,882,812.50	353,498.13	237,914.37	49,236,310.63	49,214,355.50	(21,955.13)
US TREASURY N/B / CITIGROUP GLOBAL MARKETS															
1249263	12/8/23	04/15/2026	91282CGV7	AA+	Aa1	AA+	50,000,000.00	3.7500	4.4336	49,242,187.50	503,737.99	394,467.21	49,745,925.49	49,870,117.00	124,191.51
US TREASURY N/B / JEFFERIES & COMPANY															
1317974	4/29/25	04/15/2026	91282CGV7	AA+	Aa1	AA+	50,000,000.00	3.7500	3.9827	49,890,625.00	19,631.41	322,745.90	49,910,256.41	49,870,117.00	(40,139.41)
US TREASURY N/B / MORGAN STANLEY															
1249450	12/11/23	05/15/2026	912828R36	AA+	Aa1	AA+	50,000,000.00	1.6250	4.5166	46,708,984.38	2,109,815.88	103,770.38	48,818,800.26	48,961,914.00	143,113.74
US TREASURY N/B / MORGAN STANLEY															
1254405	1/18/24	05/15/2026	912828R36	AA+	Aa1	AA+	50,000,000.00	1.6250	4.2373	47,136,718.75	1,789,550.78	103,770.38	48,926,269.53	48,961,914.00	35,644.47
US TREASURY N/B / RBC															
1323424	6/6/25	05/15/2026	91282CHB0	AA+	Aa1	AA+	50,000,000.00	3.6250	4.1277	49,769,531.25	16,798.01	123,131.79	49,786,329.26	49,814,453.00	28,123.74
US TREASURY N/B / TD SECURITIES															
1249451	12/11/23	06/15/2026	91282CHH7	AA+	Aa1	AA+	50,000,000.00	4.1250	4.5006	49,558,593.75	273,411.94	90,163.93	49,832,005.69	50,061,523.50	229,517.81
US TREASURY N/B / MORGAN STANLEY															
1265805	4/11/24	07/15/2026	91282CHM6	AA+	Aa1	AA+	50,000,000.00	4.5000	4.8863	49,587,890.63	222,788.82	1,037,983.43	49,810,679.45	50,263,183.50	452,504.05
US TREASURY N/B / JP MORGAN CHASE & CO															
1254805	1/22/24	08/15/2026	9128282A7	AA+	Aa1	AA+	50,000,000.00	1.5000	4.2310	46,712,890.63	1,847,243.09	281,767.96	48,560,133.72	48,658,203.00	5298,069.28

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Issuer / Broker															
UNITED STATES DOLLAR															
Orange County Treasury Pool															
U. S. TREASURIES															
TREASURY BOND															
US TREASURY N/B / Mizuho Securities USA Inc															
1265804	4/11/24	09/15/2026	91282CHY0	AA+	Aa1	AA+	50,000,000.00	4.6250	4.8461	49,748,046.88	126,686.69	678,668.48	49,874,733.57	50,402,344.00	527,610.43
US TREASURY N/B / MORGAN STANLEY															
1259944	2/28/24	11/15/2026	912828U24	AA+	Aa1	AA+	50,000,000.00	2.0000	4.5075	46,832,031.25	1,563,205.57	127,717.39	48,395,236.82	48,751,953.00	356,716.18
US TREASURY N/B / JEFFERIES & COMPANY															
1259106	2/22/24	01/15/2027	91282CJT9	AA+	Aa1	AA+	50,000,000.00	4.0000	4.4197	49,433,593.75	265,001.03	922,651.93	49,698,594.78	50,119,140.50	420,545.72
US TREASURY N/B / MORGAN STANLEY															
1259107	2/22/24	02/15/2027	912828V98	AA+	Aa1	AA+	50,000,000.00	2.2500	4.4043	47,021,484.38	1,353,870.74	422,651.93	48,375,355.12	48,781,250.00	405,894.88
US TREASURY N/B / DAIWA CAPITAL MARKETS															
1247294	11/22/23	02/15/2028	9128283W8	AA+	Aa1	AA+	50,000,000.00	2.7500	4.4653	46,724,609.38	1,243,631.50	516,574.59	47,968,240.88	48,810,547.00	842,306.12
US TREASURY N/B / MORGAN STANLEY															
1247300	11/22/23	05/15/2028	9128284N7	AA+	Aa1	AA+	50,000,000.00	2.8750	4.4572	46,818,359.38	1,141,578.88	183,593.75	47,959,938.26	48,884,765.50	924,827.24
US TREASURY N/B / Mizuho Securities USA Inc															
1247907	11/29/23	11/15/2028	9128285M8	AA+	Aa1	AA+	50,000,000.00	3.1250	4.4192	47,144,531.25	913,498.00	199,558.42	48,058,029.25	49,066,406.00	1,008,376.75
Subtotal for TREASURY BOND:							1,450,000,000.00	3.0948	4.4181	1,410,632,812.57	22,220,347.08	12,231,315.22	1,432,853,159.65	1,438,610,628.00	5,757,468.35
TREASURY BOND - ME															
US TREASURY N/B / MORGAN STANLEY _1															
1113753	5/10/21	07/31/2025	91282CAB7	AA+	Aa1	AA+	50,000,000.00	0.2500	0.5892	49,292,968.75	693,284.69	52,140.88	49,986,253.44	49,830,962.00	(155,291.44)
US TREASURY N/B / CITIGROUP GLOBAL MARKETS															
1116055	5/26/21	07/31/2025	91282CAB7	AA+	Aa1	AA+	50,000,000.00	0.2500	0.5909	49,296,875.00	689,311.15	52,140.88	49,986,186.15	49,830,962.00	(155,224.15)
US TREASURY N/B / DAIWA CAPITAL MARKETS															
1248973	12/6/23	07/31/2025	912828Y79	AA+	Aa1	AA+	50,000,000.00	2.8750	4.7169	48,550,781.25	1,377,118.31	599,620.17	49,927,899.56	49,937,381.00	9,481.44
US TREASURY N/B / MORGAN STANLEY															
1297815	12/3/24	07/31/2025	91282CAB7	AA+	Aa1	AA+	50,000,000.00	0.2500	4.4241	48,656,250.00	1,175,781.25	52,140.88	49,832,031.25	49,830,962.00	(1,069.25)
US TREASURY N/B / MORGAN STANLEY															
1298060	12/4/24	07/31/2025	91282CAB7	AA+	Aa1	AA+	50,000,000.00	0.2500	4.3666	48,679,687.50	1,154,582.90	52,140.88	49,834,270.40	49,830,962.00	(3,308.40)
US TREASURY N/B / BANK OF AMERICA															
1113754	5/10/21	08/31/2025	91282CAJ0	AA+	Aa1	AA+	50,000,000.00	0.2500	0.6145	49,226,562.50	743,463.11	41,779.89	49,970,025.61	49,649,414.00	(320,611.61)
US TREASURY N/B / DEUTSCHE															
1113755	5/10/21	08/31/2025	91282CAJ0	AA+	Aa1	AA+	50,000,000.00	0.2500	0.6145	49,226,562.50	743,463.11	41,779.89	49,970,025.61	49,649,414.00	(320,611.61)
US TREASURY N/B / MORGAN STANLEY _1															
1116050	5/26/21	09/30/2025	91282CAM3	AA+	Aa1	AA+	50,000,000.00	0.2500	0.6323	49,181,640.63	771,463.46	31,420.77	49,953,104.09	49,500,651.00	(452,453.09)
US TREASURY N/B / BNP PARIBAS															

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Issuer / Broker															
UNITED STATES DOLLAR															
Orange County Treasury Pool															
U. S. TREASURIES															
TREASURY BOND - ME															
1116051	5/26/21	09/30/2025	91282CAM3	AA+	Aa1	AA+	50,000,000.00	0.2500	0.6323	49,181,640.63	771,463.46	31,420.77	49,953,104.09	49,500,651.00	(452,453.09)
US TREASURY N/B / DEUTSCHE															
1116052	5/26/21	09/30/2025	91282CAM3	AA+	Aa1	AA+	50,000,000.00	0.2500	0.6332	49,179,687.50	773,304.67	31,420.77	49,952,992.17	49,500,651.00	(452,341.17)
US TREASURY N/B / MORGAN STANLEY															
1130485	7/23/21	09/30/2025	91282CAM3	AA+	Aa1	AA+	50,000,000.00	0.2500	0.6018	49,273,437.50	683,348.65	31,420.77	49,956,786.15	49,500,651.00	(456,135.15)
US TREASURY N/B / MORGAN STANLEY															
1298227	12/5/24	09/30/2025	91282CAM3	AA+	Aa1	AA+	50,000,000.00	0.2500	4.3280	48,376,953.13	1,129,076.08	31,420.77	49,506,029.21	49,500,651.00	(5,378.21)
US TREASURY N/B / DEUTSCHE															
1116053	5/26/21	10/31/2025	91282CAT8	AA+	Aa1	AA+	50,000,000.00	0.2500	0.6605	49,105,468.75	827,123.71	21,059.78	49,932,592.46	49,332,519.50	(600,072.96)
US TREASURY N/B / DEUTSCHE															
1116054	5/26/21	10/31/2025	91282CAT8	AA+	Aa1	AA+	50,000,000.00	0.2500	0.6605	49,105,468.75	827,123.71	21,059.78	49,932,592.46	49,332,519.50	(600,072.96)
US TREASURY N/B / DAIWA CAPITAL MARKETS															
1298228	12/5/24	10/31/2025	91282CAT8	AA+	Aa1	AA+	50,000,000.00	0.2500	4.3087	48,220,703.13	1,121,496.21	21,059.78	49,342,199.34	49,332,519.50	(9,679.84)
US TREASURY N/B / TD SECURITIES															
1298472	12/6/24	10/31/2025	91282CAT8	AA+	Aa1	AA+	50,000,000.00	0.2500	4.3029	48,228,516.00	1,114,581.12	21,059.78	49,343,097.12	49,332,519.50	(10,577.62)
US TREASURY N/B / MORGAN STANLEY															
1298596	12/9/24	10/31/2025	91282CAT8	AA+	Aa1	AA+	50,000,000.00	0.2500	4.2527	48,265,625.00	1,085,314.42	21,059.78	49,350,939.42	49,332,519.50	(18,419.92)
US TREASURY N/B / MORGAN STANLEY _1															
1116285	5/27/21	12/31/2025	91282CBC4	AA+	Aa1	AA+	50,000,000.00	0.3750	0.7266	49,207,031.25	706,540.35	509.51	49,913,571.60	49,052,734.50	(860,837.10)
US TREASURY N/B / CITIGROUP GLOBAL MARKETS															
1118017	6/10/21	01/31/2026	91282CBH3	AA+	Aa1	AA+	50,000,000.00	0.3750	0.6825	49,298,828.13	612,698.53	78,211.33	49,911,526.66	48,898,926.00	(1,012,600.66)
US TREASURY N/B / DEUTSCHE															
1120789	6/30/21	01/31/2026	91282CBH3	AA+	Aa1	AA+	50,000,000.00	0.3750	0.8080	49,027,343.75	848,462.67	78,211.33	49,875,806.42	48,898,926.00	(976,880.42)
US TREASURY N/B / Mizuho Securities USA Inc															
1249209	12/7/23	03/31/2026	9128286L9	AA+	Aa1	AA+	100,000,000.00	2.2500	4.4309	95,250,000.00	3,215,384.62	565,573.77	98,465,384.62	98,650,391.00	185,006.38
US TREASURY N/B / MORGAN STANLEY															
1324788	6/17/25	03/31/2026	9128286L9	AA+	Aa1	AA+	50,000,000.00	2.2500	4.1681	49,263,671.88	35,918.44	43,032.79	49,299,590.32	49,325,195.50	25,605.18
US TREASURY N/B / MORGAN STANLEY															
1249266	12/8/23	04/30/2026	9128286S4	AA+	Aa1	AA+	100,000,000.00	2.3750	4.4231	95,390,625.00	3,011,388.01	400,135.87	98,402,013.01	98,605,469.00	203,455.99
US TREASURY N/B / RBC															
1311367	3/13/25	04/30/2026	91282CBW0	AA+	Aa1	AA+	50,000,000.00	0.7500	4.0600	48,185,546.88	483,268.39	63,179.35	48,668,815.27	48,645,019.50	(23,795.77)
US TREASURY N/B / RBC															
1311417	3/14/25	04/30/2026	9128286S4	AA+	Aa1	AA+	50,000,000.00	2.3750	4.0735	49,070,312.50	245,961.01	200,067.93	49,316,273.51	49,302,734.50	54 (13,539.01)

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Investment Inventory with Market Value by Entity & Instrument

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* Market values provided by Northern Trust and exclude accrued interest

Deal No.	Settle Date	Maturity Date	CUSIP	S&P	Moodys	Fitch	Face Value	Coupon	Purchase Yield	Capital	Capital Accrual	Interest Accrual	Book Value	Market Value *	Unrealized Gain/(Loss)
Issuer / Broker															
UNITED STATES DOLLAR															
Orange County Treasury Pool															
U. S. TREASURIES															
TREASURY BOND - ME															
US TREASURY N/B / DAIWA CAPITAL MARKETS															
1312400	3/20/25	04/30/2026	91282CBW0	AA+	Aa1	AA+	50,000,000.00	0.7500	4.1476	48,169,921.88	464,280.90	63,179.35	48,634,202.78	48,645,019.50	10,816.72
US TREASURY N/B / MORGAN STANLEY															
1250187	12/14/23	06/30/2026	9128287B0	AA+	Aa1	AA+	50,000,000.00	1.8750	4.4455	46,937,500.00	1,862,553.82	2,547.55	48,800,053.82	48,963,867.00	163,813.18
US TREASURY N/B / JEFFERIES & COMPANY															
1252688	1/5/24	06/30/2026	91282CCJ8	AA+	Aa1	AA+	50,000,000.00	0.8750	4.1810	46,134,765.65	2,314,026.74	1,188.86	48,448,792.39	48,478,515.50	29,723.11
US TREASURY N/B / CASTLE OAK SECURITIES															
1311368	3/13/25	06/30/2026	9128287B0	AA+	Aa1	AA+	50,000,000.00	1.8750	4.0392	48,640,625.00	315,466.77	2,547.55	48,956,091.77	48,963,867.00	7,775.23
US TREASURY N/B / BARCLAYS CAPITAL															
1311418	3/14/25	06/30/2026	9128287B0	AA+	Aa1	AA+	50,000,000.00	1.8750	4.0692	48,625,000.00	316,860.47	2,547.55	48,941,860.47	48,963,867.00	22,006.53
US TREASURY N/B / CASTLE OAK SECURITIES															
1312399	3/20/25	06/30/2026	9128287B0	AA+	Aa1	AA+	50,000,000.00	1.8750	4.1327	48,603,515.63	308,004.05	2,547.55	48,911,519.68	48,963,867.00	52,347.32
US TREASURY N/B / MORGAN STANLEY															
1249652	12/12/23	07/31/2026	912828Y95	AA+	Aa1	AA+	50,000,000.00	1.8750	4.5408	46,722,656.25	1,931,656.87	391,056.63	48,654,313.12	48,890,625.00	236,311.88
US TREASURY N/B / JP MORGAN CHASE & CO															
1250188	12/14/23	07/31/2026	912828Y95	AA+	Aa1	AA+	50,000,000.00	1.8750	4.4584	46,826,171.88	1,867,930.09	391,056.63	48,694,101.97	48,890,625.00	196,523.03
US TREASURY N/B / DAIWA CAPITAL MARKETS															
1311777	3/17/25	07/31/2026	91282CCP4	AA+	Aa1	AA+	50,000,000.00	0.6250	4.0592	47,724,609.38	481,419.97	91,505.52	48,206,029.35	48,236,328.00	30,298.65
US TREASURY N/B / RBC															
1315851	4/14/25	07/31/2026	912828Y95	AA+	Aa1	AA+	50,000,000.00	1.8750	4.0215	48,654,296.88	221,912.99	202,002.76	48,876,209.87	48,890,625.00	14,415.13
US TREASURY N/B / RBC															
1323623	6/9/25	07/31/2026	91282CCP4	AA+	Aa1	AA+	50,000,000.00	0.6250	4.1572	48,046,875.00	103,042.57	18,991.71	48,149,917.57	48,236,328.00	86,410.43
US TREASURY N/B / JEFFERIES & COMPANY															
1250189	12/14/23	08/31/2026	912828YD6	AA+	Aa1	AA+	50,000,000.00	1.3750	4.4330	46,132,812.50	2,204,804.18	229,789.40	48,337,616.68	48,542,969.00	205,352.32
US TREASURY N/B / CITIGROUP GLOBAL MARKETS															
1252689	1/5/24	08/31/2026	91282CCW9	AA+	Aa1	AA+	50,000,000.00	0.7500	4.1779	45,740,234.38	2,387,051.32	125,339.67	48,127,285.70	48,189,453.00	62,167.30
US TREASURY N/B / JP MORGAN CHASE & CO															
1311369	3/13/25	08/31/2026	91282CLH2	AA+	Aa1	AA+	50,000,000.00	3.7500	4.0209	49,808,593.75	39,281.13	560,461.96	49,847,874.88	49,880,859.50	32,984.62
US TREASURY N/B / MORGAN STANLEY															
1311419	3/14/25	08/31/2026	91282CLH2	AA+	Aa1	AA+	50,000,000.00	3.7500	4.0631	49,779,296.88	44,965.68	555,366.85	49,824,262.56	49,880,859.50	56,596.94
US TREASURY N/B / TD SECURITIES															
1323624	6/9/25	08/31/2026	91282CLH2	AA+	Aa1	AA+	50,000,000.00	3.7500	4.1422	49,765,625.00	11,509.49	112,092.39	49,777,134.49	49,880,859.50	103,725.01
US TREASURY N/B / MORGAN STANLEY															

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Investment Inventory with Market Value by Entity & Instrument

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Deal No.	Settle Date	Maturity Date	CUSIP	S&P	Moodys	Fitch	Face Value	Coupon	Purchase Yield	Capital	Capital Accrual	Interest Accrual	Book Value	Market Value *	Unrealized Gain/(Loss)
Issuer / Broker															
UNITED STATES DOLLAR															
Orange County Treasury Pool															
U. S. TREASURIES															
TREASURY BOND - ME															
1254806	1/22/24	09/30/2026	91282CCZ2	AA+	Aa1	AA+	50,000,000.00	0.8750	4.1688	45,851,562.50	2,222,075.48	109,972.68	48,073,637.98	48,164,062.50	90,424.52
US TREASURY N/B / TD SECURITIES															
1315850	4/14/25	09/30/2026	91282CLP4	AA+	Aa1	AA+	50,000,000.00	3.5000	3.9963	49,650,390.63	51,066.54	372,950.82	49,701,457.17	49,742,187.50	40,730.33
US TREASURY N/B / CASTLE OAK SECURITIES															
1259640	2/27/24	11/30/2026	91282CDK4	AA+	Aa1	AA+	50,000,000.00	1.2500	4.5063	45,822,265.63	2,032,859.82	52,937.16	47,855,125.45	48,210,937.50	355,812.05
US TREASURY N/B / DAIWA CAPITAL MARKETS															
1238639	9/20/23	07/31/2028	91282CCR0	AA+	Aa1	AA+	50,000,000.00	1.0000	4.5231	42,388,671.88	2,785,677.52	208,563.54	45,174,349.40	46,095,703.00	921,353.60
US TREASURY N/B / JEFFERIES & COMPANY															
1238644	9/20/23	08/31/2028	91282CCV1	AA+	Aa1	AA+	50,000,000.00	1.1250	4.5246	42,542,968.75	2,682,385.34	188,009.51	45,225,354.09	46,167,969.00	942,614.91
US TREASURY N/B / MORGAN STANLEY															
1247906	11/29/23	10/31/2028	91282CDF5	AA+	Aa1	AA+	50,000,000.00	1.3750	4.4251	43,322,265.63	2,154,107.86	115,828.80	45,476,373.49	46,361,328.00	884,954.51
Subtotal for TREASURY BOND - ME:							2,450,000,000.00	1.2474	3.3141	2,351,632,812.99	51,643,861.63	6,383,552.54	2,403,276,674.62	2,401,346,027.50	(1,930,647.12)
US TREASURY BILL															
US TREASURY N/B / JEFFERIES & COMPANY															
1325973	6/26/25	08/07/2025	912797MG9	A-1+	NR	F1+	50,000,000.00		4.3727	49,746,220.85	30,211.80	0.00	49,776,432.65	49,781,565.00	5,132.35
US TREASURY N/B / JEFFERIES & COMPANY															
1325974	6/26/25	08/07/2025	912797MG9	A-1+	NR	F1+	50,000,000.00		4.3727	49,746,220.85	30,211.80	0.00	49,776,432.65	49,781,565.00	5,132.35
US TREASURY N/B / JEFFERIES & COMPANY															
1325694	6/24/25	08/19/2025	912797QK6	A-1+	NR	F1+	50,000,000.00		4.4303	49,657,777.80	42,777.78	0.00	49,700,555.58	49,706,510.50	5,954.92
US TREASURY N/B / JP MORGAN CHASE & CO															
1325695	6/24/25	08/19/2025	912797QK6	A-1+	NR	F1+	50,000,000.00		4.4288	49,657,894.45	42,763.19	0.00	49,700,657.64	49,706,510.50	5,852.86
US TREASURY N/B / CITIGROUP GLOBAL MARKETS															
1298780	12/10/24	09/04/2025	912797MH7	A-1+	NR	F1+	50,000,000.00		4.1940	48,486,172.22	1,146,668.06	0.00	49,632,840.28	49,615,529.50	(17,310.78)
US TREASURY N/B / FTN FINANCIAL															
1311416	3/14/25	02/19/2026	912797PM3	A-1+	NR	F1+	50,000,000.00		4.0501	48,147,500.00	590,416.67	0.00	48,737,916.67	48,729,988.00	(7,928.67)
US TREASURY N/B / JEFFERIES & COMPANY															
1314248	4/2/25	03/19/2026	912797PV3	A-1+	NR	F1+	50,000,000.00		3.9872	48,128,975.00	479,750.00	0.00	48,608,725.00	48,586,250.00	(22,475.00)
Subtotal for US TREASURY BILL:							350,000,000.00	0.0000	4.2622	343,570,761.17	2,362,799.30	0.00	345,933,560.47	345,907,918.50	(25,641.97)
Subtotal for U. S. TREASURIES:							4,250,000,000.00	1.7750	3.7688	4,105,836,386.73	76,227,008.01	18,614,867.76	4,182,063,394.74	4,185,864,574.00	3,801,179.26
Total Orange County Treasury Pool :							15,772,746,757.90	2.1511	4.1088	15,487,662,923.89	143,319,459.63	88,146,618.42	15,630,982,383.52	15,657,473,213.78	26,490,830.26
Net Asset Value (NAV):														1.001695	

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Investment Inventory with Market Value by Entity & Instrument

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Deal No.	Settle Date	Maturity Date	CUSIP	S&P	Moody's	Fitch	Face Value	Coupon	Purchase Yield	Capital	Capital Accrual	Interest Accrual	Book Value	Market Value *	Unrealized Gain/(Loss)
Issuer / Broker															
Total Investments:							15,772,746,757.90	2.1511	4.1088	15,487,662,923.89	143,319,459.63	88,146,618.42	15,630,982,383.52	15,657,473,213.78	26,490,830.26

Report Parameters

Query: Daily Inventory OCTP
Settlement Date: not greater than 30 Jun 2025
Entity Name: one of Orange County Treasury Pool
Account Name: one of LAIF - EXTENDED FUND, OC Treasurer Extended Fund, OC Treasurer X FUND MMF, NORTHERN TRUST OCTP SWEEP
Account Number: not one of AIM# 51124, WFB-LAW LIBRARY, TEMPFUND283, GS283, AIM#51104-JWA, MORGAN 283, AIM# 51126, AIM# 51123, AIM# 51121, AIM# 51120, AIM# 51129, AIM# 51127, AIM# 51128, GS FIN TAX FREE-LAD04, GS FIN SQ TX FREE-LAD00, 279138, 4167740661, 26-95598, 4000017830, 276343, 26-95597, 26-95550, 276340

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Investment Inventory with Market Value by Entity & Instrument
Non-Pooled Investments
As of 30-Jun-2025

75744 * Market values provided by Northern Trust and exclude accrued interest

Deal No.	Settle Date	Maturity Date	CUSIP	S&P	Moodys	Fitch	Face Value	Coupon	Purchase Yield	Capital	Capital Accrual	Interest Accrual	Book Value	Market Value *	Unrealized Gain/(Loss)
Issuer / Broker															
UNITED STATES DOLLAR															
650-CCCD SERIES 2017E															
FUNDS															
NORTHERN INST U.S. TREASURY PORTFOLIO															
		7/1/25		AAAm	NR	NR	1,302,167.13		4.1770	1,302,167.13			1,302,167.13	1,302,167.13	0.00
Subtotal for FUNDS:							1,302,167.13		4.1770	1,302,167.13			1,302,167.13	1,302,167.13	0.00
GOVERNMENT AGENCY															
GOVT AGENCY-FIX-30/360															
FED HM LN BK BD / DEUTSCHE															
967776	7/18/18	6/11/27	3130AEFG0	AA+	Aa1	NR	385,000.00	3.1250	3.1846	383,225.15	1,386.97	668.40	384,612.12	379,789.06	(4,823.06)
FED FARM CR BK / FTN FINANCIAL															
1001372	2/20/19	6/15/27	3133EEW89	AA+	Aa1	AA+	225,000.00	3.1250	2.9561	227,778.98	(2,125.76)	312.50	225,653.22	221,733.33	(3,919.89)
FED FARM CR BK / MORGAN STANLEY _1															
1015241	5/16/19	11/12/27	3133EH6M0	AA+	Aa1	AA+	94,000.00	2.8000	2.6533	95,041.52	(751.49)	358.24	94,290.03	91,731.64	(2,558.39)
FED HM LN BK BD / CITIGROUP GLOBAL MARKETS															
981587	10/12/18	12/10/27	3130AD7C0	AA+	Aa1	NR	180,000.00	2.7500	3.4669	169,941.34	7,377.77	288.75	177,319.11	175,595.11	(1,724.00)
FED FARM CR BK / FTN FINANCIAL															
1026648	7/30/19	12/20/27	3133EH3S0	AA+	Aa1	AA+	137,000.00	2.7300	2.2650	141,840.21	(3,415.39)	114.28	138,424.82	133,354.64	(5,070.18)
FED FARM CR BK / MORGAN STANLEY _1															
1005676	3/19/19	12/28/27	31331YLB4	AA+	Aa1	AA+	45,000.00	5.2500	2.8900	53,177.40	(5,855.42)	19.69	47,321.98	46,490.23	(831.75)
FED FARM CR BK / DEUTSCHE															
938650	1/18/18	1/18/28	3133EH7H0	AA+	Aa1	AA+	2,000,000.00	2.8750	2.8890	1,997,580.00	1,803.57	26,034.72	1,999,383.57	1,951,867.52	(47,516.05)
FED HM LN BK BD / CASTLE OAK SECURITIES															
987151	11/16/18	11/16/28	3130AFFX0	AA+	Aa1	NR	85,000.00	3.2500	3.3680	84,154.25	560.31	345.31	84,714.56	83,841.29	(873.27)
FANNIE MAE / TD SECURITIES															
935871	12/29/17	5/15/29	31359MEU3	AA+	Aa1	AA+	1,500,000.00	6.2500	2.7914	2,002,678.50	(331,600.91)	11,979.17	1,671,077.59	1,633,655.67	(37,421.92)
FED FARM CR BK / BANK OF AMERICA															
936269	1/3/18	1/3/30	3133EH5V1	AA+	Aa1	AA+	2,000,000.00	2.9800	2.9971	1,996,580.00	2,135.92	29,468.89	1,998,715.92	1,916,543.06	(82,172.86)
FREDDIE MAC / BARCLAYS CAPITAL															
941166	2/2/18	3/15/31	3134A4AA2	AA+	Aa1	AA+	1,500,000.00	6.7500	3.0912	2,088,162.00	(332,374.42)	29,812.50	1,755,787.58	1,716,239.81	(39,547.77)
FREDDIE MAC / Mizuho Securities USA Inc															
945319	3/1/18	7/15/32	3134A4KX1	AA+	Aa1	AA+	2,000,000.00	6.2500	3.2042	2,697,120.00	(355,700.97)	57,638.89	2,341,419.03	2,267,610.06	(73,808.97)
FED FARM CR BK / MORGAN STANLEY 1															
948858	3/22/18	7/19/32	3133EA5P9	AA+	Aa1	AA+	255,000.00	3.0500	3.3488	246,378.45	4,378.48	3,499.88	250,756.93	236,297.40	(14,459.53)
FED FARM CR BK / MORGAN STANLEY 1															
948857	3/22/18	11/8/32	3133EA7G7	AA+	Aa1	AA+	147,000.00	3.1200	3.3373	143,323.53	1,828.46	675.22	145,151.99	135,935.24	(9,216.75)
FED FARM CR BK / MORGAN STANLEY 1															

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Deal No.	Settle Date	Maturity Date	CUSIP	S&P	Moody's	Fitch	Face Value	Coupon	Purchase Yield	Capital	Capital Accrual	Interest Accrual	Book Value	Market Value *	Unrealized Gain/(Loss)
Issuer / Broker															
UNITED STATES DOLLAR															
650-CCCD SERIES 2017E															
GOVERNMENT AGENCY															
GOVT AGENCY-FIX-30/360															
948855	3/22/18	3/23/33	3133EEUG3	AA+	Aa1	AA+	500,000.00	3.3500	3.3496	500,023.74	(11.51)	4,559.72	500,012.23	467,270.02	(32,742.21)
FED FARM CR BK / MORGAN STANLEY 1															
948856	3/22/18	12/27/33	3133EDCX8	AA+	Aa1	AA+	263,000.00	4.4400	3.3596	297,542.42	(15,941.25)	129.75	281,601.17	262,513.77	(19,087.40)
FED FARM CR BK / FTN FINANCIAL															
945505	3/2/18	2/13/34	3133EJCP2	AA+	Aa1	AA+	2,000,000.00	3.3300	3.4801	1,963,460.00	16,796.56	25,530.00	1,980,256.56	1,837,477.10	(142,779.46)
FED FARM CR BK / CITIGROUP GLOBAL MARKETS															
947691	3/15/18	11/2/35	31331KN89	AA+	Aa1	AA+	2,000,000.00	3.9100	3.3519	2,147,620.00	(61,076.12)	12,816.11	2,086,543.88	1,879,413.68	(207,130.20)
Subtotal for GOVT AGENCY-FIX-30/360:							15,316,000.00	4.2975	3.1381	17,235,627.49	(1,072,585.20)	204,252.02	16,163,042.29	15,437,358.62	(725,683.67)
Subtotal for GOVERNMENT AGENCY:							15,316,000.00	4.2975	3.1381	17,235,627.49	(1,072,585.20)	204,252.02	16,163,042.29	15,437,358.62	(725,683.67)
U. S. TREASURIES															
TREASURY BOND															
US TREASURY N/B / CITIGROUP GLOBAL MARKETS															
1286042	9/5/24	2/15/31	91282CBL4	AA+	Aa1	AA+	1,000,000.00	1.1250	3.6952	853,828.13	18,566.44	4,226.52	872,394.57	865,234.38	(7,160.19)
US TREASURY N/B / JP MORGAN CHASE & CO															
1286043	9/5/24	2/15/33	91282CGM7	AA+	Aa1	AA+	1,800,000.00	3.5000	3.8107	1,759,921.88	3,884.39	23,668.51	1,763,806.27	1,735,171.88	(28,634.39)
US TREASURY N/B / CITIGROUP GLOBAL MARKETS															
947405	3/14/18	2/15/36	91281OFT0	AA+	Aa1	AA+	1,500,000.00	4.5000	2.9081	1,831,699.22	(135,071.04)	25,359.12	1,696,628.18	1,539,082.04	(157,546.15)
Subtotal for TREASURY BOND:							4,300,000.00	3.2965	3.4690	4,445,449.23	(112,620.21)	53,254.15	4,332,829.02	4,139,488.30	(193,340.72)
TREASURY BOND - ME															
US TREASURY N/B / MORGAN STANLEY 1															
942094	2/8/18	2/15/27	912828V98	AA+	Aa1	AA+	2,000,000.00	2.2500	2.8307	1,908,125.00	75,307.38	16,906.08	1,983,432.38	1,951,250.00	(32,182.38)
US TREASURY N/B / MORGAN STANLEY															
1286041	9/5/24	1/31/29	91282CDW8	AA+	Aa1	AA+	1,000,000.00	1.7500	3.6765	922,343.75	14,430.84	7,299.72	936,774.59	934,218.75	(2,555.84)
Subtotal for TREASURY BOND - ME:							3,000,000.00	2.0833	3.1126	2,830,468.75	89,738.22	24,205.80	2,920,206.97	2,885,468.75	(34,738.22)
Subtotal for U. S. TREASURIES:							7,300,000.00	2.7979	3.3225	7,275,917.98	(22,881.99)	77,459.95	7,253,035.99	7,024,957.05	(228,078.94)
Total 650-CCCD SERIES 2017E :							23,918,167.13	3.8135	3.2509	25,813,712.60	(1,095,467.19)	281,711.97	24,718,245.41	23,764,482.80	(953,762.61)
Net Asset Value (NAV):														0.961415	
Total Investments:							23,918,167.13	3.8135	3.2509	25,813,712.60	(1,095,467.19)	281,711.97	24,718,245.41	23,764,482.80	(953,762.61)

Run Date: 08-Jul-2025 08:39:54 AM
Print Date: 08-Jul-2025
As at date: 08-Jul-2025

Investment Inventory with Market Value by Entity & Instrument
Non-Pooled Investments
As of 30-Jun-2025

75744 * Market values provided by Northern Trust and exclude accrued interest

Deal No.	Settle Date	Maturity Date	CUSIP	S&P	Moodys	Fitch	Face Value	Coupon	Purchase Yield	Capital	Capital Accrual	Interest Accrual	Book Value	Market Value *	Unrealized Gain/(Loss)
----------	-------------	---------------	-------	-----	--------	-------	------------	--------	----------------	---------	-----------------	------------------	------------	----------------	------------------------

Issuer / Broker

Report Parameters
Query: Daily Inventory BP
Entity Name: one of 650-CCCD SERIES 2017E
Settlement Date: not greater than 30 Jun 2025
Bank: equal to NORTHERN INST U.S.TREA PORTFOLIO
Chart Of Account: not one of 1000-20-3, 1200-100-004-1, 1200-650-204040-1

APPENDIX F

ORANGE COUNTY CALIFORNIA 2025 INVESTMENT POLICY

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Orange County California



Investment Policy

(Approved By B.O.S. February 11, 2025)

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ORANGE COUNTY INVESTMENT POLICY

PURPOSE

The Orange County Investment Policy (“Policy”) provides the structure for the prudent investment of the funds of the County of Orange (“County”) and the funds of other depositors in the County treasury.

I. POLICY STATEMENT

The Policy is prepared in accordance with California State law and based on prudent money management practices. The primary goal is to invest public funds in a manner that will provide the maximum security of principal invested with secondary emphasis on providing adequate liquidity to pool participants and lastly to achieve a market rate of return within the parameters of prudent risk management while conforming to all applicable statutes and resolutions governing the investment of public funds.

The Orange County Investment Fund (OCIF), which includes all cash balances deposited into the Treasury, is designed to meet both the investment and cash requirements of our participants.

II. SCOPE

This Policy governs the investment of funds deposited into the County treasury. This Policy is more restrictive than State law in certain areas. Funds from bond proceeds may be invested in accordance with Government Code section 53601(m), which authorizes investment in accordance with the statutory provisions governing the issuance of the bonds, or to the extent not inconsistent therewith or if there are no specific statutory provisions, in accordance with the approved documents providing for the issuance.

1. Pooled Funds:

The County will maintain a pooled investment fund. The pooled fund’s name is the Orange County Treasury Pool (OCTP). Government Code Sections 53600 *et seq.*, 53630 *et seq.* and 27000.3 guide the investment requirements of the OCTP, and, if applicable, the OCTP may be a permitted investment for bond proceeds.

2. Specific Investment Accounts:

The County or a participant that deposits funds in the County treasury may request a specific investment account to invest funds pursuant to a specific investment objective. Such investments may include cash required for future long-term needs. All new specific investment accounts require the written approval of the County Investment Manager, as defined in Section IV (Investment Authority). If approved, the investments will be matched to the time-horizon for their future use or to an identified liability. The County or the governing body of any participating agencies will be required to sign a written agreement acknowledging that there may be risk to principal should they desire to redeem funds early.

In addition, no investment will be made in any security that at the time of the investment has a term remaining to maturity in excess of five years, unless the appropriate legislative body has granted express authority either specifically or as part of an investment program approved by that legislative body no less than three months prior to the investment.

III. **PRUDENT INVESTOR STANDARD**

The Board of Supervisors, as a fiduciary of public funds adheres to the “prudent investor” standard as stated in Government Code sections 27000.3 and 53600.3. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the Board of Supervisors shall act with care, skill, prudence and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the County and other depositors 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 needs of the County and the other depositors. Within the limitation of this section and considering individual investments as part of an overall investment strategy, investments may be acquired as authorized by law.

The Board of Supervisors and those delegated staff shall act in accordance with written procedures and the Policy, exercise due diligence, report in a timely fashion and implement appropriate controls to mitigate adverse developments.

IV. **INVESTMENT AUTHORITY**

The authority to invest the funds of the County and the funds of other depositors in the County Treasury rests with the Board of Supervisors. The Board may delegate its investment authority as it determines appropriate. Throughout this Policy, the “County Investment Manager” shall be defined as the County official or individual who is authorized by the Board to invest the funds of the County and the funds of other depositors in the County treasury.

V. **OBJECTIVES**

The primary investment objectives, presented in their absolute order of priority, are:

1. **SAFETY**

Safety of principal is the foremost investment objective. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital.

The County Investment Manager shall seek to preserve principal and minimize capital losses by mitigating credit risk and market risk as follows:

- a) **Credit Risk:** Defined as an issuer’s ability and willingness to repay interest and principal. Credit risk shall be mitigated by diversifying the fund among issues and issuers so that the failure of any one issue or issuer would not result in a significant loss of income or principal to participants.
- b) **Market Risk:** Defined as the risk of market value fluctuations due to changes in the general level of interest rates. Because longer-term securities generally have greater market risk than shorter-term securities, market risk will be mitigated by establishing a maximum duration for OCTP. Occasional market losses on individual securities may occur with portfolio management and they must be considered within the context of the overall investment return.

2. **LIQUIDITY**

Liquidity refers to the ability to sell an investment at any moment with a minimal chance of principal loss. OCIF will maintain sufficient liquidity for the purpose of meeting all daily operating requirements based on reasonably anticipated cash flow needs.

3. YIELD

Yield refers to the objective of attaining a market rate of return commensurate with the risk profile and cash flow characteristics of the portfolio throughout budgetary and economic cycles. Although the County Investment Manager may employ certain indices to gauge the funds' rate of return, such indices shall be used solely for comparative purposes and do not constitute a warranty or guarantee of actual fund performance. The core investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. As noted in Government Code Section 53601.6, securities issued by, or backed by, the United States government can result in zero or negative interest accrual if held to maturity, in the event of, and for the duration of, a period of negative market interest rates.

MARK-TO-MARKET

The OCTP and Specific Investment Accounts investments are marked to market daily. The OCTP will attempt to maintain a \$1.00 net asset value (NAV) to the extent reasonably possible and consistent with the Board of Supervisors' trust and fiduciary duty. If the ratio of the market value of OCTP divided by the book value of OCTP is less than \$.9975, then the variance will be reported as well as any expected impact on the OCTP's ability to meet forecasted cash outflows. In addition, the County Investment Manager may decide to sell holdings as necessary to maintain the OCTP's NAV above \$.9975. However, the OCTP \$1.00 NAV is not guaranteed or insured by the Board of Supervisors nor is OCTP registered with the Securities Exchange Commission (SEC).

The County Investment Manager will provide the NAV of OCTP and each Specific Investment Account in the investment report.

VI. AUTHORIZED INVESTMENTS

The County is authorized to invest in specific types of securities as provided in the Government Code. Investments not specifically listed below are prohibited. All securities must be United States dollar denominated. The County Investment Manager may place orders for the execution of transactions with or through such broker/dealers, banks or counterparties as may be selected from time to time at his/her discretion, consistent with legal requirements and this Policy.

The OCTP and Specific Investment Accounts may invest in the following areas to the extent they are consistent with the investment objectives, do not violate the investment restrictions, and adhere to limitations specified in this section, and Sections VII and VIII.

1. U. S. TREASURY SECURITIES

United States Treasury bills, notes, bonds, or certificates of indebtedness, for which the full faith and credit of the United States are pledged for the payment of principal and interest.

2. U. S. GOVERNMENT AGENCY SECURITIES

Obligations, participations, or other instruments of, or issued by, a federal agency or a United States government-sponsored enterprise (GSE). There is no limit on the percentage of OCTP that can be invested in this category including no issuer limit.

3. COMMERCIAL PAPER

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 either of the following conditions in paragraph (a) or paragraph (b):

- a) Has total assets in excess of five hundred million dollars (\$500,000,000), is organized and operating within the United States as a general corporation and has debt other than commercial paper, if any, that is rated "A" or higher by a NRSRO.
- b) Is organized in the United States as a special purpose corporation, trust, or limited liability company, has program-wide credit enhancements including, but not limited to overcollateralization, letters of credit or a surety bond, and has commercial paper that is rated "A-1" or higher, or the equivalent, by an NRSRO.

4. NEGOTIABLE CERTIFICATES OF DEPOSIT

Negotiable certificates of deposit issued by a nationally or state-chartered bank, savings association, or a federal association (as defined by Section 5102 of the California Financial Code), or by a federally licensed or state-licensed branch of a foreign bank.

5. REPURCHASE AGREEMENTS

Investments in repurchase agreements for the purpose of this Policy means a purchase of securities by the County Investment Manager pursuant to an agreement by which the seller will repurchase the securities on or before a specified date and for a specified amount and will deliver the underlying securities to the County by book entry, physical delivery, or by third party custodial agreement. The term of a repurchase agreement shall not exceed one year and have capital of not less than \$500,000,000. The term "securities," for the purpose of repurchase agreements, means securities of the same issuer, description, issue date and maturity.

To participate in repurchase agreements, a master repurchase agreement must be completed and signed by all parties involved. The County will maintain a signed copy of the agreement. Repurchase agreements are required to be collateralized by securities or cash.

Collateralization:

In order to anticipate market changes and provide a level of security for all repurchase agreement transactions, the market value of securities that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities and the value shall be adjusted no less frequently than weekly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall comply with the market value requirement if the value of the underlying securities is brought back up to 102% no later than the next business day.

Collateral will be limited to cash, and U.S. Treasury and U.S. Government Agency securities. For compliance purposes, U.S. Treasury and U.S. Government Agency collateral are exempt from the issuer limits as stated in Section VIII.1. Collateral will be held by an independent third party with whom the County Investment Manager has a current custodial agreement. A clearly marked evidence of ownership (safekeeping/custody receipt) must be supplied to the County and retained. No collateral substitutions may be made without prior approval of the County Investment Manager.

Agreements are subject to Government Code Section 53601 and must comply with the delivery requirements and the maturity provision from Section 53601.

6. BANKERS' ACCEPTANCES

Bankers' acceptances, also known as time drafts or bills of exchange that are drawn on and accepted by a commercial bank. Purchases of bankers' acceptances shall not exceed 180 days maturity.

7. MONEY MARKET MUTUAL FUNDS

Shares of beneficial interest issued by diversified management companies that are money market mutual funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.), which only invest in direct obligations in U.S. Treasury bills, notes, and bonds, U.S. Government Agencies, Municipal Debt, and repurchase agreements with a weighted average maturity of 60 days or less. Money Market Mutual Funds that do not maintain a constant Net Asset Value (NAV) are prohibited. The County Investment Manager shall be required to investigate money market mutual funds prior to investing and perform a periodic review, but at least annually thereafter while the funds are invested in the money market mutual fund. Approved money market mutual funds shall meet either of the following criteria:

- a) Attained the highest ranking or the highest letter and numerical rating provided by no less than two NRSROs.
- b) Retained an investment advisor 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 \$500,000,000.
- c) Money market mutual funds will not exceed 20 percent of the agency's moneys. No more than 10 percent of the agency's moneys may be invested in shares of beneficial interest of any one mutual fund. For specific investment accounts, this constraint will apply to the agency's total balances in both OCTP and the specific investment account (s).

8. STATE POOL – LOCAL AGENCY INVESTMENT FUND

The County Investment Manager may invest in the Local Agency Investment Fund (LAIF) established by the State Treasurer under Government Code Section 16429.1. LAIF has no final stated maturity and will be reported as a one-day maturity.

9. MUNICIPAL DEBT

Such instruments are defined as being issued by a local or state agency, including:

- 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) 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 a state.
- c) 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.

10. MEDIUM-TERM NOTES

Medium-term notes are defined as all corporate and depository institution debt securities with a maximum remaining maturity of two years. Medium-term notes must be 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.

11. INVESTMENT POOLS

Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7, which invests in the securities and obligations as authorized under 53601 (a) to (o), inclusive, and that comply with the investment restrictions of Government Code Sections 53600 through 53610 and Section 53630. The County Investment Manager shall be required to investigate all local government investment pools prior to investing and perform a quarterly review thereafter while the funds are invested in the pool. The analysis shall include, but is not limited to, the following characteristics of a pool/fund as part of its investigation and quarterly review:

- Eligible securities
- Maximum maturity
- REPO collateral/counter-party
- Size of the pool/fund
- Limits on withdrawal/deposit
- Expense ratio

12. SUPRANATIONAL SECURITIES

Supranational securities are defined as 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 five years or less, and eligible for purchase and sale within the United States.

VII. INVESTMENT CREDIT RATING RESTRICTIONS

For OCTP and Specific Investment Accounts, credit ratings will be applied at the time of purchase of a security and monitored for changes while owned. A downgrade subsequent to purchase in a security's credit rating will not constitute a violation of the Policy. Securities that are downgraded below the minimum acceptable rating levels must be reviewed for possible sale by the County Investment Manager within a reasonable amount of time. The credit ratings referenced in this policy must be assigned by one of the following NRSROs: Standard & Poor's Corporation (S&P), Moody's Investors Service, Inc. (Moody's) and Fitch Ratings (Fitch).

All investments, except those noted below in a) and b): 1) must have the minimum ratings required below by at least two NRSROs, and 2) the lowest rating of any NRSRO must meet or exceed the minimum rating required in the table below:

NRSRO	Short-Term	Long-Term
S&P	A-1	AA
Moody's	P-1/MIG 1/VMIG 1	Aa
Fitch	F-1	AA

If an issuer of Long-term debt has a Short-term debt rating, then the Long-Term rating may not be less than the minimum required Short-term debt ratings in the table above.

Any issuer, and all related entities, that have been placed on “Credit Watch-Negative” or downgraded by a NRSRO will be placed on hold and current holdings reviewed for possible sale within a reasonable period of time unless the following criteria are met and are also approved in writing by the County Investment Manager prior to purchase:

The issuer has:

- (a) an A-1+ or F1+ short-term rating; and
- (b) at least an AA or Aa2 or higher long-term rating from each of the NRSROs that rate the issuer.

Exceptions to the Rating Policy above:

- a) Municipal debt issued by the County of Orange, California (as defined in Section VI.9), U.S. Government obligations (as defined in Section VI.1 and VI.2) and State Pool (as defined in Section VI.8), are exempt from the credit rating requirements listed above.
- b) Money Market Mutual funds satisfying the requirements of Section VI.7 and Investment Pools (as defined in Section VI.11) require the highest ranking or the highest letter and numerical rating provided by at least one NRSRO.

VIII. INVESTMENT TYPE, DIVERSIFICATION, MATURITY AND DURATION RESTRICTIONS

It is best practice to diversify the OCTP and Specific Investment Accounts. Investments diversification is required to minimize the risk of loss resulting from assets off a specific maturity, issuer or a specific class of securities. The diversification strategies shall be established by the County Investment Manager and periodically reviewed.

1. ISSUER CONCENTRATION

Only debt of issuers listed on the Approved Issuer List may be purchased. The following diversification limits will also apply at the time of purchase of a security.

Investment Type	California Government Code			The Policy		
	Investment Limit	Issuer Limit	Max Maturity	Investment Limit	Issuer Limit	Max Maturity
U.S. Treasury Securities	100%	None	5 Years	100%	None	5 Years
U.S. Government Agency Securities (GSE's)	100%	None	5 Years	100%	None	5 Years
Municipal Debt	100%	None	5 Years	20%	5% except OC at 10%	3 Years
Medium-Term Notes	30%	None	5 Years	20%	5%	2 Years
Bankers Acceptances	40%	30%	180 Days	40%	5%	180 Days
Commercial Paper	40%	10%	270 Days	40%	5%	270 Days
Negotiable Certificates of Deposits	30%	None	5 Years	20%	5%	18 months
State of California Local Agency Investment Fund	\$75 million per account	N/A	N/A	\$75 million per account	N/A	N/A
Repurchase Agreements	100%	None	1 Year	20%	10%	180 Days
Money Market Mutual Funds (MMMF)	20% of total agency funds	10% of total agency funds	N/A	20% (same)	10% (same)	N/A
Joint Power Authority Investment Pools (JPA)	100%	None	N/A	20%	10%	N/A
Supranationals	30%	None	5 Years	30%	5%	5 Years

2. MATURITY

- a) The maximum maturity of any investment purchased will be five years with the exception of Specific Investment Accounts and any investment in the OCTP that is expressly authorized by the Board of Supervisors or the appropriate legislative body to be invested in longer than five-year maturities. The settlement date will be used as the date of purchase for measuring maturity limitations.
- b) For calculating the weighted average maturity of the portfolio, the maturity of a variable-rate security will be considered its next interest rate reset date, if there is a reasonable expectation that the security will maintain an approximate value of par upon each adjustment of the security's interest rate at any time until final maturity.

3. DURATION

The OCTP shall have a maximum duration of 1.50 years. There are no duration requirements for the Specific Investment Accounts.

IX. PROHIBITED TRANSACTIONS

All permitted investments shall conform in all respects with this Policy and applicable provisions of the Government Code, as may be amended from time to time. Investments prohibited by the Government Code are not permitted.

The County Investment Manager must approve in writing as soon as possible any investment transactions that violates a credit risk criterion or an allocation limitation. Thereafter, action shall be taken by the County Investment Manager to correct such matter as soon as practical. If an investment is in compliance at the time of purchase, a subsequent violation resulting from a change in market values will not constitute a violation of that restriction.

1. The following transactions are prohibited:

- a) Borrowing for investment purposes ("Leverage").
- b) Reverse Repurchase Agreements, as defined by Government Code Section 53601(j)(3) and (j)(4).
- c) Structured Notes (e.g. inverse floaters, leveraged floaters, structured certificates of deposit, equity-linked securities, event-linked securities). This includes all floating-rate, adjustable-rate or variable-rate securities in which a change in interest rates or other variables that can reasonably be foreseen to occur during their term would result in their market value not returning to par at the time of each interest rate adjustment.

Simple "floating rate notes," whose periodic coupon adjustment is based on a short-term (one-year or less) rate index (such as Treasury bills, federal funds, prime rate, or SOFR) and which have a reasonable expectation of maintaining a value of par at each interest rate adjustment through final maturity, are exempt from this definition. Additionally, U.S. Treasury and Agency zero coupon bonds or callable securities that otherwise meet the quality, maturity and percent limitations assigned to their respective security category, are exempt from this section.

- d) Structured Investment Vehicles (SIV).
- e) Derivatives (e.g., options, futures, swaps, swap options, spreads, straddles, caps, floors, collars).
- f) Money Market Mutual Funds that do not maintain a constant Net Asset Value (NAV).

X. ETHICS AND CONFLICT OF INTEREST

The County Investment Manager and all persons involved in the investment process 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 County Investment Manager and investment personnel shall disclose to the applicable oversight body any material financial interests in financial institutions, broker dealers, and vendors (“Outside Entities”) that conduct business with the County of Orange and shall disclose any material financial investment positions in such Outside Entities.

1. STATEMENT OF ECONOMIC INTEREST FORM 700

County officers, public officials and all designated employees must annually file a Form 700 (Statement of Economic Interests) in accordance with the County’s Conflict-of-Interest Code.

2. COUNTY’S GIFT BAN ORDINANCE – SEC. 1-3-22 THE CODIFIED ORDINANCES, ORANGE COUNTY, CALIF.

The County’s Gift Ban Ordinance prohibits the receipt of specified gifts to the County officers, public officials and “designated employees” from business entities and individuals that “do business with the County” as that term is defined in the Ordinance. Under the Ordinance, the term “designated employee” includes every employee of the County who is designated in the County’s Conflict-of-Interest Code to file a Form 700 and every member of a board or commission under the jurisdiction of the Board of Supervisors required to file such a form. The County Investment Manager will review this list of “designated employees” periodically and submit any proposed changes to the Board of Supervisors for approval.

XI. AUTHORIZED BROKER/DEALERS AND FINANCIAL INSTITUTIONS

The County Investment Manager will maintain a list of broker/dealers and financial institutions authorized to provide investment and/or depository services and products. Any permitted investment, not purchased directly from an approved issuer, shall be purchased either from a “primary” or regional securities broker/dealer qualifying under SEC Rule 15c3-1(uniform net capital rule) and licensed by the state as a broker/dealer as defined in Section 25004 of the Corporations Code or a “well capitalized” national bank or Federal savings association as defined in Title 12 of the Code of Federal Regulations (CFR) Part 6.4 or a savings association or Federal association as defined by Section 5102 of the California Financial Code. To be eligible to receive local agency money, a bank, savings association, federal association or federally insured industrial loan company shall have received an overall rating of not less than “satisfactory” in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California’s communities, including low-and moderate-income neighborhoods, pursuant to Section 2906 of Title 12 of the United States Code. Government Code sections 53601.5 and 53601.6 shall apply to all investments that are acquired pursuant to this section.

Broker/dealers must comply with the political contribution limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board. Any broker, brokerage, dealer, or securities firm that contributed to the County Investment Manager, Treasurer, any member of the Board of Supervisors, or any candidate for those offices, within any consecutive 48-month period, are prohibited from selection onto the list of authorized security broker/dealers.

The County Investment Manager shall conduct an annual review of each broker/dealer and financial institution's financial condition and registrations to determine whether it should remain on the approved broker/dealer list for investment and/or depository services and require annual audited financial statements to be on file for each firm. The County Investment Manager shall strive to open an application period every two years for all new broker/dealers and financial institutions submitting a questionnaire or being reviewed if an existing broker/dealer to determine if they should be added to or removed from the approved broker/dealer list. This detailed questionnaire is required to be completed by broker/dealers and financial institutions seeking to provide investment services.

The County Investment Manager shall annually send a copy of the current Policy to all broker/dealers and financial institutions approved to provide investment services to the County, and they shall notify the County Investment Manager in writing of receipt and that they have received it.

XII. PERFORMANCE EVALUATION

The County Investment Manager shall either coordinate with the Treasurer, or submit its own investment report to the pool participants, the County Executive Officer, the Director of Internal Audit, the Auditor-Controller and the Board of Supervisors. The investment reports shall be issued no less frequently than within 45 days of the end of the quarter.

The investment report shall contain sufficient information to permit an informed outside reader to evaluate the performance of the investment program and shall include the type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments and moneys held, and shall additionally include a description of any of the funds, investments, or programs, that are under the management of contracted parties, including lending programs. With respect to securities held by the County Investment Manager, and under management any outside party that is not a local agency or LAIF, the report shall also include a current market value as of the date of the report and shall include the source of the valuation. The report shall also state compliance of the portfolio to the Policy, or the manner in which the portfolio is not in compliance. The investment report shall include a statement denoting the ability of the local agency to meet its pool expenditure requirements for the next six months, or an explanation as to why sufficient money shall, or may not be available.

The County Investment Manager shall provide financial information on investments for disclosure in the County's ACFR, in accordance with GASB Statements 31, 40, 72 and 84. In addition, the County Investment Manager shall either coordinate with the Treasurer, or submit its own report on monthly investment transactions to the Board of Supervisors.

XIII. SAFEKEEPING

All security transactions, including collateral for repurchase agreements, entered into by the County Investment Manager shall be conducted on a delivery-versus-payment (DVP) basis. All investments shall have the County of Orange and either the OCTP or the Specific Investment Account name as its registered owner except, if applicable, for municipal debt issued by the County of Orange through a private placement, in which case the name of the registered owner shall be determined by written agreement between the parties.

All securities shall be held by a third-party custodian designated by the Treasurer or applicable County officer (this does not apply to money market funds or investment pools). The third-

party custodian shall be required to issue a safekeeping statement to the Treasurer or applicable County officer listing the specific instrument, rate, maturity, and other pertinent information.

XIV. MAINTAINING THE PUBLIC TRUST

All participants in the investment process shall act as custodians of the public trust. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust.

XV. INTERNAL CONTROLS

The County Investment Manager shall establish a system of written internal controls, which will be reviewed annually with the County's independent (external) auditor. The controls shall be designed to prevent loss of public funds due to fraud, employee error, and misrepresentation by third parties, unanticipated market changes, or imprudent actions by employees of the County Investment Manager. All agreements, statements, and investment trade packets will be subject to review annually by auditors in conjunction with their audit. The County Investment Manager shall evaluate audit reports in a timely manner with any applicable oversight body. Daily compliance of the investment portfolio shall be performed by the applicable County department. Compliance will be determined on a fair market value basis. Except for emergencies or previous authorization by the County Investment Manager, all investment transactions are to be entered daily into the appropriate Investment Accounting System.

1. INVESTMENT PROCEDURES

The County Investment Manager shall develop and maintain written administrative procedures for the operation of the investment program that are consistent with this Policy. Procedures will include reference to safekeeping, Master Repurchase Agreements, wire transfer agreements, collateral and depository agreements, banking service contracts, and other investment and banking related activities. Such procedures shall include explicit delegation of authority to personnel responsible for investment transactions.

The County Investment Manager shall be responsible for all transactions undertaken and shall establish a system of controls to regulate investment related activities. No investment personnel may engage in an investment transaction except as provided under terms of this Policy and the procedures established by the County Investment Manager.

XVI. EARNINGS AND COSTS APPORTIONMENT

The County Investment Manager determines the interest earnings for the OCTP and then allocates them to each individual pool participant based upon their average daily balance.

Any authorized officer who invests, deposits or otherwise handles funds for public agencies for the purpose of earning interest or other income on such funds as permitted by law, may deduct from such interest or income, before distribution thereof, the actual administrative cost of such investing, depositing or handling of funds and of distribution of such interest or income, as authorized by Government Code Section 27013. Such cost reimbursement shall be paid into the county general fund. In addition, if applicable, the costs of compliance with Government Code section 27130, *et seq.* shall be included as an eligible administrative cost. The County Investment Manager shall annually prepare a proposed budget revenue estimate and estimated

basis fee charge of this investment administrative fee charged in accordance with Government Code Section 27013. The County Investment Manager must annually reconcile the estimated charges and actual costs incurred and adjust participant accounts accordingly.

Investment earnings, including any gains or losses, less the above estimated fee charge will be allocated to the pool participants on at least a quarterly basis. The applicable investment report will state the current estimated investment administrative fee charged to participants.

XVII. PERFORMANCE STANDARDS

The investment portfolio shall be designed with the objective of obtaining a market rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs, while focusing on, in order of importance, preservation of capital, liquidity and yield.

The investment strategy is to manage the portfolios with less risk than a comparable benchmark index while using economies of scale to administer the program at a reasonable cost. The County Investment Manager shall determine whether market yields are achieved using the indices most comparable to the fund, such as money rate data published in Barron's, The Wall Street Journal, Bloomberg, the local government investment pool index or other bond fund indices. The standards enumerated herein do not constitute a guarantee of the fund's performance.

The County Investment Manager's investment strategy is to hold purchased securities until maturity. Changing economic conditions, interest rates, and credit quality may dictate a sale in advance to minimize market and credit risks or enhance yield. Such sales should consider the short- and long-term impact on the portfolio. The County Investment Manager must approve in advance the sale of all securities prior to maturity.

XVIII. INVESTMENT POLICY REVIEW

This Policy shall be reviewed on an annual basis by the County Investment Manager and any applicable oversight body. The Policy shall be submitted annually to the Board as a receive and file item as part of the County's Strategic Financial Plan. However, any changes to the Policy shall be presented for review and approval by the Board of Supervisors.

XIX. FINANCIAL REPORTING

All applicable investment reports and all investment compliance Audit Reports shall be provided to the Orange County Board of Supervisors, the County Executive Officer, the Chief Financial Officer, the Director of Internal Audit, the Auditor-Controller, any applicable oversight body, and the presiding judge of the Superior Court. All reports filed by the County Investment Manager shall, among other matters, state compliance of the portfolio with the Policy, or the manner in which the portfolio is not in compliance. A statement will also be filed by the denoting the ability of OCTP to meet its expenditure requirements for the next six months or provide an explanation of why sufficient money may not be available.

XX. LEGISLATIVE CHANGES

Any State of California law that further restricts allowable maturities, investment type, percentage allocations, or any other provision of this Policy will, upon effectiveness, be incorporated into this Policy and supersede any and all previous applicable language.

XXI. DISASTER RECOVERY PROGRAM

The Disaster Plan includes critical phone numbers and addresses of key treasury and investment personnel as well as currently approved bankers and broker/dealers. The Disaster Plan is distributed to key County and investment personnel. The plan provides for an offsite location to be communicated at the time of readiness if our offices are uninhabitable. In the event the County Investment Manager or authorized staff is unable to invest the portfolio, the Treasurer, or applicable County officer, has an agreement with the custodian for a daily sweep of uninvested cash with the custody bank into a money market mutual fund. Until normal operations of the County Investment Manager's office have been restored, the limitations on the size of an individual issuer and the percentage restrictions by investment type would be allowed to exceed those approved in this Policy and would be required to be reported to the Board of Supervisors and pool participants in a timely manner.

XXII. INVESTMENT POLICY GLOSSARY

This Glossary is for general reference purposes only and does not constitute an exhaustive or exclusive list of terms and definitions applicable to this Investment Policy. The definitions included herein do not modify any of the terms of this Investment Policy or applicable law.

ACCREDITED INVESTOR: Defined in the Code of Federal Regulations (CFR) 230.501 (a)(9) as any entity, including a government body that owns “investments”, as defined in the CFR 270.2A51 - 1(b)(7)(i), such as cash and cash equivalents, for investment purposes under the Investment Company Act in excess of \$5 million.

ACCRUED INTEREST: The amount of interest that is earned but unpaid since the last interest payment date.

ADJUSTABLE RATE NOTE: (See Floating Rate Note)

AGENCY SECURITIES: (See U.S. Government Agency Securities)

AMORTIZATION: The systematic reduction of the amount owed on a debt issue through periodic payments of principal.

AVERAGE LIFE: The average length of time that an issue of serial bonds and/or term bonds with a mandatory sinking fund feature is expected to be outstanding.

ASKED PRICE: The price at which securities are offered from a seller.

ASSET BACKED SECURITIES (ABS): (See Receivable-Backed Securities)

BANKERS' ACCEPTANCE (BA): Negotiable money market instruments issued primarily to finance 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.

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. Basis points are used more often to describe changes in yields on bonds, notes and other fixed-income securities.

BID PRICE: The price at which a buyer offers to buy a security.

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). The owners of 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.

CALLABLE BONDS: Bonds that may be redeemed by the issuing company prior to the maturity date.

CALL PRICE: The price at which an issuer may redeem a bond prior to maturity. The price is usually at a slight premium to the bond's original issue price to compensate the holder for loss of income and ownership.

CALL RISK: The risk to a bondholder that a bond may be redeemed prior to maturity.

CAPITAL GAIN/LOSS: The profit or loss realized from the sale of a capital asset.

COUNTY INVESTMENT MANAGER: The County official or individual authorized by the Board of Supervisors to invest the funds of the County and the funds of other depositors in the County treasury.

CERTIFICATE OF DEPOSIT (CD or NCD): A deposit of funds at a bank for a specified period of time that earns interest at a specified rate. Commonly known as "CDs" or "negotiable CDs."

COLLATERAL: Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of public moneys.

COMMERCIAL PAPER (CP): Short-term unsecured promissory notes issued by corporations for maturities of 270 days or less.

CONSUMER RECEIVABLE-BACKED BONDS: (See Receivable-Backed Securities)

CONVEXITY: A measure of a bond's price sensitivity to changing interest rates. A high convexity indicates greater sensitivity of a bond's price to interest rate changes.

CREDIT OUTLOOK: (See Rating Outlook)

CREDIT QUALITY: The measurement of the financial strength of a bond issuer. This measurement helps an investor to understand an issuer's ability to make timely interest payments and repay the loan principal upon maturity. Generally, the higher the credit quality of a bond issuer, the lower the interest rate paid by the issuer because the risk of default is lower. Credit quality ratings are provided by nationally recognized statistical rating organizations.

CREDIT RISK: The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

CREDIT WATCH: indicates that a company's credit is under review and credit ratings are subject to change.

*+ (positive) Credit is under review for possible upgrade.

*- (negative) Credit is under review for possible downgrade.

* Credit is under review, direction uncertain.

COUPON: The rate at which a bond pays interest.

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.

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 are 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.

DIVERSIFICATION: An investment principle 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 the size of that investment.

DURATION: A measure of the timing of the cash flows, such as the interest payments and the principal repayment, to be received from a given fixed-income security. This calculation is based on three variables: term to maturity, coupon rate and yield to maturity. The duration of a security is a useful indicator of its price volatility for given changes in interest rates.

FEDERAL FUNDS RATE: Interest rate charged by banks with excess reserves at a Federal Reserve district bank to banks needing overnight loans to meet reserve requirements. A target rate is set by the FOMC.

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.

FITCH, INC: (see Nationally Recognized Statistical Rating Organization)

FIXED-INCOME SECURITIES: Securities that 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, Secured Overnight Financing Rate (SOFR), etc.).

INTEREST: The amount earned while owning a debt security, generally calculated as a percentage of the principal amount.

INTERNAL CONTROLS: An internal control structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management.

INVESTMENT COMPANY ACT OF 1940: Federal legislation which sets the standards by which investment companies, such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

LIQUIDITY: The speed and ease with which an investment can be converted to cash.

LOCAL AGENCY: County, city, city and county, including a chartered city or county, school district, community college district, public district, county board of education, county superintendent of schools, or any public or municipal corporation.

MARK-TO-MARKET: The market valuation for every security in a portfolio used in determining Net Asset Value (NAV).

MARKET RISK: The risk that changes in overall market conditions or interest rate may adversely affect current market prices.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract between the parties of a repurchase agreement establishing each party's rights in all current and future transactions until termination of the contract by either party.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MEDIUM TERM NOTES (MTN): Debt securities issued by a corporation or depository institution with a maturity ranging from nine months to five years. The term "medium-term note" 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 invest in a variety of short-term money market instruments

MOODY'S INVESTORS SERVICE, INC: (See Nationally Recognized Rating Services)

MUNICIPAL DEBT: Bonds, notes and other securities issued by a state, municipality or county.

NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO): Firms that review the creditworthiness of the issuers of debt securities, and express their opinion in the form of letter ratings (e.g. AAA, AA, A, BBB, etc.). The primary rating agencies are the following: Standard & Poor's Corporation; Moody's Investor Services, Inc.; and Fitch, Inc.

NEGOTIABLE CD: (See Certificates of Deposit)

NET ASSET VALUE (NAV): A per-share valuation of a mutual fund based on total assets minus total liabilities.

NON-CALLABLE: Bond that cannot be called at the option of the issuer.

OFFER PRICE: The price asked by a seller of securities.

PAR or PAR VALUE: The amount of principal that 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 physical certificate and/or supporting documents evidencing the investment (as opposed to “book entry” delivery).

PORTFOLIO: A group of securities held by an individual or institutional 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 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: Banks and securities brokerages authorized to buy and sell government securities in direct dealings with the Federal Reserve Bank of New York in its execution of Federal Open Market Operations.

PRIME RATE: The base rate that banks use in pricing commercial loans to their best and most creditworthy customers.

PRINCIPAL: The face value or par value of an investment.

PROSPECTUS: A legal document that must be provided to any prospective purchaser of a new securities offering registered with the SEC. This can include information of the issuer, the issuer’s business, the proposed use of proceeds, the experience of the issuer’s management, and certain certified financial statements.

QUALIFIED INSTITUTIONAL BUYER (QIB): Defined in CFR Section 230.144A as a class of investors that can be conclusively assumed to be sophisticated and in little need of the protection afforded by the Securities Act’s registration provisions. They must own and invest on a discretionary basis at least \$100 million in securities of issuers that are not affiliated with the QIB to qualify for qualified institutional buyer status. This includes any institutional investors included in the accredited investor definition, provided they satisfy the \$100 million threshold.

RATING OUTLOOK: The potential direction of the credit rating assigned by a NRSRO for a specific company.

REINVESTMENT RISK: The risk that coupon payments (or other payments received) cannot be reinvested at the same rate as the initial investment.

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 or financial institution. The interest and principal of the obligation is paid out of the cash flow generated by the receivables portfolio.

REFUNDED BOND: A bond secured by an escrow fund that is sufficient to pay off the entire issue of bonds at the next call date (pre-funded) or maturity (escrowed to maturity).

REGISTERED STATE WARRANT: A short-term obligation of a state governmental body issued in anticipation of revenue.

REPURCHASE AGREEMENT (REPO): The purchase of securities, on a temporary basis, with the seller's simultaneous agreement to repurchase the securities back at a later date at a specified price that includes interest for the buyer's holding period.

RULE 2a-7 OF THE INVESTMENT COMPANY ACT: Applies to all money market mutual funds and mandates such funds to maintain certain standards.

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: Storage and protection of a customer's financial assets, valuables, or documents, provided as a service by an institution serving as Agent or Custodian and, where control is delegated by the customer.

SECURITIES & EXCHANGE COMMISSION (SEC): The federal agency responsible for supervising and regulating the securities industry.

SINKING FUND: Money accumulated on a regular basis in a separate custodial account that is used to redeem debt securities or preferred stock issues.

STANDARD & POOR'S CORPORATION: (See Nationally Recognized Rating Services)

STRUCTURED INVESTMENT VEHICLE (SIV): A pool of investment assets that attempts to profit from credit spreads between short-term debt and long-term structured finance products such as asset-backed securities (ABS). Funding for SIVs comes from the issuance of commercial paper that is continuously renewed or rolled over; the proceeds are then invested in longer maturity assets that have less liquidity but pay higher yields. SIVs often employ great amounts of leverage to generate returns.

SUPRANATIONAL: An entity that is formed by two or more central governments with the purpose of promoting economic development for the member countries. Examples include the International Bank for Reconstruction and Development, International Finance Corporation, and the Inter-American Development Bank.

THIRD-PARTY CUSTODIAL AGREEMENT: (See Custodian)

TOTAL RETURN: The sum of all investment income plus changes in the capital value of the portfolio. For mutual funds, return on an investment is composed of share price appreciation plus any realized dividends or capital gains. This is calculated by taking the following components during a certain time period.

$$(\text{Price appreciation}) + (\text{Dividends paid}) + (\text{Capital gains}) = \text{Total Return}$$

TRADE DATE: The date and time corresponding to an investor's commitment to buy or sell a security.

U. S. GOVERNMENT AGENCY SECURITIES: Debt securities issued by U.S. Government sponsored enterprises and federally related institutions. These government agencies include: Federal Home Loan Banks (FHLB), Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac), Federal National Mortgage Association (FNMA or Fannie Mae), Federal Farm Credit Banks (FFCB) and Tennessee Valley Authority (TVA).

U.S. TREASURY SECURITIES: Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk, and are the benchmark for interest rates on all other securities in the U.S. and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

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: interest-bearing obligations of the U.S. Treasury with maturities ranging from two to ten years from 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.

UNIFORM NET CAPITAL RULE: SEC Rule 15C3-1 outlining capital requirements for broker/dealers.

VARIABLE RATE NOTE: (See Floating Rate Note)

VOLATILITY: A degree of fluctuation in the price and valuation of securities.

WEIGHTED AVERAGE MATURITY (WAM): The average maturity of all the securities that comprise a portfolio. According to SEC rule 2a-7, the WAM for SEC registered money market mutual funds may not exceed 60 days and no one security may have a maturity that exceeds 397 days.

WHEN ISSUED (WI): A conditional transaction in which an authorized new security has not been issued. All “when issued” transactions are settled when the actual security is issued.

YIELD: The annual rate of return on a debt investment computed as though held to maturity expressed as a percentage.

YIELD TO CALL (YTC): The rate of return an investor earns from a bond assuming the bond is redeemed (called) prior to its nominal maturity date.

YIELD TO MATURITY (YTM): The rate of return earned on an investment considering all cash flows 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. Zeros 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.

APPENDIX G

BOOK-ENTRY ONLY SYSTEM

The information in this appendix has been provided by DTC for use in securities offering documents, and the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the Series 2025 Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the Series 2025 Bonds, or that they will so do on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this Official Statement.

1. The Depository Trust Company (“DTC”) will act as securities depository for the Series 2025 Bonds (the “Securities”). The Securities 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 Security certificate will be issued for each maturity of the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue 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, which is not incorporated herein by reference.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“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 Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of

Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities 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 Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities 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 any other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the District or the 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, the Paying Agent or the 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 the District or the 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 depository with respect to the Securities at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the

event that a successor depository is not obtained, Security certificates 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, Security certificates will be printed and delivered to DTC.

11. The information in this appendix concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

