PRELIMINARY OFFICIAL STATEMENT DATED APRIL 5, 2024

TWO NEW ISSUES—BOOK-ENTRY ONLY

RATINGS:
Moody's: "Aaa"
S&P: "AA+"
See "RATINGS" herein.

In the opinion of Stradling Yocca Carlson & Rauth, LLP, Newport Beach, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, it should be noted that with respect to applicable corporations as defined in section 59(k) of the Internal Revenue Code of 1986, as amended, interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed on such corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein.

Campbell UNION SCHOOL DISTRICT

$55,000,000*
CAMPBELL UNION SCHOOL DISTRICT
(Santa Clara County, California)
2024 General Obligation Bonds
(Series 2010J and Series 2022A Combined Issue)

$17,665,000*
CAMPBELL UNION SCHOOL DISTRICT
(Santa Clara County, California)
2024 General Obligation Refunding Bonds

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

The $55,000,000* Campbell Union School District (Santa Clara County, California) 2024 General Obligation Bonds (Series 2010J and Series 2022A Combined Issue) (the "2024 New Money Bonds") are being issued by the Campbell Union School District (the "District") pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with section 53506) of the California Government Code and a resolution of the Governing Board of the District (the "Board"). The 2024 New Money Bonds are a combination of two issues of general obligation bonds of the District, its $23,000,000* Campbell Union School District (Santa Clara County, California) General Obligation Bonds, Election of 2010, Series J (2024) (the "2010J Bonds"), and its $32,000,000* Campbell Union School District (Santa Clara County, California) General Obligation Bonds, Election of 2022, Series A (2024) (the "2022A Bonds").The 2010J Bonds are being issued to (a) finance the acquisition and construction of educational facilities and projects which were described in the ballot measure approved by the electors of the District on June 8, 2010, which authorized the issuance of general obligation bonds in the maximum aggregate principal amount of $150,000,000 (the "2010 Authorization"), and (b) pay for a portion of the costs of issuance of the 2024 New Money Bonds. The 2010J Bonds constitute the tenth issue of bonds under the 2010 Authorization. The 2022A Bonds are being issued to (a) finance the acquisition and construction of educational facilities and projects which were described in the ballot measure approved by the electors of the District on November 8, 2022, which authorized the issuance of general obligation bonds in the maximum aggregate principal amount of $96,000,000 (the "2022 Authorization"), and (b) pay for a portion of the costs of issuance of the 2024 New Money Bonds. The 2022A Bonds constitute the first issue of bonds under the 2022 Authorization. The 2024 New Money Bonds will be issued as current interest bonds.

The $18,000,000* Campbell Union School District (Santa Clara County, California) 2024 General Obligation Refunding Bonds (the "2024 Refunding Bonds" and, with the 2024 New Money Bonds, the "Bonds") are being issued by the District pursuant to Articles 9 and 11 of Chapter 3 (commencing with section 53550) of Division 2 of Title 5 of the California Government Code and a resolution of the Board. The 2024 Refunding Bonds are being issued to (a) refund all or a portion of the District's outstanding General Obligation Bonds, Election of 2010, Series D (2014) (the "2010D Bonds") and all or a portion of the District's outstanding 2014 General Obligation Refunding Bonds (the "2014 Refunding Bonds"), and (b) pay for costs of issuance of the 2024 Refunding Bonds. The 2010D Bonds issued by the District to finance educational facilities and the 2014 Refunding Bonds were issued to refund bonds issued by the District to finance and refinance educational facilities. The 2024 Refunding Bonds will be issued as current interest bonds.

The Bonds constitute general obligations of the District payable solely from *ad valorem* property taxes levied and collected by Santa Clara County (the "County"). The Board of Supervisors of the County is empowered and obligated to annually levy *ad valorem* taxes, without limitation as to rate or amount, for the payment of interest on, and principal of, the Bonds upon all property subject to taxation within the District (except certain personal property which is taxable at limited rates), all as more fully described herein under "THE BONDS" and "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—Property Taxation System."

The Bonds are issuable in denominations of $5,000 and any integral multiple thereof. Interest on the Bonds is payable on February 1 and August 1 of each year, commencing [February 1, 2025]. See "THE BONDS" herein. The Bonds will be delivered in fully registered form only and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository of the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only. Principal of and interest on the Bonds will be paid by U.S. Bank Trust Company, National Association, as paying agent, to DTC or its nominee, which will in turn remit such payment to its participants for subsequent disbursement to the beneficial owners of the Bonds. See "BOOK-ENTRY SYSTEM" herein.

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

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND PRICES

SEE THE INSIDE FRONT COVER

Bids for the purchase of the 2024 New Money Bonds will be received by the District on Tuesday, April 16, 2024, electronically only, through the I-Deal LLC BiDCOMP/PARITY® system, until 9:05 A.M., Pacific Daylight time. The 2024 New Money Bonds will be sold pursuant to the terms of sale set forth in the Official Notice of Sale, dated April 5, 2024.

Bids for the purchase of the 2024 Refunding Bonds will be received by the District on Tuesday, April 16, 2024, electronically only, through the I-Deal LLC BiDCOMP/PARITY® system, until 9:35 A.M., Pacific Daylight time. The 2024 New Money Bonds will be sold pursuant to the terms of sale set forth in the Official Notice of Sale, dated April 5, 2024.

This cover page contains information for quick reference only. It is not a summary of these issues. Potential purchasers must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Bonds will be offered when, as and if issued, and received by the purchaser thereof, subject to the approval as to their validity by Stradling Yocca Carlson & Rauth, LLP, Newport Beach, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the District by Stradling Yocca Carlson & Rauth, LLP, Newport Beach, California, Disclosure Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about May 7, 2024.

April ___, 2024

*Preliminary, subject to change.

$55,000,000*
CAMPBELL UNION SCHOOL DISTRICT
(Santa Clara County, California)
2024 General Obligation Bonds
(Series 2010J and Series 2022A Combined Issue)

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND PRICES*

CUSIP† Prefix: ______

Maturity (August 1)	Principal Amount*	Interest Rate	Yield	Price	CUSIP† Suffix
2025	$9,450,000				
2026	1,300,000				
2036	1,000,000				
2037	1,050,000				
2038	1,100,000				
2039	1,150,000				
2040	1,200,000				
2041	1,250,000				
2042	1,300,000				
2043	1,400,000				
2044	4,450,000				
2045	4,650,000				
2046	4,900,000				
2047	5,150,000				
2048	5,400,000				
2049	1,850,000				
2050	1,950,000				
2051	2,050,000				
2052	2,150,000				
2053	2,250,000				

$17,665,000*
CAMPBELL UNION SCHOOL DISTRICT
(Santa Clara County, California)
2024 General Obligation Refunding Bonds

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND PRICES*

CUSIP† Prefix: ______

Maturity (August 1)	Principal Amount*	Interest Rate	Yield	Price	CUSIP† Suffix
2025	$ 320,000				
2026	335,000				
2027	355,000				
2028	370,000				
2029	390,000				
2030	410,000				
2031	15,000				
2032	20,000				
2033	20,000				
2034	20,000				
2035	20,000				
2036	770,000				
2037	865,000				
2038	960,000				
2039	1,000,000				
2040	1,185,000				
2041	3,220,000				
2042	3,455,000				
2043	3,935,000				

*Preliminary, subject to change.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended ("Rule 15c2-12"), this Preliminary Official Statement constitutes an "official statement" of the District with respect to the Bonds that has been deemed "final" by the District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

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

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

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

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

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

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

No Securities Laws Registration. The Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The Bonds have not been registered or qualified under the securities laws of any state.

Estimates and Projections. When used in this Official Statement and in any continuing disclosure by the District, in any press release and in any oral statement made with the approval of an authorized officer of the District, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

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

Website. The District maintains a website. Unless specifically indicated otherwise, the information presented on such website is not incorporated by reference as part of this Official Statement.

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CAMPBELL UNION SCHOOL DISTRICT
155 North Third Street
Campbell, California 95008
(408) 364-4200
http://www.campbellusd.org/*

GOVERNING BOARD

DISTRICT ADMINISTRATION

Shelly Viramontez, Ed.D., *Superintendent*
Biling Yang, *Assistant Superintendent, Administrative Services*
Bharathi Lakshmanan, *Director of Fiscal Services*

PROFESSIONAL SERVICES

BOND COUNSEL and DISCLOSURE COUNSEL
Stradling Yocca Carlson & Rauth, LLP
Newport Beach, California

MUNICIPAL ADVISOR
Backstrom McCarley Berry & Co., LLC
San Francisco, California

PAYING AGENT and ESCROW BANK
U.S. Bank Trust Company, National Association
San Francisco, California

*Information therein is not incorporated by reference into this Official Statement.

$55,000,000*
CAMPBELL UNION SCHOOL DISTRICT
(Santa Clara County, California)
2024 General Obligation Bonds
(Series 2010J and Series 2022A Combined Issue)

$17,655,000*
CAMPBELL UNION SCHOOL DISTRICT
(Santa Clara County, California)
2024 General Obligation Refunding Bonds

INTRODUCTION

This Official Statement, which includes the cover page, the inside cover page and the appendices hereto, provides information in connection with the sale of (a) the $55,000,000* Campbell Union School District (Santa Clara County, California) 2024 General Obligation Bonds (Series 2010J and Series 2022A Combined Issue) (the "New Money Bonds"), and (b) the $17,655,000* Campbell Union School District (Santa Clara County, California) 2024 General Obligation Refunding Bonds (the "Refunding Bonds" and, with the New Money Bonds, the "Bonds").

The New Money Bonds are a combination of two issues of general obligation bonds of the District, its $23,000,000* Campbell Union School District (Santa Clara County, California) General Obligation Bonds, Election of 2010, Series J (2024) (the "2010J Bonds"), its $32,000,000* Campbell Union School District (Santa Clara County, California) General Obligation Bonds, Election of 2022, Series A (2024) (the "2022A Bonds").

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

The District

The Campbell Union School District (the "District") was established on September 7, 1921 and provides public education in kindergarten through grade 8 to the residents of a 14 square mile area including the City of Campbell and portions of the town Los Gatos and the cities of Monte Sereno, San José, Santa Clara, and Saratoga, in Santa Clara County, California (the "County"). The District maintains one school and eleven "dependent" charter schools, a District Office, a Corporation Yard and three closed school sites. The District leases one site to The Home Depot, one site (Hazelwood) to Canyon Heights Academy and the third site (Dover) to San Jose Christian School. The District is located in a primarily residential suburb in the southwest corner of "Silicon Valley," approximately six miles from the City of San José, the County seat. The District is served by interstate highways 280 and 17.

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* Preliminary, subject to change.

The District is governed by a five-member Governing Board (the "District Board"). District Board members are elected by area from 5 areas that subdivide the District. The members of the District Board elect a president each year. The management and policies of the District are administered by a Superintendent appointed by the District Board who is responsible for day-to-day District operations as well as the supervision of the District's other personnel.

The District's education funding base is "Community Funded," meaning its share of local property taxes exceeds the State funding requirement, and as a result, the District is entitled to keep its full share of local property tax revenues, including the amount which exceeds the State funding formula.

For more complete information concerning the District, including certain financial information, see "THE DISTRICT" and APPENDIX B—DISTRICT AND GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION. The District's audited financial statements for the fiscal year ended June 30, 2023, are included as APPENDIX C—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2023.

Source of Payment for the Bonds

The Bonds constitute general obligations of the District payable solely from *ad valorem* property taxes levied and collected by the County. The Board of Supervisors of the County is empowered and is obligated to annually levy *ad valorem* taxes for the payment of the principal of and interest on the Bonds upon all property in the District subject to taxation by the District without limitation of rate or amount (except certain personal property which is taxable at limited rates). See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS."

Authority for Issue; Purpose of Issue

The New Money Bonds are being issued by the District pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with section 53506) of the California Government Code and a resolution of the District Board on March 28, 2024 (the "New Money Resolution"). The Refunding Bonds are being issued by the District pursuant to the provisions of Articles 9 and 11 of Chapter 3 (commencing with section 53550) of Division 2 of Title 5 of the California Government Code and a resolution of the District Board on March 28, 2024 (the "Refunding Resolution" and, with the New Money Resolution, the "Resolutions").

The 2010J Bonds are being issued to (a) finance the acquisition and construction of educational facilities and projects which were described in the ballot measure approved by the electors of the District on June 8, 2010, which authorized the issuance of general obligation bonds in the maximum aggregate principal amount of $150,000,000 (the "2010 Authorization"), and (b) pay for a portion of the costs of issuance of the New Money Bonds. The 2010J Bonds constitute the tenth issue of bonds under the 2010 Authorization.

The 2022A Bonds are being issued to (a) finance the acquisition and construction of educational facilities and projects which were described in the ballot measure approved by the electors of the District on November 8, 2022, which authorized the issuance of general obligation bonds in the maximum aggregate principal amount of $96,000,000 (the "2022 Authorization"), and (b) pay for a portion of the costs of issuance of the New Money Bonds. The 2022A Bonds constitute the first issue of bonds under the 2022 Authorization.

The Refunding Bonds are being issued to (a) refund all or a portion of the District's outstanding General Obligation Bonds, Election of 2010, Series D (2014) (the "2010D Bonds") and all or a portion of the District's outstanding 2014 General Obligation Refunding Bonds (the 2014 Refunding Bonds"), and (b) pay the costs of issuance of the Refunding Bonds. The 2010D Bonds issued by the District to finance educational facilities and the 2014 Refunding Bonds were issued to refund bonds issued by the District to finance and refinance educational facilities.

Description of the Bonds

The Bonds are being issued as current interest bonds. The Bonds will be dated as of their date of delivery, will be issued as fully registered bonds, without coupons, in the denominations of $5,000 principal amount or any integral multiple thereof. Interest on the Bonds accrues from their date of delivery and is payable semiannually on each February 1 and August 1 (each an "Interest Payment Date"), commencing February 1, 2025.

The Bonds will be issued in fully registered form only, registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), and will be available to actual purchasers of the Bonds (the "Beneficial Owners") in the denominations set forth the inside cover page hereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See "BOOK-ENTRY ONLY SYSTEM" and APPENDIX G—BOOK-ENTRY SYSTEM. In event that the book-entry system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolutions as described herein. See "THE BONDS—Registration, Transfer and Exchange of Bonds." Individual purchases of interests in the Bonds will be available to purchasers of the Bonds in the denominations of $5,000 principal amount or any integral multiple thereof.

Certain of the Bonds are subject to redemption prior to maturity. See "THE BONDS—Redemption."

Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth, LLP, Newport Beach, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, it should be noted that with respect to applicable corporations as defined in section 59(k) of the Internal Revenue Code of 1986, as amended, interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed on such corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS."

Offering and Delivery

The Bonds are offered when, as and if issued and received by the purchaser, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about May 7, 2024.

Continuing Disclosure

The District has covenanted for the benefit of the holders and Beneficial Owners of the Bonds to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain enumerated events in compliance with S.E.C. Rule 15c2-12(b)(5) (the "Rule"). The specific nature of the information to be made available and of the notices of enumerated events is summarized below under the caption "CONTINUING DISCLOSURE." Also, see APPENDIX F—FORMS OF CONTINUING DISCLOSURE CERTIFICATES.

Professionals Involved in the Bond Offering

Several professional firms have provided services to the District with respect to the sale and delivery of the Bonds. Stradling Yocca Carlson & Rauth, LLP, Newport Beach, California, Bond Counsel, will deliver its legal opinion in substantially the form set forth in APPENDIX D—FORMS OF OPINIONS OF BOND COUNSEL. Stradling Yocca Carlson & Rauth, LLP, Newport Beach, California, is also serving as Disclosure Counsel to the District with respect to the Bonds. Backstrom McCarley Berry & Co., LLC, San Francisco, California, will act as Municipal Advisor to the District with respect to the Bonds. The payment of fees and expenses of such firms with respect to the Bonds is contingent on the sale and delivery of the Bonds. The District's financial statements for the Fiscal Year ended June 30, 2023, have been audited by EideBailly LLP, Menlo Park, California. See APPENDIX C—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2023. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information in this Official Statement.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available for inspection at the office of the Assistant Superintendent, Administrative Services, Campbell Union School District, 155 North Third Street, Campbell, CA 95008, telephone (408) 364-4200. The District may impose a charge for copying, mailing and handling.

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

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

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Exchange Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget," or other similar words. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

All terms used in this Official Statement and not otherwise defined shall have the meanings given such terms in the Resolutions.

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the Constitution and laws of the State and the Resolutions.

Purposes of Issuance

The 2010J Bonds are being issued to (a) finance the acquisition and construction of educational facilities and projects which were described in the 2010 Authorization, and (b) pay for a portion of the costs of issuance of the New Money Bonds. The 2010J Bonds constitute the tenth issue of bonds under the 2010 Authorization.

The 2022A Bonds are being issued to (a) finance the acquisition and construction of educational facilities and projects which were described in the 2022 Authorization, and (b) pay for a portion of the costs of issuance of the New Money Bonds. The 2022A Bonds constitute the first issue of bonds under the 2016 Authorization.

The Refunding Bonds are being issued to (a) refund, on a current basis, all or a portion of the 2010D Bonds and all or a portion of the 2014 Refunding Bonds, and (b) pay the costs of issuance of the Refunding Bonds.

See "—Estimated Sources and Uses of Funds."

The District has authorized and issued certain other general obligation bonds. See "APPENDIX B—DISTRICT AND GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION—District Debt Structure."

Security and Source of Payment

The Bonds constitute general obligations of the District payable solely from *ad valorem* property taxes levied and collected by the County. The Board of Supervisors of the County is empowered and are obligated to levy *ad valorem* taxes for the payment of the Bonds, and the interest thereon, upon all property in the District subject to taxation by the District without limitation of rate or amount (except certain personal property which is taxable at limited rates). Such taxes are required to be levied annually, in addition to all other taxes, during the period that the Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Bonds when due. The levy may include an allowance for a reserve, established to avoid fluctuations in tax levies. Such taxes, when collected, will be deposited, with respect to the Bonds, into the Interest and Sinking Fund and which is required by the California Education Code to be applied for the payment of principal of and interest on the Bonds when due. Although the County is obligated to levy an *ad valorem* tax for the payment of the Bonds, and the County Director of Finance (the "Director of Finance") will maintain the Interest and Sinking Fund, the Bonds are a debt of the District, not of the County.

Moneys placed in the Interest and Sinking Fund of the District are irrevocably pledged for the payment of the principal of and interest on the Bonds when and as the same fall due. The property taxes and amounts held in the Interest and Sinking Fund of the District shall immediately be subject to this pledge, and the pledge shall constitute a lien and security interest which shall be effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act. The pledge is an agreement between the District and the Owners of the Bonds in addition to the statutory lien in accordance with section 53515(a) of the California Government Code, and the Bonds are being issued to finance one or more projects and not to finance the general purposes of the District.

In accordance with section 53515(a) of the California Government Code, the Bonds shall be secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax for the Authorization. The lien shall automatically attach without further action or authorization by the District or the County. The lien shall be valid and binding from the time the Bonds are issued and delivered. The revenues received pursuant to the levy and collection of the tax shall be immediately subject to the lien, and the lien shall automatically attach to the revenues and be effective, binding, and enforceable against the District, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any physical delivery, recordation, filing, or further act.

The moneys in the Interest and Sinking Fund, to the extent necessary to pay the principal of and interest on the Bonds as the same become due and payable, will be transferred by the County, through the Director of Finance, to the Paying Agent (hereinafter defined) which, in turn, will pay such moneys to DTC to pay the principal of and interest on the Bonds. DTC will thereupon make payments of principal and interest on the Bonds to the DTC Participants who will thereupon make payments of principal and interest to the Beneficial Owners (as defined herein) of the Bonds.

The amount of the annual *ad valorem* tax levied by the County to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds in any year. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rate to fluctuate. Economic and other factors beyond the District's control, such as a general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemption for property owned by the State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, drought or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate.

For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS."

Description of the Bonds

The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interests in the Bonds. See "Book-Entry Only System" and APPENDIX G—BOOK-ENTRY SYSTEM.

Interest on the Bonds accrues from their date of issuance and is payable semiannually on each Interest Payment Date. Interest on the Bonds accrues on the basis of a 360-day year comprised of twelve 30-day months. Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Interest Payment Date to that Interest Payment Date, inclusive, in which event it will bear interest from such Interest Payment Date, or unless it is authenticated on or before [January 15, 2025], in which event it will bear interest from its date of delivery.

The Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof. The Bonds mature on the dates, in the years and amounts set forth on the inside cover page hereof. The principal of and interest on the Bonds (including the final interest payment upon maturity or earlier redemption) is payable by check or draft of the Paying Agent mailed by first-class mail to the Owner at the Owner's address as it appears on the registration books maintained by the Paying Agent as of the close of business on the fifteenth day of the month next preceding such interest payment date (the "Record Date"), or at such other address as the Owner may have filed with the Paying Agent for that purpose; provided however, that payment of interest may be by wire transfer in immediately available funds to an account in the United States of America to any Owner of the Bonds in the aggregate principal amount of $1,000,000 or more who shall furnish written wire instructions to the Paying Agent at least five (5) days before the applicable Record Date. See also "Book Entry Only System" below.

See the maturity schedule on the inside cover page hereof and "Debt Service Schedule."

Payment

The redemption price, if any, on the Bonds will be payable upon maturity or redemption upon surrender of such Bonds at the principal office of the Paying Agent. The interest, principal and redemption price, if any, on the Bonds will be payable in lawful money of the United States of America. The Paying Agent is authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. The Bonds are general obligations of the District and do not constitute an obligation of the County. No part of any fund of the County is pledged or obligated to the payment of the Bonds.

Redemption

Optional Redemption.

New Money Bonds. The New Money Bonds maturing on and after August 1, 2035, are callable for redemption prior to their stated maturity date at the option of the District, in whole or in part on any date on or after August 1, 2034, from any source lawfully available therefor, at a redemption price equal to the principal amount of the New Money Bonds called for redemption, together with accrued interest to the date fixed for redemption, without premium.

Refunding Bonds. The Refunding Bonds maturing on and after August 1, 2035, are callable for redemption prior to their stated maturity date at the option of the District, in whole or in part on any date on or after August 1, 2034, from any source lawfully available therefor, at a redemption price equal to the principal amount of the Refunding Bonds called for redemption, together with accrued interest to the date fixed for redemption, without premium.

Selection of Bonds for Redemption. If less than all of the Bonds are called for redemption, the particular Bonds or portions thereof to be redeemed shall be called in such order as shall be directed by the District and, in lieu of such direction, in inverse order of their maturity. Within a maturity, the Paying Agent shall select the Bonds for redemption by lot; *provided, however*, that the portion of any Bonds to be redeemed shall be in the principal amount of $5,000 or some integral multiple thereof and that, in selecting Bonds for redemption, the Paying Agent shall treat each Bonds as representing that number of Bonds which is obtained by dividing the principal amount of such Bonds by five thousand dollars.

Notice of Redemption. The Paying Agent is required to mail (by first class mail) notice of any redemption to: (i) the respective Owners of any Bonds designated for redemption, at least thirty (30) but not more than sixty (60) days prior to the redemption date, at their respective addresses appearing on the Bond Register, and (ii) the Securities Depositories and to one or more Information Services, at least thirty (30) but not more than sixty (60) days prior to the redemption; *provided, however*, that neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice will state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, the Bond numbers and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and will require that such Bonds be then surrendered for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

Notwithstanding the foregoing, in the case of any optional redemption of the Bonds, the notice of redemption will state that the redemption is conditioned upon receipt by the Paying Agent of sufficient moneys to redeem the Bonds on the scheduled redemption date, and that the optional redemption shall not occur if, by no later than the scheduled redemption date, sufficient moneys to redeem the Bonds have not been deposited with the Paying Agent. If the Paying Agent does not receive sufficient funds by the scheduled optional redemption date to so redeem the Bonds to be optionally redeemed, the Paying Agent will send written notice to the Owners, to the Securities Depositories and to one or more of the Information Services to the effect that the redemption did not occur as anticipated, and the Bonds for which notice of optional redemption was given shall remain Outstanding for all purposes.

Conditional Notice of Redemption. Any notice of optional redemption of the Bonds may be conditional and if any condition stated in the notice of redemption shall not have been satisfied on or prior to the redemption date, (i) said notice shall be of no force and effect, (ii) the District shall not be required to redeem such Bonds; (iii) the redemption shall be cancelled and (iv) the Paying Agent shall within a reasonable time thereafter give notice to the persons and in the manner in which the conditional notice of redemption was given, that such condition or conditions were not met and that the redemption was cancelled. The actual receipt by the owner of any Bonds of notice of such cancellation shall not be a condition precedent to cancellation, and failure to receive such notice or any defect in such notice shall not affect the validity of the cancellation.

Rescission of Notice of Redemption. The District may rescind any optional redemption and notice thereof for any reason on any date on or prior to the date fixed for redemption by causing written notice of the rescission to be given to the owners of the Bonds so called for redemption. Any optional redemption and notice thereof will be rescinded if for any reason on the date fixed for redemption moneys 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 Bonds called for redemption. Notice of rescission of redemption will be given in the same manner in which the notice of redemption was originally given. The actual receipt by the owner of any Bonds of notice of such rescission will not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice will not affect the validity of the rescission.

Partial Redemption of Bonds. In the event only a portion of any Bonds is called for redemption, then upon surrender of such Bonds the District will execute and the Paying Agent will authenticate and deliver to the Owner thereof, at the expense of the District, a new Bond or Bonds of the same maturity date, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

Effect of Redemption. Notice having been given as described above, and the moneys for the redemption (including the interest to the applicable date of redemption) having been set aside for such purpose, the Bonds to be redeemed will become due and payable on such date of redemption. If on such redemption date, money for the redemption of all the Bonds to be redeemed, together with interest to such redemption date, will be held by the Paying Agent so as to be available therefor on such redemption date, and if notice of redemption thereof will have been given as aforesaid, then from and after such redemption date, interest with respect to the Bonds to be redeemed will cease to accrue and become payable. All money held by or on behalf of the Paying Agent for the redemption of Bonds will be held in trust for the account of the registered owners of the Bonds so to be redeemed. Bonds (or portions thereof), which have been duly called for redemption prior to maturity, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, and sufficient moneys are held by the Paying Agent irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, then such Bonds will no longer be deemed outstanding and will be surrendered to the Paying Agent for cancellation.

Defeasance

Discharge of Resolutions. Bonds may be paid by the District in any of the following ways, provided that the District also pays or causes to be paid any other sums payable hereunder by the District:

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

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

(iii) by delivering to the Paying Agent, for cancellation by it, Bonds Outstanding.

then and in that case, at the election of the District (evidenced by a certificate of a District Representative, filed with the Paying Agent, signifying the intention of the District to discharge all such indebtedness and the Resolutions), and notwithstanding that any Bonds shall not have been surrendered for payment, the Resolutions and all covenants, agreements and other obligations of the District under the Resolutions shall cease, terminate, become void and be completely discharged and satisfied, except only as provided in the Resolutions. In such event, upon request of the District, the Paying Agent shall cause an accounting for such period or periods as may be requested by the District to be prepared and filed with the District and shall execute and deliver to the District all such instruments as may be necessary to evidence such discharge and satisfaction, and the Paying Agent shall pay over, transfer, assign or deliver to the District all moneys or securities or other property held by it pursuant to the Resolutions which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Discharge of Liability on Bonds. Upon the deposit, in trust, at or before maturity, of money or securities in the necessary amount (as provided in the Resolutions to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as provided in the Resolutions or provision satisfactory to the Paying Agent shall have been made for the giving of such notice, then all liability of the District in respect of such Bond shall cease and be completely discharged, except only that thereafter the Owner thereof shall be entitled only to payment of the principal of and interest on such Bond by the District, and the District shall remain liable for such payment, but only out of such money or securities deposited in trust with an escrow holder as aforesaid for such payment, provided further, however, that the provisions of the Resolutions shall apply in all events.

The District may at any time surrender to the Paying Agent for cancellation by it any Bonds previously issued and delivered, which the District may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Deposit of Money or Securities with Paying Agent. Whenever in the Resolutions it is provided or permitted that there be deposited with or held in trust with an escrow holder money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Paying Agent in the funds and accounts established pursuant to the Resolutions and shall be:

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

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

provided, in each case, that the Paying Agent shall have been irrevocably instructed (by the terms of the Resolutions or by request of the District) to apply such money to the payment of such principal or redemption price and interest with respect to such Bonds.

Payment of Bonds After Discharge of Resolutions. Notwithstanding any provisions of the Resolutions, any moneys held by an escrow holder in trust for the payment of the principal or redemption price of, or interest on, any Bonds and remaining unclaimed for one year after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in the Resolutions), if such moneys were so held at such date, or one year after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall, upon request of the District, be repaid to the District free from the trusts created by the Resolutions, and all liability of the escrow holder with respect to such moneys shall thereupon cease; *provided, however*, that before the repayment of such moneys to the District as aforesaid, the Paying Agent may (at the cost of the District) first mail to the Owners of all Bonds which have not been paid at the addresses shown on the registration books maintained by the Paying Agent a notice in such form as may be deemed appropriate by the Paying Agent, with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the District of the moneys held for the payment thereof.

Registration, Transfer and Exchange of Bonds

So long as any of the Bonds remain outstanding, the District will cause the Paying Agent to maintain and keep at its principal office all books and records necessary for the registration, exchange and transfer of the Bonds as provided in the Resolutions (the "Bond Register"). Subject to the provisions of the Resolutions, the person in whose name a Bond is registered on the Bond Register will be regarded as the absolute owner of that Bond for all purposes of the Resolutions. Payment of or on account of the principal of any Bond will be made only to or upon the order of that person; neither the District, nor the Paying Agent will be affected by any notice to the contrary, but the registration may be changed as provided in the Resolutions. All such payments will be valid and effectual to satisfy and discharge the District's liability upon the Bonds, including interest, to the extent of the amount or amounts so paid.

In the event that the book-entry system as described herein is no longer used with respect to the Bonds, the following provisions will govern the registration, transfer, and exchange of the Bonds.

Any Bond may be exchanged for Bonds of like tenor, maturity, and outstanding principal amount or maturity value (the "Transfer Amount") upon presentation and surrender at the principal office of the Paying Agent, together with a request for exchange signed by the owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of the Bond at the principal office of the Paying Agent together with an assignment executed by the owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent will complete, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the owner equal to the Transfer Amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date.

In all cases of exchanged or transferred Bonds, the District will sign, and the Paying Agent will authenticate and deliver Bonds in accordance with the provisions of the Resolutions. All fees and costs of transfer will be paid by the requesting party. Those charges may be required to be paid before the procedure is begun for the exchange or transfer. All Bonds issued upon any exchange or transfer will be valid obligations of the District, evidencing the same debt, and entitled to the same security and benefit under the Resolutions as the Bonds surrendered upon that exchange or transfer.

Any Bond surrendered to the Paying Agent for payment, retirement, exchange, replacement or transfer will be canceled by the Paying Agent. The District may at any time deliver to the Paying Agent for cancellation any previously authenticated and delivered Bonds that the District may have acquired in any manner whatsoever, and those Bonds will be promptly canceled by the Paying Agent. Written reports of the surrender and cancellation of Bonds will be made to the District by the Paying Agent. The canceled Bonds will be retained for a period of time, then returned to the District or destroyed by the Paying Agent as directed by the District.

Neither the District nor the Paying Agent will be required (a) to issue or transfer any Bonds during a period beginning with the opening of business on the 16th business day next preceding either any interest payment date or any date of selection of Bonds to be redeemed and ending with the close of business on the interest payment date or any day on which the applicable notice of redemption is given or (b) to transfer any Bonds which have been selected or called for redemption in whole or in part.

Estimated Sources and Uses of Funds

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

Sources of Funds	2010J Bonds	2022A Bonds	Refunding Bonds	Total
Principal Amount of Bonds				
Plus: Purchase Premium				
Total Sources of Funds				
Uses of Fund				
Deposit to 2010J Building Fund				
Deposit to 2022A Building Fund				
Deposit to 2010 Interest and Sinking Fund				
Deposit to 2022 Interest and Sinking Fund				
Deposit to Escrow Fund (1)				
Costs of Issuance (2)				
Total Uses of Funds				

(1) See "—Financing Plan—Refunding Bonds.".
(2) Includes Underwriter's discount, Bond Counsel fees, Disclosure Counsel fees, municipal advisory fees, printing costs, rating agency fees and other miscellaneous expenses.

Financing Plan

New Money Bonds. A portion of the proceeds of sale of the New Money Bonds, exclusive of any premium and accrued interest received, shall be deposited in the County treasury to the credit of the 2010J Building Fund and the 2022A Building Fund of the District (the "Building Funds"). Any premium and accrued interest shall be deposited upon receipt in the 2010 Interest and Sinking Fund and/or the 2022 Interest and Sinking Fund of the District within the County Treasury. All funds held in the 2010 Interest and Sinking Fund and the 2022 Interest and Sinking Fund of the District (the "Interest and Sinking Funds") shall be invested at the sole discretion of the Director of Finance. All funds held in the Building Funds by the Director of Finance hereunder shall be invested at the Director of Finance's discretion, unless otherwise directed in writing by the District, pursuant to law and the investment policy of the County. In addition, at the written direction of the District, all or any portion of the Building Funds may be invested in the Local Agency Investment Fund in the treasury of the State of California. The Director of Finance's Office neither monitors investments for arbitrage compliance, nor does it perform arbitrage calculations. The District shall maintain or cause to be maintained detailed records with respect to the applicable proceeds. See "COUNTY POOLED INVESTMENT FUND."

A portion of the proceeds of the New Money Bonds will be retained by the Paying Agent in a costs of issuance fund (the "New Money Costs of Issuance Fund") and used to pay costs associated with the issuance of the New Money Bonds. Any proceeds of sale of the New Money Bonds not needed to redeem the pay costs of issuance of the New Money Bonds will be transferred by the Paying Agent to the Director of Finance for deposit in the Interest and Sinking Funds to be used only for payment of principal of and interest on the Bonds. Amounts deposited into the Interest and Sinking Funds, as well as proceeds of taxes held therein for payment of the New Money Bonds, will be invested on behalf of the District by the Director of Finance pursuant to law and the investment policy of the County. See "COUNTY POOLED INVESTMENT FUND" and APPENDIX D—EXCERPTS FROM THE COUNTY TREASURER'S QUARTERLY INVESTMENT REPORT AS OF DECEMBER 31, 2023.

Refunding Bonds. A portion of the proceeds of the Refunding Bonds will be held in a separate fund for the refunding of all of a portion of the 2010D Bonds and the 2014 Refunding Bonds, described below (the "Escrow Fund"), established under an escrow agreement (the "Escrow Agreement"), by and between the District and U.S. Bank Trust Company, National Association, as escrow agent (the "Escrow Bank"). A portion of such amount will be invested in U.S. Treasury Securities—State and Local Government Series (the "Escrow Securities") and the remaining amount will be held in cash, uninvested. See "—Estimated Sources and Uses of Funds." The maturing Escrow Securities, the investment earnings thereon and the uninvested cash in the Escrow Fund will be applied to redeem the 2010D Bonds and the 2014 Refunding Bonds on August 1, 2024 (the "Redemption Date"), at a redemption price equal to the principal amount thereof plus accrued interest to such date (the "Redemption Price"). The sufficiency of the moneys and Escrow Securities for such purpose will be verified by Causey Demgen & Moore, P.C. (the "Verification Agent"). See "VERIFICATION OF MATHEMATICAL COMPUTATIONS." Assuming the accuracy of the Verification Agent's computations, as a result of the deposit and application of funds as provided in the Escrow Agreement, the obligation of the District with respect to the 2010D Bonds and the 2014 Refunding Bonds will be defeased and discharged. The Escrow Securities and the uninvested cash in the Escrow Fund will be held solely for the payment of the 2010D Bonds and the 2014 Refunding Bonds and will not be available to pay principal or interest with respect to the Bonds or any obligations other than the 2010D Bonds and the 2014 Refunding Bonds.

All or a portion of the 2010D Bonds to be refunded are as follows:

Issue Date	Maturity Date	Interest Rate	Redemption Date	Principal Amount	Redemption Price	CUSIP† Number
4/9/14	8/1/36	5.000%	8/1/24	$ 750,000	100.000	134141 B66
4/9/14	8/1/37	4.000	8/1/24	850,000	100.000	134141 B74
4/9/14	8/1/38	5.000	8/1/24	950,000	100.000	134141 B82
4/9/14	8/1/39	5.000	8/1/24	1,000,000	100.000	134141 B90
4/9/14	8/1/40	5.000	8/1/24	1,200,000	100.000	134141 C24
4/9/14	8/1/43	4.250	8/1/24	10,750,000	100.000	134141 C32

All or a portion of the 2014 Refunding Bonds to be refunded are as follows:

Issue Date	Maturity Date	Interest Rate	Redemption Date	Principal Amount	Redemption Price	CUSIP† Number
5/5/14	8/1/24	3.000%	8/1/24	$340,000	100.000	134141 D64
5/5/14	8/1/25	2.625	8/1/24	345,000	100.000	134141 D72
5/5/14	8/1/26	3.000	8/1/24	355,000	100.000	134141 D80
5/5/14	8/1/27	3.000	8/1/24	365,000	100.000	134141 D98
5/5/14	8/1/28	3.000	8/1/24	375,000	100.000	134141 E22
5/5/14	8/1/30	3.250	8/1/24	785,000	100.000	134141 E30

A portion of the proceeds of the Refunding Bonds will be retained by the Paying Agent in a costs of issuance fund (the "Refunding Costs of Issuance Fund") and used to pay costs associated with the issuance of the Refunding Bonds. Any proceeds of sale of the Refunding Bonds not needed to redeem the 2010D Bonds and the 2014 Refunding Bonds or to pay costs of issuance of the Refunding Bonds will be transferred by the Paying Agent to the Director of Finance for deposit in the Interest and Sinking Funds maintained by the Director of Finance for the District to be used only for payment of principal of and interest on the Refunding Bonds. Amounts deposited into the Interest and Sinking Funds, as well as proceeds of taxes held therein for payment of the Refunding Bonds, will be invested on behalf of the District by the Director of Finance pursuant to law and the investment policy of the County. See "COUNTY INVESTMENT POOL" and APPENDIX D—EXCERPTS FROM THE COUNTY INVESTMENT REPORT.

Debt Service Schedules

New Money Bonds. The following table shows the debt service schedule with respect to the New Money Bonds (assuming no optional redemptions). The table below allocated bonds by authorization for various purposes, including but not limited to the annual tax rate establishment. Such allocation does not represent the unique or final solution and may be adjusted with the approval of bond counsel, if necessary, at a future date.

Bond Year Ending	2010J Bonds			2022A Bonds			New Money Bonds		
August 1	Principal* (1)	Interest(2)	Total	Principal*	Interest(2)	Total	Principal*	Interest(2)	Total
2025	$5,900,000			$ 3,550,000			$9,450,000		
2026	550,000			750,000			1,300,000		
2027	—			—			—		
2028	—			—			—		
2029	—			—			—		
2030	—			—			—		
2031	—			—			—		
2032	—			—			—		
2033	—			—			—		
2034	—			—			—		
2035	—			—			—		
2036	—			1,000,000			1,000,000		
2037	—			1,050,000			1,050,000		
2038	—			1,100,000			1,100,000		
2039	—			1,150,000			1,150,000		
2040	—			1,200,000			1,200,000		
2041	—			1,250,000			1,250,000		
2042	—			1,300,000			1,300,000		
2043	—			1,400,000			1,400,000		
2044	3,000,000			1,450,000			4,450,000		
2045	3,150,000			1,500,000			4,650,000		
2046	3,300,000			1,600,000			4,900,000		
2047	3,450,000			1,700,000			5,150,000		
2048	3,650,000			1,750,000			5,400,000		
2049	—			1,850,000			1,850,000		
2050	—			1,950,000			1,950,000		
2051	—			2,050,000			2,050,000		
2052	—			2,150,000			2,150,000		
2053	—			2,250,000			2,250,000		
TOTAL	$23,000,000			$32,000,000			$55,000,000		

*Preliminary, subject to change.
(1) Includes mandatory sinking fund payments.
(2) Interest on the Bonds is payable semiannually on each February 1 and August 1, commencing February 1, 2025.

Refunding Bonds. The following table shows the debt service schedule with respect to the Refunding Bonds (assuming no optional redemptions).

Bond Year Ending August 1	Principal* (1)	Interest(2)	Total
2025	$ 320,000		
2026	335,000		
2027	355,000		
2028	370,000		
2029	390,000		
2030	410,000		
2031	15,000		
2032	20,000		
2033	20,000		
2034	20,000		
2035	20,000		
2036	770,000		
2037	865,000		
2038	960,000		
2039	1,000,000		
2040	1,185,000		
2041	3,220,000		
2042	3,455,000		
2043	3,935,000		
TOTAL	$17,665,000		

*Preliminary, subject to change.
(1) Includes mandatory sinking fund payments.
(2) Interest on the Bonds is payable semiannually on each February 1 and August 1, commencing February 1, 2025.

PAYING AGENT

U.S. Bank Trust Company, National Association, San Francisco, California, will act as the transfer agent, bond registrar, authenticating agent and paying agent for the Bonds (the "Paying Agent"). As long as DTC is the registered owner of the Bonds and DTC's book-entry method is used for the Bonds, the Paying Agent will send any notice of redemption or other notices to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the redemption of the Bonds called for redemption or of any other action premised on such notice.

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

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company, New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. See APPENDIX G—BOOK-ENTRY SYSTEM.

THE DISTRICT

General Information

The District was established as an elementary school district on September 7, 1921 and is located in the suburbs of Santa Clara County's Silicon Valley. The District encompasses a 14 square mile area and serves portions of Campbell, San Jose, Los Gatos, Monte Sereno, Saratoga, Santa Clara and an unincorporated area of Santa Clara County. The District maintains one school and eleven "dependent" charter schools, a District Office, a Corporation Yard and three closed school sites. The District leases one site to The Home Depot, one site (Hazelwood) to Canyon Heights Academy and the third site (Dover) to San Jose Christian School.

The District's education funding base is "Community Funded," meaning its share of local property taxes exceeds the State funding requirement, and as a result, the District is entitled to keep its full share of local property tax revenues, including the amount which exceeds the State funding formula.

Unless otherwise indicated, the financial, statistical and demographic data in this Official Statement has been provided by the District. Additional information concerning the District and copies of subsequent audited financial reports of the District may be obtained by contacting the District.

Governing Board and Administration

The District is governed by the five-member District Board, each member of which is elected to a four-year term. Elections for positions to the District Board are held every two years, alternating between two and three available positions.

District Board Member	Office	Trustee Area	Current Term Expires (November)
Danielle M.S. Cohen	President	5	2026
Chris Miller	Vice President	4	2026
Michael L. Snyder	Clerk	2	2024
Richard H. Nguyen	Board Member	1	2026
William Slade	Board Member	3	2024

The District's day-to-day operations are managed by a board-appointed Superintendent of Schools. Dr. Shelly Viramontez became Superintendent on July 2017. Dr. Viramontez first began teaching at the District in 1996. The Assistant Superintendent of Administrative Services for the District is Biling Yang. The Director of Fiscal Services is Bharathi Lakshmanan.

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

The information in this section describes ad valorem property taxation, assessed valuation, and other measures of the tax base of the District. The Bonds are payable solely from ad valorem taxes levied and collected by the County on taxable property in the District. The District's General Fund is not a source for the repayment of the Bonds.

General

To provide sufficient funds for repayment of principal and interest when due on the Bonds, the Board of Supervisors of the County is empowered and is obligated to levy *ad valorem* taxes 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). Such taxes are in addition to other taxes levied upon property within the District, including the countywide tax of 1% of taxable value. When collected, the tax revenues will be deposited by the County in the District's Interest and Sinking Fund, which is required to be maintained by the County and to be used solely for the payment of bonds of the District.

Property Taxation System

The collection of property taxes is significant to the District and the Owners of the Bonds in two respects. First, the Board of Supervisors of the County will levy and collect *ad valorem* taxes on all taxable parcels within the District, which are pledged specifically to the repayment of the Bonds. Second, the general *ad valorem* property tax levy levied in accordance with Article XIIIA of the California Constitution and its implementing legislation is considered in connection with the State's Local Control Funding Formula ("LCFF") which determines the amount of funding received by the District from the State to operate the District's educational programs and operations. The LCFF replaces revenue limit and most categorical program funding previously used to determine the amount of funding received by the District from the State. LCFF consists primarily of base, supplemental and concentration funding formulas that focus resources based on a school district's student demographic. See "APPENDIX B—DISTRICT AND GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION—Allocation of State Funding to School Districts; Restructuring of the K-12 Funding System" and "—State Funding; Recent State Budgets." As described below, the general *ad valorem* property tax levy, a portion of which is allocated to the District for operating purposes and the additional *ad valorem* property tax levy pledged to repay the Bonds will be collected on the annual tax bills distributed by the County to the owners of parcels within the boundaries of the District.

The District received approximately 57% of its total general fund operating revenues from local property taxes in fiscal year 2020-21.

Local property taxation is the responsibility of various officers of the counties. 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, the county auditor-controller computes the rate of tax necessary to pay such debt service and presents the tax rolls (including rates of tax for all taxing jurisdictions in the county) to the county board of supervisors for approval. The county treasurer-tax collector prepares and mails tax bills to taxpayers and collects the taxes according to the approved tax rolls. In addition, the treasurer-tax collector, as *ex officio* treasurer of each school district located in the county, holds and invests school district funds, including taxes collected for payment of school bonds, and is charged with payment of principal and interest on such bonds when due. Taxes on property in a school district whose boundaries extend into more than one county are administered separately by the county in which the property is located. The State Board of Equalization (the "SBE") also assesses certain special classes of property, as described later in this section.

Method of Property Taxation

Under Proposition 13, an amendment to the California Constitution adopted in 1978 that added Article XIIIA of the California Constitution, the county assessor's valuation of real property is established as shown on the fiscal year 1975-76 tax bill, or, thereafter, as the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. Assessed value of property may be increased annually to reflect inflation at a rate not to exceed 2% per year or reduced to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction or in the event of declining property value caused by substantial damage, destruction, market forces or other factors. As a result of these rules, real property that has been owned by the same taxpayer for many years can have an assessed value that is much lower than that of similar properties more recently sold and may be lower than its own market value. Likewise, changes in ownership of property and reassessment of such property to market value commonly will lead to increases in aggregate assessed value even when the rate of inflation or consumer price index would not permit the full 2% increase on any property that has not changed ownership. See APPENDIX B—DISTRICT AND GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION.

Taxes are levied by the County for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. Real property which changes ownership or is newly constructed is revalued at the time the change in ownership occurs or the new construction is completed. The current year property tax rate will be applied to the reassessment, and the taxes will then be adjusted by a proration factor to reflect the portion of the remaining tax year for which taxes are due.

Local agencies and schools will share the growth of "base" sources from all of the tax rate areas in the District. Each year's growth allocation becomes part of each local agency's allocation in the following year. The availability of revenue from growth in the tax bases in such tax rate areas may be affected by the existence of redevelopment agencies (including their successor agencies) which, under certain circumstances, may be entitled to sources resulting from the increase in certain property values. State law exempts $7,000 of the assessed valuation of an owner-occupied principal residence. This exemption does not result in any loss of revenue to local agencies since an amount equivalent to the taxes that would have been payable on such exempt values is supplemented by the State.

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

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

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

Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent, if unpaid on the following August 31. A 10% penalty is also attached to delinquent taxes in respect of property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date.

The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder's office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes in respect of property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent.

Taxation of State-Assessed Utility Property

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

Assessed Valuations

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

Certain classes of property, such as churches, colleges, not-for-profit hospitals and charitable institutions, are exempt from property taxation and do not appear on the tax rolls. No reimbursement is made by the State for such exemptions. Both the general *ad valorem* property tax levy and the additional *ad valorem* levy for the Bonds are based upon the assessed valuation of the parcels of taxable property in the District. Property taxes allocated to the District are collected by the County at the same time and on the same tax rolls as are county, city and special district taxes. The assessed valuation of each parcel of property is the same for both District and County taxing purposes. The valuation of secured property by the County Assessor is established as of January 1 and is subsequently equalized in September of each year.

The greater the assessed value of taxable property in the District, the lower the tax rate necessary to generate taxes sufficient to pay scheduled debt service on the Bonds.

History of Assessed Valuation. The following table shows a recent history of taxable property assessed valuation in the District.

HISTORIC ASSESSED VALUATIONS
Fiscal Years 2014-15 to 2023-24

Fiscal Year	Secured	Utility	Unsecured	Total Valuation	Percent Growth
2014-15	$ 16,518,705,463	$ 172,250	$ 636,573,749	$ 17,155,451,462	7.31%
2015-16	17,606,138,125	172,250	637,692,536	18,244,002,991	6.35
2016-17	18,968,801,882	172,250	698,989,821	19,667,963,953	7.81
2017-18	20,057,366,723	172,250	691,577,928	20,749,116,901	5.50
2018-19	21,812,778,074	238,500	700,656,534	22,513,673,108	8.50
2019-20	23,900,878,665	238,500	630,028,672	24,531,145,837	8.96
2020-21	25,355,948,230	238,500	683,969,940	26,040,156,670	6.15
2021-22	26,389,814,157	238,500	805,139,828	27,195,192,485	4.44
2022-23	28,609,457,584	238,500	805,511,875	29,415,207,959	8.16
2023-24	30,561,973,376	397,500	939,820,702	31,502,191,578	7.09

Source: California Municipal Statistics, Inc.

As indicated above, 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, 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), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, toxic dumping, etc. When necessitated by changes in assessed value in the course of a year, taxes are pro-rated for each portion of the tax year.

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 activity occurs.

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, in the form prescribed by the SBE, 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 apply 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 (escalated to the 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 to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as earthquakes, floods, fire, drought or toxic contamination pursuant to relevant provisions of the State Constitution.

In addition, Article XIIIA of the State 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.

The District typically experiences increases in assessment appeals activity during economic downturns and decreases in assessment appeals as the economy rebounds.

Risk of Decline in Property Values; Fire; Earthquake Risk. Property values could be reduced by factors beyond the District's control, including fire, earthquake and a depressed real estate market due to general economic conditions in the County, the region and the State.

Other possible causes for a reduction in assessed values include the complete or partial destruction of taxable property caused by other natural or manmade disasters, such as flood, fire, drought, toxic dumping, acts of terrorism, etc., or 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). Lower assessed values could necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Bonds. Issuance of additional bonds in the future might also cause the tax rate to increase.

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.

Assembly Bill 102. On June 27, 2017, the Governor of the State (the "Governor") signed into law Assembly Bill 102 ("AB 102"). AB 102 restructured the functions of the SBE and created two new separate agencies: (i) the California Department of Tax and Fee Administration, and (ii) the Office of Tax Appeals. Under AB 102, the California Department of Tax and Fee Administration took over programs previously in the SBE Property Tax Department, such as the Tax Area Services Section, which is responsible for maintaining all property tax-rate area maps and for maintaining special revenue district boundaries. Under AB 102, the SBE continues to perform the duties assigned by the State Constitution related to property taxes, however, effective January 1, 2018, the SBE will only hear appeals related to the programs that it constitutionally administers and the Office of Tax Appeals will hear appeals on all other taxes and fee matters, such as sales and use tax and other special taxes and fees. AB 102 obligates the Office of Tax Appeals to adopt regulations as necessary to carry out its duties, powers, and responsibilities. No assurances can be given as to the effect of such regulations on the appeals process or on the assessed valuation of property within the District.

State-Assessed Property. Under the Constitution, the SBE assesses property of State-regulated transportation and communications utilities, including railways, telephone and telegraph companies, and companies transmitting or selling gas or electricity. The SBE also is required to assess pipelines, flumes, canals, and aqueducts lying within two or more counties. The value of property assessed by the SBE is allocated by a formula to local jurisdictions in the 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 SBE. 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 SBE. 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 California, 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 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 County. The District is unable to predict future transfers of State-assessed property in the District and the 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, including the District.

Assessed Valuation By Jurisdiction. The following table shows the current assessed valuation of each jurisdiction within the boundaries of the District:

ASSESSED VALUATION BY JURISDICTION[(1)]
Fiscal Year 2023-24

Jurisdiction	Assessed Value in School District	% of School District	Assessed Value of Jurisdiction	% of Jurisdiction In School District
City of Campbell	$ 9,657,837,444	30.66%	$ 13,909,039,066	69.44%
Town of Los Gatos	2,484,344,196	7.89	18,056,023,227	13.76
City of Monte Sereno	195,847,258	0.62	3,044,598,368	6.43
City of San Jose	14,977,613,423	47.54	245,167,985,028	6.11
City of Santa Clara	1,472,911,491	4.68	61,070,198,224	2.41
City of Saratoga	2,124,538,850	6.74	19,871,182,524	10.69
Unincorporated Santa Clara County	589,098,916	1.87	23,251,521,092	2.53
Total District	31,502,191,578	100.00%		
Santa Clara County	31,502,191,578	100.00%	660,080,440,806	4.77%

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

Assessed Valuation By Land Use. The following table gives a distribution of taxable real property located in the District by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2023-24

	FY2023-24 Assessed. Valuation (1)	% of Total	No. of Parcels	% of Total
Non Residential:				
Rural	$ 1,458,573	0.00%	7	0.03%
Commercial/Office	5,975,822,996	19.55	1,108	4.35
Industrial	575,567,798	1.88	255	1.00
Recreational	19,737,681	0.06	10	0.04
Government/Social/Institutional	182,138,987	0.60	120	0.47
Miscellaneous	88,361,645	0.29	59	0.23
Subtotal Non-Residential	6,843,087,680	22.39%	1,559	6.12%
Residential:				
Single Family Residence	14,611,314,303	47.81%	15,291	60.03%
Condominium/Townhouse	3,981,911,787	13.03	6,160	24.18
Mobile Home	16,069,694	0.05	125	0.49
2-4 Residential Units	1,248,449,891	4.08	1,496	5.87
5+ Residential Units/Apartments	3,597,818,205	11.77	490	1.92
Subtotal Residential	23,455,563,880	76.75%	23,562	92.51%
Vacant Parcels	263,321,816	0.86%	350	1.37%
Total	30,561,973,376	100.00%	25,471	100.00%

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

Assessed Valuation of Single-Family Homes. The following table focuses on single-family residential properties only, which comprise approximately 47.81% of the assessed value of taxable property in the District.

ASSESSED VALUATION OF SINGLE-FAMILY HOMES
Fiscal Year 2023-24

	No. of Parcels	FY2023-24 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	15,291	$ 14,611,314,303	$ 955,550	$ 821,891

FY 2023-24 Assessed Valuation	No. of Parcels [1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $99,999	1,157	7.567%	7.567%	$ 88,445,432	0.605%	0.605%
$100,000 - $199,999	1,029	6.729	14.296	146,937,912	1.006	1.611
$200,000 - $299,999	814	5.323	19.619	203,686,488	1.394	3.005
$300,000 - $399,999	935	6.115	25.734	329,152,435	2.253	5.258
$400,000 - $499,999	925	6.049	31.783	413,888,620	2.833	8.090
$500,000 - $599,999	842	5.507	37.290	462,669,227	3.167	11.257
$600,000 - $699,999	805	5.265	42.554	524,697,432	3.591	14.848
$700,000 - $799,999	948	6.200	48.754	711,054,059	4.866	19.714
$800,000 - $899,999	882	5.768	54.522	749,626,440	5.130	24.845
$900,000 - $999,999	913	5.971	60.493	866,873,358	5.933	30.778
$1,000,000 - $1,099,999	753	4.924	65.418	788,971,495	5.400	36.177
$1,100,000 - $1,199,999	638	4.172	69.590	732,499,783	5.013	41.191
$1,200,000 - $1,299,999	571	3.734	73.324	711,917,270	4.872	46.063
$1,300,000 - $1,399,999	564	3.688	77.013	760,789,478	5.207	51.270
$1,400,000 - $1,499,999	553	3.617	80.629	800,929,303	5.482	56.751
$1,500,000 - $1,599,999	494	3.231	83.860	763,612,419	5.226	61.978
$1,600,000 - $1,699,999	380	2.485	86.345	626,477,547	4.288	66.265
$1,700,000 - $1,799,999	353	2.309	88.653	617,881,652	4.229	70.494
$1,800,000 - $1,899,999	244	1.596	90.249	451,049,710	3.087	73.581
$1,900,000 - $1,999,999	218	1.426	91.675	424,995,200	2.909	76.490
$2,000,000 and greater	1,273	8.325	100.000	3,435,159,043	23.510	100.000
Total	15,291	100.000%		14,611,314,303	100.000%	

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

Tax Rates

The State Constitution permits the levy of an *ad valorem* 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 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 Bonds is 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), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, 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 Bonds. Issuance of additional authorized bonds in the future might also cause the tax rate to increase.

The table below summarizes the total *ad valorem* tax rates levied by all taxing entities in the principal Tax Rate Areas ("TRAs") within the District for the past five fiscal years. TRA 10-005 comprises approximately 15.8% of the total fiscal year 2023-24 assessed value of property in the District. TRA 17-021 comprises approximately 19.5% of the total fiscal year 2021-22 assessed value of property in the District.

TYPICAL *AD VALOREM* TAX RATES
Tax Rates as a Percent of Assessed Valuation

Total Tax Rates (TRA 10-005 – FY2023-24 Assessed Valuation: $4,976,202,636)[(2)]

	Fiscal Year Ending June 30,				
	2020	2011	2022	2023	2024
General[(1)]	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%
County Retirement	.03880	.03880	.03880	.03880	.03880
County Hospital and Housing Bonds	.01690	.00690	.01876	.01710	.01500
County Library Retirement	.00240	.00240	.00240	.00240	.00240
Campbell Union School District Bonds	.06720	.06720	.06720	.06720	.06720
Campbell Union High School District Bonds	.04360	.04390	.04210	.04010	.03660
West Valley-Mission Community College District Bonds	.02960	.03110	.03040	.02830	.02580
City of Campbell Bonds	.01000	.01000	.01750	.02000	.01750
Total All Property	1.20850	1.20030	1.21716	1.21390	1.20330
Santa Clara Valley Water District - State Water Project	.00410	.00370	.00510	.00400	.00410
Total Land Only	.00410	.00370	.00510	.00400	.00410

Total Tax Rates (TRA 17-021 – FY2023-24 Assessed Valuation: $5,877,393,636)[(3)]

	Fiscal Year Ending June 30,				
	2020	2011	2022	2023	2024
General[(1)]	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%
County Retirement	.03880	.03880	.03880	.03880	.03880
County Hospital and Housing Bonds	.01690	.00690	.01876	.01710	.01500
Campbell Union School District Bonds	.06720	.06720	.06720	.06720	.06720
Campbell Union High School District Bonds	.04360	.04390	.04210	.04010	.03660
West Valley-Mission Community College District Bonds	.02960	.03110	.03040	.02830	.02580
City of San Jose Bonds	.02260	.01750	.02070	.01910	.01670
Total All Property	1.21870	1.20540	1.21796	1.21060	1.20010
Santa Clara Valley Water District - State Water Project	.00410	.00370	.00510	.00400	.00410
Total Land Only	.00410	.00370	.00510	.00400	.00410

Source: California Municipal Statistics, Inc.
(1) Maximum rate for purposes other than paying debt service in accordance with Article XIIIA of the State Constitution.
(2) TRA 10-005 is 15.80% of the District's current total assessed valuation.
(3) TRA 17-021 is 18.69% of the District's current total assessed valuation.

Largest Property Owners

Based on current fiscal year locally assessed taxable valuations, the top twenty taxable property owners in the District represent approximately 17.25% of the total current fiscal year taxable value.

The following table shows the 20 largest owners of taxable property in the District as determined by secured assessed valuation for the current fiscal year. Bankruptcy, termination of operations or departure from the District by one of the largest property owners could adversely impact the availability of tax revenues to pay debt service on the Bonds.

LARGEST LOCAL SECURED TAXPAYERS
Fiscal Year 2023-24

	Property Owner	Primary Land Use	FY2023-24 Assessed Valuation	% of Total [1]
1.	FRIT San Jose Town & Country Village LLC	Shopping Center / Apartments	$1,024,529,878	3.35%
2.	VF Mall	Shopping Center	933,619,664	3.05
3.	Reserve REIT Inc.	Apartments	340,587,790	1.11
4.	Winchester Investments LLC	Office Building	300,296,274	0.98
5.	Ebay Inc.	Office Building	300,258,399	0.98
6.	Winchester San Jose Development LLC	Apartments	265,443,619	0.87
7.	Pruneyard Regency LLC	Shopping Center	223,375,439	0.73
8.	Southwest Expressway Investors Ltd.	Apartments	209,380,977	0.69
9.	Macy's Mall Real Estate LLC	Shopping Center	171,276,859	0.56
10.	SI 32 LLC	Apartments	163,243,322	0.53
11.	AG-SW Hamilton Plaza Owner LP	Office Building	155,882,615	0.51
12.	Pruneyard Office Investors LLC	Office Building	151,716,597	0.50
13.	KW Fund VI-Vasona Med Tech Park LLC	Industrial	150,194,999	0.49
14.	675 Creekside Owner LLC	Office Building	146,113,811	0.48
15.	Orchard Glen Apartments	Apartments	143,321,953	0.47
16.	Pulte Home Company LLC	Residential Development	143,076,738	0.47
17.	Cefalu Partners LP	Apartments	134,797,602	0.44
18.	Revere Residences LLC	Apartments	116,726,944	0.38
19.	Grove Apartments LLC	Apartments	106,634,732	0.35
20.	DP Willow Glen Investors LP	Apartments	91,156,461	0.30
			5,271,634,673	17.25%

Source: California Municipal Statistics, Inc.
(1) FY2023-24 local secured assessed valuation: $30,561,973,376.

Tax Levies and Delinquencies

Beginning in 1978-79, Article XIIIA and its implementing legislation shifted the function of property taxation primarily to the counties, except for levies to support prior-voted debt, and prescribed how levies on county-wide property values are to be shared with local taxing entities within each county.

The following table reflects the five-year historical secured tax levy and year-end delinquencies for general obligation bonds of the District for the most recent fiscal years. See "Teeter Plan" below for a discussion of the application of the Teeter Plan in the County which provides the District with 100% of the secured property tax levy irrespective of delinquencies.

SECURED TAX CHARGE AND DELINQUENCY
Fiscal Years 2018-19 to 2022-23

Fiscal Year	Secured Tax Charge (1)	Amount Delinquent June 30	% Del. June 30
2013-14	$ 9,592,656.69	$ 89,662.73	0.93%
2014-15	9,061,841.21	69,957.87	0.77
2015-16	9,731,086.40	49,631.55	0.51
2016-17	10,321,699.63	69,608.07	0.67
2017-18	13,419,179.78	47,657.21	0.36
2018-19	13,419,179.78	47,657.21	0.36
2019-20	10,286,546.86	63,278.70	0.62
2020-21	11,340,546.86	63,831.02	0.56
2021-22	17,715,828.86	130,161.24	0.73
2022-23	19,111,021.70	127,179.80	0.67

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

Teeter Plan

The Board of Supervisors of the County has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in section 4701 et seq. of the California Revenue and Taxation Code. The Teeter Plan guarantees distribution of 100% of the general taxes levied to the taxing entities within the County, with the County retaining all penalties and interest penalties affixed upon delinquent properties and redemptions of subsequent collections. Under the Teeter Plan, the County apportions secured property taxes on a cash basis to local political subdivisions, including the District, for which the County acts as the tax-levying or tax-collecting agency. At the conclusion of each fiscal year, the County distributes 100% of any taxes delinquent as of June 30th to the respective taxing entities.

The Teeter Plan is applicable to secured property tax levies, including for the Bonds. The Teeter Plan is not applicable to unsecured property tax levies. As adopted by the County, the Teeter Plan excludes Mello-Roos Community Facilities Districts, special assessment districts, and benefit assessment districts.

The County cash position is protected by a special fund, known as the "Tax Loss Reserve Fund," which accumulates moneys from interest and penalty collections. In each fiscal year, the Tax Loss Reserve Fund is required to be funded to the amount of delinquent taxes plus one percent of that year's tax levy. Amounts exceeding the amount required to be maintained in the tax loss reserve fund may be credited to the County's general fund. Amounts required to be maintained in the tax loss reserve fund may be drawn on to the extent of the amount of uncollected taxes credited to each agency in advance of receipt.

The Teeter Plan is to remain in effect unless the County Board orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the County

Board receives a petition for its discontinuance joined in by resolutions adopted by at least two-thirds of the participating revenue districts in the County, in which event the County Board is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. The County Board 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 the 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. If the Teeter Plan is discontinued subsequent to its implementation, only those secured property taxes actually collected would be allocated to political subdivisions (including the District) for which the County acts as the tax-levying or tax-collecting agency, but penalties and interest would be credited to the political subdivisions.

The District is not aware of any petitions for the discontinuance of the Teeter Plan in the County.

Largest Property Owners

Concentration of Property Ownership. Based on fiscal year 2021-22 locally assessed taxable valuations, the top twenty taxable property owners in the District represent approximately 16.6% of the total fiscal year 2021-22 taxable value. The largest single property owner in the District, FRIT San Jose Town & Country Village LLC, represents approximately 3.55% of the total fiscal year 2021-22 taxable value. Bankruptcy, termination of operations or departure from the District by one of the largest property owners could adversely impact the availability of tax revenues to pay debt service on the Bonds.

The following table shows the 20 largest owners of taxable property in the District as determined by secured assessed valuation in fiscal year 2023-24.

CAMPBELL UNION SCHOOL DISTRICT
LARGEST LOCAL SECURED TAXPAYERS
Fiscal Year 2023-24

	Property Owner	Primary Land Use	FY2023-24 Assessed Valuation	% of Total (1)
1.	FRIT San Jose Town & Country Village LLC	Shopping Center and Apartments	$ 936,796,863	3.55%
2.	VF Mall	Shopping Center	850,291,607	3.22
3.	Ebay Inc.	Office Building	284,628,982	1.08
4.	Reserve REIT Inc.	Apartments	229,508,463	0.87
5.	Pruneyard Regency LLC	Shopping Center	214,701,500	0.81
6.	Southwest Expressway Investors Ltd.	Apartments	200,146,568	0.76
7.	Pruneyard Office Investors LLC	Office Building	162,005,163	0.61
8.	Macy's Mall Real Estate LLC	Shopping Center	161,441,141	0.61
9.	SI 32 LLC	Apartments	156,782,720	0.59
10.	Winchester Investments LLC	Office Building	151,955,061	0.58
11.	AG-SW Hamilton Plaza Owner LP	Office Building	149,829,510	0.57
12.	675 Creekside Owner LLC	Office Building	140,440,038	0.53
13.	Cefalu Partners LP	Apartments	129,563,248	0.49
14.	Revres LLC	Apartments	124,958,985	0.47
15.	Grove Apartments LLC	Apartments	102,599,669	0.39
16.	DP Willow Glen Investors LP	Apartments	88,078,585	0.33
17.	San Jose Water Works	Water Company	82,114,564	0.31
18.	Railway Campbell LLC	Apartments	70,499,682	0.27
19.	SH-III Campbell LP	Retail and Apartments	70,497,287	0.27
20.	Raintree Campbell LLC	Apartments	70,427,139	0.27
	Total Top 20		$4,377,266,775	16.59%

Source: California Municipal Statistics, Inc.
(1) FY2023-24 Local secured assessed valuation: $26,389,814,157.

Direct and Overlapping Debt

Set forth on the following page is a schedule of direct and overlapping debt prepared by California Municipal Statistics, Inc. 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 February 1, 2024, and whose territory overlaps the District in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

The table generally includes long-term obligations sold in the public credit markets by the public agencies listed. 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.

STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT

CAMPBELL UNION SCHOOL DISTRICT

2023-24 Assessed Valuation: $31,502,191,578

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 2/1/24
Santa Clara County	4.772%	$ 45,657,064
West Valley-Mission Community College District	16.667	110,508,877
Campbell Union High School District	47.172	158,585,188
Campbell Union School District	**100.000**	**196,034,324** (1)
City of Campbell	69.436	28,961,756
City of San Jose	6.109	31,938,768
City of Saratoga	10.692	617,463
Midpeninsula Regional Open Space District	1.183	954,681
Santa Clara Valley Water District Flood Control Benefit Assessment District	4.772	1,395,094
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		574,653,215
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Santa Clara County General Fund Obligations	4.772%	52,166,046
Santa Clara County Pension Obligation Bonds	4.772	15,448,567
Santa Clara County Board of Education Certificates of Participation	4.772	44,618
Santa Clara County Vector Control District Certificates of Participation	4.772	58,696
West Valley-Mission Community College District General Fund Obligations	16.667	1,360,027
Campbell Union High School District Certificates of Participation	47.172	6,604,080
Campbell Union School District General Fund Obligations	**100.000**	**1,400,000**
City of Campbell Certificates of Participation	69.436	3,236,303
City of San Jose Certificates of Participation	6.109	40,095,505
City of Santa Clara General Fund Obligations	2.412	218,407
Midpeninsula Regional Open Space District General Fund Obligations	1.183	1,005,616
Santa Clara County Central Fire District General Fund Obligations	6.955	1,930,360
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		123,568,225
Less: Santa Clara County supported obligations		126,935
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		123,441,290
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):		11,029,099
GROSS COMBINED TOTAL DEBT		709,250,539 (2)
NET COMBINED TOTAL DEBT		709,123,604

Ratios to 2023-24 Assessed Valuation:
- Direct Debt ($196,034,324).. 0.62%
- Total Direct and Overlapping Tax and Assessment Debt......1.82%
- Combined Direct Debt ($197,434,324) 0.63%
- Gross Combined Total Debt 2.25%
- Net Combined Total Debt 2.25%

Ratios to Redevelopment Incremental Valuation ($1,231,961,637):
- Total Overlapping Tax Increment Debt............................... 0.90%

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

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. Based on the fiscal year 2023-24 assessed valuation of $31,502,191,578, the District's gross bonding capacity is approximately $393,777,395, and its net bonding capacity will be $142,808,074* following issuance of the Bonds. Refunding bonds may be issued without regard to this limitation; however, once issued, the outstanding principal of any refunding bonds is included when calculating the District's bonding capacity.

Cybersecurity Risks

The District and the County may each face various cyber security threats, including, but not limited to, hacking, viruses, malware, ransomware and other attacks on their computers and their networks. No assurance can be given that the District's or County's efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the District or the County. The District is reliant on the County in connection with the administration of the Bonds, including without limitation the County tax collector for the levy and collection of *ad valorem* property taxes, the Paying Agent, and the dissemination agent. No assurance can be given that the District, the County, and these other entities will not be adversely affected by cyber threats and attacks in a manner that may affect owners of the Bonds.

Bankruptcy Risks

In bankruptcy, the voluntary application of pledged special revenues to indebtedness secured by such revenues is not subject to the automatic stay. A recent decision by the United States Court of Appeals for the First Circuit in a case involving revenue bonds of the Puerto Rico Highways & Transportation Authority, however, concludes that an action by bondholders to compel the application of pledged special revenues is not exempt from the automatic stay. See "LEGAL MATTERS" below.

Risks to Assessed Values Generally

Natural and economic forces can affect the assessed value of taxable property in the District. The District is located in a seismically active region, and damage from an earthquake in or near the District could cause moderate to extensive or total damage to taxable property. Other natural or man-made disasters, such as flood and sea level rise, fire, the presence of hazardous materials, acts of terrorism or public health emergencies could also cause a reduction in the assessed value of taxable property within the District. Economic and market forces, such as a downturn in the local economy can also affect assessed values. For additional discussion, see "Natural Calamities" and "Risk of Changing Economic Conditions" below.

Natural Calamities

General. From time to time, property within the District has been and could be subject to natural calamities, including, but not limited to, earthquake, flood, drought or wildfire, that may adversely affect economic activity in the District, and which could have a negative impact on District's property tax collections.

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* Preliminary, subject to change.

Seismic. Like most regions in California, the District is in an area of significant seismic activity. There are numerous earthquake faults near the City, including particularly the Hayward fault. The Hayward fault covers the hills on the east side of the San Francisco Bay and into San Pablo Bay. Numerous other faults are capable of producing damaging earthquakes similar in magnitude to the 1989 Loma Prieta earthquake. Soils in lowland areas away from major faults may also be unable to support buildings during major earthquakes. Landslides are likely on hillsides during major earthquakes. Coastal areas are also at risk of tsunamis, generated from earthquakes on local faults or across the Pacific. In addition to potential declines in property tax revenues, damage resulting from such an event could have a material adverse effect on the District's financial condition as well, through unexpected recovery costs.

Flood. Like most of the State, the property within the District is subject to unpredictable seasonal rainfall, with periods of intense and sustained precipitation occurring every few years. While portions of the District lie adjacent to the Los Gatos Creek which experienced significant flooding in 1886, since 1952 the flow of Los Gatos Creek has been controlled by the James J. Lenihan Dam upstream.

Drought. The State is currently experiencing drought conditions. The Governor of the State has issued targeted emergency drought proclamations to nearly all counties across the State, including the County. The emergency drought proclamations allow for the set-aside of certain state regulatory requirements until the subsistence of drought conditions. The County is presently experiencing drought conditions and are likely to continue to be effected by drought conditions in the future. Lasting drought conditions could have a material negative effect on the value of taxable property within the District.

Wildfire. In recent years, wildfires have caused extensive damage to cities throughout the State. In some instances, entire neighborhoods have been destroyed. Areas effected by wildfires may be more prone to flooding and mudslides. In addition to the direct impact of wildfires on health and safety and property damage, the smoke from wildfires has negatively impacted the quality of life in the District and may have short-term and future impacts on residential and commercial activity in the District.

On August 18, 2020, a wildfire known as the SCU Lightning Complex fire commenced primarily in the Diablo Mountain Range to the east of the District. The fire burned over 393,000 acres making it the fourth-largest overall wildfire recorded in California's modern history. The CZU Lightning Complex fire destroyed approximately 222 buildings before it was ultimately extinguished in October, 2020. No property within the District was damaged by the SCU Lightning Complex fire.

Recent wildfires in the State have been driven in large measure by drought conditions and low humidity. Experts expect that California will continue to be subject to wildfire conditions as a result in changing weather patterns due to climate change. There can be no assurances that wildfires will not occur within the District or the region or that the District will not be negatively impacted by sustained smoky conditions caused by wildfires.

Santa Clara County Multi-Jurisdictional Hazard Mitigation Plan. The County maintains a multi-jurisdictional Hazard Mitigation Plan discussing the vulnerability of areas of the County to hazards and other natural disasters and the mitigation measures in place to reduce the impact of such events. The Local Hazard Mitigation Plan can be viewed on the County's website at:

https://emergencymanagement.sccgov.org/multi-jurisdictional-hazard-mitigation-plan-mjhmp

The County's Local Hazard Mitigation Plan is not included herein by this reference.

The District cannot predict or make any representations regarding the effects that natural disasters, such as fire, drought or extended drought conditions, earthquakes or other related natural or man-made conditions, have or may have on the value of taxable property within the District, or to what extent the effects said natural disasters or conditions may have on economic activity in the District or throughout the State.

INVESTMENT OF DISTRICT FUNDS

In accordance with Section 41001 of the California Education Code, each California public school district maintains substantially all of its operating funds in the county treasury of the county in which it is located, and each county treasurer-tax collector serves as *ex officio* treasurer for those school districts located within the county. Each treasurer-tax collector has the authority to invest school district funds held in the county treasury. Generally, the treasurer-tax collector pools county funds with school district funds and funds from certain other public agencies and invests the cash. These pooled funds are carried at cost. Interest earnings are accounted for on either a cash or accrual basis and apportioned to pool participants on a regular basis. In addition, the County is required to establish its own investment policies which may impose limitations beyond those required by the Government Code. See APPENDIX D—COUNTY INVESTMENT POLICY.

LEGAL MATTERS

Possible Limitations on Remedies; Bankruptcy

General. Following is a discussion of certain considerations relating to potential bankruptcies of school districts in California. It is not an exhaustive discussion of the potential application of bankruptcy law to the District. State law contains a number of safeguards to protect the financial solvency of school districts. See "APPENDIX B—DISTRICT AND GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION." If the safeguards are not successful in preventing a school district from becoming insolvent, the State Superintendent of Public Instruction (the "State Superintendent"), operating through an administrator appointed by the State Superintendent, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") on behalf of a district for the adjustment of its debts, assuming that such district meets certain other requirements contained in the Bankruptcy Code necessary for filing such a petition. School districts under current State law are not themselves authorized to file a bankruptcy proceeding, and they are not subject to involuntary bankruptcy.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the parties to the proceedings may be prohibited from taking any action to collect any amount from the District (including *ad valorem* tax revenues) or to enforce any obligation of the District, without the bankruptcy court's permission. In such a proceeding, as part of its plan of adjustment in bankruptcy, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, if the bankruptcy court were to determine that the alterations were fair and equitable. In addition, in such a proceeding, as part of such a plan, the District may be able to eliminate the obligation of the County to raise taxes if necessary, to pay the Bonds. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Moreover, regardless of any specific adverse determinations in any District bankruptcy proceeding, a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

As stated above, if a school district were to go into bankruptcy, the bankruptcy petition would be filed under Chapter 9 of the Bankruptcy Code. Chapter 9 provides that it does not limit or impair the power of a state to control, by legislation or otherwise, a municipality of or in such state in the exercise of the political or governmental powers of such municipality, including expenditures for such exercise. For purposes of the language of Chapter 9, a school district is a municipality. State law provides that the ad valorem taxes levied to pay the principal and interest on the Bonds shall be used for the payment of principal and interest of the District's general obligation bonds and for no other purpose. If this restriction on the expenditure of such ad valorem taxes is respected in a bankruptcy case, then the ad valorem tax revenue could not be used by the District for any purpose other than to make payments on the Bonds. It is possible, however, that a bankruptcy court could conclude that the restriction should not be respected.

Statutory Lien. Pursuant to Senate Bill 222 (2015) ("SB 222") that became effective on January 1, 2016, all general obligation bonds issued by local agencies in California, including the Bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. SB 222 provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board and will be valid and binding from the time the bonds are executed and delivered. Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the District, the automatic stay provisions of the Bankruptcy Code would apply and payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed unless the Bonds are determined to be secured by a pledge of "special revenues" within the meaning of the Bankruptcy Code and the pledged *ad valorem* taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code.

Special Revenues. If the ad valorem tax revenues that are pledged to the payment of the Bonds (see "THE BONDS – Security") are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged ad valorem revenues that are collected after the date of the bankruptcy filing should not be subject to the automatic stay. "Special revenues" are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. The District has specifically pledged the ad valorem taxes for payment of the Bonds. Additionally, the ad valorem taxes levied for payment of the Bonds are permitted under the State Constitution only where either (i) the applicable bond proposition is approved by 55% of the voters and such proposition contains a specific list of school facilities projects, or (ii) if the applicable bond proposition is approved by two-thirds of voters and such bonds must be issued for the acquisition or improvement of real property. Because State law prohibits the use of the tax proceeds for any purpose other than payment of the bonds and the bond proceeds can only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition, such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of ad valorem tax revenues collected for the payments of bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

In addition, even if the ad valorem tax revenues are determined to be "special revenues," the Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the project or system before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. Thus, a bankruptcy court could determine that the District is entitled to use the ad valorem tax revenues to pay necessary operating expenses of the District and its schools before the remaining revenues are paid to the owners of the Bonds.

Possession of Tax Revenues; Remedies. If the County or the District goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County or the District, as applicable, does not voluntarily pay such tax revenues to the owners of the Bonds, it is not clear what procedures the owners of the Bonds would take or how effective they would be in obtaining possession of such tax revenues.

Opinion of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor's Rights. The proposed forms of opinions of Bond Counsel, attached hereto as APPENDIX E—FORMS OF OPINIONS OF BOND COUNSEL, are qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights.

Legal Opinions

All legal matters in connection with the execution and delivery of the Bonds are subject to the approval of Stradling Yocca Carlson & Rauth, LLP, Bond Counsel. Certain legal matters will also be passed on for the District by Stradling Yocca Carlson & Rauth, LLP, as Disclosure Counsel. The fees of Bond Counsel and Disclosure Counsel are contingent upon the issuance and delivery of the Bonds.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, LLP, Newport Beach, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, it should be noted that with respect to applicable corporations as defined in section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed on such corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

In the opinion of Bond Counsel, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity of such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Beneficial Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Beneficial Owner will increase the Beneficial Owner's basis in the applicable Bond. The amount of original issue discount that accrues to the Beneficial Owner a Bond is excluded from the gross income of such Beneficial Owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest on the Bonds (including any original issue discount) is based upon certain representations of fact and certifications made by the District, the Underwriter and others and is subject to the condition that the District complies with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to assure that interest on the Bonds (including any original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest on the Bonds (including any original issue discount) to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District will covenant to comply with all such requirements.

The amount by which a Beneficial Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under section 171 of the Code; such amortizable bond premium reduces the Beneficial Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Beneficial Owner realizing a taxable gain when a Bond is sold by the Beneficial Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Beneficial Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

Bond Counsel's opinion may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Bond Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond

Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

Although Bond Counsel will render an opinion that interest on the Bonds (including any original issue discount) is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the accrual or receipt of interest on the Bonds (including any original issue discount) may otherwise affect the tax liability of the recipient. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, all potential purchasers should consult their tax advisors before purchasing any of the Bonds.

The complete text of the final opinions that Bond Counsel expects to deliver upon the issuance of the Bonds is set forth in APPENDIX E—FORMS OF OPINIONS OF BOND COUNSEL.

MUNICIPAL ADVISOR

Backstrom McCarley Berry & Co., LLC, San Francisco, California (the "Municipal Advisor"), is an independent financial advisory firm registered as a "Municipal Advisor" with the Securities Exchange Commission and Municipal Securities Rulemaking Board. The Municipal Advisor does not underwrite, trade or distribute municipal or other public securities. The Municipal Advisor has assisted the District in connection with the planning, structuring, sale, and issuance of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification of or to assume responsibilities for the accuracy, completeness, or fairness of the information contained in this Official Statement not provided by the Municipal Advisor. The fees of the Municipal Advisor in respect to the Bonds are contingent upon their sale and delivery.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of holders and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than March 31 after the end of the District's fiscal year (the current end of the District's fiscal year is on June 30), commencing with the report for the 2020-21 fiscal year, and to provide notices of the occurrence of certain events listed in the District's Continuing Disclosure Certificate, the form of which is in APPENDIX F—FORMS OF CONTINUING DISCLOSURE CERTIFICATES. The Annual Report and notices of listed events will be filed by the District with the Municipal Securities Rulemaking Board (the "MSRB"), by posting on the MSRB's Electronic Municipal Market Access or "EMMA" system (website: www.emma.msrb.org). These continuing disclosure covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

In preparation for issuance of the Bonds, the District determined that it has filed all required Annual Reports and financial and operating data as required by its continuing disclosure undertakings during the last five years. [TO BE CONFIRMED OR UPDATED AS REQUIRED]

LEGALITY FOR INVESTMENT IN CALIFORNIA

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

ABSENCE OF MATERIAL LITIGATION

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished by the District to the Underwriter at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the County's ability to receive *ad valorem* taxes or contesting the District's ability to issue and retire the Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The Verification Agent will verify as to the Escrow Fund, the mathematical accuracy as of the date of the closing and delivery of the Refunding Bonds of the computations contained in the provided schedules to determine that the deposit of Escrow Securities and cash therein shall be sufficient to redeem the Prior Bonds to be refunded on the Redemption Date at the Redemption Price.

The report of the Verification Agent will include the statement that the scope of its engagement was limited to verifying the mathematical accuracy of the computations contained in such schedules provided to them and that they have no obligation to update their report because of events occurring, or data or information coming to their attention, subsequent to the date of their report.

RATINGS

Moody's Investors Service ("Moody's) and S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("S&P"), have assigned the ratings of "Aaa" and "AA+," respectively, to the Bonds. Such ratings reflect only the views of Moody's S&P and any desired explanation of the significance of such ratings should be obtained from Moody's and S&P. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period or that such ratings will not be revised downward or withdrawn entirely by Moody's and/or S&P if, in the judgment of Moody's and/or S&P, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price for the Bonds.

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

UNDERWRITING

The New Money Bonds were sold by competitive bidding on _________, 2024, to __________ (the "New Money Bonds Underwriter"). The New Money Bonds Underwriter has agreed to purchase the New Money Bonds at a purchase price of $________ (being equal to the aggregate principal amount of the New Money Bonds ($_________), plus a purchase premium of ________, less an underwriter's discount of $________). The New Money Bonds Underwriter will purchase all of the New Money Bonds if any are purchased, the obligation to make such purchase being subject to the approval of certain legal matters by counsel and certain other conditions. The New Money Bonds Underwriter may offer and sell New Money Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the New Money Bonds Underwriter.

The Refunding Bonds were sold by competitive bidding on _________, 2024, to ___________ (the "Refunding Bonds Underwriter"). The Refunding Bonds Underwriter has agreed to purchase the Refunding Bonds at a purchase price of $_________ (being equal to the aggregate principal amount of the Refunding Bonds ($_________), plus a purchase premium of $________, less an underwriter's discount of $__________). The Refunding Bonds Underwriter will purchase all of the Refunding Bonds if any are purchased, the obligation to make such purchase being subject to the approval of certain legal matters by counsel and certain other conditions. The Refunding Bonds Underwriter may offer and sell Refunding Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Refunding Bonds Underwriter.

ADDITIONAL INFORMATION

Quotations from and summaries and explanations of the Bonds, the Resolutions, the Continuing Disclosure Certificates of the District and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

All data contained herein has been taken or constructed from District records. Appropriate District officials, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading. This Official Statement has been approved by the District Board.

EXECUTION

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

CAMPBELL UNION SCHOOL DISTRICT

By ______________________________

Shelly Viramontez, Ed.D.
Superintendent

APPENDIX A

GENERAL INFORMATION RELATING TO SANTA CLARA COUNTY

The District is located in Santa Clara County. While the economics of the County and surrounding region influence the economics within the District, only property within the District is subject to an unlimited ad valorem tax levy to pay debt service on the Bonds.

Although reasonable efforts have been made to include up-to-date information in this Appendix A, some of the information is not current due to delays in reporting of information by various sources. It should not be assumed that the trends indicated by the following data would continue beyond the specific periods reflected herein.

Introduction

The District is located in Santa Clara County (the "County"). The County covers an area of over 1,300 square miles and is located south of the San Francisco Bay in northern California. There are two distinct valleys in the County, which are referred to as North County and South County. South County has more of an agricultural base and is comprised of only two cities, twenty miles apart from each other. As a contrast, North County is densely populated, heavily industrialized and extensively urbanized. This part of the County is comprised of 13 cities, each adjacent to another. Due to its high concentration of high-technology industries, the northwestern portion of North County is commonly referred to as "Silicon Valley". The District is located in the North County region. Several small lakes and reservoirs are scattered across the County and the highest peak can be found in San José at Mount Hamilton with an elevation of 4,213 feet. Several major highways serve the County, including Highway 101 providing access to San Francisco and Los Angeles.

The County is home to nearly 5 percent of the State's population. There are 15 incorporated cities located in the County and over 95 percent of the County residents live in those cities. The County seat is located in San Jose, which is the largest city in the Bay Area. San Jose is also the third largest city in California, and the tenth largest city in the country.

The County operates under a Home Rule Charter adopted by the voters of the County. Policy making and legislative authority is vested in the County Board of Supervisors (the "Board"), which consists of an elected supervisor from each of the County's five districts. The Board is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and appointing the County Executive and certain non-elected department heads. Supervisors are elected to four-year staggered terms. The County, with over 20,000 full-time equivalent employees, provides a full range of services to its residents.

Population

The table below summarizes population of the County and the State of California for the last five years.

SANTA CLARA COUNTY and CALIFORNIA
Population

Year	Santa Clara County	State of California
2019	1,945,166	39,605,361
2020	1,944,733	39,648,392
2021	1,910,551	39,286,510
2022	1,890,967	39,078,674
2023	1,886,079	38,940,231

Source: California Department of Finance, E-4 Population Estimate for Cities, Counties, and the State, 2019-23, with 2020 Census Benchmark.

Employment

The following table summarizes historical employment and unemployment for the County, the State of California and the United States:

SANTA CLARA COUNTY, CALIFORNIA, and UNITED STATES
Civilian Labor Force, Employment, and Unemployment
(Annual Averages)

Year	Area	Labor Force	Employment	Unemployment	Unemployment Rate (1)
2018	Santa Clara County	1,048,800	1,021,500	27,300	2.6%
	California	19,398,200	18,582,800	815,400	4.2
	United States	162,075,000	155,761,000	6,314,000	3.9
2019	Santa Clara County	1,053,700	1,027,500	26,200	2.5
	California	19,411,600	18,627,400	784,200	4.0
	United States	163,539,000	157,538,000	6,001,000	3.7
2020	Santa Clara County	1,020,700	949,400	71,300	7.0
	California	18,821,200	16,913,100	1,908,100	10.1
	United States	160,742,000	147,795,000	12,947,000	8.1
2021	Santa Clara County	1,013,600	966,000	47,600	4.7
	California	18,923,200	17,541,900	1,381,200	7.3
	United States	161,204,000	152,581,000	8,623,000	5.3
2022 (2)	Santa Clara County	1,040,900	1,013,300	27,600	2.6
	California	19,252,000	18,440,900	811,100	4.2
	United States	164,287,000	158,291,000	5,996,000	3.6

Source: California Employment Development Department, Monthly Labor Force Data for Counties, Annual Average 2018-2022, and US Department of Labor.

(1) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures available in this table.

(2) Latest available full-year data.

Major Employers in the County

The table below sets forth the ten largest employers in the County in 2023.

SANTA CLARA COUNTY
Principal Employers
as of June 30, 2023

Employer	Employees	% of Total
Google LLC	44,244	4.40%
Tesla Motors Inc.	30,000	2.98
Apple Inc.	25,000	2.49
Meta Platforms Inc.	22,515	2.24
Santa Clara County	21,590	2.15
Cisco Systems Inc.	18,500	1.84
Stanford University	16,963	1.69
Stanford Health Care	10,847	1.08
University of Santa Cruz	8,671	0.86
City of San Jose	8,134	0.81
Total Top 10	206,464	20.53%

Source: Santa Clara County fiscal year 2022-23 ACFR.

Construction Activity

The following table reflects the five-year history of building permit valuation for the County:

SANTA CLARA COUNTY
Building Permits and Valuation
(Dollars in Thousands)

	2018	2019	2020	2021	2022[1]
Permit Valuation:					
New Single-family	$ 728,590	$ 693,032	$ 465,531	$ 604,388	$ 558,633
New Multi-family	1,098,643	567,726	384,856	488,538	1,239,445
Res. Alterations/Additions	558,024	555,483	314,179	351,100	392,595
Total Residential	2,385,258	1,816,242	1,164,567	1,444,027	2,190,674
Total Nonresidential	4,132,146	5,447,642	2,816,509	1,582,629	2,647,313
Total All Building	6,517,404	7,263,884	3,981,077	3,026,656	4,837,988
New Dwelling Units:					
Single Family	2,011	1,814	1,329	1,789	1,538
Multiple Family	6,342	3,216	2,245	3,210	6,765
Total	8,353	5,030	3,574	4,999	8,303

Source: Construction Industry Research Board: "Building Permit Summary."
Note: Columns may not sum to totals due to independent rounding.
(1) Latest available full year data.

Median Household Income

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

The following table summarizes the median household effective buying income for the County, the State, and the nation for the past five years.

SANTA CLARA COUNTY, STATE OF CALIFORNIA AND UNITED STATES
Median Household Effective Buying Income

	2018	2019	2020	2021	2022 (1)
Santa Clara County	$92,773	$98,882	$103,458	$118,652	$121,559
California	62,637	65,870	67,956	77,058	77,175
United States	52,841	55,303	56,790	64,448	65,326

Source: Nielsen, Inc.
(1) Latest available full-year data.

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APPENDIX B

DISTRICT AND GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION

The information in this appendix concerning the operations of the District, the District's finances, and 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 and interest on the Bonds is payable from the general fund of the District or from State revenues. The Bonds are payable solely from the proceeds of an ad valorem tax approved by the voters of the District pursuant to all applicable laws and State Constitutional requirements and required to be levied by the County on property within the District in an amount sufficient for the timely payment of principal and interest on the Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS" in the Official Statement.

Allocation of State Funding to School Districts; Restructuring of the K-12 Funding System

Most California school districts receive a significant portion of their funding from State appropriations. As a result, changes in State revenues may affect appropriations made by the Legislature to school districts. Commencing with the fiscal year 2013-14, the State budget restructured the manner in which the State allocates funding for K-12 education. In fiscal year 2013-14, State legislation replaced the majority of revenue limit and categorical funding formulas with a new set of funding formulas. The new formula for school funding is known as the "Local Control Funding Formula" (the "Local Control Funding Formula" or "LCFF"). The State budget provided funding in fiscal year 2013-14 to begin implementing the new formulas. Under the prior funding system, school districts received different per-pupil funding rates based on historical factors and varying participation in categorical programs. The new system provides a base rate per student multiplied by the school district's average daily attendance ("ADA") for each of several grade levels. The base rates are augmented by several funding supplements such as for (1) students needing additional services, defined as English learners, students from lower income families, and foster youth; and (2) school districts with high concentrations of English learners and lower income families. The new funding system requires school districts to develop local control and accountability plans describing how the school district intends to educate its students and achieve annual education goals to be achieved in state-mandated areas of priority.

Under the prior system, California Education Code Section 42238 and following, each school district was determined to have a target funding level: a "base revenue limit" per student multiplied by the school district's ADA. The base revenue limit was calculated from the school district's prior-year funding level, as adjusted for a number of factors, such as inflation, special or increased instructional needs and costs, employee retirement costs, especially low enrollment, increased pupil transportation costs, etc. Generally, the amount of State funding allocated to each school district was the amount needed to reach that district's base revenue limit after considering certain other revenues, in particular, locally generated property taxes. This was referred to as State "equalization aid." To the extent local tax revenues increased due to growth in local property assessed valuation, the additional revenue was offset by a decline in the State's contribution. A school district whose local property tax revenues exceed its base revenue limit is entitled to receive no State equalization aid, and receives 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 Constitution. Such districts were known as "basic aid districts," which are now referred to as "community funded districts." School districts that received some equalization aid were commonly referred to as "revenue limit districts," which are now referred to as "LCFF districts." The District is a community funded district.

The LCFF is also based on ADA. ADA can fluctuate due to factors such as population growth or decline, competition from private, parochial, and public charter schools, inter-district transfers in or out, and other causes. Losses in ADA will cause a school district to lose operating revenues, without necessarily permitting the school district to make adjustments in fixed operating costs.

Average Daily Attendance

In the past, annual State apportionments of basic and equalization aid to school districts were computed based on a revenue limit per unit of ADA. Prior to fiscal year 1998-99, daily attendance numbers included students who were absent from school for an excused absence, such as illness. Effective in fiscal year 1998-99, only actual attendance is counted in the calculation of ADA. This change was essentially fiscally neutral for school districts which maintain the same excused absence rate. The rate per student was recalculated to provide the same total funding to school districts in the base year as would have been received under the old system. After fiscal year 1998-99, school districts that improved their actual attendance rate received additional funding.

As indicated above, commencing with the fiscal year 2013-14, the State budget restructured the manner in which the State allocates funding for K-12 education using the LCFF. Under the prior funding system, school districts received different per-pupil funding rates based on historical factors and varying participation in categorical programs. The following table shows the District's enrollment, ADA and LCFF Revenues for the most recent fiscal years.

AVERAGE DAILY ATTENDANCE,
LCFF AND ENROLLMENT
Fiscal Years 2015-16 to 2023-24

Fiscal Year	Average Daily Attendance (1)	LCFF Revenues (2)	Enrollment (3)
2015-16	7,340	$ 67,899,556	7,600
2016-17	7,215	70,934,524	7,544
2017-18	7,062	72,227,537	7,298
2018-19	6,987	73,584,617	7,273
2019-20	6,729	76,178,285	6,963
2020-21	6,729	79,889,760	6,622
2021-22	5,844	83,964,802	6,230
2022-23	5,865	91,381,424	6,243
2023-24 (4)	5,896	96,755,526	6,171

Source: Campbell Union School District

(1) Except for FY2023-24, reflects ADA as of the second principal reporting period (P-2 ADA), ending on or before the last attendance month prior to April 15 of each school year.

(2) Deficit revenue limit funding, when provided for in State budgetary legislation, reduced the revenue limit allocations received by school districts by applying a deficit factor to the base revenue limit for the given fiscal year, and resulted from an insufficiency of appropriation funds in the State budget to provide for State aid owed to school districts. The State's practice of deficit revenue limit funding was most recently reinstated beginning in Fiscal Year 2008-09 and discontinued following the implementation of the LCFF.

(3) Enrollment as of October report submitted to the California Basic Educational Data System ("CBEDS") in each school year.

(4) Projections from the District's fiscal year 2023-24 2nd Interim Report, adopted March 7, 2024.

Effect of Changes in ADA. Changes in local property tax income and student enrollment (or ADA) affect community funded districts and revenue limit districts, now known as "LCFF districts," differently. In a LCFF district, increasing enrollment increases the amount allocated under LCFF and thus generally increases a district's entitlement to State aid, while increases in property taxes do nothing to increase district revenues, but only offset the State aid funding requirement. Operating costs typically increase disproportionately slower than enrollment growth until 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 aid, while operating costs typically decrease slowly until the district decides to lay off teachers, close schools, or initiate other cost-saving measures.

In community funded districts, such as the District, the opposite is generally true: increasing enrollment does increase the amount allocated under LCFF, but since all LCFF income (and more) is already generated by local property taxes, there is typically no increase in State income. New students impose increased operating costs, but typically at a slower pace than enrollment growth, and the effect on the financial condition of a community funded district would depend on whether property tax growth keeps pace with enrollment growth. Declining enrollment typically does not reduce property tax income, and has a negligible impact on State aid, but eventually reduces operating costs, and thus can be financially beneficial to a community funded district.

For LCFF districts, any loss of local property taxes is made up by an increase in State aid. For community funded districts, such as the District, the loss of tax revenues is not reimbursed by the State.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, and public charter schools, inter-district transfers in and out, and other causes. Losses in enrollment will cause a school district to lose operating revenues, without necessarily permitting the district to make adjustments in fixed operating costs.

The District cannot make any predictions regarding how the current economic environment or changes thereto will affect the State's ability to meet the revenue and spending assumptions in the State's adopted budget, and the effect of these changes on school finance. The District's Interim Reports and projected ADA are used for planning purposes only, and do not represent a prediction as to the actual financial performance, attendance, or the District's actual funding level for fiscal year 2021-22 or beyond. Certain adjustments will have to be made throughout the year based on actual State funding and actual attendance.

Treatment of Declining Enrollment Under LCFF. Since the inception of the LCFF, school districts have 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 mitigate the impact of LCFF funding losses in light of 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. The fiscal year 2021-22 State Budget did not extend the A.D.A. hold harmless provision to fiscal year 2021-22, but allowed school districts to receive their LCFF apportionment based on the higher of their prior fiscal year or current fiscal year A.D.A.

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.

The 2023-24 State Budget includes an additional modification to the LCFF known as the "equity multiplier." This equity multiplier will be allocated for school sites with especially high shares of students who qualify for free meals under the federal nutrition program (90 percent or above for elementary and middle schools and 85 percent or above for high schools). For additional discussion, see STATE FUNDING; RECENT STATE BUDGETS herein.

Because the District is a Community Funded district, the District's financial health is dependent more on property tax income than on LCFF sources from the State. The long-term impacts of the COVID-19 Pandemic on the District's enrollment and attendance are uncertain and cannot be predicted.

Community Funded District

The District's share of local *ad valorem* property taxes exceeds the State's education funding obligation. As a result, the District is a "Community Funded" district. During the recently completed fiscal year 2022-23, the District received a net total of $91,381,424 in LCFF equivalent funding (gross property tax receipts less the transfer to the charter school plus the basic aid fair share payment plus Proposition 30 funding) versus $77,769,985 which it would have received under the LCFF funding calculation. In other words, the District is funded at 100% of its LCFF funding entitlement by local property taxes. Absent legislative or court action, which impacts the determination of or existence of Community Funded status, the District anticipates receiving local property tax revenue in excess of its LCFF entitlement for the foreseeable future.

District Budget and County Review

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

Under current law, a school district governing board must adopt and file with the county superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the 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 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 at any time during the fiscal year the county superintendent determines that a school district may be unable to meet its financial obligations for the current or two subsequent fiscal years or if a school district has a qualified or negative certification (as describe below), the county superintendent will notify the governing board of the school district and the State Superintendent of that determination and report to the State Superintendent the financial condition of the school district. The county superintendent will also report proposed remedial actions and take at least one of the following and all actions that are necessary to ensure that the school district meets its financial obligations: (a) assign a fiscal expert, (b) conduct a study of the financial and budgetary conditions of the school district that includes, but is not limited to, a review of internal controls, (c) direct the school district to submit a financial projection of all fund and cash balances of the school district as of June 30 of the current year and subsequent fiscal years, (d) require the school district to encumber all contracts and other obligations, to prepare appropriate cashflow analyses and monthly or quarterly budget revisions, and to appropriately record all receivables and payables, (e) direct the school district to submit a proposal for addressing the fiscal conditions that resulted in the determination that the school district may not be able to meet its financial obligations, (f) withhold compensation of the members of the governing board of the school district and the school district superintendent for failure to provide requested financial information, and (g) assign the County Office of Education and Fiscal Crisis and Management Assistance Team to review and provide recommendations related to teacher hiring practices, teacher retention rate, percentage of provision of highly qualified teachers, and the extent of teacher misassignment in the school district.

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 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, will 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 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. The District has received positive certifications on its interim financial reports for fiscal year 2021-22.

Emergency Appropriation from the State. 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.

Accounting Practices

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

The District's expenditures are accrued at the end of the fiscal year to reflect the receipt of goods and services in that year. Revenues generally are recorded on a cash basis, except for items that are susceptible to accrual (measurable and/or available to finance operations). Current taxes are considered susceptible to accrual. Delinquent taxes not received after the fiscal year end are not recorded as revenue until received. Revenues from specific state and federally funded projects are recognized when qualified expenditures have been incurred. State block grant apportionments are accrued to the extent that they are measurable and predictable. The State Department of Education sends the District updated information from time to time explaining the acceptable accounting treatment of revenue and expenditure categories.

The District's accounting is organized on the basis of fund groups, with each group consisting of a separate set of self-balancing accounts containing assets, liabilities, fund balances, revenues and expenditures. The major fund classification is the general fund which accounts for all financial resources not requiring a special type of fund. The District's fiscal year begins on July 1 and ends on June 30.

Financial Statements

The District's general fund finances the basic operating activities of the District. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. Audited financial statements for the District for the fiscal year ended June 30, 2023, and prior fiscal years are on file with the District and available for public inspection at the office of the Superintendent of the District, 155 North Third Street, Campbell, CA, telephone number (408) 364-4200. Copies of such financial statements will be mailed to prospective investors and their representatives upon request directed to the District at such address. For further information, see also APPENDIX C—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2023.

General Fund Revenues, Expenditures, and Changes in Fund Balances. The following table shows the District's audited revenues, expenditures and changes in fund balances for the past four fiscal years and budgeted projections for fiscal year 2023-24 from the District's 2nd Interim Report, as adopted March 7, 2024.

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Fiscal Years 2019-20 to 2023-24

	Fiscal Year Ending June 30,				
	2020 Audited	2021 Audited	2022 Audited	2023 Audited	2024 Budgeted
REVENUES					
LCFF Sources	$76,178,285	$79,889,760	$83,964,802	$91,381,424	95,277,510
Federal Sources	2,946,969	10,350,024	6,509,634	6,570,141	—
Other State Sources	9,151,338	10,497,007	11,902,666	26,005,990(1)	1,266,078
Other Local Sources	7,369,082	6,010,308	6,849,600	9,006,314	5,201,214
Total Revenues	95,645,674	106,747,099	109,226,702	132,963,869	101,744,802
EXPENDITURES					
Certificated Salaries	42,046,396	42,046,936	42,046,936	48,063,381	41,080,077
Classified Salaries	13,575,995	13,575,995	13,575,995	15,729,306	11,213,674
Employee Benefits	24,282,278	24,282,278	24,282,278	28,699,026	20,164,456
Books and Supplies	2,963,336	2,963,336	2,963,336	4,614,261	1,578,173
Contract Services and Op. Ex.	8,979,991	8,979,991	8,979,991	13,941,050	6,769,888
Capital Outlay	461,541	461,541	461,541	845,200	109,124
Other Outgo	558,350	368,314	7,347,152	329,319	872,484
Debt Service – Principal	—	—	—	—	—
Debt Service - Interest	—	—	—	—	—
Total Expenditures	92,868,427	92,678,391	99,657,229	112,221,543	80,042,909
Excess of Revenues over Expenditures	2,777,247	14,068,708	9,569,473	20,742,326	21,701,893
OTHER FINANCING SOURCES					
Operating transfers in	543,500	43,500	63,500	63,500	600,000
Operating transfers out	(462,183)	(5,968,000)	(600,000)	(600,000)	(600,000)
Other sources	—	—	—	—	(23,776,196)
Total financing sources (uses)	81,317	(5,924,500)	(536,500)	(536,500)	(23,776,196
NET CHANGE IN FUND BALANCES	2,858,564	8,144,208	9,032,973	20,205,826	(2,074,303)
Fund Balance, July 1	16,021,352	21,629,392(3)	29,773,600	38,806,569	59,012,395
Fund Balance, June 30	18,879,916	29,773,600	38,806,572	59,012,395	56,938,092

Source: Campbell Union School District 2020-23 Audited Financial Statements and from the District's 2023-24 2nd Interim Report, as adopted March 7, 2024.

(1) Includes approximately $12.1 million in one-time State revenues, the largest component of which is $7.7 million in one-time ADA loss relief from the State for charter schools.

(2) Reflects the expiration of the District's parcel tax, Measure B, which expired on June 30, 2023 and had generated approximately $1 million annually.

(3) As restated, includes a prior period adjustment of $2,749,746 related to additional FY2019-20 LCFF apportionments.

Budget to Actuals Comparison. The following table shows a comparison of the District's General Fund revenues, expenditures, and changes in fund balances for fiscal years 2021-22 and 2022-23, as projected in the District's original budget, final budget, and audited actuals for those fiscal years.

GENERAL FUND
BUDGET TO ACTUALS COMPARISON
Fiscal Years 2021-22 and 2022-23

	Fiscal Year Ending June 30, 2022			Fiscal Year Ending June 30, 2023		
	Original Budget	Final Budget	Audited Actuals	Original Budget	Final Budget	Audited Actuals
REVENUES						
LCFF Sources	$81,472,968	$82,644,612	$83,964,802	$85,129,279	$91,028,289	$91,381,424
Federal Sources	4,256,367	7,550,322	6,509,634	8,449,162	7,202,409	6,570,141
Other State Sources	11,056,128	10,471,255	11,902,666	9,402,812	22,342,532	26,005,990
Other Local Sources	6,081,928	7,249,721	6,849,600	6,838,461	8,190,830	9,006,314
Total Revenues	102,867,391	107,915,910	109,226,702	109,819,714	128,764,060	132,963,869
EXPENDITURES						
Certificated Salaries	45,245,264	44,452,404	42,046,936	45,783,434	47,967,692	48,063,381
Classified Salaries	15,033,492	15,324,654	13,575,995	15,494,981	15,907,411	15,729,306
Employee Benefits	26,147,706	25,428,053	24,282,278	27,898,714	28,767,490	28,699,026
Books and Supplies	4,942,409	5,448,316	2,963,336	4,687,651	5,284,469	4,614,261
Contract Services and Op. Ex.	11,766,440	13,070,081	8,979,991	11,901,438	14,400,030	13,941,050
Capital Outlay	229,951	516,488	461,541	104,432	826,893	845,200
Other Outgo	512,907	295,432	7,347,152	240,384	387,047	329,319
Debt Service – Principal	-	-	-	-	-	-
Debt Service - Interest	-	-	-	-	-	-
Total Expenditures	103,878,169	104,535,428	99,657,229	106,147,034	113,541,032	112,221,543
Revenues over Expenditures	(1,010,778)	3,380,482	9,569,473	3,672,680	15,223,028	20,742,326
OTHER FINANCING SOURCES						
Operating transfers in	43,500	63,500	63,500	63,500	63,500	63,500
Operating transfers out	(200,000)	(200,000)	(600,000)	(200,000)	(600,000)	(600,000)
Total financing sources (uses)	(156,500)	(136,500)	(536,500)	(136,500)	(536,500)	(536,500)
Net change in fund balances	(1,167,278)	3,243,982	9,032,973	3,536,180	14,686,528	20,205,826
Fund Balance, July 1			29,773,599			38,806,569
Fund Balance, June 30			38,806,572			59,012,395

Source: Campbell Union School District FY2021-22 and FY2022-23 Audited Financial Statements.

Summary of District Revenues and Expenditures

The District's audited financial statements for the year ending June 30, 2023, are reproduced in Appendix C. The final (unaudited) statement of receipts and expenditures for each fiscal year ending June 30 is required by State law to be approved by the District Board by September 15, and the audit report must be filed with the County Superintendent of Schools and State officials by December 15 of each year.

The District is required by State law and regulation to maintain various reserves. The District is generally required to maintain a reserve for economic uncertainties in the amount of 3% of its total general fund expenditures, based on total student attendance below 30,000. Substantially all funds of the District are required by law to be deposited with and invested by the County Director of Finance on behalf of the District, pursuant to law and the investment policy of the County. See "INVESTMENT OF DISTRICT FUNDS" in the front portion of this Official Statement and in APPENDIX D—COUNTY INVESTMENT POLICY.

Local Control Funding Formula. The State Constitution requires that from all State revenues there will be funds set aside to be allocated by the State for support of the public school system and public institutions of higher education. As discussed below, school districts in the State receive a significant portion of their funding from these State allocations. The general operating income of school districts in California is comprised of two major components: (i) a State portion funded from the State's general fund, and (ii) a local portion derived from the school district's share of the 1% local *ad valorem* tax authorized by the State Constitution. School districts may also be eligible for special categorical and grant funding from State and federal government programs.

As part of the State Budget for fiscal year 2013-14 (the "2013-14 State Budget"), State Assembly Bill 97 (Stats. 2013, Chapter 47) ("AB 97") was enacted to establish a new system for funding State school districts, charter schools and county offices of education by the implementation of the Local Control Funding Formula or LCFF. This formula replaced the 40-year revenue limit funding system for determining State apportionments and the majority of categorical programs. Subsequently, AB 97 was amended and clarified by Senate Bill 91 (Stats. 2013 Chapter 49). The LCFF consists primarily of base, supplemental and concentration funding formulas that focus resources based on a school district's student demographic. Each school district and charter school receive a base grant per its ADA used to support the basic costs of instruction and operations. The implementation of the LCFF began in fiscal year 2013-14 and was fully implemented during fiscal year 2018-19.

The LCFF includes the following components:

- An average base grant for each local education agency per unit of ADA as detailed in the CALIFORNIA SCHOOL DISTRICTS AND CHARTER SCHOOLS GRADE SPAN FUNDING AT FULL LCFF IMPLEMENTATION LOCAL CONTROL TARGET FUNDING FORMULA 2023-24 summary table herein.

- A 20% supplemental grant for students classified as English learners ("EL"), those eligible to receive a free or reduced-price meal ("FRPM") and foster youth, to reflect increased costs associated with educating those students. These supplemental grants are only attributed to each eligible student once, and the total student population eligible for the additional funding is known as an "unduplicated count."

- An additional concentration grant equal to 50% of a local education agency's base grant, based on the number of unduplicated EL, FRPM and foster youth served by the local agency that comprise more than 55% of the school district's or charter school's total enrollment.

The following table shows a breakdown of the District's ADA by grade span, total enrollment, and the percentage of unduplicated student enrollment, for fiscal years 2014-15 through 2023-24.

ADA, ENROLLMENT AND UNDUPLICATED ENROLLMENT PERCENTAGE
Fiscal Years 2014-15 through 2023-24

Fiscal Year	Average Daily Attendance K-3	4-6	7-8	9-12	Total District ADA[1]	Total District Enrollment[2]	% of EL/LI Enrollment[3]
2014-15	3,525	2,459	1,406	—	7,450	7,646	54.00
2015-16	3,483	2,419	1,438	—	7,340	7,600	52.63
2016-17	3,412	2,378	1,425	—	7,215	7,544	51.21
2017-18	3,325	2,334	1,403	—	7,062	7,298	52.08
2018-19	3,297	2,228	1,430	—	7,015	7,273	73.85
2019-20	3,150	2,198	1,381	—	6,729	6,963	82.87
2020-21	3.150	2.198	1,381	—	6,729	6,622	76.78
2021-22	2,674	1,932	1,239	—	5,844	6,230	76.82
2022-23	2,743	1,897	1,225	—	5,865	6,243	76.39
2023-24[4]	2,835	1,900	1,234	—	5,996	6,171	89.93

Source: Campbell Union School District
(1) Except for FY2023-24, reflects P-2 ADA.
(2) Reflects CBEDS enrollment.
(3) For purposes of calculating Supplemental and Concentration Grants, a school district's fiscal year 2013-14 percentage of unduplicated EL/LI students was expressed solely as a percentage of its total fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI enrollment was based on the two-year average of EL/LI enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, a school district's percentage of unduplicated EL/LI students is based on a rolling average of such district's EL/LI enrollment for the then-current fiscal year and the two immediately preceding fiscal years.
(4) Budgeted projections from the District's FY2023-24 1st Interim Report, as adopted on November 9, 2023.

Of the more than $25 billion in funding to be invested through the LCFF through full implementation of the LCFF, the vast majority of new funding is provided for base grants. Specifically, of every dollar invested through the LCFF, 84 cents will go to base grants, 10 cents will go to supplemental grants, and 6 cents will go to concentration grants. Under the 2013-14 State Budget, the target average base grant was $7,643, which was an increase of $2,375 from the prior year's average revenue limit. Base grants are adjusted for cost-of-living increases by applying the implicit price deflator for government goods and services. As the LCFF has been fully implemented, the provision of COLAs will be subject to appropriation for such adjustment in the annual State budget on an ongoing basis. The differences among base grants are linked to differentials in Statewide average revenue limit rates by district type and are intended to recognize the generally higher costs of education at higher grade levels. For certain school districts that would have received greater funding levels under the prior revenue limit system, the LCFF provides for a permanent economic recovery target ("ERT") add-on, equal to the difference between the revenue limit allocations such districts would have received under the prior system in fiscal year 2020-21, and the target LCFF allocations owed to such districts in the same year. To derive the projected funding levels, the LCFF assumes the discontinuance of deficit revenue limit funding and restoration of categorical funding to pre-recession levels. The sum of a school district's adjusted base, supplemental and concentration grants will be multiplied by such district's Second Principal Apportionment (P-2) ADA for the current or prior year, whichever is greater (with certain adjustments applicable to small school districts). This funding amount, together with categorical block grant add-ons, will yield a school district's total LCFF allocation. Generally, the amount of annual State apportionments received by a school district will amount to the difference between such total LCFF allocation and the individual school district's share of applicable local property taxes allocations. Most school districts receive a significant portion of their funding from such State apportionments. As a result, decreases in State revenues in a particular year may significantly affect appropriations made by the State Legislature to school districts.

The legislation includes a "hold harmless" provision which provides that a school district or charter school will maintain total revenue limit and categorical funding at its fiscal year 2012-13 level, unadjusted for changes in ADA, or cost of living adjustments.

A summary of the target LCFF funding amounts for California school districts and charter schools based on grade levels and targeted students classified as English learners, those eligible to receive a free or reduced price meal, foster youth, or any combination of these factors ("unduplicated" count) is shown below:

CALIFORNIA SCHOOL DISTRICTS AND CHARTER SCHOOLS
GRADE SPAN FUNDING AT FULL LCFF IMPLEMENTATION
LOCAL CONTROL TARGET FUNDING FORMULA FY2023-24

Grade Levels	FY2022-23 Base Grants per ADA	FY2023-24 COLA (8.22%)	FY2023-24 Base Grant per ADA	Grade Span Adjustments	FY2023-24 Grant/Adjusted Base Grant per ADA
K-3	$ 9,166	$753	$ 9,919	$1,032	$10,951
4-6	9,304	765	10,069	n/a	10,069
7-8	9,580	787	10,367	n/a	10,367
9-12	11,102	913	12,015	312	12,327

Source: California Department of Education.

Since July 1, 2015, school districts have been required to develop a three-year Local Control and Accountability Plan (each, a "LCAP"). County Superintendents of Schools and the State Superintendent review and provide support to school districts and county offices of education under their jurisdictions. In addition, the 2013-14 State budget created the California Collaborative for Education Excellence (the "Collaborative") to advise and assist school districts, county offices of education, and charter schools in achieving the goals identified in their plans. The State Superintendent may direct the Collaborative to provide additional assistance to any district, county office, or charter school. For those entities that continue to struggle in meeting their goals, and when the Collaborative indicates that additional intervention is needed, the State Superintendent has authority to make changes to school district or county office's local plan. For charter schools, the charter authorizer will be required to consider revocation of a charter if the Collaborative finds that the inadequate performance is so persistent and acute as to warrant revocation. The State will continue to measure student achievement through statewide assessments, maintain a dashboard system for schools and subgroups of students, determine the contents of the school accountability report card, and establish policies to implement the federal accountability system.

Federal Sources. The federal government provides funding for several District programs, including the Every Student Succeeds Act, special education programs, programs under the Educational Consolidation and Improvement Act, and specialized programs such as Education for Economic Security, and the free and reduced lunch program.

Other State Sources. In addition to LCFF revenues, the District receives substantial other State revenues. As described above, the LCFF replaced most of the State categorical program funding that existed prior to fiscal year 2013-14. Categorical funding for certain programs was excluded from the LCFF, and school districts continue to receive restricted State revenues to fund these programs. These other State revenues are primarily restricted revenue funding items such as the Special Education Master Plan, Economic Impact Aid, and Tier 3 Funding.

Other State revenues include the California State Lottery (the "Lottery"), which was established by a constitutional amendment approved in the November 1984 general election. Lottery revenues must be used for the education of students and cannot be used for non-instructional purposes such as real property acquisition, facility construction, or the financing of research.

Other Local Sources. In addition to property taxes, the District receives additional local revenues from items such as leases and rentals, interest earnings, transportation fees, interagency services, and other local sources. While the District formerly received revenues from a $49 per parcel tax known as Measure B (as approved by the voters in the District in an election on May 5, 2015), the Measure B parcel tax expired on June 30, 2023, and has not been extended. Measure B had generated approximately $1.2 million in annual revenues.

Effect of State Budget on District Revenues

Most public school districts in California are dependent on revenues from the State for a large portion of their operating budgets, because the primary source of funding for school districts is LCFF funding, which is derived from a combination of State funds and local property taxes as previously described herein (see "—Education Funding Generally" above). School districts which are Community Funded however, such as the District, are an exception to this and derive most of their revenues from local property taxes.

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

District Expenditures

The largest part of each school district's general fund budget is used to pay salaries and benefits of certificated (credentialed teaching) and classified (non-instructional) employees. Changes in salary and benefit expenditures from year to year are generally based on changes in staffing levels, negotiated salary increases, and the overall cost of employee benefits.

Labor Relations. In Fiscal Year 2022-23, the District had 684.43 full-time-equivalent ("FTE") employees including 377.4 certificated (credentialed teaching) staff, 246.8 classified (non-teaching) staff, and 60.3 management, confidential and administrative personnel. There are two formal bargaining units operating in the District which are described in the table below.

LABOR ORGANIZATIONS

Labor Organization	FTE Members	Contract Expiration
Campbell Elementary Teachers Association	380.4	June 30, 2025
California School Employees Association	373.47	June 30, 2025

Source: Campbell Union School District

District Retirement Programs

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

STRS. All full-time certificated employees, as well as certain classified employees, are members of the State Teachers' Retirement System ("STRS"). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program (the "STRS Defined Benefit Program"). The STRS Defined Benefit Program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers, and the State. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended from time to time.

Contributions by employers to STRS are based upon rates determined annually in the State's budgets. The District is currently required to contribute to STRS at an actuarially determined rate.

The District's contribution to STRS for the most recent fiscal years was as follows:

Fiscal Year	District STRS Contribution
2015-16	$ 4,035,819
2016-17	5,036,232
2017-18	5,885,384
2018-19	6,754,311
2019-20	6,944,930
2020-21	6,565,181
2021-22	7,146,076
2022-23	8,879,202
2023-24(1)	14,317,719

Source: Campbell Union School District
Note: FY2023-24 total includes the State's "on behalf of" payment not otherwise included in totals for prior years.
(1) From the District's 2023-24 1st Interim Report, adopted November 9, 2023. FY2023-24 contribution is a budgeted projection and includes the State's on-behalf portion not otherwise included in amounts for prior years.

The State also contributes to STRS on behalf of the District. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990. In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

PERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual COLA's, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2014, included 1,580 public agencies and 1,513 K-14 school districts. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the "Schools Pool").

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. The District is currently required to contribute to PERS at an actuarially determined rate.

The District's contribution to PERS for the most recent fiscal years was as follows:

Fiscal Year	District PERS Contribution
2015-16	$ 1,698,474
2016-17	2,262,438
2017-18	2,690,497
2018-19	3,226,231
2019-20	3,583,261
2020-21	3,592,473
2021-22	4,325,699
2022-23	5,263,822
2023-24[(1)]	4,868,280

Source: Campbell Union School District
(1) From the District's 2023-24 1st Interim Report, adopted November 9, 2023. FY2023-24 contribution is a budgeted projection.

For further information about the District's contributions to STRS and PERS, see APPENDIX C—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2023—Note 15.

State Pension Trusts. Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Campbell, California 95851-0275; (ii) PERS, P.O. Box 942703, Campbell, California 94229-2703. Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: www.calstrs.com; (ii) PERS: www.calpers.ca.gov. However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference. Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions.

The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make additional contributions to STRS in the future above those amounts required under AB 1469. The District can also provide no assurances that the District's required contributions to PERS will not increase in the future.

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 (the "Reform Act"), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (previously 12 months for STRS members who retire with 25 years of service), and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers) and benefit base for members participating in Social Security or 120% for members not participating in social security (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers), while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

GASB Statement Nos. 67 and 68. On June 25, 2012, GASB approved Statements Nos. 67 and 68 (the "Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (currently, such unfunded liabilities are typically included as notes to the government's financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014.

The District's proportionate shares of the net pension liabilities, pension expense, deferred outflow of resources and deferred inflow of resources for STRS and PERS, as of June 30, 2023, are as shown in the following table.

Pension Plan	Net Pension Liability	Deferred Outflows Related to Pensions	Deferred Inflows Related to Pensions	Pension Expenses
STRS	$ 52,517,177	$ 12,164,064	$ 9,046,770	$ 3,810,716
PERS	42,205,488	14,065,938	2,417,702	4,607,684
Totals	94,722,665	36,230,002	11,464,472	8,418,400

Source: Campbell Union School District 2022-23 Audited Financial Statements.

For additional information, see APPENDIX C—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2023—Note 15.

Other Post-Employment Benefits

Post-Employment Health Care Plan and Other Postemployment Benefits (OPEB) Obligation. The District provides post-employment health care benefits under a single employer defined benefit OPEB plan to eligible retirees (the "Plan"). The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. Employees receive a contribution amount at least equal to the CalPERS Public Employee Medical and Hospital Care Act (PEMHCA). The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Membership of the plan consisted of 196 inactive employees receiving benefits and 703 participating active employees as of June 30, 2023.

Contribution Information. The contribution requirements of Plan members and the District are established and may be amended by the District, the Teacher Education Association (TEA), the local California Service Employees Association (CSEA), and unrepresented groups. Voluntary contributions based on projected pay-as-you-go financing requirements, and any additional amounts to prefund benefits with the District, TEA, CSEA, and the unrepresented groups are based on availability of funds.

Annual OPEB Cost and Net OPEB Obligation. The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Cod. Sec. P50.108-.109. The

ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

OPEB OBLIGATIONS
Fiscal Year 2022-23

Service cost	$856,429
Interest on net OPEB obligation	1,142,183
Changes of assumptions	-
Benefits payments	(1,840,029)
Net change in net OPEB obligation	138,583
Net OPEB obligation, beginning of the year	18,492,066
Net OPEB obligation, end of the year	18,630,649

Source: Campbell Union School District 2022-23 Audited Financial Statements.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, investment returns, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

See also APPENDIX C—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2022, Note 12.

Charter Schools

The State Legislature enacted the Charter Schools Act of 1992 (California Education Code Sections 47600-47616.5) to permit teachers, parents, students, and community members to establish schools that would be free from most state and district regulations. Revised in 1998, California's charter school law states that local boards are the primary charter approving agency and that county panels can appeal a denied charter. State education standards apply, and charter schools are required to use the same student assessment instruments. The charter school is exempt from state and local education rules and regulations, except as specified in the legislation.

School districts have certain fiscal oversight and other responsibilities with respect to both affiliated independent and district operated charter schools established within their boundaries. However, independent charter schools receive funding directly from the State, and such funding would not be reported in the District's audited financial statements. District operated charter schools receive their funding from the District and would be reflected in the District's audited financial statements.

No K-8 independent charter schools operate within the boundaries of the District.

The District makes no representations regarding how many District students will transfer to charter schools, back to the District from charter schools, or will transfer between the District and other school districts due to the presence of charter schools in the future, and the District cannot predict the corresponding financial impacts of such transfers on the District.

Assembly Bill 1505 was recently enacted (the "AB 1505"), which aims to slow the growth of charter schools. AB 1505 will give school districts increased leverage to deny applications for new charter schools by providing school districts additional discretion when authorizing charter schools to consider the number and enrollment in proposed charter schools, academic outcomes and offerings and a statement of need for the school. The District cannot predict the impact such legislation will have on its operations and finances.

District Debt Structure

Short Term Bonds. The District has no short term debt outstanding.

General Obligation Bonds. The following table shows all of the District's outstanding general obligation bonds, excluding the Bonds of this issue, as of April 5, 2024.

OUTSTANDING GENERAL OBLIGATION BONDS
As of April 5, 2024

	Issue Date	Original Amount	Amount Outstanding
Election of 2010, Series A	9/16/2010	24,999,924[1]	45,795,000
Election of 2010, Series B	8/1/2011	22,500,000	16,105,000
Election of 2010, Series C	8/1/2011	2,499,400[1]	6,786,986
Election of 2010, Series D	4/9/2014	16,000,000	15,500,000
Election of 2010, Series E	5/5/2015	15,000,000	15,000,000
Election of 2010, Series F	2/14/2017	8,000,000	4,400,000
Election of 2010, Series G	7/3/2018	6,000,000	2,650,000
Election of 2010, Serie H	11/20/19	6,000,000	3,150,000
Election of 2010, Series I	6/16/22	8,000,000	6,125,000
		108,999,324	115,511,986
Election of 2016, Series A	2/14/17	20,000,000	20,000,000
Election of 2016, Series B	7/3/2018	18,000,000	17,200,000
Election of 2016, Series C	11/20/19	24,000,000	22,450,000
		62,000,000	59,650,000
2014 GO Refunding Bonds	5/5/2014	4,970,000	2,565,000
2015 Refunding Bonds	5/5/2015	39,980,000	35,420,000
2022 Refunding Bonds	6/16/2022	13,255,000	7,970,000
		58,205,000	45,955,000
Total		229,204,324	221,116,986

[1] Amount shown is current denominational amount.

The following table shows the District's debt service obligations with respect to its outstanding general obligation bonds.

DEBT SERVICE OBLIGATIONS ON OUTSTANDING GENERAL OBLIGATION BONDS
As of April 5, 2024

Period Ending 8/1	Election of 2010 Series A	Election of 2010 Series B	Election of 2010 Series C	Election of 2010 Series D	2014 Refunding Bonds	Election of 2010 Series E	2015 Refunding Bonds	Election of 2010 Series F	Election of 2016 Series A	Election of 2010 Series G	Election of 2016 Series B	Election of 2010 Series H	Election of 2016 Series C	Election of 2010 Series I	2022 Refunding Bonds	Total
8/1/24	2,585,280	4,520,636	—	685,875	417,619	571,250	2,482,425	173,063	745,813	94,125	631,375	89,625	777,750	259,950	2,978,500	17,013,285
8/1/25	2,585,280	4,568,317	—	685,875	412,419	571,250	2,580,175	173,063	995,813	94,125	631,375	89,625	772,750	259,950	2,099,500	16,519,516
8/1/26	2,585,280	4,612,754	—	685,875	413,363	571,250	2,680,675	173,063	1,033,313	94,125	631,375	89,625	767,750	259,950	2,003,000	16,601,396
8/1/27	2,585,280	4,648,405	—	685,875	412,713	571,250	4,348,425	173,063	1,018,313	94,125	631,375	89,625	762,750	259,950	336,750	16,617,897
8/1/28	6,195,280	—	—	685,875	411,763	571,250	4,459,675	223,063	1,253,313	94,125	681,375	89,625	757,750	259,950	224,250	15,907,293
8/1/29	6,511,730	—	—	685,875	410,513	571,250	4,572,925	220,563	1,275,813	94,125	678,375	89,625	752,750	259,950	111,750	16,235,243
8/1/30	6,839,855	—	—	685,875	413,000	571,250	4,687,525	218,063	1,345,813	94,125	675,375	89,625	747,750	259,950	64,500	16,692,705
8/1/31	7,177,455	—	—	685,875	—	571,250	4,811,925	216,563	1,374,813	94,125	672,375	89,625	745,750	259,950	1,354,500	18,054,205
8/1/32	7,532,330	—	—	685,875	—	571,250	4,935,325	215,063	1,402,313	94,125	669,375	89,625	743,750	259,950	—	17,198,980
8/1/33	7,896,730	—	—	685,875	—	571,250	5,057,325	213,500	1,377,313	94,125	666,375	89,625	741,625	259,950	—	17,653,693
8/1/34	8,278,350	—	—	685,875	—	571,250	2,740,975	211,875	1,451,313	94,125	1,363,375	789,625	739,375	259,950	—	17,186,088
8/1/35	8,675,600	—	—	685,875	—	571,250	3,304,725	210,188	1,520,938	94,125	1,325,875	73,000	737,000	259,950	—	17,458,525
8/1/36	—		4,695,000	1,435,875	—	1,571,250	—	208,500	1,537,188	94,125	1,445,875	173,000	734,625	259,950	—	12,155,388
8/1/37	—	—	4,700,000	1,498,375	—	1,537,500	—	206,750	1,600,438	94,125	1,459,875	70,500	732,125	259,950	—	12,159,638
8/1/38	—	—	4,700,000	1,564,375	—	1,503,750	—	205,000	1,610,188	94,125	1,477,813	70,500	679,625	259,950	—	12,165,325
8/1/39	—	—	4,700,000	1,566,875	—	1,470,000	—	203,250	1,418,188	94,125	1,494,063	70,500	928,313	259,950	—	12,205,263
8/1/40	—	—	4,700,000	1,716,875	—	1,435,000	—	201,438	1,480,125	94,125	1,507,313	70,500	770,438	259,950	—	12,235,763
8/1/41	—	—	—	3,706,875	—	3,775,000	—	199,625	1,538,438	94,125	918,813	170,500	1,066,500	259,950	—	11,729,825
8/1/42	—	—	—	3,818,750	—	3,640,000	—	197,813	1,543,125	94,125	949,563	167,500	1,053,000	259,950	—	11,723,825
8/1/43	—	—	—	4,170,000	—	3,380,000	—	196,000	1,646,000	94,125	978,563	164,500	889,500	259,950	—	11,778,638
8/1/44	—	—	—	—	—	—	—	1,044,000	838,000	594,125	1,755,813	661,500	2,380,500	929,950	—	8,203,888
8/1/45	—	—	—	—	—	—	—	1,008,000	910,000	576,625	1,855,063	593,500	2,476,500	1,051,450	—	8,471,138
8/1/46	—	—	—	—	—	—	—	972,000	978,000	609,125	1,899,063	527,000	2,518,000	1,120,200	—	8,623,388
8/1/47	—	—	—	—	—	—	—	936,000	1,092,000	589,875	1,989,563	412,000	2,506,500	1,287,800	—	8,813,738
8/1/48	—	—	—	—	—	—	—	—	—	569,938	2,072,500	—	4,043,500	2,657,200	—	9,343,138
8/1/49	—	—	—	—	—	—	—	—	—	—	—	—	4,032,500	—	—	4,032,500
8/1/50	—	—	—	—	—	—	—	—	—	—	—	—	4,068,500	—	—	4,068,500
	69,448,450	18,350,112	23,495,000	27,708,500	2,891,388	25,167,500	46,662,100	7,999,500	30,986,563	4,822,188	29,061,875	4,910,375	37,926,875	12,245,600	9,172,750	350,848,774

(1) Amount shown does not reflect federal subsidy.

Capital Leases. On November 14, 2012, the District entered into a lease agreement with Public Property Financing Corporation of California maturing on June 1, 2027, under the terms of which the District is leasing certain facilities for a total principal amount of $3,500,000, at an annual interest rate of 2.75%.

STATE FUNDING; RECENT STATE BUDGETS

Information regarding the State Budget is regularly available at various State-maintained websites. The fiscal year 2023-24 State Budget and fiscal year 2024-25 Proposed State Budget described below can be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget." Additionally, an impartial analysis of the State's Budgets is posted by the Office of the Legislative Analyst at www.lao.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the District, and neither the District nor the Underwriter takes responsibility for the continued accuracy of the internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

The State requires that from all State revenues there first shall be set apart the moneys to be applied for support of the public school system and public institutions of higher education. Public school districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts receive an average of about 55% of their operating revenues from various State sources. The primary source of funding for school districts are revenues under the LCFF, which are a combination of State funds and local property taxes (see "DISTRICT FINANCIAL INFORMATION"). State funds typically make up the majority of a district's LCFF allocation, although Community Funded school districts derive most of their revenues from local property taxes. School districts also receive some funding from the State for certain categorical programs. The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS"), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process. Decreases in State revenues may significantly affect appropriations made by the legislature to school districts.

State Budget Process. Through the State budget process, the State enacts legislation that significantly impacts the source, amount and timing of the receipt of revenues by local agencies, including the District. As in recent years, State budget deficits can result in legislation that adversely impacts local agency budgets.

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

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

Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (except for K-14 education) must be approved by a two-thirds majority vote in each House of the Legislature and be signed by the Governor. Bills containing K-14 education appropriations only require a simple majority vote. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution.

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

Recent State Budgets. Certain information about the State budgeting process and the State Budget is available through several State sources. A convenient source of information is the State's website, where recent official statements for State bonds are posted. The references to internet websites shown below are shown for reference and convenience only; the information contained within the websites has not been reviewed by the City and is not incorporated herein by reference.

The State Treasurer's Internet home page at www.treasurer.ca.gov, under the heading "Financial Information," posts the State's audited financial statements. In addition, the "Financial Information" section includes the State's Rule 15c2-12 filings for State bond issues. The "Financial Information" section also includes the "Overview of the State Economy and Government, State Finances, State Indebtedness, Litigation" from the State's most current Official Statement, which discusses the State budget and the state budget process in greater detail.

The State Legislative Analyst's Office ("LAO") prepares analyses of the proposed and adopted State budgets. The analyses are accessible on the Legislative Analyst's Internet home page at www.lao.ca.gov.

2023-24 State Budget

On June 27, 2023, the Governor signed the fiscal year 2023-24 State Budget, which was amended through a series of legislative bills, many of which were signed by the Governor on July 10, 2023 (as amended, the "2023-24 State Budget"). The 2023-24 State Budget reflects downturns in revenues driven by a declining stock market, persistently high inflation, rising interest rates, and job losses in high-wage sectors. The 2023-24 State Budget also reflects the fact that most Californians were granted until October, instead of April, to file income tax returns because of storm-related disaster declarations, leading to delays in revenue collections.

The 2023-24 State Budget projects a budget shortfall of approximately $31.7 billion for the 2023-24 fiscal year, down from a budget surplus of $7.8 billion in the 2022-23 State Budget. The 2023-24 State Budget addresses the $31.7 billion shortfall though a variety of solutions, including $9.3 billion in funding shifts of spending commitments from the General Fund to other funds, $8.1 billion in General Fund spending reductions or pullbacks of previously approved spending, $7.9 billion in delayed spending across multiple years, $6.1 billion in new revenues, primarily from the Managed Care Organization tax, internal borrowing from special fund balances not projected for programmatic purposes, and $340 million in reductions that will be restored in the State's 2024-25 Budget if there are sufficient resources to do so at that time.

The 2023-24 State Budget projects a $3 billion increase in general fund revenues as compared to the 2022-23 State Budget (from $205.6 billion to $208.7 billion) despite a projected $4.6 billion decline in projected revenues from personal income taxes. The 2023-24 State Budget reduces General Fund expenditure levels by $8.7 billion as compared to the 2022-23 State Budget (from $234.6 billion to $225.9 billion) with the largest reductions in expenditures occurring in expenditures for legislative, judicial, and executive operations, natural resources, government operations, and environmental protections. The largest areas of increased expenditures in the 2023-24 State Budget are expenditures related to health and human services and K-12 education.

While the 2023-24 State Budget projects a $17 billion draw-down of the State General Fund's fund balance (from $26.3 billion in 2022-23 to $9.1 billion in 2023-24), the 2023-24 State Budget maintains the funding levels of budget stabilization account/rainy day fund (at $22.2 billion) and safety net reserve (at $900 million) while increasing the balance of the State's public school system stabilization account by $900 million (from $9.9 billion to $10.8 billion).

2023-24 State Budget Provisions Specific to K-12 Education. The 2023-24 State Budget includes total funding of $129.2 billion ($79.5 billion General Fund and $49.7 billion other funds) for all K-12 education programs. The 2023-24 State Budget includes a deposit of $902 million into the Public School System Stabilization Account, the State's primary reserve for K-12 education, for a balance of more than $10.8 billion in the Public School Stabilization Account at the end of 2023-24. A summary of certain provisions in the 2023-24 State Budget related to K-12 education is shown below. The provisions below are not intended to be a complete summary of the provisions in the 2022-23 State Budget, the complete text of which can be found on the State budget website.

Local Control Funding Formula COLA. The 2023-24 State Budget provides an LCFF cost-of-living adjustment of 8.22 percent, the largest cost-of-living adjustment in the history of LCFF. This adjustment, when combined with declining enrollment adjustments, increases year-over-year discretionary funds available to local educational agencies (LEAs) by approximately $3.4 billion. The 2023-24 State Budget also reflects the utilization of approximately $1.6 billion one-time Proposition 98 General Fund to support the overall costs of the LCFF in 2023-24, and provides an increase of $80 million ongoing Proposition 98 General Fund to support county offices of education serving students in juvenile court and other alternative school settings.

Equity Multiplier. The 2023-24 State Budget provides $300 million ongoing Proposition 98 General Fund to establish an Equity Multiplier as an add-on to the LCFF to accelerate gains in closing opportunity and outcome gaps, and $2 million ongoing Proposition 98 General Fund to support the critical work of the new Equity Leads within the statewide system of support.

State Preschool. The 2023-24 State Budget revises the family fee schedule for the State's Preschool Program to: (1) limit family fees to one percent of a family's monthly income, and (2) prohibit the assessment of a fee for families with an adjusted monthly income below 75 percent of the state median income. Additionally, the 2023-24 State Budget authorizes State Preschool Program family fee debt that accrued but remained uncollected prior to October 1, 2023 to be forgiven. The 2023-24 State Budget also provides roughly $112 million in available federal funds to provide temporary stipends for State Preschool Program employees.

Transitional Kindergarten. The 2023-24 State Budget provides approximately $597 million ongoing Proposition 98 General Fund to support the second year (the 2023-24 school year) of expanded eligibility for transitional kindergarten, shifting age eligibility from all children turning five-years-old between September 2 and February 2 to all children turning five-years-old between September 2 and April 2 (roughly 42,000 additional children). The 2023-24 State Budget also provides $165 million Proposition 98 General Fund to support the second year of adding one additional certificated or classified staff person to every transitional kindergarten class.

Literacy. The 2023-24 State Budget provides $250 million one-time Proposition 98 General Fund to build upon the existing Literacy Coaches and Reading Specialists Grant Program, which funds high-poverty schools to train (using evidence-based practices) and hire literacy coaches and reading specialists for one-on-one and small group intervention for struggling readers.

Adjustments to One-Time Spending. The 2023-24 State Budget decreases one-time Proposition 98 General Fund support for the Arts, Music, and Instructional Materials Block Grant by $200 million, taking total one-time program support from approximately $3.5 billion to approximately $3.3 billion. The 2023-24 State Budget delays approximately $1.1 billion one-time Proposition 98 General Fund for the Learning Recovery Emergency Block Grant to the 2025-26, 2026-27, and 2027-28 fiscal years and delays $1 billion one-time Proposition 98 General Fund to support greening school bus fleets through programs operated by the California Air Resources Board and the California Energy Commission to the 2024-25 and 2025-26 fiscal years.

2024-25 Proposed State Budget

On January 10, 2024, Governor Newsom released his proposed budget for fiscal 2025 (the "2024-25 Proposed State Budget"). The 2024-25 Proposed State Budget proposes total expenditures of $291.5 billion in total across all State funds (approximately $19 billion less than the 2023-24 State Budget), consisting of approximately $208.7 billion from the State's General Fund (approximately $22 billion less than the 2023-24 State Budget), $80.8 billion from special funds, and $2 billion from bond funds. The 2024-25 Proposed State Budget revenues for the General Fund include a one-time draw down of reserves from the Budget Stabilization/Rainy-Day Fund of $12 billion.

Governor Newsom attributes a total budget shortfall projected in the 2024-25 Proposed State Budget (estimated at $37.9 billion) to two separate but related developments during the past two years, first, the substantial decline in the stock market that drove down revenues in 2022-23, and second, the unprecedented delay in critical income tax collections caused by natural disasters that resulted in the State pushing back its filing deadline until October. The combination of reduced revenues from personal income taxes and a later income tax filing deadline meant that the Governor and the State legislature lacked the data normally available during the 2023-24 State budget process. As a result, the 2023-24 State Budget committed money that was not actually available to spending programs underway now. As such, the correction that would have come as part of last year's May Revision is instead being made in the 2024-25 Proposed State Budget.

Governor Newsom's plan to close the deficit in the 2024-25 Proposed State Budget includes: withdrawing $13.1 billion from the budget stabilization/rainy-day and safety net reserve accounts, cutting $8.5 billion from existing programs and services, delaying $5.1 billion worth of spending and deferring another $2.1 billion to 2025-26, and $5.7 billion in internal borrowing from special funds Due to the State's high reserves levels, the State would have $18.4 billion of reserves remaining even after the drawdowns in the 2024-25 Proposed State Budget.

The 2024-25 Proposed State Budget reduces General Fund expenditures by $22.2 billion compared to 2023-24 levels. The largest areas in General Fund spending reductions in the 2024-25 Proposed State Budget include reductions of $5.8 billion for legislative, judicial and executive expenditures, reductions of $6.8 billion in expenditures for natural resources, and reductions of $2.7 billion in expenditures for business, consumer services, and housing. General Fund revenue sources in the 2024-25 Proposed State Budget are projected to remain relatively similar to 2023-24 levels with only a modest 2.2% increase. The remaining revenues used to balance the General Fund's budget come primarily from drawdowns of the budget stabilization/rainy day fund.

2024-25 Proposed State Budget Provisions Related to K-12 Education. The non-Proposition 98 expenditures levels for K-12 education in the 2024-25 Proposed State Budget are mostly the same as those in 2023-24, with few changes to transitional kindergarten, community schools, special education, universal school meals and other programs. To support these expenditure levels, the 2024-25 Proposed State Budget draws down approximately $5.7 billion in reserves from the State's public school system stabilization account (leaving a $3.8 billion balance remaining) and cuts cost-of-living adjustments to the Local Control Funding Formula — from a record-high of 8.2% last year to less than 1%. The reductions in the LCFF's COLA may present challenges to school districts also facing the loss of COVID relief funds and declining enrollment. The State's Proposition 98 mandated expenditures will decrease by $15 billion in the 2024-25 Proposed State Budget due to lower than expected revenues relative to the projections in the 2023-24 State Budget.

LAO's Analysis of the 2024-25 Proposed State Budget. On January 13, 2024, the Legislative Analyst's Office released its analysis of the 2024-25 Proposed State Budget, which found certain revenue projections contained in the 2024-25 Proposed State Budget to be "optimistic." The main difference between the estimates in the 2024-25 Proposed State Budget and the LAO's analysis is that the 2024-25 Proposed State Budget estimates the State will see an 8% increase in income tax collections compared to 2023-24, resulting in $15 billion more in revenues than the LAO's estimate. While the LAO's analysis agrees the rebound in stock prices that occurred in 2023 is one reason for optimism it also notes that "stock market rallies can reverse as quickly as they start."

On the spending side, the LAO's analysis notes strengths and weaknesses. Plans to withdraw $13 billion from reserves are viewed as reasonable, as are the 2024-25 Proposed State Budget's spending solutions, though some spending-related solutions pose challenges. The reserve drawdown would still leave $11 billion in the State's budget stabilization/rainy-day fund, which the LAO report called "prudent" since the 2024-25 Proposed State Budget projects operating deficits ranging from $4 billion to $9 billion every year through 2026-27.

The LAO's analysis recommends that the State legislature be mindful of future deficits by developing a final 2024-25 State budget that plans for lower revenues over the next three years, maintains a similar reserve withdrawal, develops a plan for school and community college funding, maximizes reductions in one-time spending and applies a higher bar for any discretionary proposals and contains ongoing service levels.

For additional information regarding the 2023-24 State Budget or the 2024-25 Proposed State Budget, please see the Department of Finance website at ebudget.ca.gov and the LAO's website at lao.ca.gov. The District can take no responsibility for the continued accuracy of the above-referenced internet address as for the or for the accuracy, completeness, or timeliness of information posted therein, and such information is not incorporated herein by reference.

Future State Budgets

Changes in the revenues received by the State can affect the amount of funding, if any, to be received from the State by the District and other school districts in the State.

The District cannot predict the extent of the budgetary problems the State will encounter in this fiscal year or in any future fiscal years, and, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the District cannot predict the final outcome of future State budget negotiations, the impact that such budgets will have on its finances and operations or what actions will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures. Future State budgets will be affected by national and State economic conditions and other factors over which the District has no control.

Supplemental Information Concerning Litigation Against the State of California

In June 1998, a complaint was filed in Los Angeles County Superior Court challenging the authority of the State Controller to make payments in the absence of a final, approved State Budget. The Superior Court judge issued a preliminary injunction preventing the State Controller from making payments including those made pursuant to continuing appropriations prior to the enactment of the State's annual budget. As permitted by the State Constitution, the Legislature immediately enacted and the Governor signed an emergency appropriations bill that allowed continued payment of various State obligations, including debt service, and the injunction was stayed by the California Court of Appeal, pending its decision.

On May 29, 2003, the California Court of Appeal for the Second District decided the case of *Steven White, et al. v. Gray Davis (as Governor of the State of California), et al*. The Court of Appeal concluded that, absent an emergency appropriation, the State Controller may authorize the payment of state funds during a budget impasse only when payment is either (i) authorized by a "continuing appropriation" enacted by the Legislature, (ii) authorized by a self-executing provision of the California Constitution, or (iii) mandated by federal law. The Court of Appeal specifically concluded that the provisions of Article XVI, Section 8 of the California Constitution – the provision establishing minimum funding of K-14 education enacted as part of Proposition 98 – did not constitute a self-executing authorization to disburse funds, stating that such provisions merely provide formulas for determining the minimum funding to be appropriated every budget year but do not appropriate funds. The State Controller has concluded that the provisions of the Education Code establishing K-12 and county office revenue limit funding do constitute continuing appropriations enacted by the Legislature and, therefore, the State Controller has indicated that State payments of such amounts would continue during a budget impasse. However, no similar continuing appropriation has been cited with respect to K-12 categorical programs and revenue limit funding for community college districts, and the State Controller has concluded that such payments are not authorized pursuant to a continuing appropriation enacted by the Legislature and, therefore, cannot be paid during a budget impasse. The California Supreme Court granted the State Controller's Petition for Review on a procedural issue unrelated to continuous appropriations and on the substantive question as to whether the State Controller is authorized to pay State employees their full and regular salaries during a budget impasse. No other aspect of the Court of Appeal's decision was addressed by the State Supreme Court.

On May 1, 2003, with respect to the substantive question, the California Supreme Court concluded that the State Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those state employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act. The Supreme Court also remanded the preliminary injunction issue to the Court of Appeal with instructions to set aside the preliminary injunction in its entirety.

Jarvis v. Connell. On May 29, 2002, the California Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State of California). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to state statutes (such as continuing appropriations) or the California Constitution or a federal mandate is necessary for the State Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the California Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds are payable from the proceeds of an ad valorem tax levied by the County for the payment thereof. (See "THE BONDS—Security.") Articles XIIIA, XIIIB, XIIIC and XIIID of the California Constitution, Propositions 98, 111, 218 and 39, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the County to levy taxes and of the District to spend tax proceeds and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the County to levy taxes for payment of the Bonds. The tax levied by the County for payment of the Bonds was approved by the District's voters in compliance with Article XIIIA, Article XIIIC, and all applicable laws.

Article XIIIA of the California Constitution

Article XIIIA of the State Constitution, adopted and known as Proposition 13, was approved by the voters in June 1978. Section 1(a) of Article XIIIA limits the maximum *ad valorem* tax on real property to 1% of "full cash value," and provides that such tax shall be collected by the counties and apportioned according to State law. Section 1(b) of Article XIIIA provides that the 1% limitation does not apply to *ad valorem* taxes levied to pay interest and redemption charges on (i) indebtedness approved by the voters prior to July 1, 1978, or (ii) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast on the proposition, or (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.

Section 2 of Article XIIIA defines "full cash value" to mean the county assessor's valuation of real property as shown on the fiscal year 1975-76 tax bill, or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. The 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 restored value of the damaged property. The State courts have upheld the constitutionality of this procedure. Legislation enacted by the State Legislature to implement Article XIIIA provides that, notwithstanding any other law, local agencies may not levy any *ad valorem* property tax except the 1% base tax levied by each county and taxes to pay debt service on indebtedness approved by the voters as described above.

Since its adoption, Article XIIIA has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be reassessed when purchased, newly constructed or a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate disabled persons and for seismic upgrades to property. These amendments have resulted in marginal reductions in the property tax revenues of the District.

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

Legislation Implementing Article XIIIA

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to directly levy 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.

That portion of annual property tax revenues generated by increases in assessed valuations within each tax rate area within a county, subject to redevelopment agency, if any, claims on tax increment and subject to changes in organizations, if any, of affected jurisdictions, is allocated to each jurisdiction within the tax rate area in the same proportion that the total property tax revenue from the tax rate area for the prior year was allocated to such jurisdictions.

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

Beginning in fiscal year 1981-82, assessors in California no longer record property values on tax rolls at the assessed value of 25% of market value which was expressed as $4 per $100 of assessed value. All taxable property is now shown at 100% of assessed value on the tax rolls. Consequently, 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 taxable value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

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

Article XIIIB of the California Constitution

Article XIIIB of the State Constitution, as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. As amended, Article XIIIB defines

(a) "change in the cost of living" with respect to school districts to mean the percentage change in California per capita income from the preceding year, and

(b) "change in population" with respect to a school district to mean the percentage change in the ADA of the school district from the preceding fiscal year.

For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government will be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year pursuant to the provisions of Article XIIIB, as amended.

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

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

Article XIIIB includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

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

Unitary Property

AB 454 (Chapter 921, Statutes of 1986) provides that revenues derived from most utility property assessed by the SBE ("Unitary Property"), commencing with the 1988-89 fiscal year, will be allocated as follows: (1) each jurisdiction will receive up to 102% of its prior year State-assessed revenue; and (2) if county-wide revenues generated from Unitary Property are less than the previous year's revenues or greater than 102% of the previous year's revenues, each jurisdiction will share the burden of the shortfall or excess revenues by a specified formula. This provision applies to all Unitary Property except railroads, whose valuation will continue to be allocated to individual tax rate areas.

The provisions of AB 454 do not constitute an elimination of the assessment of any State-assessed properties nor a revision of the methods of assessing utilities by the SBE. Generally, AB 454 allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

California Lottery

In the November 1984 general election, the voters of the State approved a Constitutional Amendment establishing a California State Lottery, the net revenues (revenues less expenses and prizes) of which shall be used to supplement other moneys allocated to public education. The legislation further requires that the funds shall be used for the education of pupils and students and cannot be used for the acquisition of real property, the construction of facilities or the financing of research.

Allocation of Lottery net revenues is based upon the ADA of each school and community college district; however, the exact allocation formula may vary from year to year. The District estimates that it will receive approximately 2% of the District's general fund revenues from Lottery aid in fiscal year 2021-22. At this time, the amount of additional revenues that may be generated by the Lottery in any given year cannot be predicted.

Proposition 46

On June 3, 1986, California voters approved Proposition 46, which added an additional exemption to the 1% tax limitation imposed by Article XIIIA. Under this amendment to Article XIIIA, local governments and school and community college districts may increase the property tax rate above 1% for the period necessary to retire new, general obligation bonds, if two-thirds of those voting in a local election approve the issuance of such bonds and the money raised through the sale of the bonds is used exclusively to purchase or improve real property.

Proposition 39

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

Section 1(b)(3) of Article XIIIA has been added to exempt the 1% *ad valorem* tax limitation that Section 1(a) of Article XIIIA of the Constitution levies, to pay bonds approved by 55% of the voters, subject to the restrictions explained above.

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

Alternatively, charter schools are independent public schools formed by teachers, parents, and other individuals and/or groups. Charter schools function under contracts or "charters" with local school districts, county boards of education, or the State Board of Education. Charter schools operate with minimal supervision by the local school district. Charter schools receive revenues from the State and from the local school district for each student enrolled, and thus effectively reduce revenues available for students enrolled in local school district schools. School districts are required to accommodate charter school students originating in the school district in facilities comparable to those provided to regular school district students.

Proposition 39 requires that each local K-12 school district provide charter school facilities sufficient to accommodate the charter school's students. A K-12 school district, however, would not be required to spend its general discretionary revenues to provide these facilities for charter schools. Instead, the district could choose to use these or other revenues — including State and local bonds. Such facilities must be reasonably equivalent to the district schools that such charter students would otherwise attend. The respective K-12 school district is permitted to charge the charter school for its facilities if district discretionary revenues are used to fund the facilities and a district may decline to provide facilities for a charter school with a current or projected enrollment of fewer than 80 students who are residents in the District.

Article XIIIC and XIIID of the California Constitution

On November 5, 1996, an initiative to amend the California Constitution known as the "Right to Vote on Taxes Act" ("Proposition 218") was approved by a majority of California voters. Proposition 218 added Articles XIIIC and XIIID to the State Constitution and requires majority voter approval for the imposition, extension or increase of general taxes and 2/3 voter approval for the imposition, extension or increase of special taxes by a local government, which is defined in Proposition 218 to include counties. Proposition 218 also provides that any general tax imposed, extended or increased without voter approval by any local government on or after January 1, 1995, and prior to November 6, 1996 shall continue to be imposed only if approved by a majority vote in an election held within two years following November 6, 1996. All local taxes and benefit assessments which may be imposed by public agencies will be defined as "general taxes" (defined as those used for general governmental purposes) or "special taxes" (defined as taxes for a specific purpose even if the revenues flow through the local government's general fund) both of which would require a popular vote. New general taxes require a majority vote and new special taxes require a two-thirds vote. Proposition 218 also extends the initiative power to reducing or repealing local taxes, assessments, fees and charges, regardless of the date such taxes, assessments or fees or charges were imposed, and lowers the number of signatures necessary for the process. In addition, Proposition 218 limits the application of assessments, fees and charges and requires them to be submitted to property owners for approval or rejection, after notice and public hearing.

The District has no power to impose taxes except property taxes associated with a general obligation bond election, following approval by 55% or 2/3 of the District's voters, depending upon the Article of the Constitution under which it is passed.

Proposition 218 also expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees or charges were imposed, and reduces the number of signatures required for the initiative process. This extension of the initiative power to some extent constitutionalizes the February 6, 1995 State Supreme Court decision in *Rossi v. Brown*, which upheld an initiative that repealed a local tax and held that the State constitution does not preclude the repeal, including the prospective repeal, of a tax ordinance by an initiative, as contrasted with the State constitutional prohibition on referendum powers regarding statutes and ordinances which impose a tax. Generally, the initiative process enables California voters to enact legislation upon obtaining requisite voter approval at a general election. Proposition 218 extends the authority stated in *Rossi v. Brown* by expanding the initiative power to include reducing or repealing assessments, fees and charges, which had previously been considered administrative rather than legislative matters and therefore beyond the initiative power. This extension of the initiative power is not limited by the terms of Proposition 218 to fees imposed after November 6,1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments or fees and charges. Such legal authority could include the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution.

Proposition 218 has no effect upon the District's ability to pursue approval of a general obligation bond or a Mello-Roos Community Facilities District bond in the future, although certain procedures and burdens of proof may be altered slightly. The District is unable to predict the nature of any future challenges to Proposition 218 or the extent to which, if any, Proposition 218 may be held to be unconstitutional.

Propositions 98 and 111

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

Since the Accountability Act is unclear in some details, there can be no assurances 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 school districts, 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 XIIIB 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 school districts. Any such transfer to K-14 school districts would be excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year would automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIIIB surplus. The maximum amount of excess tax revenues which could be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

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

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

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

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

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

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

e. School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues (the "first test") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to per capita personal income) and enrollment (the "second test"). Under Proposition 111, schools will receive the greater of (1) the first test, (2) the second test, or (3) a third test, which will replace the second test in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in California per capital personal income. Under the third test, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test will become a "credit" to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 1A and Proposition 22

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

Many of the provisions of Proposition 1A have been superseded by Proposition 22 enacted in November 2010.

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the longer-term effect of Proposition 22, according to the LAO analysis, will be an increase in the State's general fund costs by approximately $1 billion annually for several decades.

On December 30, 2011, the California Supreme Court issued its decision in the case of California Redevelopment Association v. Matosantos, finding California Assembly Bill x1 26 to be constitutional and California Assembly Bill x1 27 to be unconstitutional. As a result, all redevelopment agencies in California were dissolved on February 1, 2012, and the property tax revenue which previously flowed to the redevelopment agencies is now instead going to other local governments, including school districts. It is likely that the dissolution of redevelopment agencies has mooted the effects of Proposition 22.

Proposition 30 and Proposition 55

On November 6, 2012, voters of the State approved the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"), which temporarily increased the State Sales and Use Tax (which expired on January 1, 2017) and personal income tax rates on higher incomes. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and through the taxable year ending December 31, 2018, Proposition 30 increases the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $340,000 but less than $408,000 for head-of-household filers and over $500,000 but less than $600,000 for joint filers), (ii) 2% for taxable income over $300,000 but less than $500,000 for single filers (over $408,000 but less than $680,000 for head-of-household filers and over $600,000 but less than $1,000,000 for joint filers), and (iii) 3% for taxable income over $500,000 for single filers (over $680,000 for head-of-household filers and over $1,000,000 for joint filers).

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

The California Children's Education and Health Care Protection Act of 2016, also known as Proposition 55, a constitutional amendment initiative, was approved by California voters at the November 8, 2016 general election in California. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through 2030. Tax revenue received under Proposition 55 will be allocated 89% to K-12 schools and 11% to community colleges. The sales and use tax rate increase under Proposition 30 will not be extended.

Proposition 2

Proposition 2, also known as The Rainy Day Budget Stabilization Fund Act ("Proposition 2") was approved by California voters on November 8, 2016. Proposition 2 provides for changes to State budgeting practices, including revisions to certain conditions under which transfers are made into and from the State's Budget Stabilization Account (the "Stabilization Account") established by the California Balanced Budget Act of 2004 (also known as Proposition 58). Commencing in fiscal year 2015-16 and for each fiscal year thereafter, the State is required to make an annual transfer to the Stabilization Account in an amount equal to 1.5% of estimated State general fund revenues (the "Annual Stabilization Account Transfer"). For a fiscal year in which the estimated State general fund revenues allocable to capital gains taxes exceed 8% of the total estimated general fund tax revenues, supplemental transfers to the Stabilization Account (a "Supplemental Stabilization Account Transfer") are also required. Such excess capital gains taxes, which are net of any portion thereof owed to K-14 school districts pursuant to Proposition 98, are required to be transferred to the Stabilization Account.

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

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

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

Proposition 2 also provides for the creation of a Public School System Stabilization Account (the "Public School System Stabilization Account") into which transfers will be made in any fiscal year in which a Supplemental Stabilization Account Transfer is required, requiring that such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would otherwise be paid to K-14 school districts as part of the minimum funding guarantee. Transfers to the Public School System Stabilization Account are only to be made if certain additional conditions are met, including that: (i) the minimum funding guarantee was not suspended in the immediately preceding fiscal year, (ii) the operative Proposition 98 formula for the fiscal year in which a Public School System Stabilization Account transfer might be made is "Test 1," (iii) no maintenance factor obligation is being created in the budgetary legislation for the fiscal year in which a Public School System Stabilization Account transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the minimum funding guarantee for the fiscal year in which a Public School System Stabilization Account transfer might be made is higher than the immediately preceding fiscal year, as adjusted for ADA growth and cost of living.

Under Proposition 2, the size of the Public School System Stabilization Account is capped at 10% of the estimated minimum guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Any reductions to a required transfer to, or draws upon, the Public School System Stabilization Account, are subject to the budget emergency requirements as described above. However, in any fiscal year in which the estimated minimum funding guarantee is less than the prior year's funding level, as adjusted for ADA growth and cost of living, Proposition 2 also mandates draws on the Public School System Stabilization Account.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

Proposition 19

On November 3, 2020, voters in the State approved a constitutional amendment entitled Property Tax Transfers, Exemptions and Revenue for Wildfire Agencies and Counties Amendment ("Proposition 19"), which: (i) expanded special rules that give property tax savings to homeowners that are over the age of 55, severely disabled, or whose property has been impacted by a natural disaster or contamination, when they buy a different home; (ii) narrowed existing special rules for inherited properties; and (iii) broadened the scope of legal entity ownership changes that trigger reassessment of properties. The District cannot make any assurance as to what effect the implementation of Proposition 19 will have on assessed valuation of real property in the District.

California Senate Bill 222

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

Kindergarten Through Community College Public Education Facilities Bond Act of 2016

The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is a voter initiative that was approved by voters on November 8, 2016. Proposition 51 authorizes the sale and issuance of $9 billion in general obligation bonds by the State for the new construction and modernization of K-14 facilities. The District makes no guarantee that it will either pursue or qualify for Proposition 51 state facilities funding.

K-12 School Facilities. Proposition 51 includes $3 billion for the new construction of K-12 facilities and an additional $3 billion for the modernization of existing K-12 facilities. K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. If a school district lacks sufficient local funding, it may apply for additional state grant funding, up to 100% of the project costs. In addition, a total of $1 billion will be available for the modernization and new construction of charter school ($500 million) and technical education ($500 million) facilities. Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, schools that cannot cover their local share for these two types of projects may apply for State loans. State loans must be repaid over a maximum of 30 years for charter school facilities and 15 years for career technical education facilities. For career technical education facilities, State grants are capped at $3 million for a new facility and $1.5 million for a modernized facility. Charter schools must be deemed financially sound before project approval.

Community College Facilities. Proposition 51 includes $2 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment. In order to receive funding, community college districts must submit project proposals to the Chancellor of the community college system, who then decides which projects to submit to the Legislature and Governor based on a scoring system that factors in the amount of local funds contributed to the project. The Governor and Legislature will select among eligible projects as part of the annual state budget process.

Taxpayer Protection and Government Accountability Act Initiative

On February 1, 2023, the California Secretary of State announced that a ballot initiative, designated as Initiative 1935 and known as the "Taxpayer Protection and Government Accountability Act," had received the required number of signatures to appear on the November 5, 2024 ballot.

If approved by a majority of voters casting a ballot at the November 5, 2024 Statewide election, Initiative 1935 would make numerous significant changes to Articles XIII, XIIIA, XIIIC and XIIID of the California Constitution to further limit the authority of local governments, and electors via the initiative process, to adopt and impose taxes and fees. The full text of Initiative 1935 may be viewed at the website of the California Attorney General.

The District cannot predict whether Initiative 1935 will be approved by a majority of voters casting a ballot at the November 5, 2024 Statewide election. If Initiative 1935 is approved, the District cannot provide any assurances as to the effect of the implementation or judicial interpretations of Initiative 1935 on the finances of the State or the District.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the State Constitution and Propositions 2, 19, 22, 26, 30, 39, 46, 55 and 98 were each adopted as measure that qualified for the State ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

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APPENDIX C

AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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Annual Financial Report
June 30, 2023

Campbell Union School District

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Independent Auditor's Report

To the Governing Board
Campbell Union School District
Campbell, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Campbell Union School District (District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14, budgetary comparison information on pages 66, schedule of changes in the District's net OPEB liability and related ratios on page 67, schedule of the District's contributions for OPEB on page 68, schedule of the District's proportionate share of the net pension liability on page 69, and the schedule of the District pension contributions on page 71, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2023 on our consideration of 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 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 District's internal control over financial reporting and compliance.

Eide Bailly LLP

Menlo Park, California
October 10, 2023

This section of Campbell Union School District's 2022-2023 annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2023, with comparative information for the year ended June 30, 2022. Please read it in conjunction with the District's financial statements, which immediately follow this section.

District Profile

The District was established as an elementary school district on September 7, 1921 and is located in the suburbs of Santa Clara County's Silicon Valley. The District encompasses a 14 square mile area and serves portions of Campbell, San Jose, Los Gatos, Monte Sereno, Saratoga, Santa Clara and an unincorporated area of Santa Clara County. The District maintains one elementary school, eleven charter schools, a District Office, a Corporation Yard and three closed school sites.

Overview of the Financial Statements

The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by generally accepted accounting principles.

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

The *Fund Financial Statements* include statements for each of the two categories of activities: governmental and proprietary.

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

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

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

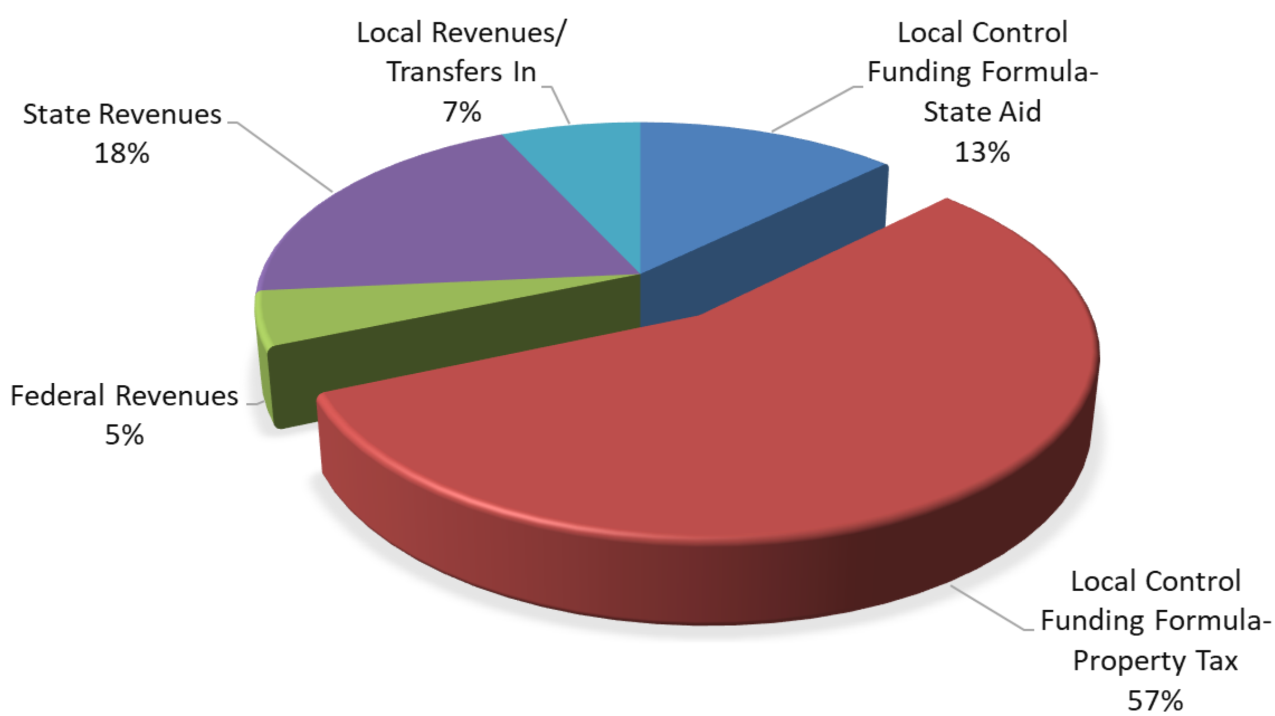
Financial Highlights of the Past Year

Local Control Funding Formula District

Since fiscal year 1973-1974, State school districts operated under general purpose revenue limits established by the State Legislature. In general, the revenue limits were calculated for each school district by multiplying the Average Daily Attendance ("ADA") for our district by a base revenue limit per unit of ADA. The revenue limit calculations were adjusted annually in accordance with a number of factors designed primarily to provide cost of living increases and to equalize revenues among all State school districts of the same type. In 2013-2014 the State implemented a new school funding model called the Local Control Funding Formula ("LCFF"). The amount financed by the State in 2022-2023 was $14,642,853. Funding of the District's LCFF is accomplished by a mix of local property taxes and State apportionments. Generally, the State apportionments amount to the difference between the District's LCFF calculation and the local property tax revenues. A district becomes "Basic Aid" when the local property tax amount exceeds the district State apportionment amount.

In 2022-2023, the District received $91.4 million from local control funding formula sources, accounting for approximately 68.7% of General Fund revenues. Of this, property taxes accounted for 56.7% of General Fund Revenues (see Chart 1).

Chart 1
Campbell Union School District
General Fund Revenues
FY 2022-2023



The District as A Whole

Net Position

The District's net position for governmental activities was a $43.8 million for the fiscal year ended June 30, 2023. (see Table 1). Restricted net position of $31.9 million is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School Board's ability to use that net position for day-to-day operations.

Table 1

Campbell Union School District
Net Position
(Amounts in millions)

	Governmental Activities	
	2023	2022
Assets		
Current and other assets	$ 180.0	$ 173.0
Capital assets	233.3	220.9
Total assets	413.3	393.9
Deferred outflows of resources	29.6	20.6
Liabilities		
Current liabilities	16.8	13.2
Long-term liabilities	349.3	330.5
Total liabilities	366.1	343.7
Deferred inflows of resources	33.0	70.9
Net Position (Deficit)		
Net investment in capital assets	53.2	36.7
Restricted	31.9	27.1
Unrestricted (deficit)	(41.3)	(63.9)
Total net position (deficit)	$ 43.8	$ (0.1)

Changes in Net Position

The results of this year's governmental activities operations for the District are reported in the Statement of Activities. Table 2 takes the information from the statement, rounds the numbers, and rearranges them slightly to present the total revenues for the year.

Table 2
Campbell Union School District
Changes in Net Position
(Amounts in millions)

	Governmental Activities	
	2023	2022
Revenues		
Program revenues		
Charges for services and sales	$ 4.2	$ 6.5
Operating grants and contributions	33.3	27.5
General revenues		
Federal and State aid not restricted	36.6	17.2
Property taxes	99.0	90.0
Other general revenues	4.9	2.9
Total revenues	178.0	144.1
Expenses		
Instruction-related	96.1	78.6
Pupil services	11.9	10.1
Administration	6.6	5.9
Plant services	7.3	10.8
Other	12.2	11.4
Total expenses	134.1	116.8
Change in net position	$ 43.9	$ 27.3

Governmental Activities

As reported in the *statement of activities*, the cost of all of the governmental activities in 2022-2023 was $134.1 million, which includes $7.6 million in depreciation expense and $4.2 million in On-Behalf payments from the State. However, the amount that the taxpayers ultimately financed for these activities through local taxes was only $96.6 million because part of the cost was paid by those who benefited from the programs in the amount of $4.1 million, or by other government agencies and organizations who subsidized certain programs with grants and contributions of $33.3 million. We paid for the remaining "public benefit" portion of the governmental activities with $36.6 million in federal and state funds, and the remaining was funded through property taxes and other general revenues.

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

Table 3
Campbell Union School District
Net Cost of Governmental Activities
(Amounts in millions)

	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
Instruction	$ 77.7	$ 63.0	$ 60.3	$ 45.8
Instruction-related activities	8.9	7.3	5.4	3.2
School administration	9.6	8.3	8.2	3.5
Pupil services	11.9	10.1	5.3	4.7
Administration	6.6	5.9	5.8	5.1
Maintenance and operations	7.3	10.8	6.5	10.1
Other	12.0	11.4	5.1	10.4
Total	$ 134.0	$ 116.8	$ 96.6	$ 82.8

The District's Funds

As the District completed the year, our governmental funds reported a combined fund balance of $140.2 million (see Table 4). The District is required to maintain available reserves of 3% of total general fund expenditures for economic uncertainties. This 3% reserve amounts to $3.2 million.

Table 4
Campbell Union School District
Governmental Fund Balances
(Amounts in millions)

Governmental Fund	2023	2022
General fund	$ 59.1	$ 38.9
Building fund	37.2	52.0
Bond Interest and Redemption fund	22.4	26.3
Non-major funds	21.5	17.6
Total	$ 140.2	$ 134.8

Charts 2 and 3 provide a breakdown of the general fund expenditures, both by object code and by function. As is common with virtually all school districts, the majority of expenditures in the general fund is for salaries and benefits (approximately 83%). From a functional cost standpoint, Chart 3 will show that approximately 77% of total general fund expenditures go for instruction and instruction-related activities. The District must spend at least 60% of its total general fund expenditures on classroom instruction activities. For the current fiscal year, the District spent approximately 60.38% of its certificated salary on classroom instruction activity.

Chart 2
Campbell Union School District
General Fund Expenditures by Object
FY 2022-2023

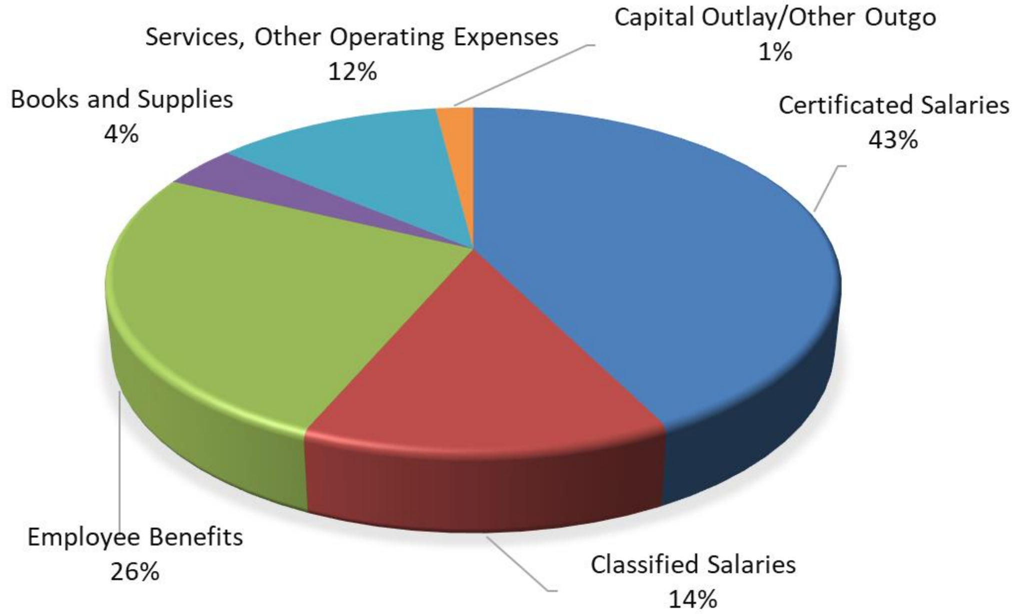
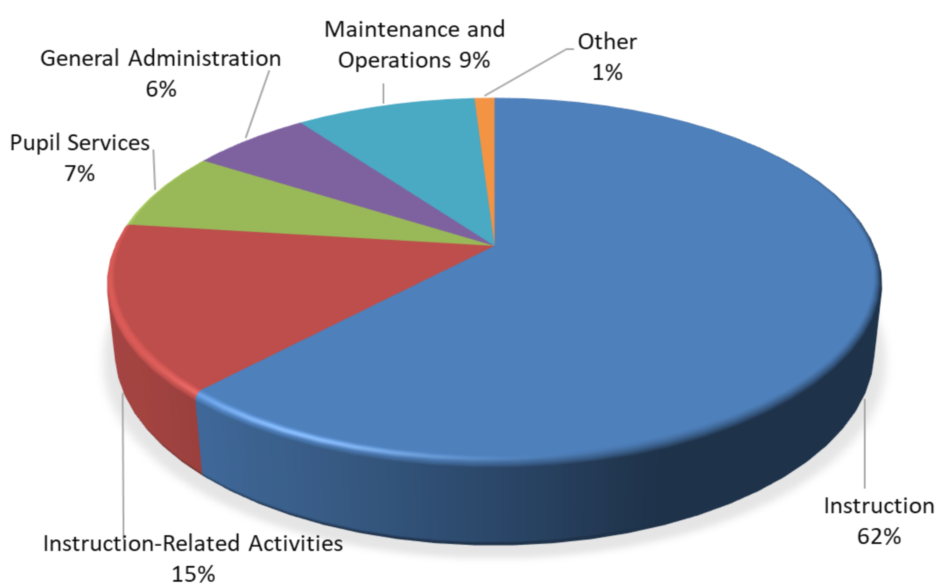


Chart 3
Campbell Union School District
General Fund Expenditures by Function
FY 2022-2023



General Fund Budgetary Highlights

The original adopted budget projected general fund net increase in fund balances by approximately $3.5 million. Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The Estimated Actual which is the final amendment to the 2022-23 budget was adopted on June 23, 2023 and projected net increase in fund balance of $14.7 million . Our actual results showed a net change in fund balances of $20.2 million due to the unspent funding from the one-time COVID 19 grants that are deferred to the subsequent years, State-enacted budget reducing the cuts to the block grants proposed by the Governor's May revision and the increase in the interest income due to the recent hikes in the interest rates.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2023, the District had a total of $233.3 million in a broad range of capital assets, including land, buildings, and furniture and equipment (net of accumulated depreciation of $146.7 million). This total amount represents a net increase (including additions, deductions and depreciation) of $12.4 million from last year (see Table 5) below:
Table 5
Campbell Union School District
Capital Assets at Year-End
(Amounts in millions)

	Governmental Activities	
	2023	2022
Land and construction in progress	$ 21.6	$ 6.0
Buildings and improvements	210.3	213.5
Equipment	1.4	1.4
Total	$ 233.3	$ 220.9

This year's net additions to capital assets amount to $19.9 million. As of June 30, 2023, $18.4 million commitments were made for future capital expenditures. More detailed information about capital assets is presented in Note 5 to the financial statements.

Long-term Liabilities

At the end of the 2022-2023 year, the District had $349.3 million in long-term liabilities outstanding, including $5.9 million unamortized bond premiums. This amount represents an increase of $18.9 million from the prior year, majority of the increase is related to pension liability. Of $349.3 million, $12.1 million will be due next year.

The State limits the amount of general obligation debt that Districts can issue to 2.5% of the assessed value of all taxable property within the District's boundaries. The District passed a general obligation bond issue in 2010 (the Measure G Bonds), which authorized the District to sell up to $150 million in new bonds. As of June 30, 2023, $109 million of total authorized Measure G Bonds have been sold. The District passed a General Obligation Bond, Measure CC in 2016 which authorized the District to sell up to $72 million in bond issuances. As of June 30, 2023, $72 million of total authorized Measure CC bonds have been sold.

The Measure G and Measure CC Bonds will fund needed improvements to the District's school sites. These improvements include the repair, renovation, modernization and construction at elementary and middle schools; upgrade aged electrical systems, bathrooms and plumbing; improve parking and traffic around elementary and middle schools; enhance libraries and technology capabilities; the replacement of rented portable classrooms with ADA/Title 24 compliant modular buildings; and improve accessibility for the disabled within the District.

Other obligations include accumulated vacation, pension and postemployment benefits (including health benefits). We present more detailed information regarding our long-term liabilities in Note 11, Note 12 and Note 15 of the financial statements.

Economic Factors and Next Year's Budgets and Rates

The 2023-2024 Budget includes one-time funding from the Federal and the State. The District's Adopted Budget revenue projection is developed based on the State Budget, along with the District's student enrollment projection for the budget year. The 2024 budget projected a decrease in the revenues of about $15.4 million. Expenditures were projected to increase by $3.9 million mainly due to increase in the cost of salaries and related benefits. The District is projected to have a fund balance of $50 million at the end of the 2024 fiscal year which includes projection of $4.07 million in deficit.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Assistant Superintendent, Business Services, at Campbell Union School District, 155 North Third Street, Campbell, California, 95008.

	Governmental Activities
Assets	
Deposits and investments	$ 150,353,047
Receivables	8,362,777
Prepaid items	11,771
Stores inventories	189,440
Lease receivables	21,038,626
Capital assets not depreciated	21,600,707
Capital assets, net of accumulated depreciation	211,663,733
Total assets	413,220,101
Deferred Outflows of Resources	
Deferred charge on refunding	67,886
Deferred outflows of resources related to other postemployment benefits (OPEB) liability	3,298,778
Deferred outflows of resources related to pensions	26,230,002
Total deferred outflows of resources	29,596,666
Liabilities	
Accounts payables	7,652,114
Interest payables	4,123,469
Unearned revenues	4,962,301
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	12,101,979
Long-term liabilities other than OPEB and pensions due in more than one year	234,614,917
Net other postemployment benefits liability due in more than one year	7,833,256
Aggregage net pension liabilities due in more than one year	94,722,665
Total liabilities	366,010,701

Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	1,405,658
Deferred inflows of resources related to pensions	11,464,472
Deferred inflows of resources related to leases	20,149,539
Total deferred inflows of resources	33,019,669
Net Position	
Net investment in capital assets	53,192,726
Restricted for	
Debt service	2,904,802
Capital projects	1,627,068
Educational programs	23,509,453
Food programs	3,880,322
Unrestricted (deficit)	(41,327,974)
Total net position	$ 43,786,397

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities				
Instruction	$ 77,679,049	$ 315,190	$ 17,086,501	$ (60,277,358)
Instruction-related activities				
Supervision of instruction	6,348,296	73,493	3,161,513	(3,113,290)
Instructional library, media, and technology	2,520,855	5,192	209,736	(2,305,927)
School site administration	9,560,209	18,433	1,293,178	(8,248,598)
Pupil services				
Home-to-school transportation	666,488	-	5,510	(660,978)
Food services	4,253,720	-	5,383,860	1,130,140
All other pupil services	6,971,692	69,209	1,157,315	(5,745,168)
Administration				
All other administration	6,556,469	35,100	750,712	(5,770,657)
Plant services	7,323,801	47,090	764,879	(6,511,832)
Ancillary services	139,874	19,205	11,315	(109,354)
Community services	623,500	-	346,069	(277,431)
Enterprise services	739,024	-	-	(739,024)
Interest on long-term liabilities	9,903,220	-	-	(9,903,220)
Other outgo	788,325	3,575,094	3,114,782	5,901,551
Total primary government	$ 134,074,522	$ 4,158,006	$ 33,285,370	(96,631,146)
General Revenues and Subventions				
Property taxes, levied for general purposes				75,787,009
Property taxes, levied for debt service				22,091,044
Taxes levied for other specific purposes				1,147,764
Federal and State aid not restricted to specific purposes				36,606,022
Interest and investment earnings				2,755,795
Interagency revenues				123,140
Miscellaneous				2,023,727
Subtotal, general revenues and subventions				140,534,501
Change in Net Position				43,903,355
Net Position (Deficit) - Beginning				(116,958)
Net Position - Ending				$ 43,786,397

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	$ 62,033,164	$ 38,148,351	$ 22,259,996	$ 20,926,510	$ 143,368,021
Receivables	6,022,689	324,617	113,344	1,856,017	8,316,667
Due from other funds	69,492	-	-	-	69,492
Prepaid expenditures	11,771	-	-	-	11,771
Stores inventories	-	-	-	189,440	189,440
Lease receivables	21,038,626	-	-	-	21,038,626
Total assets	$ 89,175,742	$ 38,472,968	$ 22,373,340	$ 22,971,967	$ 172,994,017
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	$ 5,061,775	$ 1,277,874	$ -	$ 1,270,114	$ 7,609,763
Due to other funds	-	-	-	69,492	69,492
Unearned revenue	4,897,853	-	-	64,448	4,962,301
Total liabilities	9,959,628	1,277,874	-	1,404,054	12,641,556
Deferred Inflows of Resources					
Deferred inflows of resources related to leases	20,149,539	-	-	-	20,149,539
Fund Balances					
Nonspendable	1,772,409	-	-	189,440	1,961,849
Restricted	17,375,963	37,195,094	22,373,340	21,378,473	98,322,870
Unassigned	39,918,203	-	-	-	39,918,203
Total fund balances	59,066,575	37,195,094	22,373,340	21,567,913	140,202,922
Total liabilities, deferred inflows of resources, and fund balances	$ 89,175,742	$ 38,472,968	$ 22,373,340	$ 22,971,967	$ 172,994,017

See Notes to Financial Statements

Total Fund Balance - Governmental Funds		$ 140,202,922
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	379,924,490	
Accumulated depreciation is	(146,660,050)	
Net capital assets		233,264,440
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(4,123,469)
An internal service fund is used by management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities in the statement of net position.		2,898,785
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Debt refunding	67,886	
Other postemployment benefits related deferrals	3,298,778	
Net pension liability related deferrals	26,230,002	
Total deferred outflows of resources		29,596,666
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Other postemployment benefits related deferrals	(1,405,658)	
Net pension liability related deferrals	(11,464,472)	
Total deferred inflows of resources		(12,870,130)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(94,722,665)

The Net OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(7,833,256)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of		
General obligation bonds	(230,981,986)	
Unamortized bond premium	(5,892,656)	
Clean Energy loan	(3,967,714)	
Compensated absences (vacations)	(209,540)	
Construction loan	(1,575,000)	
Total long-term liabilities		(242,626,896)
Total net position - governmental activities		$ 43,786,397

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula	$ 91,381,424	$ -	$ -	$ -	$ 91,381,424
Federal sources	6,570,141	-	1,049,243	3,281,485	10,900,869
Other State sources	26,005,990	-	55,161	9,233,277	35,294,428
Other local sources	9,007,418	1,318,527	22,333,708	4,468,767	37,128,420
Total revenues	132,964,973	1,318,527	23,438,112	16,983,529	174,705,141
Expenditures					
Current					
Instruction	71,200,673	-	-	4,725,715	75,926,388
Instruction-related activities					
Supervision of instruction	4,275,670	-	-	1,974,488	6,250,158
Instructional library, media, and technology	2,464,285	-	-	-	2,464,285
School site administration	9,114,567	-	-	329,509	9,444,076
Pupil services					
Home-to-school transportation	889,362	-	-	-	889,362
Food services	87,030	-	-	4,048,073	4,135,103
All other pupil services	6,636,819	-	-	-	6,636,819
Administration					
All other administration	6,148,090	-	-	473,498	6,621,588
Plant services	6,823,982	-	-	422,125	7,246,107
Ancillary services	127,288	-	-	7,048	134,336
Community services	613,286	-	-	-	613,286
Other outgo	802,815	-	-	-	802,815
Capital Outlay	3,037,676	16,924,290	-	24,252	19,986,218
Debt service					
Principal	-	717,998	17,600,000	-	18,317,998
Interest and other	-	49,845	9,779,287	-	9,829,132
Total expenditures	112,221,543	17,692,133	27,379,287	12,004,708	169,297,671
Excess (Deficiency) of Revenues Over Expenditures	20,743,430	(16,373,606)	(3,941,175)	4,978,821	5,407,470
Other Financing Sources (Uses)					
Transfers in	63,500	1,600,000	-	-	1,663,500
Transfers out	(600,000)	-	-	(1,063,500)	(1,663,500)
Net Financing Sources (Uses)	(536,500)	1,600,000	-	(1,063,500)	-
Net Change in Fund Balances	20,206,930	(14,773,606)	(3,941,175)	3,915,321	5,407,470
Fund Balance - Beginning	38,859,645	51,968,700	26,314,515	17,652,592	134,795,452
Fund Balance - Ending	$ 59,066,575	$ 37,195,094	$ 22,373,340	$ 21,567,913	$ 140,202,922

Total Net Change in Fund Balances - Governmental Funds		$ 5,407,470
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expenses in the Statement of Activities.		
This is the amount by which capital outlays depreciation and amortization expenses exceeds in the period.		
Depreciation and amortization expenses	$ (7,569,734)	
Capital outlays	19,986,218	
Net expense adjustment		12,416,484
The District issued capital appreciation general obligations bonds. The accretion of interest on the general obligation bonds during the current fiscal year was:		(542,104)
Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds.		(10,903)
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used.		249,783
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.		5,724,624
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year.		1,459,385

Governmental funds report the effect of premiums, discounts, and the deferred amount on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.	
Premium amortization	677,363
Deferred amount on refunding amortization	(87,575)
Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	
General obligation bonds	17,600,000
Clean Energy loan	402,998
Construction loan	315,000
Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.	(121,772)
An internal service fund is used by management to charge the costs of the self insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.	412,602
Change in net position of governmental activities	$ 43,903,355

	Governmental Activities - Internal Service Fund
Assets	
Current assets	
Deposits and investments	$ 6,985,026
Receivables	46,110
Total assets	7,031,136
Liabilities	
Current liabilities	
Accounts payable	42,351
Current portion of claims liabilities	836,000
Total current liabilities	878,351
Noncurrent liabilities	
Claims liabilities	3,254,000
Total noncurrent liabilities	3,254,000
Total liabilities	4,132,351
Net Position	
Unrestricted	2,898,785
Total net position	$ 2,898,785

	Governmental Activities - Internal Service Fund
Operating Revenues	
Charges for services	$ 1,046,822
Total operating revenues	1,046,822
Operating Expenses	
Supplies and materials	240
Other operating cost	738,784
Total operating expenses	739,024
Operating Income	307,798
Nonoperating Expenses	
Investment income	104,804
Total nonoperating expenses	104,804
Change in Net Position	412,602
Total Net Position - Beginning	2,486,183
Total Net Position - Ending	$ 2,898,785

	Governmental Activities - Internal Service Fund
Operating Activities	
Cash receipts from other funds of the District	$ 1,206,161
Cash payments to other suppliers of goods or services	(741,753)
Net Cash Provided by (Used for) Operating Activities	464,408
Investing Activities	
Investments income	104,804
Net Cash Provided by Investing Activities	104,804
Net Increase in Cash and Cash Equivalents	569,212
Cash and Cash Equivalents - Beginning	6,415,814
Cash and Cash Equivalents - Ending	$ 6,985,026
Reconciliation of Operating Deficit to Net Cash Used for Operating Activities	
Operating income	$ 307,798
Adjustments to reconcile operating income to net cash provided by operating activities	
Changes in assets and liabilities	
Receivables	(33,661)
Accrued liabilities	193,000
Accounts payable	(2,729)
Net Cash Provided by (Used for) Operating Activities	$ 464,408

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Campbell Union School District (the District) was organized in 1921 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K - 8 as mandated by the state agencies. The District operates one elementary school and eleven Charter Schools.

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

Other Related Divisions

Charter Schools The District has approved eleven charters pursuant to Education Code Section 47605. They are Sherman Oaks Elementary Charter School, Village Charter School, Lynhaven Charter School, Castlemont Elementary School, Capri Elementary School, Monroe Middle School, Rolling Hills Middle School, Blackford Elementary School, Forest Hill Elementary School, Marshall Lane Elementary School, and Campbell School of Innovation. These Charter Schools are operated by Campbell Union School District. The financial activities of the charter schools are included in the General Fund of the District.

Basis of Presentation

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

Government-Wide Financial Statements While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds. Separate financial statements are provided for governmental funds and proprietary funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided.

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

Major Governmental Funds

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

One fund currently defined as special revenue fund in the California State Accounting Manuel (CSAM) does not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects is not substantially composed of restricted or committed revenue sources. While this fund is authorized by statute and will remain open for internal reporting purposes, the fund functions effectively as an extension of the General Fund, and accordingly has been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase fund balance, and an increase of revenue of $54,180, and $1,104, respectively.

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

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

Non-Major Governmental Funds

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

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

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

- **Child Development Fund** The Child Development Fund is used to account separately for federal, state, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

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

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

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

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

Proprietary Funds Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the local education agency, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service.

- **Internal Service Fund** The Internal Service Fund may be used to account for goods or services provided to other funds of the District on a cost reimbursement basis. The District maintains an internal service fund to account for charges to other funds related to the District's insurance programs.

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each governmental function of the District and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the Statement of Activities, except for depreciation and amortization of leased assets. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

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

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

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

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

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

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

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

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

Cash and Cash Equivalents

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

Investments

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

Prepaid Expenditures (Expenses)

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the weighted average basis. The costs of inventory items are recorded as expenditures in the governmental funds when consumed rather than when purchased.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District as a whole. The District maintains a capitalization threshold of $5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred. When purchased, such assets are recorded as expenditures in the governmental funds. In the government-wide statement of net position and activities, such amounts are capitalized and their cost is amortized to operations over their useful lives by annual depreciation expense charge. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition value on the date donated. Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements, 5 to 50 years; equipment, 2 to 15 years.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2023.

Interfund Balances

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

Compensated Absences

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

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

Accrued Liabilities and Long-term Liabilities

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

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

Debt Issuance Costs, Premiums and Discounts

In the government-wide financial statements and in the proprietary fund type financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities, or proprietary fund statement of net position. Debt premiums and discounts, as well as issuance costs, related to prepaid insurance costs are amortized over the life of the bonds using the straight line method, which approximates the effective interest method.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the period the bonds are issued. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures in the period the bonds are issued.

Deferred Outflows/Inflows of Resources

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

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

Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension and OPEB liabilities and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions/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 benefit terms. Member contributions are recognized in the period they are earned. The net pension liability attributable to the governmental activities will be paid by the fund in which the employee worked.

Leases

The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the District initially measures the lease receivable at the present value of payment 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.

Fund Balances - Governmental Funds

As of June 30, 2023, fund balances of the governmental funds are classified as follows:

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

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

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board. The District did not report committed fund balances.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes. The District did not report assigned fund balances.

Unassigned - all other spendable amounts.

Spending Order Policy

When an expenditure (expense) is incurred for purposes for which both restricted and unrestricted fund balance or net position 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.

Net Position

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are all other fees and contracts. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Interfund Activity

Transfers between governmental and business-type activities, if applicable, in the government-wide financial statements are reported in the same manner as general revenues.

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

Estimates

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

Property Tax

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

Change in Accounting Principles

Implementation of GASB Statement No. 91

As of July 1, 2022, the District adopted GASB Statement No. 91, *Conduit Debt Obligations*. The objective of this Statement is to better meet the information needs of financial statement users by enhancing the comparability and consistency of conduit debt obligation reporting and reporting of related transactions and other events by state and local government issuers. The implementation of this standard eliminates the option for issuers of conduit debt to recognize a liability for this debt on their financial statements. In addition, it requires issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations. As a result, there is no material effect of the implementation of this standard on the beginning net position.

Implementation of GASB Statement No. 94

As of July 1, 2022, the District adopted GASB Statement No. 94, *Public-Private and Public-Public Partnerships (PPP) and Availability Payment Arrangements (APA)*. The implementation of this standard establishes standards of accounting and financial reporting for PPPs and APAs. The standard requires recognition of an asset, receivable, and deferred inflow of resources. {to be modified depending on the structure of the arrangement}. There was not a significant effect on the District's financial statements as a result of the implementation of the standard.

As of July 1, 2022, the District adopted GASB Statement No. 94, *Public-Private and Public-Public Partnerships (PPP) and Availability Payment Arrangements (APA)*. The implementation of this standard establishes standards of accounting and financial reporting for PPPs and APAs. The standard requires recognition of a right-to-use asset-intangible asset and a corresponding, liability {to be modified depending on the structure of the arrangement}. There was not a significant effect on the District's financial statements as a result of the implementation of the standard.

Implementation of GASB Statement No. 96

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. There was not a significant effect on the District's financial statements as a result of the implementation of the standard.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2023, are classified in the accompanying financial statements as follows:

Governmental funds	$ 143,368,021
Proprietary funds	6,985,026
Total deposits and investments	$ 150,353,047

Cash on hand and in banks	$ 32,672
Cash with fiscal agent	75,000
Cash in revolving	10,000
Investments	150,235,375
Total deposits and investments	$ 150,353,047

Policies and Practices

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

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

Investment in the State Investment Pool - The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California government code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in the pool is reported in the accompanying financial statement at amounts based upon the District's pro-rata share of the amortized costs which approximate fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on the amortized cost basis.

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by depositing substantially all of its funds in county and state investment pools.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following schedule that shows the distribution of the District's investments by maturity:

Investment Type	Reported Amount	12 Months or Less
State Investment Pool	$ 25,140	$ 25,140
County Pool	150,210,235	150,210,235
Total	$ 150,235,375	$ 150,235,375

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2023, all of the District's investments are not rated.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. The District does not have any significant exposure to custodial credit risk.

Note 3 - 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 inputs – quoted prices in active markets for identical assets.
- Level 2 inputs – quoted prices in active or inactive for the same or similar assets.
- Level 3 inputs – estimates using the best information available when there is little or no market.

As of June 30, 2023, the District's investments in the Santa Clara County Treasury Investment Pool and State Investment Pools are uncategorized.

Note 4 - Receivables

Receivables, other than lease receivables, at June 30, 2023, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total	Proprietary Funds
Federal Government						
Categorical aid	$ 2,161,635	$ -	$ -	$ 905,920	$ 3,067,555	$ -
State Government						
LCFF apportionment	256,398	-	-	-	256,398	-
Categorical aid	2,234,961	-	-	798,332	3,033,293	-
Lottery	405,093	-	-	-	405,093	-
Local Government						
Interest	565,088	324,617	113,344	151,765	1,154,814	46,110
Other local sources	399,514	-	-	-	399,514	-
Total	$ 6,022,689	$ 324,617	$ 113,344	$ 1,856,017	$ 8,316,667	$ 46,110

Note 5 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Governmental Activities				
Capital assets not being depreciated				
Land	$ 1,098,117	$ -	$ -	$ 1,098,117
Construction in progress	4,933,249	19,616,846	(4,047,505)	20,502,590
Total capital assets not being depreciated	6,031,366	19,616,846	(4,047,505)	21,600,707
Capital assets being depreciated				
Buildings and improvements	348,347,791	4,047,505	-	352,395,296
Furniture and equipment	5,617,350	369,372	(58,235)	5,928,487
Total capital assets being depreciated	353,965,141	4,416,877	(58,235)	358,323,783
Total capital assets	359,996,507	24,033,723	(4,105,740)	379,924,490
Accumulated depreciation				
Buildings and improvements	(134,937,721)	(7,201,566)	-	(142,139,287)
Furniture and equipment	(4,199,927)	(368,168)	47,332	(4,520,763)
Total accumulated depreciation	(139,137,648)	(7,569,734)	47,332	(146,660,050)
Governmental activities capital assets, net	$ 220,858,859	$ 16,463,989	$ (4,058,408)	$ 233,264,440

Depreciation and amortization expenses was charged as a direct expense to governmental functions as follows:

Governmental Activities	
Instruction	$ 4,745,996
Supervision of instruction	390,684
Instructional library, media, and technology	154,037
School site administration	590,329
Home-to-school transportation	55,592
Food services	258,476
All other pupil services	414,853
Anciliary services	8,397
Community services	38,335
All other administration	460,096
Plant services	452,939
Total depreciation and amortization expenses governmental activities	$ 7,569,734

Note 6 - Leases Receivable

The District has entered into lease agreements with various lessees. The lease receivable is summarized below:

	Outstanding July 1, 2022	Addition	Receipts	Outstanding June 30, 2023
Lease Receivable				
San Jose Christian School	$ 4,589,244	$ -	$ (673,192)	$ 3,916,052
Canyon Heights Academy	8,369,095	-	(416,214)	7,952,881
Home Depot	10,083,470	-	(913,777)	9,169,693
	$ 23,041,809	$ -	$ (2,003,183)	$ 21,038,626

The District leases a portion of its facilities to San Jose Christian School Dover campus. This lease is non-cancelable for a period of seven years. During the fiscal year, the District recognized $744,603 in lease revenue and $115,619 in interest revenue related to these agreements. As of June 30, 2023, the District recorded $3,916,052 in lease receivables and $3,723,016 in deferred inflows of resources for this arrangement. The District used an interest rate of 2.7%, based on the State and Local Government Series (SLGS) rates over the same time periods.

The District leases a portion of its facilities to Canyon Heights Academy Hazelwood campus. This lease is non-cancelable for a period of 157 months. During the fiscal year, the District recognized $670,311 in lease revenue and $416,214 in interest revenue related to these agreements. As of June 30, 2023, the District recorded $7,952,881 in lease receivables and $7,429,282 in deferred inflows of resources for this arrangement. The District used an interest rate of 3.17%, based on SLGS rates over the same time periods.

The District leases a portion of its facilities to Home Depot. This lease is non-cancelable for a period of ten years. During the fiscal year, the District recognized $1,048,222 in lease revenue and $288,074 in interest revenue related to these agreements. As of June 30, 2023, the District recorded $9,169,693 in lease receivables and $8,997,242 in deferred inflows of resources for this arrangement. The District used an interest rate of 2.98%, based on SLGS rates over the same time periods.

The remaining principal payments on the receivable associated with these leases as of June 30, 2023, are as follows:

	Lease Revenue			
Year Ending June 30,	San Jose Christian	Canyon Heights	Home Depot	Total
2024	$ 707,569	$ 457,017	$ 941,382	$ 2,105,968
2025	743,204	500,230	969,822	2,213,256
2026	780,139	545,973	999,121	2,325,233
2027	818,416	594,373	1,029,304	2,442,093
2028	866,724	645,564	1,060,400	2,572,688
2029-2033	-	4,103,449	4,169,664	8,273,113
2034-2035	-	1,106,275	-	1,106,275
Total	$ 3,916,052	$ 7,952,881	$ 9,169,693	$ 21,038,626

Note 7 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2023, between major and non-major governmental funds are as follows:

	Due From
Due To	General Fund
Non-Major Governmental Funds	$ 69,492

All balances resulted from the time lag between that date (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Operating Transfers

Interfund transfers for the year ended June 30, 2023, consisted of following:

Transfer To	Transfer From: General Fund	Transfer From: Building Fund	Total
General Fund	$ -	$ 600,000	$ 600,000
Non-Major Governmental Funds	63,500	1,000,000	1,063,500
Total	$ 63,500	$ 1,600,000	$ 1,663,500

The General Fund transferred to the Building Fund for capital project funding.	$ 600,000
The Capital Facilities Fund transferred to the Building Fund for capital project funding.	1,000,000
The Child Development Fund transferred reimbursements to the General fund.	63,500
Total	$ 1,663,500

Note 8 - Deferred Charge on Refunding

Deferred outflows of resources are a consumption of net position by the District that is applicable to a future reporting period. For governmental activities, the net investment in capital assets amount of $36,652,965 includes the effect of deferring the recognition of loss from advance refunding. The $67,886 balance of the deferred charge on refunding at June 30, 2023 will be recognized as an expense and as a decrease in net position over the remaining life of related bonds.

Deferred charge on refunding at June 30, 2023 consisted of the following:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due in One Year
Loss on refunding	$ 155,461	$ -	$ (87,575)	$ 67,886	$ 5,744

Note 9 - Accounts Payable

Accounts payable at June 30, 2023, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Total	Proprietary Funds
Vendor payables	$ 2,134,032	$ 1,216,748	$ 1,120,372	$ 4,471,152	$ 42,351
State LCFF apportionment	328,273	-	-	328,273	-
Salaries and benefits	969,862	61,126	149,742	1,180,730	-
In lieu tax to charter schools	1,629,608	-	-	1,629,608	-
Total	$ 5,061,775	$ 1,277,874	$ 1,270,114	$ 7,609,763	$ 42,351

Note 10 - Unearned Revenue

Unearned revenue at June 30, 2023, consisted of the following:

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	$ 958,218	$ -	$ 958,218
State categorical aid	3,132,733	50,548	3,183,281
Other local	806,902	13,900	820,802
Total	$ 4,897,853	$ 64,448	$ 4,962,301

Note 11 - Long-Term Liabilities Other than OPEB and Pensions

Summary

The changes in the District's long-term liabilities other than OPEB and pensions during the year was as follows:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 248,039,882	$ 542,104	$ (17,600,000)	$ 230,981,986	$ 9,865,000
Clean Energy loan	4,370,712	-	(402,998)	3,967,714	402,999
Construction loan	1,890,000	-	(315,000)	1,575,000	345,000
Unamortized premiums	6,570,019	-	(677,363)	5,892,656	548,210
Compensated absences	459,323	137,323	(387,106)	209,540	104,770
Claims liability	3,897,000	910,380	(717,380)	4,090,000	836,000
Total	$ 265,226,936	$ 1,589,807	$ (20,099,847)	$ 246,716,896	$ 12,101,979

Payments on the general obligation bonds are made by the bond interest and redemption fund. Payments on the clean energy loan and construction loan will be made from the building fund. The accrued vacation will be paid by the fund for which the employee worked.

General Obligation Bonds

The outstanding general obligation bonded debt was as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2021	Issued	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2022
8/10	8/1/35	5.50%-4.00%	$ 24,999,924	$ 45,795,000	$ -	$ -	$ -	$ 45,795,000
8/11	8/1/27	5.40%	22,500,000	22,500,000	-	-	(2,980,000)	19,520,000
8/11	8/1/40	6.87%-6.92%	2,499,400	6,244,882	-	542,104	-	6,786,986
7/11	8/1/31	4.50%-5.00%	24,550,000	1,435,000	-	-	(1,435,000)	-
3/14	8/1/30	2.25%-3.00%	4,970,000	3,220,000	-	-	(325,000)	2,895,000
3/14	8/1/43	4.00%-5.00%	16,000,000	15,500,000	-	-	-	15,500,000
4/15	8/1/36	2.00%-5.00%	39,980,000	37,040,000	-	-	(815,000)	36,225,000
4/15	8/1/43	3.375%-3.50%	15,000,000	15,000,000	-	-	-	15,000,000
2/17	8/1/47	3.00%-5.00%	8,000,000	4,400,000	-	-	-	4,400,000
2/17	8/1/47	3.00%-5.00%	20,000,000	20,000,000	-	-	-	20,000,000
6/18	8/1/49	1.35%-3.625%	18,000,000	17,200,000	-	-	-	17,200,000
6/18	8/1/49	1.35%-3.625%	6,000,000	2,650,000	-	-	-	2,650,000
11/19	8/1/47	2.00%-5.00%	6,000,000	3,150,000	-	-	-	3,150,000
11/19	8/1/50	2.00%-5.00%	24,000,000	22,650,000	-	-	(100,000)	22,550,000
6/22	8/1/22	5.00%	10,000,000	10,000,000	-	-	(10,000,000)	-
6/22	8/1/48	4.00%-5.00%	8,000,000	8,000,000	-	-	(1,695,000)	6,305,000
6/22	8/1/31	5.00%	13,255,000	13,255,000	-	-	(250,000)	13,005,000
				$ 248,039,882	$ -	$ 542,104	$ (17,600,000)	$ 230,981,986

The bonds mature through 2051 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2024	$ 9,865,000	$ 9,647,307	$ 19,512,307
2025	7,615,000	9,203,902	16,818,902
2026	7,510,000	8,817,958	16,327,958
2027	7,975,000	8,422,148	16,397,148
2028	8,400,000	8,002,596	16,402,596
2029-2033	39,007,023	44,936,087	83,943,110
2034-2038	37,274,999	44,383,691	81,658,690
2039-2043	32,627,302	22,114,361	54,741,663
2044-2048	39,070,000	6,100,540	45,170,540
2049-2051	16,555,000	620,069	17,175,069
Sub-Total	205,899,324	$ 162,248,658	$ 368,147,982
Accretion to Date	25,082,662		
Total	$ 230,981,986		

Clean Energy Loan – Direct Borrowing

During 2015-2016, the District obtained a $6,397,816 interest free clean energy loan from California Energy Resources Conservation and Development Commission for the District's solar projects. The clean energy loan matures through 2035 as follows:

Year Ending June 30,	Principal
2024	$ 402,999
2025	402,999
2026	402,999
2027	402,999
2028	399,579
2029-2033	1,677,155
2034-2035	278,984
Total	$ 3,967,714

Construction Loan- Direct Borrowing

During 2012-2013, the District obtained a loan agreement with Green Campus Partners, LLC in the amount of $3,500,000. The loan has a fixed interest rate of 1.375%. The construction loan matures through 2027 as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 345,000	$ 40,906	$ 385,906
2025	375,000	31,281	406,281
2026	410,000	20,694	430,694
2027	445,000	9,144	454,144
Total	$ 1,575,000	$ 102,025	$ 1,677,025

Note 12 - Net Other Postemployment Benefit (OPEB) Liability

Net Other Post Employment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2023, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plan:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense (Credit)
District Plan	$ 7,833,256	$ 3,298,778	$ 1,405,658	$ 422,417

Plan Administration

The District's retiree healthcare plan (the Plan) is provided through California Employers' Retirement Benefit Trust (CERBT), an agent multiple-employer defined benefit healthcare program administered by CalPERS. The Plan is a defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. The District's plan was administered through CalPERS. CalPERS issues a publicly available entity-wide financial report that includes financial statements and required supplementary information pertaining to CERBT. This report is on the CalPERS website at: http://www.calpers.ca.gov.

Management of the Plan is vested in District management. Management of the trustee assets is vested with CalPERS.

Plan Membership

At June 30, 2021, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	196
Active employees	703
Total	899

Benefits Provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. Employees receive a contribution amount at least equal to the CalPERS Public Employee Medical and Hospital Care Act (PEMHCA). The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District, the Teacher Education Association (TEA), the local California Service Employees Association (CSEA), and unrepresented groups. Voluntary contributions based on projected pay-as-you-go financing requirements, and any additional amounts to prefund benefits with the District, TEA, CSEA, and the unrepresented groups are based on availability of funds. The District contributed $1,881,802 for the year ended June 30, 2023.

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%	
Salary increases	3.00%	average, including inflation
Discount rate	6.50%	
Investment rate of return	6.50%	net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	4.00%	per year

Mortality rates are taken from the 2020 CalSTRS valuation for certificated employees and the 2017 CalPERS valuation for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer. The discount rate used to measure the total OPEB liability was 6.5%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates.

Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total OPEB liability.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, July 1, 2021	$ 18,492,066	$ 11,310,795	$ 7,181,271
Service cost	836,429	-	836,429
Interest	1,142,183	-	1,142,183
Changes of benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions and other inputs	-	-	-
Employer contributions	-	2,840,029	(2,840,029)
Net investment income	-	(1,507,893)	1,507,893
Benefit payments	(1,840,029)	(1,840,029)	-
Administrative expense	-	(5,509)	5,509
Net change in total OPEB liability	$ 138,583	$ (513,402)	$ 651,985
Balance, June 30, 2022 (measurement date)	$ 18,630,649	$ 10,797,393	$ 7,833,256

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 percent lower (5.5%) or one percent higher (7.5%) than the current interest rate:

Discount Rate	Net OPEB Liability
1% decrease (5.5%)	$ 10,453,005
Current discount rate (6.5%)	7,833,256
1% increase (7.5%)	5,678,677

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 percent lower (3%) or higher (5%) than the current healthcare costs trend rates:

Healthcare Cost Trend Rates	Net OPEB Liability
1% decrease (3%)	$ 5,642,151
Current healthcare cost trend rate (4%)	7,833,256
1% increase (5%)	10,507,720

Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB

At June 30, 2023, the District reported deferred outflows of resources for OPEB contributions subsequent to measurement date of $1,881,802 which will be recognized as an OPEB expense in the subsequent year.

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 1,881,802	$ -
Differences between expected and actual experience	-	1,271,024
Changes of assumptions	591,030	134,634
Net difference between projected and actual earnings on OPEB plan investments	825,946	-
Total	$ 3,298,778	$ 1,405,658

The deferred outflows of resources for OPEB contributions subsequent to measurement date will be recognized as reduction of the net OPEB liability in the subsequent fiscal year. The remaining deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 40,383
2025	47,863
2026	2,814
2027	353,150
2028	(95,434)
Thereafter	(337,458)
Total	$ 11,318

Note 13 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total
Nonspendable					
Revolving cash	$ 10,000	$ -	$ -	$ -	$ 10,000
Stores inventories	-	-	-	189,440	189,440
Prepaid expenditures	11,770	-	-	-	11,770
Lease receivable	1,750,639	-	-	-	1,750,639
Total nonspendable	1,772,409	-	-	189,440	1,961,849
Restricted					
Educational programs	17,375,963	-	-	6,133,490	23,509,453
Food service	-	-	-	3,880,322	3,880,322
Capital projects	-	37,195,094	-	1,627,068	38,822,162
Debt services	-	-	22,373,340	9,737,593	32,110,933
Total restricted	17,375,963	37,195,094	22,373,340	21,378,473	98,322,870
Unassigned					
Reserve for economic uncertainties	3,163,456	-	-	-	3,163,456
Stimulus Replacement	1,500,000	-	-	-	1,500,000
Basic Aid 17% Reserve	19,179,663	-	-	-	19,179,663
Other assignment	54,179	-	-	-	54,179
Remaining unassigned	16,020,905	-	-	-	16,020,905
Total unassigned	39,918,203	-	-	-	39,918,203
Total	$ 59,066,575	$ 37,195,094	$ 22,373,340	$ 21,567,913	$ 140,202,922

Note 14 - 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, 2023, the District contracted with South Bay Area Schools Insurance Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Employee Medical Benefits

The District has contracted with CalPERS to provide employee health benefits. The rates are set through an annual calculation process.

Workers' Compensation

The District is self-insured for Workers' Compensation. The District's workers' compensation activities are recorded in the Internal Service Fund. The purpose of the fund is to administer workers' compensation on a cost reimbursement basis.

For fiscal year 2023, the District participated in the CSAC Excess Insurance Authority, an insurance purchasing pool. The intent of the CSAC Excess Insurance Authority is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the CSAC Excess Insurance Authority. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the CSAC Excess Insurance Authority. Each participant pays its workers' compensation premium based on its individual rate. A participant will then either receive money from or be required to contribute to the "equity-pooling fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the CSAC Excess Insurance Authority. Participation in the CSAC Excess Insurance Authority is limited to districts that can meet the CSAC Excess Insurance Authority selection criteria.

Claims Liabilities

The District records an estimated liability for workers' compensation. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based on historical experience.

Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represents the changes in approximate aggregate liabilities for the District from July 1, 2021 to June 30, 2023:

	Workers' Compensation
Liability Balance, June 30, 2021	$ 3,233,000
Claims and changes in estimates	1,333,543
Claims payments	(669,543)
Liability Balance, June 30, 2022	3,897,000
Claims and changes in estimates	910,380
Claims payments	(717,380)
Liability Balance, June 30, 2023	$ 4,090,000
Assets available to pay claims at June 30, 2023	$ 6,985,026

Note 15 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2023 the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 52,517,177	$ 12,164,064	$ 9,046,770	$ 3,810,716
CalPERS	42,205,488	14,065,938	2,417,702	4,607,684
Total	$ 94,722,665	$ 26,230,002	$ 11,464,472	$ 8,418,400

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at:
http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

The STRP provisions and benefits in effect at June 30, 2023, are summarized as follows:

	STRP Defined Benefit Program	
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 employee contribution rate	10.25%	10.205%
Required employer contribution rate	19.10%	19.10%
Required state contribution rate	10.828%	10.828%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the District's total contributions were $8,879,202.

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

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share	
Proportionate share of net pension liability	$ 52,517,177
State's proportionate share of the net pension liability	26,300,397
Total	$ 78,817,574

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively was 0.0756% and 0.0737%, resulting in a net increase in the proportionate share of 0.0019%.

For the year ended June 30, 2023, the District recognized pension expense of $3,810,716. In addition, the District recognized pension expense and revenue of $2,121,110 for support provided by the State. At June 30, 2023, 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	$ 8,879,202	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	637,312	2,540,885
Differences between projected and actual earnings on pension plan investments	-	2,568,193
Differences between expected and actual experience in the measurement of the total pension liability	43,080	3,937,692
Changes of assumptions	2,604,470	-
Total	$ 12,164,064	$ 9,046,770

The deferred outflow 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 are amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred (Inflows) of Resources
2024	$ (1,886,528)
2025	(2,043,734)
2026	(3,070,103)
2027	4,432,172
Total	$ (2,568,193)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 1,126,193
2025	(1,035,940)
2026	(1,231,624)
2027	(1,025,332)
2028	(883,716)
Thereafter	(143,296)
Total	$ (3,193,715)

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2022, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public Equity	42%	4.8%
Real estate	15%	3.6%
Private equity	13%	6.3%
Fixed income	12%	1.3%
Risk mitigating strategies	10%	1.8%
Inflation sensitive	6%	3.3%
Cash/liquidity	2%	-0.4%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 89,193,645
Current discount rate (7.10%)	52,517,177
1% increase (8.10%)	22,064,682

California Public Employees Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan(s) regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021 annual actuarial valuation report, Schools Pool Actuarial Valuation. These reports and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2023, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	25.37%	25.37%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the total District contributions were $5,263,822.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $42,205,488. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively was 0.1227% and 0. 1203%, resulting in a net increase in the proportionate share of 0.0024%.

For the year ended June 30, 2023, the District recognized pension expense of $4,607,684. At June 30, 2023, 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	$ 5,263,822	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	505,930	1,367,575
Differences between projected and actual earnings on pension plan investments	4,983,320	-
Differences between expected and actual experience in the measurement of the total pension liability	190,744	1,050,127
Changes of assumptions	3,122,122	-
Total	$ 14,065,938	$ 2,417,702

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 831,060
2025	737,092
2026	376,515
2027	3,038,653
Total	$ 4,983,320

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2024	$ 210,035
2025	445,099
2026	762,249
2027	(16,289)
Total	$ 1,401,094

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

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

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity - cap-weighted	30%	4.45%
Global Equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (5.90%)	$ 60,967,964
Current discount rate (6.90%)	42,205,488
1% increase (7.90%)	26,698,990

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $4,219,114 (10.828% of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

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 to cover part-time employees as its alternative plan.

Note 16 - Commitments and Contingencies

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2023.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2023.

Construction Commitments

The District had construction commitments for various school sites in the amount of approximately $18.4 million as of June 30, 2023.

Note 17 - Participation in Public Entity Risk Pools, Joint Power Authorities and Other Related Party Transactions

The District is a member of the South Bay Area School Insurance Authority (SBASIA), the Self-Insured Schools of California (SISC) and the West Valley Schools Transportation Agency joint powers authority (WVSTA). The District pays an annual premium to the applicable entity for its health, worker's compensation, property liability coverage, and transportation services. The relationships between the District, the pools, and the JPA's are such that they are not component units of the District for financial reporting purposes.

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

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Required Supplementary Information
June 30, 2023

Campbell Union School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ 85,129,279	$ 91,028,289	$ 91,381,424	$ 353,135
Federal sources	8,449,162	7,202,409	6,570,141	(632,268)
Other State sources	9,402,812	22,342,532	26,005,990	3,663,458
Other local sources	6,838,461	8,190,830	9,006,314	815,484
Total revenues	109,819,714	128,764,060	132,963,869	4,199,809
Expenditures				
Current				
Certificated salaries	45,783,434	47,967,692	48,063,381	(95,689)
Classified salaries	15,494,981	15,907,411	15,729,306	178,105
Employee benefits	27,898,714	28,767,490	28,699,026	68,464
Books and supplies	4,687,651	5,284,469	4,614,261	670,208
Services and operating expenditures	11,901,438	14,400,030	13,941,050	458,980
Other outgo	240,384	387,047	329,319	57,728
Capital outlay	140,432	826,893	845,200	(18,307)
Total expenditures	106,147,034	113,541,032	112,221,543	1,319,489
Excess (Deficiency) of Revenues Over Expenditures	3,672,680	15,223,028	20,742,326	5,519,298
Other Financing Sources (Uses)				
Transfers in	63,500	63,500	63,500	-
Transfers out	(200,000)	(600,000)	(600,000)	-
Net financing sources (uses)	(136,500)	(536,500)	(536,500)	-
Net Change in Fund Balances	3,536,180	14,686,528	20,205,826	5,519,298
Fund Balance - Beginning	38,806,569	38,806,569	38,806,569	-
Fund Balance - Ending	$ 42,342,749	$ 53,493,097	59,012,395	$ 5,519,298
Special Reserve Fund Balance			54,180	
Fund Balance - Ending (GAAP Basis)			$ 59,066,575	

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	$ 836,429	$ 955,581	$ 927,749	$ 414,376	$ 402,307	$ 390,589
Interest	1,142,183	1,281,224	1,198,831	513,122	495,796	474,953
Changes of benefit terms	-	(2,366,433)	-	10,809,789	-	-
Expected and actual experience differences	-	(1,384,754)	-	(224,114)	-	-
Changes of assumptions	-	733,446	-	(194,474)	-	-
Benefit payments	(1,840,029)	(876,280)	(841,716)	(696,944)	(566,129)	(523,642)
Net change in total OPEB liability	138,583	(1,657,216)	1,284,864	10,621,755	331,974	341,900
Total OPEB Liability - Beginning	18,492,066	20,149,282	18,864,418	8,242,663	7,910,689	7,568,789
Total OPEB Liability - Ending (a)	$ 18,630,649	$ 18,492,066	$ 20,149,282	$ 18,864,418	$ 8,242,663	$ 7,910,689
Plan Fiduciary Net Position						
Contributions - employer	$ 2,840,029	$ 1,876,280	$ 886,716	$ 1,346,944	$ 1,827,167	$ 1,483,175
Net investment income	(1,507,893)	2,274,158	276,569	466,784	100,937	432,679
Benefit payments	(1,840,029)	(876,280)	(841,716)	(696,944)	(566,129)	(523,642)
Administrative expense	(5,509)	(3,130)	(3,776)	(1,508)	(2,892)	(2,090)
Net change in plan fiduciary net position	(513,402)	3,271,028	317,793	1,115,276	1,359,083	1,390,122
Plan Fiduciary Net Position - Beginning	11,310,795	8,039,767	7,721,974	6,606,698	5,247,615	3,857,493
Plan Fiduciary Net Position - Ending (b)	$ 10,797,393	$ 11,310,795	$ 8,039,767	$ 7,721,974	$ 6,606,698	$ 5,247,615
Net OPEB Liability - Ending (a) - (b)	$ 7,833,256	$ 7,181,271	$ 12,109,515	$ 11,142,444	$ 1,635,965	$ 2,663,074
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	57.96%	61.17%	39.90%	40.93%	80.15%	66.34%
Covered Payroll	$ 62,695,086	$ 59,962,998	$ 60,844,638	$ 59,758,691	$ 55,351,549	$ 56,326,859
Net OPEB Liability as a Percentage	12.49%	11.98%	19.90%	18.65%	2.96%	4.73%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	$ 1,881,802	$ 876,280	$ 841,716	$ 696,944	$ 566,129	$ 523,642
Contribution in relation to the actuarially determined contribution	1,881,802	1,876,280	886,716	1,346,944	1,827,167	1,483,175
Contribution deficiency (excess)	$ -	$ (1,000,000)	$ (45,000)	$ (650,000)	$ (1,261,038)	$ (959,533)
Covered payroll	$ 69,519,463	$ 62,695,086	$ 59,962,998	$ 60,844,638	$ 59,758,691	$ 55,351,549
Contributions as a percentage of covered payroll	2.71%	1.40%	1.40%	1.15%	0.95%	0.95%

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

	2023	2022	2021	2020	2019
CalSTRS					
Proportion of the net pension liability	0.0756%	0.0737%	0.0757%	0.7640%	0.0765%
Proportionate share of the net pension liability	$ 52,517,177	$ 33,546,394	$ 73,348,175	$ 68,975,115	$ 70,324,853
State's proportionate share of the net pension liability	26,300,397	16,879,244	37,810,993	37,630,530	40,264,268
Total	$ 78,817,574	$ 50,425,638	$ 111,159,168	$ 106,605,645	$ 110,589,121
Covered payroll	$ 42,309,592	$ 42,565,258	$ 40,613,626	$ 41,488,397	$ 40,785,752
Proportionate share of the net pension liability as a percentage of its covered payroll	124.13%	78.81%	180.60%	166.25%	172.43%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
CalPERS					
Proportion of the net pension liability	0.1227%	0.1203%	0.1264%	0.1290%	0.1312%
Proportionate share of the net pension liability	$ 42,205,488	$ 24,462,275	$ 38,789,103	$ 37,592,537	$ 34,985,499
Covered payroll	$ 18,195,099	$ 17,397,740	$ 18,169,773	$ 17,861,981	$ 17,323,398
Proportionate share of the net pension liability as a percentage of its covered payroll	231.96%	140.61%	213.48%	210.46%	201.96%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

	2018	2017	2016	2015
CalSTRS				
Proportion of the net pension liability	0.0747%	0.0751%	0.0780%	7.8710%
Proportionate share of the net pension liability	$ 69,071,700	$ 60,712,416	$ 52,477,611	$ 45,998,651
State's proportionate share of the net pension liability	40,862,234	34,562,496	27,754,871	27,775,972
Total	$ 109,933,934	$ 95,274,912	$ 80,232,482	$ 73,774,623
Covered payroll	$ 40,033,641	$ 37,612,479	$ 36,532,455	$ 34,992,947
Proportionate share of the net pension liability as a percentage of its covered payroll	172.53%	161.42%	143.65%	131.45%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS				
Proportion of the net pension liability	0.1278%	0.1192%	0.1163%	0.1134%
Proportionate share of the net pension liability	$ 30,513,733	$ 23,543,713	$ 17,145,131	$ 12,876,020
Covered payroll	$ 16,290,596	$ 14,336,743	$ 12,520,075	$ 12,310,080
Proportionate share of the net pension liability as a percentage of its covered payroll	187.31%	164.22%	136.94%	104.60%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	2023	2022	2021	2020	2019
CalSTRS					
Contractually required contribution	$ 8,879,202	$ 7,146,076	$ 6,656,181	$ 6,944,930	$ 6,754,311
Less contributions in relation to the contractually required contribution	8,879,202	7,146,076	6,656,181	6,944,930	6,754,311
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 46,496,163	$ 42,309,592	$ 42,565,258	$ 40,613,626	$ 41,488,397
Contributions as a percentage of covered payroll	19.10%	16.89%	15.64%	17.10%	16.28%
CalPERS					
Contractually required contribution	$ 5,263,822	$ 4,325,699	$ 3,592,473	$ 3,583,261	$ 3,226,231
Less contributions in relation to the contractually required contribution	5,263,822	4,325,699	3,592,473	3,583,261	3,226,231
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 20,803,174	$ 18,195,099	$ 17,397,740	$ 18,169,773	$ 17,861,981
Contributions as a percentage of covered payroll	25.30%	23.77%	20.65%	19.72%	18.06%

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

	2018	2017	2016	2015
CalSTRS				
Contractually required contribution	$ 5,885,384	$ 5,036,232	$ 4,035,819	$ 3,244,082
Less contributions in relation to the contractually required contribution	5,885,384	5,036,232	4,035,819	3,244,082
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 40,785,752	$ 40,033,641	$ 37,612,479	$ 36,532,455
Contributions as a percentage of covered payroll	14.43%	12.58%	10.73%	8.88%
CalPERS				
Contractually required contribution	$ 2,690,497	$ 2,262,438	$ 1,698,474	$ 1,473,738
Less contributions in relation to the contractually required contribution	2,690,497	2,262,438	1,698,474	1,473,738
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 17,323,398	$ 16,290,596	$ 14,336,743	$ 12,520,075
Contributions as a percentage of covered payroll	15.53%	13.89%	11.85%	11.77%

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

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 State of America as prescribed by the Governmental Accounting Standards Board and provisions of the *California Education Code* except that the General fund budget presented does not include the inclusion of the Special Reserve for Other Than Capital Outlays fund. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

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

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

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

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

- *Changes in Benefit Terms* – The District changed its benefit term from lifetime to not paying PEMHCA benefits for CSEA employees who retire on or after July 1, 2020, and for management who hired on or after July, 2021. In addition, the District cap the benefit to $12,203 for management hired prior to July, 2021.

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

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* – There were no changes in economic assumptions for the CalSTRS plan from the previous valuations. The CalPERS plan rate of investment return assumption was changed from 7.15% to 6.90% since the previous valuation.

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Supplementary Information
June 30, 2023

Campbell Union School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education:			
Special Education Cluster:			
Special Education Grants to States	84.027	13379	$ 1,382,824
Special Education Grants to States	84.027	10169	2,761
Special Education Grants to States	84.027	10115	6,929
Special Education Grants to States	84.027	15197	76,433
COVID-19 Special Education Grants to States	84.027	15638	203,944
Special Education Preschool Grants	84.173	13430	63,019
Special Education Preschool Grants	84.173	13431	1,053
Special Education Preschool Grants	84.173	15639	43,330
Total Special Education Cluster			1,780,293
COVID-19 Education Stabilization Fund - ESSER III	84.425U	15652	144,690
COVID-19 Education Stabilization Fund - ESSER II	84.425D	15566	11,046
COVID-19 Education Stabilization Fund - ESSER II	84.425D	15547	352,360
COVID-19 Education Stabilization Fund - ESSER II	84.425D	15618	491,154
COVID-19 Education Stabilization Fund - ESSER III	84.425U	15559	1,151,071
COVID-19 Governor's Emergency Education Relief Fund - GEER II	84.425C	15619	148,601
COVID-19 Education Stabilization Fund - ESSER III	84.425U	15620	422,075
COVID-19 Education Stabilization Fund - ESSER III	84.425U	15621	727,586
Total Education Stablization Fund			3,448,583
Title I, Basic Grants to Local Educational Agencies	84.010	14329	794,177
Title II, Supporting Effective Instruction State Grants	84.367	14341	197,056
Title III, English Language Acquisition State Grants	84.365	14346	298,284
Student Support and Academic Enrichment Program	84.424	15396	51,747
Total U.S. Department of Education			6,570,140
U.S. DEPARTMENT OF AGRICULTURE			
Passed through California Department of Education:			
Child Nutrition Cluster			
National School Lunch Program	10.555	13391	1,570,574
School Breakfast Program	10.553	13526	470,830
National School Lunch Program	10.555	15655	155,520
School Breakfast Program	10.553	13390	129,855
Total Child Nutrition Cluster			2,326,779
Child and Adult Care Food Program	10.558	13666	308,726
COVID-19 Child and Adult Care Food Program	10.558	15577	22,982
Total Child and Adult Care Food Program			331,708
Total U.S. Department of Agriculture			2,658,487

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance/ Federal CFDA Number	Pass-Through Grant Number	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through California Department of Education:			
Child Care and Development Fund Cluster			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	13609	272,720
Child Care and Development Block Grant	93.575	10163	5,768
COVID 19- Child Care and Development Block Grant	93.575	15641	344,510
Total Child Care and Development Fund Cluster			622,998
Total U.S. Department of Health and Human Services			622,998
Total Federal Financial Assistance			$ 9,851,625

Organization

The Campbell Union School District (the "District") established as an elementary school district on September 7, 1921, is located in the suburbs of Santa Clara County's Silicon Valley. The District encompasses a 14 square mile area and serves portions of Campbell, San Jose, Los Gatos, Monte Sereno, Saratoga, Santa Clara and an unincorporated area of Santa Clara County. The District maintains one middle school and eleven charter schools, a District Office, a Corporation Yard and three closed school sites. The District leases one site to The Home Depot, one site (Hazelwood) to Canyon Heights Academy and the third site (Dover) to San Jose Christian School. There were no boundary changes during the year.

Governing Board

Member	Office	Term Expires
Danielle M.S. Cohen	President	2026
Michael L. Snyder	Clerk	2024
Richard Nguyen	Member	2026
Chris Miller	Member	2026
William Slade	Member	2024

Administration

Dr. Shelly Viramontez	Superintendent
Nelly Yang	Assistant Superintendent, Administrative Services
Lena Bundtzen	Assistant Superintendent, Human Resources
Whitney Holton	Assistant Superintendent, Instructional Services

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	225.11	228.66
Fourth through sixth	110.92	111.11
Total Regular ADA	336.03	339.77
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.32	0.41
Fourth through sixth	6.72	6.36
Seventh and eighth	3.39	3.47
Total Special Education, Nonpublic, Nonsectarian Schools	10.43	10.24
Extended Special Education, Nonpublic, Nonsectarian Schools		
Fourth through sixth	0.82	0.82
Seventh and eighth	0.64	0.64
Total Extended Special Education, Nonpublic, Nonsectarian Schools	1.46	1.46
Total District ADA	347.92	351.47
Total Charter School ADA	5,517.16	5,539.73
Grand Total	5,865.08	5,891.20

CHARTER SCHOOLS	Sherman Oaks	Village	Lynhaven	Blackford	Castlemont	Capri	Forest Hill	Marshall Lane	Campbell Innovation	Monroe	Rolling Hills	Total
Second Period Report												
Classroom-Based												
Transitional kindergarten												
through third	258.62	131.39	312.18	233.65	280.76	292.54	370.87	271.69	363.93	-	-	2,515.63
Fourth through sixth	168.09	76.06	123.76	109.47	140.85	118.54	169.37	142.06	230.53	225.92	272.31	1,776.96
Seventh and eighth	92.11	-	-	-	-	-	-	-	127.40	451.92	549.32	1,220.75
Total Classroom-Based	518.82	207.45	435.94	343.12	421.61	411.08	540.24	413.75	721.86	677.84	821.63	5,513.34
Non Classroom-Based												
Transitional kindergarten through third	0.18	0.10	0.11	-	0.11	-	1.32	0.13	0.37	-	-	2.32
Fourth through sixth	0.05	0.18	-	0.18	-	-	0.37	-	0.18	0.04	0.18	1.18
Seventh and eighth	-	-	-	-	-	-	-	-	0.15	0.12	0.05	0.32
Total Non Classroom-Based	0.23	0.28	0.11	0.18	0.11	-	1.69	0.13	0.70	0.16	0.23	3.82
Total Charter School	519.05	207.73	436.05	343.30	421.72	411.08	541.93	413.88	722.56	678.00	821.86	5,517.16
Annual Report												
Classroom-Based												
Transitional kindergarten through third	259.86	132.21	317.38	238.69	281.80	296.03	371.43	271.59	364.96	-	-	2,533.95
Fourth through sixth	167.94	77.11	123.59	109.36	140.82	118.84	170.32	142.38	231.49	226.14	271.46	1,779.45
Seventh and eighth	92.23	-	-	-	-	-	-	-	127.46	454.13	549.30	1,223.12
Total Classroom-Based	520.03	209.32	440.97	348.05	422.62	414.87	541.75	413.97	723.91	680.27	820.76	5,536.52
Non Classroom-Based												
Transitional kindergarten through third	0.13	0.11	0.08	-	0.21	0.04	0.99	0.09	0.32	-	-	1.97
Fourth through sixth	0.03	0.13	0.08	0.16	0.04	-	0.35	-	0.18	0.07	-	1.04
Seventh and eighth	-	-	-	-	-	-	-	-	0.11	0.09	-	0.20
Total Non Classroom-Based	0.16	0.24	0.16	0.16	0.25	0.04	1.34	0.09	0.61	0.16	-	3.21
Total Charter School	520.19	209.56	441.13	348.21	422.87	414.91	543.09	414.06	724.52	680.43	820.76	5,539.73

Grade Level	1986-87 Minutes Requirement	2022-23 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
District (Rosemary Elementary School)					
Kindergarten	36,000	52,320	180	N/A	Complied
Grade 1	50,400	52,320	180	N/A	Complied
Grade 2	50,400	52,320	180	N/A	Complied
Grade 3	50,400	52,320	180	N/A	Complied
Grade 4	54,000	55,882	180	N/A	Complied
Grade 5	54,000	55,882	180	N/A	Complied
Sherman Oaks Charter Elementary School					
Kindergarten	36,000	56,735	180	N/A	Complied
Grade 1	50,400	52,235	180	N/A	Complied
Grade 2	50,400	52,235	180	N/A	Complied
Grade 3	50,400	52,235	180	N/A	Complied
Grade 4	54,000	55,757	180	N/A	Complied
Grade 5	54,000	55,757	180	N/A	Complied
Grade 6	54,000	55,807	180	N/A	Complied
Grade 7	54,000	55,807	180	N/A	Complied
Grade 8	54,000	55,807	180	N/A	Complied
Village Charter Elementary School					
Kindergarten	36,000	55,670	180	N/A	Complied
Grade 1	50,400	52,170	180	N/A	Complied
Grade 2	50,400	52,170	180	N/A	Complied
Grade 3	50,400	52,170	180	N/A	Complied
Grade 4	54,000	55,770	180	N/A	Complied
Grade 5	54,000	55,770	180	N/A	Complied
Lynhaven Charter Elementary School					
Kindergarten	36,000	55,795	180	N/A	Complied
Grade 1	50,400	52,195	180	N/A	Complied
Grade 2	50,400	52,195	180	N/A	Complied
Grade 3	50,400	52,195	180	N/A	Complied
Grade 4	54,000	55,795	180	N/A	Complied
Grade 5	54,000	55,795	180	N/A	Complied
Blackford Charter Elementary School					
Kindergarten	36,000	52,500	180	N/A	Complied
Grade 1	50,400	52,320	180	N/A	Complied
Grade 2	50,400	52,320	180	N/A	Complied
Grade 3	50,400	52,320	180	N/A	Complied
Grade 4	54,000	54,120	180	N/A	Complied
Grade 5	54,000	54,120	180	N/A	Complied

Grade Level	1986-87 Minutes Requirement	2022-23 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Castlemont Charter Elementary School					
Kindergarten	36,000	56,220	180	N/A	Complied
Grade 1	50,400	52,270	180	N/A	Complied
Grade 2	50,400	52,270	180	N/A	Complied
Grade 3	50,400	52,270	180	N/A	Complied
Grade 4	54,000	55,820	180	N/A	Complied
Grade 5	54,000	55,820	180	N/A	Complied
Capri Charter Elementary School					
Kindergarten	36,000	55,870	180	N/A	Complied
Grade 1	50,400	52,270	180	N/A	Complied
Grade 2	50,400	52,270	180	N/A	Complied
Grade 3	50,400	52,280	180	N/A	Complied
Grade 4	54,000	55,830	180	N/A	Complied
Grade 5	54,000	55,830	180	N/A	Complied
Forest Hill Charter Elementary School					
Kindergarten	36,000	55,690	180	N/A	Complied
Grade 1	50,400	52,090	180	N/A	Complied
Grade 2	50,400	52,090	180	N/A	Complied
Grade 3	50,400	52,090	180	N/A	Complied
Grade 4	54,000	55,765	180	N/A	Complied
Grade 5	54,000	55,765	180	N/A	Complied
Marshall Lane Charter Elementary School					
Kindergarten	36,000	55,645	180	N/A	Complied
Grade 1	50,400	52,045	180	N/A	Complied
Grade 2	50,400	52,045	180	N/A	Complied
Grade 3	50,400	52,045	180	N/A	Complied
Grade 4	54,000	55,645	180	N/A	Complied
Grade 5	54,000	55,645	180	N/A	Complied
Campbell School of Innovation					
Kindergarten	36,000	51,745	180	N/A	Complied
Grade 1	50,400	51,745	180	N/A	Complied
Grade 2	50,400	51,745	180	N/A	Complied
Grade 3	50,400	51,745	180	N/A	Complied
Grade 4	54,000	54,445	180	N/A	Complied
Grade 5	54,000	54,445	180	N/A	Complied
Grade 6	54,000	56,245	180	N/A	Complied
Grade 7	54,000	56,245	180	N/A	Complied
Grade 8	54,000	56,245	180	N/A	Complied

Grade Level	1986-87 Minutes Requirement	2022-23 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Monroe Charter Middle School					
Grade 6	54,000	59,565	180	N/A	Complied
Grade 7	54,000	59,565	180	N/A	Complied
Grade 8	54,000	59,565	180	N/A	Complied
Rolling Hills Charter Middle School					
Grade 6	54,000	61,628	180	N/A	Complied
Grade 7	54,000	61,628	180	N/A	Complied
Grade 8	54,000	61,628	180	N/A	Complied

The District and its charter schools did not file J-13A during 2022-23.

Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	General Fund	Special Reserve Other than Capital Outlays Fund
Fund Balance		
Balance, June 30, 2023, Unaudited Actuals	$ 59,012,395	$ 54,180
The Special Reserve-Other Fund is combined with General Fund in the Audit Report	54,180	(54,180)
Balance, June 30, 2023, Financial Statement	$ 59,066,575	$ -

	(Budget) 2024 [1]	2023	2022	2021
General Fund				
Revenues	$ 113,329,195	$ 132,964,973	$ 109,225,568	$ 106,747,191
Other sources	720,000	63,500	63,500	-
Total Revenues and Other Sources	114,049,195	133,028,473	109,289,068	106,747,191
Expenditures	117,518,541	112,221,543	99,657,229	92,678,391
Other uses and transfers out	600,000	600,000	600,000	5,924,500
Total Expenditures and Other Uses	118,118,541	112,821,543	100,257,229	98,602,891
Increase/(Decrease) in Fund Balance	(4,069,346)	20,206,930	9,031,839	8,144,300
Ending Fund Balance	$ 54,997,229	$ 59,066,575	$ 38,859,645	$ 29,827,806
Available Reserves [2]	$ 23,411,516	$ 19,184,361	$ 10,643,824	$ 14,904,057
Available Reserves as a Percentage of Total Outgo	19.82%	17.00%	10.62%	15.12%
Long-Term Liabilities	$ 337,170,838	$ 349,272,817	$ 330,416,876	$ 381,511,058
K-12 Average Daily Attendance at P-2	5,824	5,865	5,844	6,729

The General Fund balance has increased by $29,238,769 over the past two years. The fiscal year 2023-2024 budget projects a decrease of $4,069,346. For a district 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 incurred operating surpluses in all of the past three years and anticipates incurring an operating deficit during the 2023-2024 fiscal year. Total long-term liabilities have decreased by $32,238,241 over the past two years. Average daily attendance has decreased by 864 over the past two years. Additional decrease of 46 ADA is anticipated during fiscal year 2023-2024.

[1] Financial information for 2024, 2022, and 2021 are included for analytical purposes only and has not been subjected to audit.

[2] Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with General Fund and the Special Reserve Fund for Other Than Capital Outlay Projects.

Charter Number	Name of Charter School	Included in Audit Report
0993	Blackford Charter Elementary School	Yes
1969	Campbell School of Innovation	Yes
0886	Capri Charter Elementary School	Yes
0866	Castlemont Charter Elementary School	Yes
0997	Forest Hill Charter Elementary School	Yes
0865	Lynhaven Charter Elementary School	Yes
0984	Marshall Lane Charter Elementary School	Yes
0899	Monroe Charter Middle School	Yes
0887	Rolling Hills Charter Middle School	Yes
0304	Sherman Oaks Charter Elementary School	Yes
0817	Village Charter Elementary School	Yes

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Debt Service Fund	Non-Major Governmental Funds
Assets						
Deposits and investments	$ 22,172	$ 7,224,371	$ 2,409,835	$ 1,610,892	$ 9,659,240	$ 20,926,510
Receivables	-	120,466	1,641,022	16,176	78,353	1,856,017
Stores inventories	-	-	189,440	-	-	189,440
Total assets	$ 22,172	$ 7,344,837	$ 4,240,297	$ 1,627,068	$ 9,737,593	$ 22,971,967
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts payable	$ -	$ 1,161,446	$ 108,668	$ -	$ -	$ 1,270,114
Due to other funds	-	7,625	61,867	-	-	69,492
Unearned revenue	-	64,448	-	-	-	64,448
Total liabilities	-	1,233,519	170,535	-	-	1,404,054
Fund Balances						
Nonspendable	-	-	189,440	-	-	189,440
Restricted	22,172	6,111,318	3,880,322	1,627,068	9,737,593	21,378,473
Total fund balances	22,172	6,111,318	4,069,762	1,627,068	9,737,593	21,567,913
Total liabilities, deferred inflows of resources, and fund balances	$ 22,172	$ 7,344,837	$ 4,240,297	$ 1,627,068	$ 9,737,593	$ 22,971,967

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds
Year Ended June 30, 2023

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Debt Service Fund	Non-Major Governmental Funds
Revenues						
Federal sources	$ -	$ 622,998	$ 2,658,487	$ -	$ -	$ 3,281,485
Other State sources	-	6,252,441	2,980,836	-	-	9,233,277
Other local sources	9,233	3,403,452	16,133	841,206	198,743	4,468,767
Total revenues	9,233	10,278,891	5,655,456	841,206	198,743	16,983,529
Expenditures						
Current						
Instruction	-	4,725,715	-	-	-	4,725,715
Instruction-related activities						
Supervision of instruction	-	1,974,488	-	-	-	1,974,488
School site administration	-	329,509	-	-	-	329,509
Pupil services						
Food services	-	-	4,048,073	-	-	4,048,073
Administration						
All other administration	-	359,187	114,311	-	-	473,498
Plant services	-	422,125	-	-	-	422,125
Ancillary services	7,048	-	-	-	-	7,048
Capital Outlay	-	24,252	-	-	-	24,252
Total expenditures	7,048	7,835,276	4,162,384	-	-	12,004,708
Excess (Deficiency) of Revenues Over Expenditures	2,185	2,443,615	1,493,072	841,206	198,743	4,978,821
Other Financing Sources (Uses)						
Transfers out	-	(63,500)	-	(1,000,000)	-	(1,063,500)
Net Financing Sources (Uses)	-	(63,500)	-	(1,000,000)	-	(1,063,500)
Net Change in Fund Balances	2,185	2,380,115	1,493,072	(158,794)	198,743	3,915,321
Fund Balance - Beginning	19,987	3,731,203	2,576,690	1,785,862	9,538,850	17,652,592
Fund Balance - Ending	$ 22,172	$ 6,111,318	$ 4,069,762	$ 1,627,068	$ 9,737,593	$ 21,567,913

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation
The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of the Campbell Union School District (the District) under programs of the federal government for the year ended June 30, 2023. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or fund balance of the District.

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

Indirect Cost Rate
The District has not elected to use the ten percent de minimis cost rate.

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46206.

Districts must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

Schedule of Charter Schools

This schedule lists all Charter Schools chartered by the District and displays information for each Charter School on whether or not the Charter School is included in the School District audit.

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances

These schedules are included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

Independent Auditor’s Reports
June 30, 2023

Campbell Union School District

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Governing Board
Campbell Union School District
Campbell, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Campbell Union School District (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 10, 2023.

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.

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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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Eide Bailly LLP

Menlo Park, California
October 10, 2023

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Governing Board
Campbell Union School District
Campbell, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Campbell Union School District's (District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Menlo Park, California
October 10, 2023

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Independent Auditor's Report on State Compliance; Report on Internal Control Over Compliance Required by the 2022-2023 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*

Governing Board
Campbell Union School District
Campbell, California

Opinion on State Compliance

We have audited Campbell Union School District's (District) compliance with the requirements specified in the *2022-2023 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, 2023.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2023.

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 *2022-2023 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.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2022-2023 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 *2022-2023 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:

2022-2023 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	No, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes

2022-2023 K-12 Audit Guide Procedures	Procedures Performed
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
Home to School Transportation Reimbursement	Yes
Independent Study Certification for ADA Loss Mitigation	Yes
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	No, see below
After/Before School Education and Safety Program:	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	No, see below
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	No, see below
Transitional Kindergarten	Yes
Charter Schools	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	No, see below

Continuation Education
We did not perform Continuation Education procedures because the program is not offered by the District.

Early Retirement Incentive
The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

Juvenile Court Schools
We did not perform Juvenile Court Schools procedures because the program is not offered by the District.

Middle or Early College High Schools
We did not perform Middle or Early College High Schools procedures because the program is not offered by the District.

Apprenticeship: Related and Supplemental Instruction
We did not perform Apprenticeship: Related and Supplemental Instruction procedures because the program is not offered by the District.

District of Choice
The District did not elect to operate as a school district of choice; therefore, we did not perform procedures related to District of Choice.

California Clean Energy Jobs Act
We did not perform California Clean Energy Jobs Act procedures because the related procedures were performed in a previous year.

Before School Education and Safety Program
The District does not offer a Before School Education and Safety Program; therefore, we did not perform procedures related to the Before School Education and Safety Program.

Independent Study - Course Based
The District does not offer an Independent Study - Course Based program; therefore, we did not perform any procedures related to the Independent Study - Course Based Program.

Career Technical Education Incentive Grant
We did not perform Career Technical Education Incentive Grant procedures because the District did not receive funding for this grant.

Nonclassroom-Based Instruction/Independent Study
We did not perform procedures for the Nonclassroom-Based Instruction/Independent Study because the District's charter school is entirely classroom-based.

Nonclassroom-Based Instruction/Independent Study/Determination of Funding for Nonclassroom-Based Instruction
We did not perform procedures for the Nonclassroom-Based Instruction/Independent Study nor for Determination of Funding for Nonclassroom-Based Instruction because the Charter School is classroom-based.

Charter School Facility Grant Program
Additionally, we did not perform procedures for the Charter School Facility Grant Program because the District did not receive funding for this program.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identify during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Menlo Park, California
October 10, 2023

Financial Statements

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

Federal Awards

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a):	No

Identification of major programs:

Name of Federal Program or Cluster	Federal Financial Assistance Listing
Title I, Basic Grants to Local Educational Agencies	84.010
COVID-19 Education Stabilization Fund	84.425C, 84.425D, 84.425U

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	No

State Compliance

Internal control over state compliance programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance	Unmodified

None reported.

None reported.

None reported.

None reported.

APPENDIX D

COUNTY INVESTMENT POLICY

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Santa Clara County Commingled Pool and Segregated Investments

December 31, 2023

Fund	Cost Value**	Market Value	Variance	% Variance
Commingled Investment Pool	$12,736,734,016	$12,525,115,567	-$211,618,449	-1.66%
Worker's Compensation	$31,127,113	$30,234,512	-$892,600	-2.87%
Park Charter Fund	$4,570,144	$4,465,128	-$105,016	-2.30%
San Jose-Evergreen	$22,177,988	$22,169,187	-$8,801	-0.04%
Medical Malpractice Insurance Fund (1)	$10,051,628	$9,781,441	-$270,187	-2.69%
Total	**$12,804,660,888**	**$12,591,765,836**	**-$212,895,053**	**-1.66%**

(1) Managed by Chandler Asset Management, Inc.

Summary of Yields* for Select Santa Clara County Investment Funds

Fund	2023			2022
	Oct 31	Nov 30	Dec 31	Dec 31
Commingled Investment Pool	3.01%	3.39%	3.67%	2.70%
Worker's Compensation	2.41%	2.82%	2.94%	1.98%
Weighted Yield	**3.01%**	**3.39%**	**3.67%**	**2.70%**

*Yield to maturity (YTM) is the rate of return paid on a bond, note, or other fixed income security if the investor buys and holds it to its maturity date and if the coupon interest paid over the life of the bond is reinvested at the same rate as the coupon rate. The calculation for YTM is based on the coupon rate, length of time to maturity, and market price at time of purchase.

Yield is a snapshot measure of the yield of the portfolio on the day it was measured based on the current portfolio holdings on that day. This is not a measure of total return, and is not intended to be, since it does not factor in unrealized capital gains and losses and reinvestment rates are dependent upon interest rate changes

**Cost Value is the amortized book value of the securities as of the date of this report.

Santa Clara County Commingled Pool and Segregated Investments

Economic Update and Portfolio Strategy

December 31, 2023

The U.S. economy's fourth-quarter growth exceeded forecasts. Gross domestic product increased at a 3.3 percent annualized rate with consumer spending accounting for most of the expansion. Growth was boosted by better-than-expected holiday spending and purchasing power benefited from the effects of receding inflation. For all of 2023, the economy expanded 2.5 percent. Despite the burden of Federal Reserve Bank (Fed) interest rates at a two-decade high upon households and businesses, consumer spending has been sustained by durable job growth and most recently from rising equity markets and diminishing inflation. The consumer price index has fallen from its recent peak of 9 percent in mid-2022 to around 3 percent in December 2023. The Fed has been able to achieve significant progress on inflation without causing the labor market to experience the kind of increase in unemployment that has been very typical of similar rate-hiking cycles. The December unemployment rate, at 3.7 percent, a historically low rate, is about where it was when the Fed began raising rates in March 2022.

Federal Reserve policy makers decided to hold interest rates steady at their January 2024 meeting. The Fed's benchmark rate has been left unchanged at about 5.4 percent, where it has stood since July 2023, at its highest point since 2001. The bank began raising rates from near zero in March 2022. With recent strong progress in lowering inflation, policy makers have begun to consider when to cut interest rates and by how much. The Fed's preferred inflation measure, the personal-consumption expenditures price index rose 2.6 percent in December from a year earlier, well below the 5.4 percent increase at the end of 2022. Economists expect the first-rate reduction to occur in May or June.

Normally, the Fed cuts borrowing costs because economic activity is slowing sharply. This is not the current circumstance. Growth remained robust throughout 2023. Policy makers are concerned that declining inflation combined with current elevated rates, increases real interest rates (also known as inflation adjusted rates) which could unnecessarily restrain economic activity over time. At the same time, the Fed has an equivalent risk in the other direction: that is the bank cuts rates only to have to make a reversal and raise them again if inflation reaccelerates. It's possible that inflation could stay undesirably high, especially if the economy remains strong, and due to other factors such as geo-politics re-igniting supply chain disruptions.

Fed policy makers have emphasized that incoming data will guide their decision on when to cut interest rates. Given the economy's health, no urgency exists and so far, they have not seen sufficient evidence to begin easing. Also, the Fed's decision is taking place against the backdrop of a presidential campaign as President Joe Biden seeks re-election and defends his administration's inflation performance.

Santa Clara County Commingled Pool and Segregated Investments

Economic Update and Portfolio Strategy

December 31, 2023

The U.S. economy posted another month of mild inflation in December. Inflation closed 2023 trending in the preferred direction of the Fed. The Commerce Department reported that its measure of consumer prices, the Fed's favored inflation gauge, rose 0.2 percent in December from November. In the six months ending in December, prices rose at a 2 percent annual rate, the Fed's target rate of inflation.

Using the same gauge but with core prices, which exclude food and energy items to better track inflation's underlying trend, showed a similar pattern. The core index rose 0.2 percent in December from November, increased 2.9 percent versus a year earlier, and rose at a 1.9 percent annual rate over the final six months of 2023.

Recent employment data indicates the U.S. labor market is still quite sturdy and not on the rapid deceleration trend predicted by some forecasters. U.S. employment posted solid gains in December, exceeding expectations. Nonfarm payrolls increased by 216,000. Modest downward revisions were made to the prior two months. The unemployment rate held at 3.7 percent, while average hourly earnings rose 0.4 percent from a month earlier. Job openings rose in December, exceeding 9 million for the first time in three months. Employers laid off 1 percent of U.S. employees in December. In the 20 years of available data preceding the pandemic, the layoff rate was never so low. The layoff figure is consistent with the very low levels of initial claims for unemployment in December and more recently. Labor Department data suggests that the job market remains healthy, with employment continuing to grow.

The portfolio strategy continues to focus on the:
1. acquisition of high-quality issuers;
2. identifying and selecting bonds with attractive valuations;
3. appropriately sizing the liquidity portion of the portfolio to ensure adequate cash for near term obligations; and
4. ensuring that monies targeted for longer term investments are deployed in vehicles with favorable risk-adjusted yields.

Santa Clara County Commingled Pool and Segregated Investments

Portfolio Liquidity Adequacy, Review, and Monitoring

December 31, 2023

Yield and Weighted Average Maturity

The yield of the Commingled Pool is 3.67 and the weighted average life is 541 days.

Liquidity Adequacy

The County Treasurer believes the Commingled Pool contains sufficient cash flow from liquid and maturing securities, bank deposits and incoming cash to meet the next six months of expected expenditures.

Review and Monitoring

FHN Financial Main Street Advisors, the County's investment advisor, currently monitors the Treasury Department's investment activities.

Additional Information

Securities are purchased with the expectation that they will be held to maturity, so unrealized gains or losses are not reflected in the yield calculations.

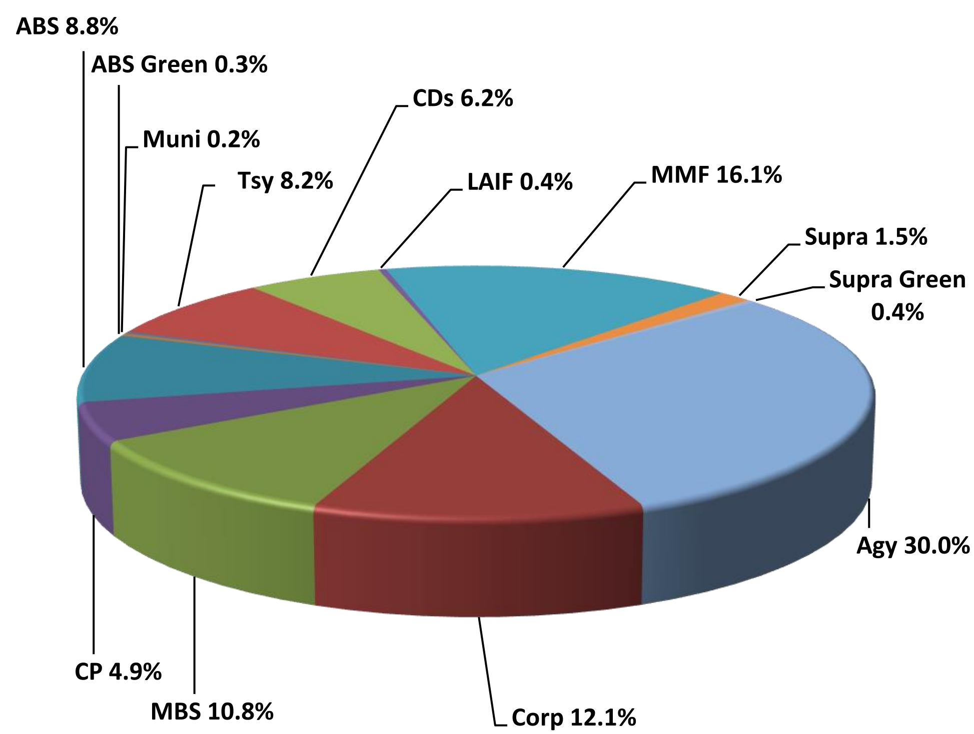
The market values of securities were taken from pricing services provided by the Bank of New York Mellon, Bloomberg Analytics, dealer quotes, and an independent pricing service.

Santa Clara County Commingled Pool

Allocation by Security Types

December 31, 2023

Sector	12/31/2023	9/30/2023	% Chng
Federal Agencies	29.99%	34.93%	-4.93%
Corporate Bonds	12.06%	13.91%	-1.85%
Mortgage Backed Securities	10.78%	12.90%	-2.11%
Commercial Paper	4.93%	3.84%	1.09%
ABS	8.84%	11.42%	-2.58%
ABS Green Bonds	0.32%	0.51%	-0.19%
Municipal Securities	0.24%	0.56%	-0.33%
U.S. Treasuries	8.21%	9.39%	-1.18%
Negotiable CDs	6.24%	4.36%	1.88%
LAIF	0.35%	0.44%	-0.09%
Money Market Funds	16.11%	5.95%	10.16%
Supranationals	1.53%	1.31%	0.22%
Supranationals Green Bonds	0.39%	0.49%	-0.10%
Total	100.00%	100.00%	



Sector	12/31/2023	9/30/2023
Federal Agencies	3,820,301,662	3,524,268,174
Corporate Bonds	1,535,985,231	1,403,390,889
Mortgage Backed Securities	1,373,503,029	1,301,467,610
Commercial Paper	627,985,030	387,103,034
ABS	1,125,959,324	1,152,336,321
ABS Green Bonds	40,735,036	51,423,538
Municipal Securities	29,995,000	56,749,521
U.S. Treasuries	1,046,045,208	947,368,267
Negotiable CDs	795,000,000	440,000,000
LAIF	44,741,793	44,341,935
Money Market Funds	2,052,260,546	600,169,446
Supranational	194,455,435	131,707,406
Supranationals Green Bonds	49,766,721	49,737,583
Total	12,736,734,016	10,090,063,724

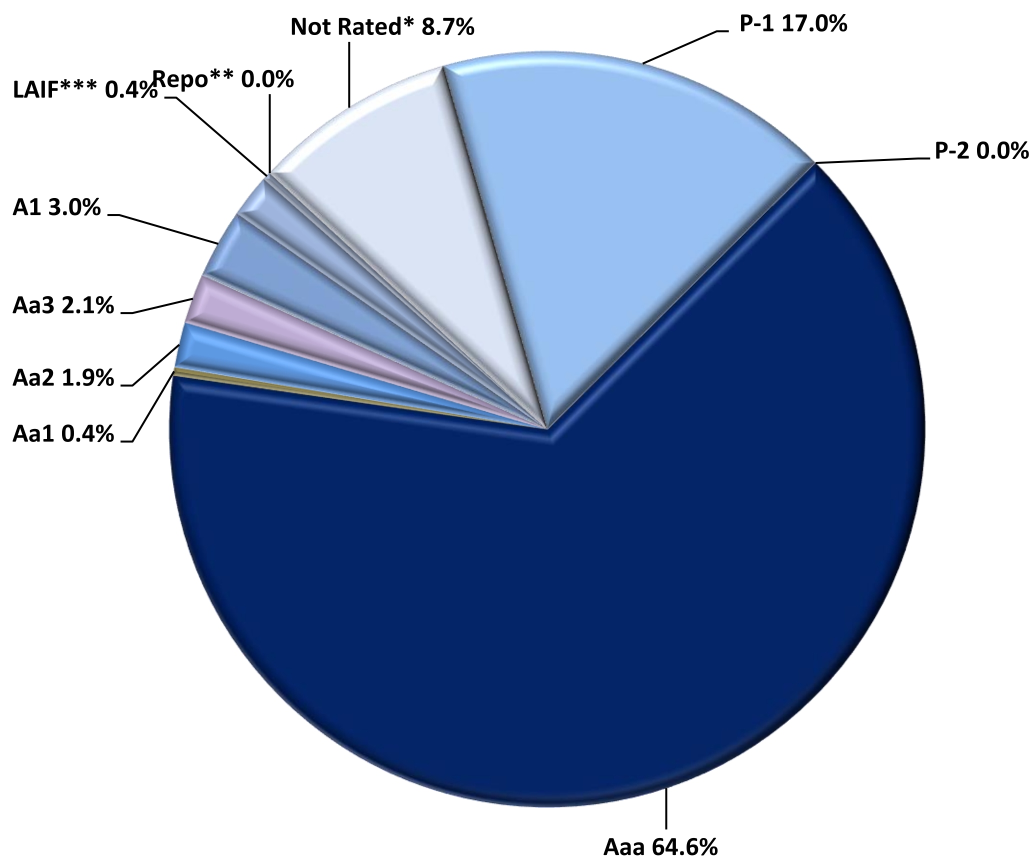
Amounts are based on book value

Santa Clara County Commingled Pool

Allocation by Ratings

December 31, 2023

Moody's Rating	Portfolio $	Portfolio %
P-1	2,161,772,388	17.0%
P-2	-	0.0%
Aaa	8,233,563,903	64.6%
Aa1	44,968,208	0.4%
Aa2	245,502,587	1.9%
Aa3	268,905,754	2.1%
A1	379,546,549	3.0%
A2	235,410,327	1.8%
A3	16,084,705	0.1%
LAIF***	44,741,793	0.4%
Repo**	-	0.0%
Not Rated*	1,106,237,802	8.7%
Total	12,736,734,016	100.0%



*Not Rated by Moody's but at least A-1 & F1 by S&P & Fitch.

**Repurchase Agreements are not rated, but are collateralized by U.S. Treasury securities or securities issued by the Federal Agencies of the U.S.

***LAIF is not rated, but is comprised of State Code allowable securities

Amounts are based on book values

APPENDIX E

FORMS OF OPINIONS OF BOND COUNSEL

New Money Bonds

[Letterhead of Stradling Yocca Carlson & Rauth, LLP]

[Closing Date]

Governing Board of the
Campbell Union School District
155 North Third Street
Campbell, California 95008-2044

OPINION: $55,000,000* Campbell Union School District (Santa Clara County, California) 2024 General Obligation Bonds (Series 2010J and Series 2022A Combined Issue)

Members of the Governing Board:

We have acted as bond counsel to the Campbell Union School District (the "District") in connection with the issuance by the District of $55,000,000* principal amount of Campbell Union School District (Santa Clara County, California) 2024 General Obligation Bonds (Series 2010J and Series 2022A Combined Issue) (the "Bonds"), pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with section 53506) of the California Government Code (the "Act"), and a resolution adopted by the Governing Board of the District on March 28, 2024 (the "Bond Resolution"). The Bonds are a combination of two issues of general obligation bonds of the District, its $23,000,000* Campbell Union School District (Santa Clara County, California) General Obligation Bonds, Election of 2010, Series J (2024), and its $32,000,000* Campbell Union School District (Santa Clara County, California) General Obligation Bonds, Election of 2022, Series A (2024). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

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

Based upon our examination, we are of the opinion, as of the date hereof, that:

Based upon our examination of the foregoing, and in reliance thereon and on all matters of fact as we deem relevant under the circumstances, and upon consideration of applicable laws, we are of the opinion that:

(1) The Bonds have been duly and validly authorized and constitute legal, valid and binding obligations of the District enforceable in accordance with the terms of the Bond Resolution, except as the same may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights, by equitable principles, by the exercise of judicial discretion in appropriate cases and by limitations on legal remedies against public agencies in the State of California (the "State"). The Bonds are obligations of the District but are not a debt of Santa Clara County (the "County"), the State or any other political subdivision thereof within the meaning of any constitutional or statutory limitation, and neither the faith

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* Preliminary, subject to change.

and credit nor the taxing power of the County, the State, or any such political subdivisions is pledged for the payment thereof.

(2) The Bond Resolution has been duly adopted by the Governing Board of the District and constitutes the legal, valid and binding obligation of the District. The Bond Resolution is enforceable in accordance with its terms except as the same may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights, by equitable principles, by the exercise of judicial discretion in appropriate cases and by limitations on legal remedies against public agencies in the State of California; provided, however, we express no opinion as to the enforceability of provisions of the Bond Resolution as to indemnification, penalty, contribution, choice of law, choice of forum or waiver contained therein.

(3) The Bonds are secured by the proceeds of *ad valorem* taxes levied upon taxable property in the District which the Board of Supervisors of the County has the power to levy and is obligated by statute to levy without limit as to rate or amount (except as to certain personal property which is taxable at limited rates) for payment of the Bonds and the interest thereon.

(4) Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, it should be noted that with respect to applicable corporations as defined in section 59(k) of the Internal Revenue Code of 1986, as amended, interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed on such corporations.

(5) Interest (and original issue discount) on the Bonds is exempt from State personal income tax.

(6) The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond (to the extent the redemption price at maturity is more than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bond owner will increase the Bond owner's basis in the applicable Bond. Original issue discount that accrues for the Bond owner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and is exempt from State personal income tax.

(7) The amount by which a Bond owner's original basis for determining loss on sale or exchange in the applicable Bond (generally the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the bond owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Bond owner realizing a taxable gain when a Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the owner.

The opinions expressed in paragraphs (4) and (6) above as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds are subject to the condition that the District complies with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements. Except as set forth in paragraphs (4), (5), (6) and (7) above, we express no opinion as to any tax consequences related to the Bonds.

Certain agreements, requirements and procedures contained or referred to in the Bond Resolution and the Tax Certificate executed by the District with respect to the Bonds may be changed and certain actions may be taken or omitted, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax exempt obligations. We express no opinion as to the effect on exclusion from gross income for federal income tax purposes of the interest (and original issue discount) on any Bond if any such change occurs or action is taken or omitted upon advice or approval of bond counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

The opinions expressed herein and the exclusion of interest on the Bonds from gross income for federal income tax purposes may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement as bond counsel to the District terminates upon the issuance of the Bonds.

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities.

Our opinion is limited to matters governed by the laws of the State and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement relating to the Bonds or other offering material relating to the Bonds and expressly disclaim any duty to advise the owners of the Bonds with respect to matters contained in the Official Statement and any supplements thereto.

Respectfully submitted,

Refunding Bonds

[Letterhead of Stradling Yocca Carlson & Rauth, LLP]

[Closing Date]

Governing Board of the
Campbell Union School District
155 North Third Street
Campbell, California 95008

OPINION: $17,655,000* Campbell Union School District (Santa Clara County, California) 2024 General Obligation Refunding Bonds

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Members of the Governing Board:

We have acted as bond counsel to the Campbell Union School District (the "District") in connection with the issuance by the District of $17,655,000* principal amount of Campbell Union School District (Santa Clara County, California) 2024 General Obligation Refunding Bonds (the "Bonds"), pursuant to the Articles 9 and 11 of Chapter 3 (commencing with section 53550) of Division 2 of Title 5 of the California Government Code (the "Act"), and a resolution adopted by the Governing Board of the District on March 28, 2024 (the "Bond Resolution"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

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

Based upon our examination, we are of the opinion, as of the date hereof, that:

Based upon our examination of the foregoing, and in reliance thereon and on all matters of fact as we deem relevant under the circumstances, and upon consideration of applicable laws, we are of the opinion that:

(1) The Bonds have been duly and validly authorized and constitute legal, valid and binding obligations of the District enforceable in accordance with the terms of the Bond Resolution, except as the same may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights, by equitable principles, by the exercise of judicial discretion in appropriate cases and by limitations on legal remedies against public agencies in the State of California (the "State"). The Bonds are obligations of the District but are not a debt of Santa Clara County (the "County"), the State or any other political subdivision thereof within the meaning of any constitutional or statutory limitation, and neither the faith and credit nor the taxing power of the County, the State, or any such political subdivisions is pledged for the payment thereof.

(2) The Bond Resolution has been duly adopted by the Governing Board of the District and constitutes the legal, valid and binding obligation of the District. The Bond Resolution is enforceable in accordance with its terms except as the same may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights, by equitable principles, by the exercise of judicial discretion in appropriate cases and by limitations on legal remedies against public agencies in the State of California; provided, however, we express no opinion as to the enforceability of provisions of the Bond Resolution as to indemnification, penalty, contribution, choice of law, choice of forum or waiver contained therein.

* Preliminary, subject to change.

(3) The Bonds are secured by the proceeds of *ad valorem* taxes levied upon taxable property in the District which the Board of Supervisors of the County has the power to levy and is obligated by statute to levy without limit as to rate or amount (except as to certain personal property which is taxable at limited rates) for payment of the Bonds and the interest thereon.

(4) Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, it should be noted that with respect to applicable corporations as defined in section 59(k) of the Internal Revenue Code of 1986, as amended, interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed on such corporations.

(5) Interest (and original issue discount) on the Bonds is exempt from State personal income tax.

(6) The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond (to the extent the redemption price at maturity is more than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bond owner will increase the Bond owner's basis in the applicable Bond. Original issue discount that accrues for the Bond owner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and is exempt from State personal income tax.

(7) The amount by which a Bond owner's original basis for determining loss on sale or exchange in the applicable Bond (generally the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the bond owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Bond owner realizing a taxable gain when a Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the owner.

The opinions expressed in paragraphs (4) and (6) above as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds are subject to the condition that the District complies with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements. Except as set forth in paragraphs (4), (5), (6) and (7) above, we express no opinion as to any tax consequences related to the Bonds.

Certain agreements, requirements and procedures contained or referred to in the Bond Resolution and the Tax Certificate executed by the District with respect to the Bonds may be changed and certain actions may be taken or omitted, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax exempt obligations. We express no opinion as to the effect on exclusion from gross income for federal income tax purposes of the interest (and original issue discount) on any Bond if any such change occurs or action is taken or omitted upon advice or approval of bond counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

The opinions expressed herein and the exclusion of interest on the Bonds from gross income for federal income tax purposes may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement as bond counsel to the District terminates upon the issuance of the Bonds.

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities.

Our opinion is limited to matters governed by the laws of the State and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement relating to the Bonds or other offering material relating to the Bonds and expressly disclaim any duty to advise the owners of the Bonds with respect to matters contained in the Official Statement and any supplements thereto.

Respectfully submitted,

APPENDIX F

FORMS OF CONTINUING DISCLOSURE CERTIFICATES

New Money Bonds

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the CAMPBELL UNION SCHOOL DISTRICT (the "District") in connection with the issuance by the District of its $55,000,000* Campbell Union School District (County of Alameda, California) 2024 General Obligation Bonds, (Series 2010J and Series 2022A Combined Issue) (the "Bonds"). The Bonds are being issued pursuant to a resolution adopted by the Governing Board of the District on March 28, 2024 (the "Resolution"). The District covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth above and, in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 1, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Annual Report Date*" means March 31 after the end of the District's fiscal year.

"*Dissemination Agent*" shall mean, initially, the District, or any successor Dissemination Agent designed in writing by the District and which has been filed with the then current Dissemination Agent a written acceptance of such designation.

"*Fiscal Year*" means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the District as its official fiscal year period under a Certificate of the District filed with the Trustee.

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

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

"*Participating Underwriter*" means the original underwriter of the Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

"*Significant Events*" means any of the events listed in Section 5(a) of this Disclosure Certificate.

* Preliminary, subject to change.

Section 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2– 12(b)(5).

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2025, with the report for fiscal year 2023-24 provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Significant Event under Section 5(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District in a timely manner shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then–applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

(a) The District's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or prior to the annual filing deadline for Annual Reports provided for in Section 3 above, financial information and operating data with respect to the District for preceding fiscal year, substantially similar to that provided in the Official Statement, as follows:

(i) The District's approved budget for the then current fiscal year;
(ii) Assessed value of taxable property in the District as shown on the recent equalized assessment role; and
(iii) Property tax levies, collections and delinquencies for the District, for the most recent completed fiscal year.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the District shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Significant Events with respect to the Bonds:

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

(vii) Modifications to rights of security holders, if material;

(viii) Bond calls, if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution, or sale of property securing repayment of the securities, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the District or other obligated person;

(xiii) The consummation of a merger, consolidation, or acquisition involving the District or an obligated person, or the sale of all or substantially all of the assets of the District or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) The incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect security holders, if material; or

(xvi) A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Significant Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Significant Event. Notwithstanding the foregoing, notice of Significant Events described in subsection (a)(viii) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The District acknowledges that the events described in subparagraphs (a)(ii), (a)(vii), (a)(viii) (if the event is a bond call), (a)(x), (a)(xiii), (a)(xiv) and (a)(xv) of this Section 5 contain the qualifier "if material." The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the District determines the event's occurrence is material for purposes of U.S. federal securities law. The District intends that the words used in paragraphs (xv) and (xvi) and the definition of "financial obligation" to have the meanings ascribed thereto in SEC Release No. 34-83885 (September 20, 2018) and/or any further guidance or releases provided by the SEC.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(xii) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Significant Event under Section 5(b).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days' written notice to the District.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

The Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting its duties or obligations hereunder.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Significant Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Significant Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Significant Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Significant Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. (a) Article VIII of the Indenture is hereby made applicable to this Disclosure Certificate as if this Disclosure Certificate were (solely for this purpose) contained in the Indenture. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the District hereunder and shall not be deemed to be acting in any fiduciary capacity for the District, the Bond holders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and the owners and Beneficial Owners from time to time of the Bonds and shall create no rights in any other person or entity.

Date: [Closing Date]

CAMPBELL UNION SCHOOL DISTRICT

By ____________________________________

Authorized Officer

EXHIBIT A

NOTICE TO EMMA OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Campbell Union School District
Name of Issue:	Campbell Union School District (Santa Clara County, California) 2024 General Obligation Bonds, (Series 2010J and Series 2022A Combined Issue)

Date of Issuance: [Closing Date]

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Issue as required by the Continuing Disclosure Certificate, dated [Closing Date], furnished by the Issuer in connection with the Issue. The Issuer anticipates that the Annual Report will be filed by _______________.

Dated: _______________________

CAMPBELL UNION SCHOOL DISTRICT LLC,
as Dissemination Agent

By ____
Authorized Officer

cc: Paying Agent

Refunding Bonds

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the CAMPBELL UNION SCHOOL DISTRICT (the "District") in connection with the issuance by the District of its $17,655,000* Campbell Union School District (County of Orange, California) 2024 General Obligation Refunding Bonds (the "Bonds"). The Bonds are being issued pursuant to a resolution adopted by the Governing Board of the District on March 28, 2024 (the "Resolution"). The District covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth above and, in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 1, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Annual Report Date*" means March 31 after the end of the District's fiscal year.

"*Dissemination Agent*" shall mean, initially, the District or any successor Dissemination Agent designed in writing by the District and which has been filed with the then current Dissemination Agent a written acceptance of such designation.

"*Fiscal Year*" means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the District as its official fiscal year period under a Certificate of the District filed with the Trustee.

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

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

"*Participating Underwriter*" means the original underwriter of the Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

"*Significant Events*" means any of the events listed in Section 5(a) of this Disclosure Certificate.

Section 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2- 12(b)(5).

* Preliminary, subject to change.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2025, with the report for fiscal year 2023-24 provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Significant Event under Section 5(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District in a timely manner shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then–applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

(a) The District's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) (b) Unless otherwise provided in the audited financial statements filed on or prior to the annual filing deadline for Annual Reports provided for in Section 3 above, financial information and operating data with respect to the District for preceding fiscal year, substantially similar to that provided in the Official Statement, as follows:

(i) The District's approved budget for the then current fiscal year;
(ii) Assessed value of taxable property in the District as shown on the recent equalized assessment role; and
(iii) Property tax levies, collections and delinquencies for the District, for the most recent completed fiscal year.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the District shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Significant Events with respect to the Bonds:

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

(vii) Modifications to rights of security holders, if material;

(viii) Bond calls, if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution, or sale of property securing repayment of the securities, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the District or other obligated person;

(xiii) The consummation of a merger, consolidation, or acquisition involving the District or an obligated person, or the sale of all or substantially all of the assets of the District or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; or

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) The incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect security holders, if material; or

(xvi) A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Significant Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Significant Event. Notwithstanding the foregoing, notice of Significant Events described in subsection (a)(viii) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Resolution.

(c) The District acknowledges that the events described in subparagraphs (a)(ii), (a)(vii), (a)(viii) (if the event is a bond call), (a)(x), (a)(xiii), (a)(xiv) and (a)(xv) of this Section 5 contain the qualifier "if material." The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the District determines the event's occurrence is material for purposes of U.S. federal securities law. The District intends that the words used in paragraphs (xv) and (xvi) and the definition of "financial obligation" to have the meanings ascribed thereto in SEC Release No. 34-83885 (August 20, 2018).

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(xii) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Significant Event under Section 5(b).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days' written notice to the District.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Resolution for amendments to the Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

The Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting its duties or obligations hereunder.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Significant Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Significant Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Significant Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Significant Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) Article VIII of the Resolution is hereby made applicable to this Disclosure Certificate as if this Disclosure Certificate were (solely for this purpose) contained in the Resolution. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the District hereunder and shall not be deemed to be acting in any fiduciary capacity for the District, the Bond holders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and the owners and Beneficial Owners from time to time of the Bonds and shall create no rights in any other person or entity.

Date: [Closing Date]

CAMPBELL UNION SCHOOL DISTRICT

By ____________________________________

EXHIBIT A

NOTICE TO EMMA OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Campbell Union School District
Name of Issue:	Campbell Union School District (County of Orange, California) 2024 General Obligation Refunding Bonds
Date of Issuance:	[Closing Date]

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Issue as required by the Continuing Disclosure Certificate, dated [Closing Date], furnished by the Issuer in connection with the Issue. The Issuer anticipates that the Annual Report will be filed by ________________.

Dated: ___________________________

CAMPBELL UNION SCHOOL DISTRICT, Dissemination Agent

By ______________________________________
Authorized Officer

cc: Paying Agent

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APPENDIX G

BOOK-ENTRY SYSTEM

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal of and interest on the Bonds to Direct Participants, Indirect Participants or Beneficial Owners (as such terms are defined below) of the Bonds, confirmation and transfer of beneficial ownership interests in the Bonds and other Bond related transactions by and between DTC, Direct Participants, Indirect Participants and Beneficial Owners of the Bonds is based solely on information furnished by DTC to the District which the District believes to be reliable, but the District and the Underwriter do not and cannot make any independent representations concerning these matters and do not take responsibility for the accuracy or completeness thereof. Neither the DTC, Direct Participants, Indirect Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the DTC Participants, as the case may be.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest 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 and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede &Co. or such other name as requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct or Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as tenders, defaults, and proposed amendments to the Bonds documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or 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 principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of 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.

DTC may discontinue providing its service as depository with respect to the Bonds 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, Bond certificates are required to be printed and delivered.

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, the Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds, or (b) the District determines that DTC shall no longer act and delivers a written certificate to the Paying Agent to that effect, then the District will discontinue the Book-Entry System with DTC for the Bonds. If the District determines to replace DTC with another qualified securities depository, the District will prepare or direct the preparation of a new single separate, fully registered Bond for each maturity of the Bonds registered in the name of such successor or substitute securities depository as are not inconsistent with the terms of the Resolution. If the District fails to identify another qualified securities depository to replace the incumbent securities depository for the Bonds, then the Bonds shall no longer be restricted to being registered in the Bond registration books in the name of the incumbent securities depository or its nominee but shall be registered in whatever name or names the incumbent securities depository or its nominee transferring or exchanging the Bonds shall designate.

In the event that the Book-Entry System is discontinued, the following provisions would also apply: (i) the Bonds will be made available in physical form, (ii) payment of principal of and interest on the Bonds will be payable upon surrender thereof at the trust office of the Paying Agent identified in the Resolution, and (iii) the Bonds will be transferable and exchangeable as provided in the Resolution.

The District and the Paying Agent do not have any responsibility or obligation to DTC Participants, to the persons for whom they act as nominees, to Beneficial Owners, or to any other person who is not shown on the registration books as being an owner of the Bonds, with respect to (i) the accuracy of any records maintained by DTC or any DTC Participants; (ii) the payment by DTC or any DTC Participant of any amount in respect of the principal of and interest on the Bonds; (iii) the delivery of any notice which is permitted or required to be given to registered owners under the Resolution; (iv) any consent given or other action taken by DTC as registered owner; or (v) any other matter arising with respect to the Bonds or the Resolution. The District and the Paying Agent cannot and do not give any assurances that DTC, DTC Participants or others will distribute payments of principal of and interest on the Bonds paid to DTC or its nominee, as the registered owner, or any notices to the Beneficial Owners or that they will do so on a timely basis or will serve and act in a manner described in this Official Statement. The District and the Paying Agent are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner in respect to the Bonds or any error or delay relating thereto.

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