NEW ISSUE - BOOK-ENTRY ONLY **Rating: S&P: "A+"**
(See "RATING" herein)

In the opinion of Dannis Woliver Kelley, Bond Counsel to the District, under existing law, interest on the Notes is exempt from personal income taxes of the State of California, and, assuming continuing compliance after the date of initial delivery of the Notes with certain covenants contained in the Resolution authorizing the Notes and subject to the matters set forth under "TAX MATTERS" herein, interest on the Notes for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions will be excludable from the gross income of the owners thereof pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Notes, and will not be included in computing the alternative minimum taxable income of the owners thereof; however, interest on the Notes is taken into account in determining annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations for tax years beginning after December 31, 2022. The Notes are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS" herein.

$4,996,500.00
AROMAS-SAN JUAN UNIFIED SCHOOL DISTRICT
(San Benito, Monterey and Santa Cruz Counties, California)
2022 GENERAL OBLIGATION BOND ANTICIPATION NOTES
(Bank Qualified)

Dated: Date of Delivery **Due: August 1, 2027**

This cover page of the Official Statement contains information for quick reference only. It is not a complete summary of this issue. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page and not otherwise defined shall have the meanings set forth herein.

The Aromas-San Juan Unified School District (San Benito, Monterey and Santa Cruz Counties, California) 2022 General Obligation Bond Anticipation Notes (Bank Qualified) (the "Notes") are an obligation of the Aromas-San Juan Unified School District (the "District") being issued thereby to finance the acquisition, construction, improvement and equipping of certain District sites and facilities, in anticipation of proceeds from general obligation bonds (the "Bonds") to be issued pursuant to a duly called election of the registered voters of the District held on November 3, 2020, at which the requisite 55% or more of the persons voting on the proposition voted to authorize the issuance and sale of $30,500,000 principal amount of general obligation bonds of the District (the "2020 Authorization").

The Notes are payable from proceeds of the future sale of general obligation bonds issued pursuant to the 2020 Authorization, from proceeds of the sale of bond anticipation notes in renewal of the Notes ("Renewal Notes"), or from other funds of the District lawfully available for the purpose of repaying the Notes, including State of California ("State") grants. The District has covenanted in its resolution authorizing the issuance of the Notes that, not later than 30 days prior to the Maturity Date, the District shall sell, or cause to be sold, Bonds, Renewal Notes or certificates of participation, or a combination thereof, in an amount sufficient, together with any available moneys, to pay the accreted value of the Notes coming due and payable at maturity. See "THE NOTES – Security and Sources of Payment" herein.

The Notes will be issued as capital appreciation notes. Interest on the Notes accretes from the date of delivery thereof (the "Date of Delivery"), compounded semiannually on February 1 and August 1 of each year, commencing on February 1, 2023. Accreted value of the Notes will be payable in lawful money of the United States of America by the District at the office of U.S Bank Trust Company, National Association, as the registrar, transfer agent, authentication agent and paying agent. See "THE NOTES" herein.

The Notes will each be issued in book-entry form only, in denominations of $5,000 accreted value at maturity ("Maturity Value") or any integral multiple thereof. The Notes will be issued in fully registered form, and when delivered will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Notes. Purchasers will not receive certificates representing their interests in the Notes. Payment of the Maturity Value of the Notes will be made by the Paying Agent to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Notes. See APPENDIX E – "BOOK-ENTRY ONLY SYSTEM" hereto.

The Notes are general obligations of the District only and are not obligations of San Benito County, Monterey County, Santa Cruz County, the State, or any of its other political subdivisions.

The Notes are subject to redemption prior to maturity as described herein. See "THE NOTES – Redemption" herein.

MATURITY SCHEDULE

Maturity	Denominational Amount	Accretion Rate	Maturity Value	Yield to Maturity	CUSIP©
August 1, 2027	$4,996,500.00	4.875%	$6,250,000.00	4.050%	04266PDS1

The Notes will be offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Dannis Woliver Kelley, Long Beach, California, Bond Counsel and Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Norton Rose Fulbright US LLP, Los Angeles, California. The Notes, in book-entry form, will be available for delivery through the facilities of The Depository Trust Company in New York, New York on or about December 8, 2022.

RBC Capital Markets®

The date of this Official Statement is: November 16, 2022.

The information contained herein has been obtained from sources that are believed to be reliable. No representation, warranty or guarantee, however, is made by the Underwriter as to the accuracy or completeness of any information in this Official Statement, including, without limitation, the information contained in the Appendices hereto, and nothing contained in this Official Statement is or shall be relied upon as a promise or representation by the Underwriter.

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 information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Notes shall under any circumstances create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof.

This Official Statement and the information contained herein are subject to completion or amendment without notice. These securities may not be sold nor may an offer to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

In connection with the offering of the Notes, the Underwriter may overallot or effect transactions that stabilize or maintain the market price of the Notes at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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

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

The District maintains a website. However, the information presented on the District's website is not incorporated into this Official Statement by any reference, and should not be relied upon in making investment decisions with respect to the Notes.

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel

Dannis Woliver Kelley
Long Beach, California

Municipal Advisor

Dale Scott & Company, Inc.
San Francisco, California

Paying Agent, Registrar and Transfer Agent

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

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$4,996,500.00
AROMAS-SAN JUAN UNIFIED SCHOOL DISTRICT
(San Benito, Monterey and Santa Cruz Counties, California)
2022 GENERAL OBLIGATION BOND ANTICIPATION NOTES
(Bank Qualified)

INTRODUCTION

This Official Statement, which includes the cover page, Table of Contents and Appendices hereto, provides certain information concerning the sale and delivery of the Aromas-San Juan Unified School District (San Benito, Monterey and Santa Cruz Counties, California) 2022 General Obligation Bond Anticipation Notes (Bank Qualified), in the initial principal amount of $4,996,500.00 (the "Notes").

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

The District

The District is a unified school district formed in 1991 from territory formerly under the jurisdiction of the San Juan Union School District and the Pajaro Valley Unified School District. The property within the District lies within San Benito County, Monterey County, and Santa Cruz County (together, the "Counties" and each, a "County") consisting of approximately 100 square miles. The District includes the city of San Juan Bautista in San Benito County, the unincorporated community of Aromas in Monterey County, and other unincorporated areas in its three-county territory. 73.7% of the assessed value of the District is derived from property in San Benito County. The District operates two elementary schools which provide transitional kindergarten through eighth grade instruction and one high school which provides ninth through twelfth grade instruction. The District also operates a pre-kindergarten school and adult education program. The District's budgeted average daily attendance ("ADA") for fiscal year 2022-23 is approximately 900 students and the District has a fiscal year 2022-23 total assessed valuation of $2,425,209,963.

Purpose of the Notes

The Notes are being issued to finance the acquisition, construction, improvement and equipping of certain District sites and facilities, in anticipation of proceeds from general obligation bonds ("Bonds") to be issued by the District pursuant to the 2020 Authorization (defined herein). See "THE NOTES – Purpose of Issue" herein.

Authority for the Issuance of the Notes

The Notes are issued under the authority of the State of California Education Code (the "Education Code") and a resolution adopted by the Board of Trustees of the District (the "Board") on October 19, 2022 (the "Resolution"). See "THE NOTES – Authority for Issuance" herein.

Security and Sources of Payment for the Notes

The Notes are obligations of the District payable from (i) proceeds of a future sale of Bonds authorized at a duly called election held in the District on November 3, 2020 and thereafter canvassed pursuant to law, at which the requisite 55% or more of the persons voting on the proposition voted to authorize the issuance and sale of $30,500,000 principal amount of general obligation bonds of the District (the "2020 Authorization"), (ii) proceeds of the sale of bond anticipation notes in renewal of the Notes ("Renewal Notes"), or (iii) other funds of the District lawfully available for the purpose of repaying the Notes, including State grants. See "THE NOTES – Security and Sources of Payment" herein.

The District has covenanted that, not later than 30 days prior to the Maturity Date (as defined below), the District shall sell, or cause to be sold, Bonds, Renewal Notes or certificates of participation, or a combination thereof, in an amount sufficient, together with any available moneys, to pay the Maturity Value of the Notes. See "THE NOTES – Risk Factors" herein.

Description of the Notes

The Notes will be issued as capital appreciation notes. The Notes will be dated as of their Date of Delivery and will mature on August 1, 2027 (the "Maturity Date"). The Notes are payable only at maturity, or earlier redemption thereof, and will not pay interest on a current basis. The maturity value of a Note is equal to its accreted value upon the maturity thereof (the "Maturity Value"). The "Accreted Value" of a Note, for any date, is defined to be the sum of its initial principal amount on the Date of Delivery thereof (its "Denominational Amount") and the interest accreting thereon between the Date of Delivery and such date. Each Note accretes in value from its Denominational Amount on the Date of Delivery to its Maturity Value on the Maturity Date at the Accretion Rate per annum set forth on the cover page hereof, compounded semiannually on February 1 and August 1 of each year, commencing on February 1, 2023. See APPENDIX F – "ACCRETED VALUES TABLE" hereto. The Notes are payable only at maturity in an amount equal to their Maturity Value, or earlier redemption thereof at their Accreted Value.

Form and Registration. The Notes will be issued in fully registered form only, without coupons. The Notes will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), who will act as securities depository for the Notes. See "THE NOTES – Book-Entry Only System" and APPENDIX E – "BOOK-ENTRY ONLY SYSTEM" hereto. Purchasers of the Notes (the "Beneficial Owners") will not receive physical certificates representing their interests in the Notes purchased.

So long as Cede & Co. is the registered owner of the Notes, as nominee of DTC, references herein to the "Owners," "Noteowners" or "Holders" of the Notes (other than under the caption "TAX MATTERS" and in APPENDIX A) will mean Cede & Co. and will not mean the Beneficial Owners of the Notes.

Paying Agent

U.S. Bank Trust Company, National Association, located in Los Angeles, California, will act as the registrar, transfer agent, and paying agent for the Notes (the "Paying Agent"). As long as DTC is the registered Owner of the Notes and DTC's book-entry method is used for the Notes, the Paying Agent will send any notices to Owners only to DTC.

Neither the Paying Agent, the District, nor the Underwriter of the Notes has any responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership of interests in the Notes.

Redemption

The Notes are subject to redemption prior to the Maturity Date as described herein. See "THE NOTES – Redemption" below.

Tax Matters

In the opinion of Dannis Woliver Kelley, Bond Counsel, subject to the qualifications described herein, under existing law, interest on the Notes will be excludable from gross income for federal income tax purposes and will not be included in computing the alternative minimum taxable income of the owners thereof; however, interest on the Notes is taken into account in determining annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations for tax years beginning after December 31, 2022. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" herein.

Continuing Disclosure

The District has covenanted for the benefit of the Owners and Beneficial Owners of the Notes to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain enumerated events. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5)(i)(C) promulgated under the Securities Exchange Act of 1934, as amended. See "CERTAIN OTHER LEGAL MATTERS – Continuing Disclosure" herein and APPENDIX D – "FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto.

Bank Qualified

The District has designated the Notes as "qualified tax-exempt obligations," thereby allowing certain financial institutions that are holders of such qualified tax-exempt obligations to deduct a portion of such institution's interest expense allocable to such qualified tax-exempt obligations, all as determined in accordance with Section 265(b)(3) of the Code.

Professionals Involved in the Offering

Dale Scott & Company, Inc., San Francisco, California is acting as municipal advisor to the District and Dannis Woliver Kelley, Long Beach, California, is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Notes. Dale Scott & Company, Inc. and Dannis Woliver Kelley will receive compensation from the District contingent upon the sale and delivery of the Notes. U.S. Bank Trust Company, National Association, Los Angeles, California is acting as the Paying Agent with respect to the Notes. Certain matters are being passed upon for the Underwriter by its counsel, Norton Rose Fulbright US LLP, Los Angeles, California.

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 Notes are available, upon request, and upon payment to the District of a charge for copying, mailing and handling, from the District at Aromas-San Juan Unified School District, 2300 San Juan Highway, San Juan Bautista, California 95045.

This Official Statement contains brief descriptions of, among other things, the District, the Notes and the Resolution pertaining to the Notes, and certain other matters relating to the security for the Notes. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to documents and agreements are qualified in their entirety by reference to such documents, and agreements and references herein to the Notes are qualified in their entirety by reference to the form thereof included in the Resolution, respectively. Copies of such documents will be available for inspection at the principal office of the Paying Agent after delivery of the Notes. Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Resolution.

The sale and delivery of the Notes to potential investors is made only by means of the entire Official Statement.

THE NOTES

Authority for Issuance

The Notes are being issued under the authority of Title 1, Division 1, Part 10, Chapter 1, Article 3 of the Education Code (specifically, Section 15150), and pursuant to the Resolution.

The District received authorization at an election held on November 3, 2020 (the "Election"), by at least 55% affirmative vote of the eligible voters within the District to issue $30,500,000 of general obligation bonds. The election was conducted pursuant to California State Proposition 39 of November 2000 ("Proposition 39") and applicable statutes, which amended Article XIIIA of the California Constitution to permit the approval of general obligation bonds of a school district by 55% or more of the votes cast on the measure, subject to certain accountability features (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES --Article XIIIA of the California Constitution" herein).

The District has not issued any general obligation bonds under the 2020 Authorization. The Notes do not count against the 2020 Authorization but any Bonds issued to pay the Maturity Value of the Notes will count against the 2020 Authorization.

Purpose of Issue

The Notes are being issued to finance the acquisition, construction, improvement and equipping of certain District property and facilities (the "Project") in anticipation of proceeds from the Bonds to be issued by the District pursuant to the 2020 Authorization.

The "Smaller Classes, Safer Schools, and Financial Accountability Act," a Constitutional amendment known as Proposition 39, controls the method by which the District will expend proceeds of its general obligation bonds issued under the 2020 Authorization on its capital improvements. Prior to the Election, the District prepared and submitted to the Board for approval a master list of capital improvement projects to be built, acquired, constructed or installed with the proceeds of the Bonds, which was then submitted to the voters at the Election (the "Project List"). The District will prioritize and may not undertake to complete all components of the Project List.

A portion of the proceeds of the Notes will be deposited into the Building Fund (the "Building Fund") established and maintained by San Benito County for payment of costs of the Project.

Book-Entry Only System

The Notes 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 certificates representing their interests in the Notes.

Payment of the Notes

The Notes are payable only at maturity, or the earlier redemption thereof, and will not pay interest on a current basis. The Notes shall accrete in value from their Denominational Amount to their Maturity Value, at the approximate Accretion Rate per annum set forth on the front cover hereof, compounded semiannually on February 1 and August 1 of each year, commencing February 1, 2023. The Maturity Value of a Note is equal to its Accreted Value upon the maturity date. Interest on each Note is represented by the amount each Note accretes in value from its Denominational Amount to the date for which Accreted Value is calculated. The Accreted Value of a Note is calculated by discounting on a 30-day month, 360-day year basis its Maturity Value on the basis of a constant interest rate (the "Accretion Rate") compounded semiannually on February 1 and August 1, of each year to the date for which an Accreted Value is calculated, and if the date for which an Accreted Value is calculated is between February 1 and August 1, by pro-rating the Accreted Values to the closest prior or subsequent February 1 and August 1. See the maturity schedule on the front cover hereof and APPENDIX F – "ACCRETED VALUES TABLE" attached hereto. The Notes are issuable in denominations of $5,000 principal amount, or any integral multiple thereof, and will mature on the Maturity Date.

Redemption

The Notes are subject to redemption prior to maturity from proceeds of General Obligation Bonds, Renewal Notes or other funds lawfully available to pay the redemption price of the Notes on any date on or after August 1, 2024 at a price equal to the Redemption Price (defined below) of the Note to be redeemed, as of the date fixed for redemption, without premium, as shown in APPENDIX G – REDEMPTION PRICES TABLE.

The Redemption Price (the "Redemption Price") of the Note is calculated by discounting on a 30-day month, 360-day year basis its Maturity Value on the basis of a constant interest rate (the "Reoffering Yield") compounded semiannually on February 1 and August 1, of each year to the date for which a Redemption Price is calculated, and if the date for which the Redemption Price is calculated is between February 1 and August 1, by pro-rating the Redemption Price to the closest prior or subsequent February 1 or August 1.

Selection of Notes for Redemption

The Paying Agent, upon written instruction from the District given at least 45 days prior to the date designated for such redemption, shall select Notes for redemption in such order as the District may direct, or, in the absence of such direction, by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that the portion of any Note to be redeemed in part shall be in the denominations of $5,000 Principal Amount or any integral multiple thereof.

Notice of Redemption

The Paying Agent, upon written instruction from the District given at least 45 days prior to the date designated for redemption, shall give notice (a "Redemption Notice") of the redemption of the Notes. Such Redemption Notice shall specify: (a) the Notes or designated portions thereof (in the case of redemption of the Notes in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Notes to be redeemed, (f) the numbers of the Notes to be redeemed in whole or in part and, in the case of any Note to be redeemed in part only, the Principal Amount of such Note to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Note to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Note or portion thereof being redeemed the redemption price, together with the interest accrued to the redemption date, and that from and after such date interest with respect thereto shall cease to accrue and be payable.

The Paying Agent shall take the following actions with respect to such Redemption Notice:

(a) At least 20 but not more than 60 days prior to the redemption date, such Redemption Notice shall be given to the respective Owners of Notes designated for redemption by first class mail, postage prepaid, at their addresses appearing on the Note Register. Notice of redemption may be given on a conditional basis in contemplation of a refunding of the Notes.

(b) In the event that the Notes shall no longer be held in book-entry only form, at least two days before the date of the notice, such Redemption Notice shall be given by (i) first class mail, postage prepaid, (ii) telephonically confirmed facsimile transmission, or (iii) overnight delivery service, to the Depository and to the Municipal Securities Rulemaking Board.

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

Conditional Notice

The Paying Agent shall, at the direction of the District, issue a Redemption Notice that is conditioned upon the delivery of proceeds of General Obligation Bonds, Renewal Notes or other funds lawfully available to pay the redemption price of the Notes. Such a conditional Redemption Notice, if given, may be rescinded by the Paying Agent at the direction of the District at any time prior to the scheduled redemption date, whereupon the Redemption Notice shall: (A) be deemed null and void, (B) the District shall not be required to redeem such Note, (C) the redemption shall not be made and (D) the Paying Agent shall within a reasonable time thereafter give notice to the persons 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 District may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the owners of the Notes so called for redemption. Any optional redemption and notice thereof shall be rescinded if for any reason on the date fixed for redemption moneys are not available in the Repayment Account or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the Principal Amount of, and any premium due on the Notes called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Note of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

Partial Redemption of Notes

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

Effect of Notice of Redemption

Notice having been given, and the moneys for the redemption (including the interest to the applicable date of redemption) having been set aside for the payment of their redemption price, the Notes to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Notes to be redeemed, together with interest to such redemption date, shall be held by the Paying Agent so as to be available therefor on such redemption date, and if notice of redemption thereof shall have been given, then from and after such redemption date, interest on the Notes to be redeemed shall cease to accrue and become payable. All money held by or on behalf of the Paying Agent for the redemption of Notes shall be held in trust for the account of the Owners of the Notes so to be redeemed.

All Notes paid at maturity or redeemed prior to maturity shall be cancelled upon surrender thereof and delivered to or upon the order of the District. All or any portion of a Note purchased by the District shall be cancelled by the Paying Agent upon written notice by the District given to the Paying Agent.

Security and Sources of Payment

The Notes are an obligation of the District payable from proceeds of the future sale of Bonds pursuant to the 2020 Authorization, Renewal Notes, or other funds of the District lawfully available for the purpose of repaying the Notes, including State grants.

The District has covenanted in the Resolution to, not later than 30 days prior to the Maturity Date, sell, or cause to be sold, Bonds, Renewal Notes or certificates of participation, or a combination thereof, in an amount sufficient, together with any available moneys, to pay the Maturity Value of the Notes on the Maturity Date.

Statutory Lien on Debt Service

Pursuant to Section 53515 of the State Government Code (the "Government Code"), effective January 1, 2016, general obligation bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof. The lien automatically attaches, without further action or authorization by the Board, and is valid and binding from the time such general obligation bonds are executed and delivered. The revenues received pursuant to the levy and collection of the *ad valorem* property tax will be immediately subject to the lien, and such lien will be enforceable against the District, its successor, transferees and creditors, and all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act. Any Bonds issued to pay the Notes will be secured by such statutory lien on the *ad valorem* taxes collected to pay the principal of and interest on such Bonds.

Risk Factors

There are certain risks to investors inherent in the purchase of the Notes. The following factors, along with the other information provided in this Official Statement, should be considered by potential investors in evaluating a purchase of Notes. The following, however, do not purport to be an exhaustive listing of risks and other considerations that may be relevant to an investment in the Notes. The following factors are not presented in a priority reflective of their importance or significance to investors.

Global Pandemic. In late 2019, an outbreak of COVID-19, a respiratory virus ("COVID-19"), occurred in China, and since that time has been spreading globally. The global outbreak, together with measures underway to attempt to limit the spread of COVID-19 imposed by local and federal governments, has caused volatility in financial markets as well as restrictions and closures of many businesses. To date, there have been thousands of confirmed cases of COVID-19 in the Counties and, although vaccines are currently widely available, no representation can be made by the District as to whether the number of such cases will again increase. See "DISTRICT FINANCIAL INFORMATION – COVID-19 Outbreak and its Economic Impact" and "–Impact of COVID-19 on California School Districts" herein.

Tax Rate Levy Limitations under Proposition 39. Proposition 39, including the "Strict Accountability in Local School Construction Bonds Act of 2000," set forth at Section 15264 *et seq*. of the Education Code, sets forth limits on the ability of school districts to issue their authorized general obligation bonds. Proposition 39 provides that the District may not issue general obligation bonds unless the combined tax rate for all general obligation bonds issued under the 2020 Authorization is estimated to not exceed $60 per $100,000 of assessed valuation. At the time the Notes mature, circumstances may be such that compliance with the tax rate maximum established by statues enacted under Proposition 39 would prevent the issuance of the Bonds in an amount sufficient to pay the Maturity Value of the Notes in full. See "–Slow Growth or Reductions in Assessed Valuation" below. A delay in the ability of the District to issue Bonds under the 2020 Authorization would require the District to identify other sources of funds to pay the Maturity Value of the Notes.

Sources of Repayment; Limitation as to Term. The Notes are being issued pursuant to the Act, which prescribes the sources of repayment thereof and the maximum term of the Notes. Under the Act, the Notes, together with any Renewal Notes, may have a maximum term of five years from the date of initial issuance thereof. Upon maturity, and pursuant to the Resolution, the District has covenanted to deliver Bonds, Renewal Notes, certificates of participation, or a combination thereof, in an amount sufficient to pay the Maturity Value of the Notes. The Notes will mature on August 1, 2027, and as such could not be renewed after maturity.

Slow Growth or Reductions in Assessed Valuation. Based on its current projections, the District anticipates being able to issue Bonds under the 2020 Authorization in an amount sufficient to pay the Maturity Value of the Notes on or before August 1, 2027. Moreover, the Denominational Amount of the Notes is based on assessed valuation assumptions that should allow for the Notes to be paid at maturity. The District estimates that it will be able to issue general obligation bonds to repay the Notes assuming no assessed valuation growth between fiscal years 2022-23 and 2027-28, the fiscal year in which the Notes will mature. However, the District is unable to predict its future assessed valuation, and its expectations are based on estimates, not facts and circumstances known to the District. Economic factors beyond the control of the District, such as successful appeals by property owners for reductions in assessed valuation of their properties, destruction of or damage to real property caused by natural forces, including fire, flood and earthquake, and other factors, could cause slow growth or even a significant reduction in the assessed valuation within the District as a whole. Those circumstances could prevent the District from issuing general obligation bonds under applicable provisions of the California Constitution in an amount sufficient to pay the Notes by a date prior to their maturity. See "—Tax Rate Levy Limitations Under Proposition 39" herein. In such circumstances, the District would be obligated and is prepared to pay the maturing Notes from the issuance of Renewal Notes, the sale of certificates of participation or other available moneys, or a combination thereof.

The District estimates that no assessed valuation growth will be needed over the term of the Notes in order to allow the District to issue Bonds to pay the Maturity Value of the Notes on August 1, 2027. If the District's assessed valuation declines over the term of the Notes, such that the assessed valuation in fiscal year 2027-28 (the fiscal year in which the Notes mature) is lower than the current assessed value in fiscal year 2022-23, other sources of funds might be needed to pay the Maturity Value of the Notes.

Legislation Regarding Capital Appreciation Bonds. State Assembly Bill 182 (Stats. 2013, Chapter 477) ("AB 182") was approved by the Governor of California on October 2, 2013, and took effect on January 1, 2014. AB 182 places restrictions on a school district's ability to issue capital appreciation bonds and convertible capital appreciation bonds, including, among other restrictions, limitations with respect to the maximum term of such bonds and the maximum ratio of total debt service to principal for each bond series. If the Bonds issued to pay all or a portion of the Notes at maturity are issued as capital appreciation bonds and/or convertible capital appreciation bonds such Bonds will be issued in compliance with AB 182.

Other Factors Limiting the Issuance of District Obligations to Pay the Notes. In addition to the slow growth of or reductions to the District's assessed valuation, other factors could make it difficult or impossible for the District to issue Bonds or other obligations to pay the maturing Notes, including, but not limited to, the general financial condition of the District at the time it institutes proceedings to issue such obligations or the condition of the prevailing municipal securities market. No assurances can be given that the District will be able to issue any such obligations when and as required to provide for the payment of the Maturity Value of the Notes.

Initiatives Affecting Assessed Valuation. Article XIIIA of the California Constitution provides that the full cash value base of real property used in determining taxable value (for real property that has not changed ownership or undergone certain renovations or improvements) may be adjusted from year-to-year to reflect the inflationary rate, not to exceed a 2% increase for any given calendar year, or may be reduced to reflect a reduction in the consumer price index or comparable local data.

Article XIIIA was adopted pursuant to the constitutional initiative process in the State. From time to time, other initiative measures are adopted by the voters in California, and it may be possible that a future initiative might alter the taxable value, reduce the permitted property tax rate or broaden property tax exemptions, further eroding the ability of the District to access the 2020 Authorization prior to the final maturity of the Notes. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES" herein.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Notes are expected to be applied as follows:

Sources of Funds	
Denominational Amount of Notes	$4,996,500.00
Premium	190,937.50
Total Sources	5,187,437.50
Uses of Funds	
Building Fund	4,996,500.00
Costs of Issuance[1]	190,937.50
Total Uses	$5,187,437.50

(1) A portion of the proceeds of the Notes will be used to pay certain costs of issuance, including but not limited to the basic data, filing fees, underwriting discount, printing costs, legal and municipal advisory fees, rating agency fees, and the costs and fees of the Paying Agent. See "UNDERWRITING" herein.

APPLICATION OF NOTE PROCEEDS

The proceeds from the sale of the Notes will be deposited to the credit of the "Aromas-San Juan Unified School District 2022 Bond Anticipation Note Building Fund" (the "Building Fund"), held by San Benito County and kept separate and distinct from all other District and County funds. Funds on deposit in the Building Fund will be used to finance the Project. See, "THE NOTES – Purpose of Issue" above. Interest earnings on moneys held in the Building Fund will be retained in the Building Fund.

In accordance with the Resolution and subject to federal tax restrictions, moneys in the Building Fund may be invested in any one or more investments generally permitted to school districts under the laws of the State or as permitted by the Resolution. Moneys in the Building Fund are expected to be invested in the San Benito County Treasury Investment Pool (the "Treasury Pool"). See "SAN BENITO COUNTY INVESTMENT POOL" below.

SAN BENITO COUNTY INVESTMENT POOL

The information in this section has been provided by San Benito County. Neither the District nor the Underwriter has independently verified this information and neither guarantees the completeness or accuracy thereof. Further information may be obtained by contacting the San Benito County, Treasurer, Tax Collector, Public Administrator at 440 5th Street, Room 106, Hollister, California 95023, telephone: 831-636-4043.

In accordance with Education Code Section 41001, each California public school district maintains substantially all of its operating funds in the county treasury of the county, the county superintendent of schools of which has jurisdiction over the district, and each county treasurer or finance director serves as *ex officio* treasurer for those school districts located within the county. Each county treasurer or finance director has the authority to invest school district funds held in the county treasury. Generally, the county treasurer or finance director pools county funds with school district funds and funds from certain other public agencies within the county 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.

The District maintains substantially all of its funds in the treasury of San Benito County which is invested in the Treasury Pool.

Pursuant to State law, the County Treasurer, Tax Collector, Public Administrator (the "Treasurer") manages funds deposited in the County Treasury by the County, county school districts, special districts, trusts, and agencies. The Treasurer has accepted funds only from entities located within the County. The moneys on deposit are predominantly derived from local government revenues consisting of property taxes, State and Federal funding, and other fees and charges.

As of June 30, 2022, the Treasurer's investments were as follows:

SAN BENITO COUNTY
TREASURER'S DEPARTMENT PORTFOLIO ANALYSIS

Investment Type:	Number of Investments	Par Value	Book Yield	% W/N Portfolio Type	Total Portfolio Investment %	Policy Investment %
Certificates of Deposits	7	$ 10,550,000	0.40%	6.6%	3.6%	30%
Treasury Notes	30	66,700,000	0.81	41.8	22.6	No Limit
Asset Backed Securities	6	5,650,000	1.75	3.5	1.9	
Collateral Mortgage Obligations	1	1,925,000	1.98	1.2	0.7	20%
Agencies	13	27,145,000	0.74	17.0	9.2	
Corporate Bonds (including Medium Term Notes)	15	47,284,000	1.28	29.7	16.0	30% per Agency
Money Market	1	186,589	0.15	0.1	0.1	30%
Total Chandler Portfolio	73	**$159,440,589**		**100.0%**	**54.1%**	20%
CAMP	1	$ 54,595,477	0.52	40.4	18.5	20%
LAIF	1	74,918,000	0.60	55.4	25.4	$75,000
River City Bank***	1	580,301	0.34	0.4	0.2	10%
Wells Fargo	1	5,186,726	N/A	3.8	1.8	No Limit
Total Operating Accounts	4	**$135,280,504**		**100.0%**	**45.9%**	
Total SBC Treasury Portfolio	77	$294,721,092				

Source: *San Benito County Treasurer, Tax Collector, Public Administrator*

The composition of investments in the Treasury Pool will vary from time-to-time depending on cash flow needs of San Benito County and public agencies invested in the Treasury Pool, the maturity of investments, purchases of new securities, and due to fluctuations in interest rates.

The Treasury Pool is managed emphasizing safety, liquidity, and return, in that order, as required by Government Code Section 27000.5. All investments are in compliance with Government Code Section 53601 *et seq.*, and the San Benito County Treasury Investment Policy (the "Investment Policy"), which was last approved on December 14, 2021. Subject to the approval of the County Board of Supervisors, the Treasurer can amend the Investment Policy. A copy of the current Investment Policy is on file with the San Benito County Board of Supervisors and is also available on the Treasurer's website. The types of investment reports, their timing and distribution have been approved by the Benito County Board of Supervisors as part of its annual approval of the Investment Policy. Quarterly Investment Reports are posted on the Treasurer's website for public benefit.

TAX BASE OF THE DISTRICT

The information in this section describes ad valorem property taxation, assessed valuation, and other aspects of the District's tax base. The Notes are an obligation of the District payable from the proceeds of the future sale of Bonds pursuant to the 2020 Authorization, Renewal Notes, or from other funds of the District lawfully available for the purpose of repaying the Notes, including State grants.

Ad Valorem Property Taxation

Taxes are levied by San Benito County, Monterey County, and Santa Cruz County for each fiscal year on taxable real and personal property which is situated in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the applicable County Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

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

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5:00 p.m. on October 31, an additional penalty of 1.5% attaches to them on the first day of each month until paid. The taxing authority has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate in the office of the applicable County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the applicable County Clerk and County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property, improvements, or possessory interests belonging or assessed to the assessee.

Assessed Valuations

The assessed valuation of property in the District is established by each of the County Assessors, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the full value of the property, as defined in Article XIIIA of the California Constitution. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES" herein.

The State Constitution currently requires a credit of $7,000 of the taxable value of an owner-occupied dwelling for which application has been made to the County Assessor. The revenue estimated to be lost to local taxing agencies due to the exemption is reimbursed from State sources. Reimbursement is based upon total taxes due upon such exempt value and is not reduced by any amount for estimated or actual delinquencies. Current law also provides, upon application, a basis exemption of $100,000 increased by inflation for veterans with specified disabilities or for unmarried spouses of deceased veterans. The exemption may be raised to $150,000 if the applicant meets the income limit of $40,000.

In addition, certain classes of property such as cemeteries, free public libraries and museums, public schools, 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.

The tables below present the historical assessed valuation in the District as a whole as well as by each County since fiscal year 2012-13. The District's total assessed valuation is $2,425,209,963 for fiscal year 2022-23, 73.74% of which is derived from property in San Benito County, 25.23% of which is derived from property in Monterey County, and 1.03% of which is derived from property in Santa Cruz County.

AROMAS-SAN JUAN UNIFIED SCHOOL DISTRICT
Assessed Valuation in Whole District
Fiscal Year 2012-13 through Fiscal Year 2022-23

Year	Local Secured	Utility	Unsecured	Total	Annual Percent Change
2012-13	$1,213,927,742	$0	$ 91,013,433	$1,304,941,175	-- %
2013-14	1,271,939,092	0	114,711,304	1,386,650,396	6.26
2014-15	1,374,719,004	0	144,741,686	1,519,460,690	9.58
2015-16	1,466,565,936	0	144,730,332	1,611,296,268	6.04
2016-17	1,531,054,464	0	177,979,329	1,709,033,793	6.07
2017-18	1,613,124,925	0	171,542,840	1,784,667,765	4.43
2018-19	1,717,382,746	0	180,311,520	1,897,694,266	6.33
2019-20	1,836,837,894	0	187,233,176	2,024,071,070	6.66
2020-21	1,931,137,336	0	176,560,880	2,107,698,216	4.13
2021-22	2,057,814,474	0	168,051,229	2,225,865,673	5.61
2022-23	2,226,163,474	0	199,046,489	2,425,209,963	8.96

Source*: California Municipal Statistics, Inc*.

AROMAS-SAN JUAN UNIFIED SCHOOL DISTRICT
Assessed Valuation in San Benito County
Fiscal Year 2012-13 through Fiscal Year 2022-23

Year	Local Secured	Utility	Unsecured	Total	Annual Percent Change
2012-13	$ 832,286,334	$0	$ 79,139,550	$ 911,425,884	-- %
2013-14	879,341,058	0	100,912,181	980,253,239	7.55
2014-15	959,040,471	0	130,935,712	1,089,976,183	11.19
2015-16	1,037,689,510	0	131,651,402	1,169,340,912	7.28
2016-17	1,081,935,469	0	164,966,490	1,246,901,959	6.63
2017-18	1,149,952,841	0	157,698,666	1,307,651,507	4.87
2018-19	1,224,705,519	0	164,745,343	1,389,450,862	6.26
2019-20	1,314,369,710	0	169,614,417	1,483,984,127	6.80
2020-21	1,389,747,035	0	157,717,432	1,547,464,467	4.28
2021-22	1,482,562,584	0	151,200,504	1,633,763,088	5.58
2022-23	1,606,123,166	0	182,220,545	1,788,343,711	9.46

Source: *California Municipal Statistics, Inc.*

AROMAS-SAN JUAN UNIFIED SCHOOL DISTRICT
Assessed Valuation in Monterey County
Fiscal Year 2012-13 through Fiscal Year 2022-23

Year	Local Secured	Utility	Unsecured	Total	Annual Percent Change
2012-13	$365,704,947	$0	$11,353,469	$377,058,416	-- %
2013-14	376,216,110	0	13,122,359	389,338,469	3.26
2014-15	394,097,312	0	13,040,209	407,137,521	4.57
2015-16	406,787,049	0	12,115,903	418,902,952	2.89
2016-17	426,557,287	0	12,118,103	438,675,390	4.72
2017-18	443,895,500	0	13,000,924	456,896,424	4.15
2018-19	472,775,541	0	14,562,486	487,338,027	6.66
2019-20	500,884,912	0	16,595,141	517,480,053	6.19
2020-21	519,131,180	0	17,800,512	536,931,692	3.76
2021-22	552,296,394	0	15,833,789	568,130,183	5.81
2022-23	596,362,948	0	15,616,587	611,979,535	7.72

Source: *California Municipal Statistics, Inc.*

AROMAS-SAN JUAN UNIFIED SCHOOL DISTRICT
Assessed Valuation in Santa Cruz County
Fiscal Year 2012-13 through Fiscal Year 2022-23

Year	Local Secured	Utility	Unsecured	Total	Annual Percent Change
2012-13	$15,936,461	$0	$ 520,414	$16,456,875	-- %
2013-14	16,381,924	0	676,764	17,058,688	3.66
2014-15	21,581,221	0	765,765	22,346,986	31.00
2015-16	22,089,377	0	963,027	23,052,404	3.16
2016-17	22,561,708	0	894,736	23,456,444	1.75
2017-18	19,276,584	0	843,250	20,119,834	14.22
2018-19	19,901,686	0	1,003,691	20,905,377	3.90
2019-20	21,583,272	0	1,023,618	22,606,890	8.14
2020-21	22,259,121	0	1,042,936	23,302,057	3.08
2021-22	22,955,496	0	1,016,906	23,972,402	2.88
2022-23	23,677,360	0	1,209,357	24,886,717	3.81

Source: *California Municipal Statistics, Inc.*

Economic and other factors beyond the District's control, such as general market decline in property values, disruption in financial markets that may reduce availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood or toxic contamination, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rate levied by the Counties to pay the debt service with respect to the outstanding general obligation bonds of the District. See also "THE NOTES—Risk Factors" herein.

Natural Disasters Impacting Assessed Valuations

Drought Conditions. Water shortfalls resulting from the driest conditions in recorded State history caused a State-wide drought State of Emergency for California in 2014 and the imposition by State regulators of reductions in water usage through 2017 when the State-wide drought ended in almost all California counties.

During fiscal years 2020-21 and 2021-22 and continuing during fiscal year 2022-23, much of the State has experienced Severe or Extreme Drought, pursuant to the U.S. Drought Monitor Classification Scheme. On July 8, 2021, Governor Newsom signed Executive Order N-10-21 calling on all Californians to voluntarily reduce water usage by 15%. On October 19, 2021, Governor Newsom declared a State of Emergency due to drought in the State. On January 4, 2022, State Water Board adopted emergency use regulations prohibiting certain wasteful water practices such as watering ornamental landscapes during rain and using potable water to clean hard surfaces and driveways. According to the U.S. Drought Monitor, as of November 1, 2022, 99.77% of the State is experiencing Moderate Drought, 91.83% of the State is experiencing Severe Drought, 43.06% of the State is experiencing Extreme Drought and 16.57% of the State is experiencing Exceptional Drought. San Benito County is currently experiencing areas of Exceptional Drought, Extreme Drought and Severe Drought. The District cannot predict if or when water usage restrictions might be imposed again or what impact such restrictions, if imposed, might have on the assessed valuation of the District and the local economy.

Wildfires. In recent years, certain portions of the State were affected by large wildfires which destroyed both natural lands and residential and commercial properties and resulted in large-scale property value reductions in the impacted areas. During the summer of 2020, California experienced large-scale wildfires in several portions of the State. The District was not impacted by recent wildfires.

Additionally, in 2017, 2018, and 2019 certain portions of the State were affected by large wildfires which destroyed both natural lands and residential and commercial properties and resulted in large-scale property value reductions in the impacted areas. The District was not impacted by these wildfires.

Change in Economic Conditions. The outbreak of COVID-19 and the corresponding measures to prevent its spread have caused widespread unemployment and economic slow-down in the United States, the State and the Counties. Such economic slow-down may lead to an economic recession or depression and a general market decline in real estate values. Such a decline may cause a reduction of assessed values in the District. See "DISTRICT FINANCIAL INFORMATION – COVID-19 Outbreak and its Economic Impact" for more information regarding the impact of COVID-19.

The District cannot make any representation regarding the effects that the drought, change in economic conditions, caused by the pandemic or otherwise, fire conditions, earthquakes, or other natural disasters has had, or may have on the value of taxable property within the District, or to what extent such conditions could cause disruptions to agricultural production, destroy property, reduce land values and adversely impact other economic activity within the boundaries of the District.

Appeals and Adjustments of Assessed Valuations

Pursuant to California Proposition 8 of November 1978 ("Proposition 8"), property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed.

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

A property that has been reassessed under Proposition 8, whether pursuant to owner appeal or due to county assessor review, is subsequently reviewed annually to determine its lien date value. Assuming no change in ownership or new construction, and if and as market conditions improve, the assessed value of a property with a Proposition 8 assessed value in place may increase as of each property tax lien date by more than the standard annual inflationary factor growth rate allowed under Article XIIIA (currently, a 2% annual maximum) until such assessed value again equals the Article XIIIA base year value for such property as adjusted for inflation and years of ownership, at which point such property is again taxed pursuant to Article XIIIA and base year values may not be increased by more than the standard Article XIIIA annual inflationary factor growth rate. A change in ownership while a property is subject to a Proposition 8 reassessment assessed valuation will cause such assessed valuation to become fixed as a new Article XIIIA base year value for such property. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Article XIIIA of the California Constitution" herein. A second type of assessment appeal involves a challenge to the base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

No assurance can be given that property tax appeals or applicable County Assessor reviews in the future will not significantly reduce the assessed valuation of property within the District.

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Assessed Valuation of Single Family Homes

The following table sets forth ranges of assessed valuations of single-family homes in the District for fiscal year 2022-23.

AROMAS-SAN JUAN UNIFIED SCHOOL DISTRICT
Per Parcel Assessed Valuation
Fiscal Year 2022-23

	No. of Parcels	2022-23 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	2,403	$1,292,616,686	$537,918	$501,284

2022-23 Assessed Valuation	No. of Parcels (1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	52	2.164%	2.164%	$ 1,919,321	0.148%	0.148%
$50,000 - $99,999	101	4.203	6.367	7,438,337	0.575	0.724
$100,000 - $149,999	98	4.078	10.445	12,246,493	0.947	1.671
$150,000 - $199,999	95	3.953	14.399	16,698,370	1.292	2.963
$200,000 - $249,999	121	5.035	19.434	27,319,364	2.113	5.077
$250,000 - $299,999	145	6.034	25.468	39,772,951	3.077	8.154
$300,000 - $349,999	134	5.576	31.045	43,607,691	3.374	11.527
$350,000 - $399,999	149	6.201	37.245	55,493,887	4.293	15.820
$400,000 - $449,999	131	5.452	42.697	55,772,625	4.315	20.135
$450,000 - $499,999	172	7.158	49.854	81,801,955	6.328	26.463
$500,000 - $549,999	119	4.952	54.806	62,348,604	4.823	31.287
$550,000 - $599,999	120	4.994	59.800	69,205,807	5.354	36.641
$600,000 - $649,999	134	5.576	65.377	83,092,091	6.428	43.069
$650,000 - $699,999	108	4.494	69.871	72,830,748	5.634	48.703
$700,000 - $749,999	120	4.994	74.865	86,980,979	6.729	55.432
$750,000 - $799,999	102	4.245	79.109	79,092,246	6.119	61.551
$800,000 - $849,999	112	4.661	83.770	92,042,878	7.121	68.672
$850,000 - $899,999	86	3.579	87.349	74,973,121	5.800	74.472
$900,000 - $949,999	80	3.329	90.678	73,974,808	5.723	80.195
$950,000 - $999,999	60	2.497	93.175	58,335,301	4.513	84.708
$1,000,000 and greater	164	6.825	100.000	197,669,109	15.292	100.000
	2,403	100.000%		$1,292,616,686	100.000%	

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

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Assessed Valuation and Parcels by Land Use

The table below sets forth an analysis of the distribution of assessed valuation and number of parcels of taxable property within the District by land use for fiscal year 2022-23.

AROMAS-SAN JUAN UNIFIED SCHOOL DISTRICT
Assessed Valuation and Parcels By Land Use
Fiscal Year 2022-23

Non-Residential:	2022-23 Assessed Valuation [1]	% of Total	No. of Parcels	% of Total
Agricultural/Rural	$460,893,416	20.70%	541	13.90%
Commercial	123,287,173	5.54	162	4.16
Vacant Commercial	3,879,464	0.17	50	1.28
Industrial	277,786,448	12.48	49	1.26
Vacant Industrial	954,265	0.04	20	0.51
Government/Social/Institutional	116,981	0.01	56	1.44
Miscellaneous	97,292	0.00	18	0.46
Subtotal Non-Residential	$867,015,039	38.95%	896	23.02%
Residential:				
Single Family Residence	$1,292,616,686	58.06%	2,403	61.73%
Condominium/Townhouse	9,130,966	0.41	33	0.85
Mobile Home	28,037,535	1.26	278	7.14
Mobile Home Park	2,493,010	0.11	4	0.10
2+ Residential Units/Apartments	14,664,152	0.66	45	1.16
Miscellaneous Residential	273,309	0.01	35	0.90
Vacant Residential	11,932,777	0.54	199	5.11
Subtotal Residential	$1,359,148,435	61.05%	2,997	76.98%
Total	$2,226,163,474	100.00%	3,893	100.00%

[1] Local secured assessed valuation, excluding tax-exempt property.
Source: *California Municipal Statistics, Inc.*

Teeter Plan

San Benito County and Santa Cruz County. San Benito County and Santa Cruz County have adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan") as provided for in the State Revenue and Taxation Code, which requires the counties to pay 100% of secured property taxes due to local agencies in the fiscal year such taxes are due. Pursuant to these provisions, each county operating under the Teeter Plan establishes a delinquency reserve and assumes responsibility for all secured delinquencies, assuming that certain conditions are met.

As a result of this method of tax collection, the K-12 districts, including the District, located in counties operating under the Teeter Plan and participating in the Teeter Plan are assured of 100% collection of their secured tax levies if the conditions established under the applicable county's Teeter Plan are met. However, such districts are no longer entitled to share in the receipt of any penalties due to delinquent payments. This method of tax collection and distribution is subject to future discontinuance at such county's option if the delinquency rate for all *ad valorem* property taxes levied within the District exceeds 3% in any year, or if demanded by the participating taxing agencies. In the event that the Teeter Plan were terminated, the amount of the levy of *ad valorem* property taxes in the District would depend upon the collection of the *ad valorem* property taxes and the delinquency rates experienced with respect to the parcels within the District.

Monterey County. The Board of Supervisors of Monterey County has not adopted the Teeter Plan.

Tax Rates

The following tables summarize the typical tax rates levied by all taxing entities in a typical Tax Rate Area within the District (TRA 2-000 and TRA 79-009) for fiscal years 2018-19 through 2022-23. The 2022-23 assessed valuation of TRA 2-000 is $305,306,633 which is 12.59% of the District's total assessed valuation. The 2022-23 assessed valuation of TRA 79-009 is $461,134,274 which is 19.01% of the District's total assessed valuation.

TRA 2-000 – Inside City of San Juan Bautista [(1)]

	2018-19	2019-20	2020-21	2021-22	2022-23
General Tax Rate	$1.0000	$1.0000	$1.0000	$1.0000	$1.0000
Aromas-San Juan Unified School District	.049100	.049097	.097647	.090950	.067299
Gavilan Joint Community College District	.043100	.043100	.041700	.042000	.039400
San Benito Healthcare District	.020870	.020873	.020041	.019376	.017868
Total Tax Rate	1.113070	$1.113070	$1.159388	$1.152326	$1.124567
San Benito County Flood Control Zone 6	.250000	.250000	.250000	.250000	.250000
Total Land Only Tax Rate	.250000	.250000	.250000	.250000	.250000

TRA 79-009 – Unincorporated San Benito County [(2)]

	2018-19	2019-20	2020-21	2021-22	2022-23
General Tax Rate	$1.0000	$1.0000	$1.0000	$1.0000	$1.0000
Aromas-San Juan Unified School District	.049100	.049097	.097647	.090950	.067299
Gavilan Joint Community College District	.043100	.043100	.041700	.042000	.039400
San Benito Healthcare District	.020870	.020873	.020041	.019376	.017868
Total Tax Rate	1.113070	$1.113070	$1.159388	$1.152326	$1.124567
San Benito County Flood Control Zone 6	.250000	.250000	.250000	.250000	.250000
Total Land Only Tax Rate	.250000	.250000	.250000	.250000	.250000

(1) 2022-23 assessed valuation of TRA 2-000 is $305,306,633 which is 12.59% of the District's total assessed valuation.
(2) 2022-23 assessed valuation of TRA 79-009 is $461,134,274 which is 19.01% of the District's total assessed valuation.
Source: *California Municipal Statistics, Inc.*

Tax Levies and Delinquencies

The table below summarizes the annual secured tax levy and delinquencies within the District as of June 30 for fiscal years 2016-17 through 2020-21, the most recent data available. Both San Benito County and Santa Cruz County have adopted the Teeter Plan. As a result, the District's receipt of property taxes on the secured roll is not subject to delinquencies so long as the Teeter Plan remains in effect.

AROMAS-SAN JUAN UNIFIED SCHOOL DISTRICT
Secured Tax Charges and Delinquencies

	Secured Tax Charge [1]	Amt. Del. June 30	% Del. June 30
2016-17	$ 1,743,056.00	$16,452.20	0.94%
2017-18	1,819,112.00	16,071.24	0.88
2018-19	1,944,014.00	26,097.63	1.34
2019-20	2,039,436.00	29,806.03	1.46
2020-21	2,142,592.00	25,879.24	1.21

	Secured Tax Charge [2]	Amt. Del. June 30	% Del. June 30
2016-17	$212,935.00	$2,466.12	1.16%
2017-18	222,523.00	1,784.64	0.80
2018-19	246,378.00	2,458.70	1.00
2019-20	244,167.00	2,279.49	0.93
2020-21	503,430.00	4,806.40	0.95

(1) 1% General Fund apportionment. Monterey County portion.
(2) District's general obligation bond debt service levy. Monterey County Portion.
Source: *California Municipal Statistics, Inc.*

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Principal Taxpayers

The table below sets forth the largest local secured taxpayers within the District in fiscal year 2022-23.

AROMAS-SAN JUAN UNIFIED SCHOOL DISTRICT
Largest Local Secured Taxpayers
Fiscal Year 2022-23

	Property Owner	Primary Land Use	2022-23 Assessed Valuation	% of Total [1]
1.	Granite Rock Co.	Industrial	$139,950,600	6.29%
2.	1721 San Juan Highway LLC	Food Processing	59,462,430	2.67
3.	Driscoll Strawberry Associates Inc.	Agricultural	46,600,773	2.09
4.	San Juan Oaks Owner LLC	Agricultural	45,098,050	2.03
5.	McCormick Selph Inc.	Industrial	38,417,213	1.73
6.	AGNL Salad LP	Food Processing	33,889,756	1.52
7.	Monterey Mushrooms Inc.	Agricultural	27,492,645	1.23
8.	Pura 2006 Revocable Trust	Agricultural	17,870,851	0.80
9.	Dobler Ranches LP	Agricultural	15,936,292	0.72
10.	San Juan Oaks Golf Owner LLC	Golf Course	13,989,372	0.63
11.	D. Christopher & Sons	Agricultural	11,847,708	0.53
12.	Rancho Gavilan Corp.	Agricultural	10,258,672	0.46
13.	Taisuco America Corporation	Agricultural	10,182,670	0.46
14.	Tani Ranches LLC	Agricultural	9,591,979	0.43
15.	Rocks Ranch LLC	Agricultural	9,190,198	0.41
16.	Stevens Creek Quarry Inc.	Quarry	8,906,110	0.40
17.	Semnis Vegetable Seeds Inc.	Industrial	8,060,914	0.36
18.	Mission Garden Apartment Investors LP	Apartments	7,517,622	0.34
19.	Willis Construction Company Inc.	Agricultural	7,190,057	0.32
20.	Amycel Inc.	Industrial	7,180,656	0.32
			$528,634,568	23.75%

[1] 2022-23 local secured assessed valuation: $2,226,163,474
Source: *California Municipal Statistics, Inc.*

The top 20 taxpayers on the secured roll for fiscal year 2022-23 account for 23.75% of the local secured assessed value in the District, which is $2,226,163,474. According to California Municipal Statistics, Inc., the largest secured taxpayer in the District for fiscal year 2022-23 is Granite Rock Co., accounting for 6.29% of the total secured assessed value in the District. No other secured taxpayer accounts for more than 2.67% of the total secured assessed value in the District. The more property (by assessed value) owned by a single taxpayer, the more tax collections are exposed to weakness, if any, in such taxpayer's financial situation and ability or willingness to pay property taxes in a timely manner.

Statement of Direct and Overlapping Debt

Numerous local agencies that provide public services overlap the District's service area. These local agencies have outstanding debt in the form of general obligation, lease revenue and special assessment bonds. The following table shows the District's estimated direct and overlapping bonded debt. The statement excludes self-supporting revenue bonds, tax allocation bonds and non-bonded capital lease obligations. The District has not reviewed this table and there can be no assurance as to the accuracy of the information contained in the table; inquiries concerning the scope and methodology of procedures carried out to compile the information presented should be directed to California Municipal Statistics, Inc.

The following table is a statement of the District's direct and estimated overlapping bonded debt as of October 1, 2022.

AROMAS-SAN JUAN UNIFIED SCHOOL DISTRICT
Direct and Overlapping Bonded Indebtedness
Dated as of October 1, 2022

2022-23 Assessed Valuation: $2,425,209,963

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 10/1/22
Cabrillo Joint Community College District	1.680%	$ 1,652,688
Gavilan Joint Community College District	3.470	6,787,320
Aromas-San Juan Unified School District	**100.000**	**12,616,896** (1)(2)
San Benito Healthcare District	13.278	3,206,637
Monterey County Water Resources Agency Zone #2C	0.735	137,849
Santa Cruz Library Facilities Community Facilities District	0.050	18,390
Aromas County Water District 1915 Act Bonds	100.000	365,000
California Statewide Community Development Authority Assessment Districts	100.000	3,262,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$28,046,780
OVERLAPPING GENERAL FUND DEBT:		
Monterey County General Fund Obligations	0.735%	$ 886,125
Monterey County Board of Education Certificates of Participation	0.735	35,074
San Benito County Certificates of Participation	15.489	2,572,723
Santa Cruz County General Fund Obligations	0.045	38,273
Santa Cruz County Board of Education Certificates of Participation	0.045	3,334
Gavilan Joint Community College District General Fund Obligations	3.470	222,254
Aromas-San Juan Unified School District General Fund Obligations	**100.000**	**3,297,532**
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		$7,055,315
Less: Monterey County supported obligations		20,967
TOTAL NET OVERLAPPING GENERAL FUND DEBT		$7,034,348
GROSS COMBINED TOTAL DEBT		$35,102,095 (3)
NET COMBINED TOTAL DEBT		$35,081,128

Ratios to 2022-23 Assessed Valuation:

Direct Debt ($12,616,896)	**0.52%**
Total Direct and Overlapping Tax and Assessment Debt	1.16%
Combined Direct Debt ($15,914,428)	**0.66%**
Gross Combined Total Debt	1.45%
Net Combined Total Debt	1.45%

(1) Excludes accreted values of capital appreciation bonds.
(2) Excludes the Notes.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: *California Municipal Statistics, Inc.*

DISTRICT FINANCIAL INFORMATION

State Funding of Education

On June 27, 2013, the State adopted a new method for funding school districts commonly known as the "Local Control Funding Formula." The Local Control Funding Formula ("LCFF") was implemented in stages, beginning in fiscal year 2013-14 with full implementation in fiscal year 2018-19. Prior to adoption of the LCFF, the State used a revenue limit system.

Local Control Funding Formula. State Assembly Bill 97 (Stats. 2013, Chapter 47) ("AB 97"), enacted as a part of the 2013-14 State Budget (defined below) enacted the LCFF beginning in fiscal year 2013-14, which replaced the revenue limit funding system and many categorical programs. The LCFF distributes resources to schools through a guaranteed base funding grant (the "Base Grant") per unit of ADA. The average Base Grant is $7,643 per unit of ADA, which is $2,375 more than the average revenue limit. A Base Grant is assigned to each of four grade spans. Additional supplemental funding is made available based on the proportion of English language learners, low-income students and foster youth.

For fiscal year 2022-23, the LCFF provided to school districts and charter schools a Target Base Grant for each Local Education Agency ("LEA") equivalent to (a) $9,132 per ADA for kindergarten through grade 3; (b) $9,269 per ADA for grades 4 through 6; (c) $9,545 per ADA for grades 7 and 8; and (d) $11,060 per ADA for grades 9 through 12.

Beginning in fiscal year 2013-14, and in each subsequent year, the Base Grants have been adjusted for cost-of-living increases by applying the implicit price deflator for government goods and services. With full implementation of the LCFF, the provision of cost-of-living-adjustments ("COLA") is now subject to appropriation for such adjustment in the annual State budget. For fiscal year 2022-23, a 6.56% COLA was included. See "State Budget Measures – 2022-23 State Budget" herein. 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.

The Base Grants for grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in early grades and the provision of career technical education in high schools. Unless collectively bargained for, school districts serving students in grades K-3 must maintain an average class enrollment of 24 or fewer students in grades K-3 at each school site in order to continue receiving the adjustment to the K-3 Base Grant. Additional add-ons are also provided to school districts that received categorical block grant funding pursuant to the Targeted Instructional Improvement and Home-to-School Transportation programs during fiscal year 2012-13.

School districts that serve students of limited English proficiency ("EL" students), students from low income families that are eligible for free or reduced priced meals ("LI" students) and foster youth are eligible to receive additional funding grants. Enrollment counts are unduplicated, such that students may not be counted as both EL and LI (foster youth automatically meet the eligibility requirements for free or reduced priced meals ("FRPM") and are not discussed separately herein). A supplemental grant add-on (each, a "Supplemental Grant") is authorized for school districts that serve EL/LI students, equal to 20% of the applicable Base Grant multiplied by such districts' percentage of unduplicated EL/LI student enrollment. School districts whose EL/LI populations exceed 55% of their total enrollment are eligible for a concentration grant add-on (each, a "Concentration Grant") equal to 65% of the applicable Base Grant multiplied by the percentage of such district's unduplicated EL/LI student enrollment in excess of the 55% threshold.

The following table sets forth the ADA and enrollment for fiscal years 2015-16 through 2021-22.

AROMAS-SAN JUAN UNIFIED SCHOOL DISTRICT
ADA and Enrollment
Fiscal Years 2015-16 through 2021-22

Fiscal Year	ADA	Enrollment
2015-16	1,108	1,150
2016-17	1,107	1,118
2017-18	1,067	1,101
2018-19	1,054	1,045
2019-20	993	1,028
2020-21	958	1,021
2021-22	958	1,003

Source: *The District.*

The following table sets forth the ADA by grade span, enrollment and the percentage of EL/LI enrollment budgeted for fiscal year 2022-23 and projected for fiscal year 2023-24 and fiscal year 2024-25.

AROMAS-SAN JUAN UNIFIED SCHOOL DISTRICT
ADA, Enrollment and English Language/Low Income Enrollment
Fiscal Years 2022-23 through 2024-2025

	ADA					Enrollment	
Fiscal Year	TK-3	4-6	7-8	9-12	Total ADA	Total Enrollment	% of EL/LI Enrollment
2022-23[1]	272	200	150	278	900	1,006	57.42%
2023-24[2]	272	202	153	278	905	984	56.02
2024-25[2]	268	198	150	274	890	973	56.01

[1] Budgeted.
[2] Projected.
Source: *The District.*

The sum of a school district's adjusted Base, Supplemental and Concentration Grants are multiplied by such district's 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 any applicable add-ons, will yield a 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 such district's share of applicable local property taxes. Most school districts receive a significant portion of their funding from such State apportionments. As a result, decreases in State revenues may significantly affect appropriations made by the Legislature to school districts.

Certain schools districts, formerly known as "basic aid" districts and now referred to as "community-funded" districts, have allocable local property tax collections that equal or exceed such districts' total LCFF allocation, and result in the receipt of no State apportionment aid. Community-funded school districts receive only special categorical funding, which is deemed to satisfy the "basic aid" requirement of $120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. The implication for community funded districts is that the legislatively determined allocations to school districts, and other politically determined factors, are less significant in determining their primary funding sources. Rather, property tax growth and the local economy are the primary determinants.

The District currently qualifies as community-funded and expects to remain a community-funded district for fiscal year 2023-2024.

Accountability. The State Board of Education has promulgated regulations regarding the expenditure of supplemental and concentration funding, including a requirement that school districts increase or improve services for EL/LI students in proportion to the increase in funds apportioned to such district on the basis of the number and concentration of such EL/LI students, as well as the conditions under which school districts can use supplemental or concentration funding on a school-wide or district-wide basis.

School districts are also required to adopt local control and accountability plans ("LCAPs") disclosing annual goals for all students, as well as certain numerically significant student subgroups, to be achieved in eight areas of State priority identified by the LCFF. LCAPs may also specify additional local priorities. LCAPs must specify the actions to be taken to achieve each goal, including actions to correct identified deficiencies with regard to areas of State priority. LCAPs are required to be adopted every three years, beginning in fiscal year 2014-15, and updated annually thereafter. The State Board of Education has developed and adopted a template LCAP for use by school districts.

Support and Intervention. AB 97, as amended by SB 91, establishes a new system of support and intervention to assist school districts meet the performance expectations outlined in their respective LCAPs. School districts must adopt their LCAPs (or annual updates thereto) in tandem with their annual operating budgets, and not later than five days thereafter submit such LCAPs or updates to their respective county superintendents of schools. On or before August 15 of each year, a county superintendent may seek clarification regarding the contents of a district's LCAP (or annual update thereto), and the district is required to respond to such a request within 15 days. Within 15 days of receiving such a response, the county superintendent can submit non-binding recommendations for amending the LCAP or annual update, and such recommendations must be considered by the respective school district at a public hearing within 15 days. A district's LCAP or annual update must be approved by the county superintendent by October 8 of each year if the superintendent determines that (i) the LCAP or annual update adheres to the State template, and (ii) the district's budgeted expenditures are sufficient to implement the actions and strategies outlined in the LCAP.

A school district is required to receive additional support if its respective LCAP or annual update thereto is not approved, if the district requests technical assistance from its respective county superintendent, or if the district does not improve student achievement across more than one State priority for one or more student subgroups. Such support can include a review of a district's strengths and weaknesses in the eight State priority areas, or the assignment of an academic expert to assist the district identify and implement programs designed to improve outcomes. Assistance may be provided by the California Collaborative for Educational Excellence, a state agency created by the LCFF and charged with assisting school districts achieve the goals set forth in their LCAPs. The State Board of Education has developed rubrics to assess school district performance and the need for support and intervention.

The State Superintendent of Public Instruction (the "State Superintendent") is further authorized, with the approval of the State Board of Education, to intervene in the management of persistently underperforming school districts. The State Superintendent may intervene directly or assign an academic trustee to act on his or her behalf. In so doing, the State Superintendent is authorized to (i) modify a district's LCAP, (ii) impose budget revisions designed to improve student outcomes, and (iii) stay or rescind actions of the local governing board that would prevent such district from improving student outcomes; provided, however, that the State Superintendent is not authorized to rescind an action required by a local collective bargaining agreement.

Revenue Limit Funding System. Prior to the implementation of the Local Control Funding Formula, annual State apportionments of basic and equalization aid to school districts for general purposes were computed up to a revenue limit per unit of ADA. Generally, such apportionments amounted to the difference between the District's revenue limit and the District's local property tax allocation. 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 of the same type of California school districts (i.e., unified, high school or elementary). State law also provided for State support of specific school related programs, including summer school, adult education, deferred maintenance of facilities, pupil transportation, portable classrooms and other capital outlays and various categorical aids.

Revenue Sources

Major revenue sources of the District's general fund are described below.

LCFF Sources. State funding under the LCFF consists of Base Grants and supplemental grants as described above. See "- State Funding of Education – Local Control Funding Formula" above.

Federal Revenues. The federal government provides funding for several District programs, including special education programs, programs under the Educational Consolidation and Improvement Act, and specialized programs such as Every Student Succeeds Act and Safe and Drug Free Schools.

Other State Revenues. The District receives some other State revenues.

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

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

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Developer Fees. The District maintains a fund, separate and apart from the general fund, to account for developer fees collected by the District. In fiscal year 2022-23, residential development is assessed a fee of $2.97 per square foot, and commercial/industrial development is assessed a fee of $0.47 per square foot. The following table lists the annual developer fees generated since fiscal year 2018-19.

DISTRICT DEVELOPER FEES
Fiscal Years 2018-19 through 2022-23
Aromas-San Juan Unified School District

Fiscal Year	Developer Fees Collected
2018-19	$316,237
2019-20	417,140
2020-21	50,150
2021-22	81,118
2022-23(1)	100,000

(1) Estimated.
Source*: The District.*

COVID-19 Outbreak and its Economic Impact

In late 2019, an outbreak of COVID-19, a respiratory virus, occurred in China, and since that time has spread globally. The global outbreak, together with measures undertaken to limit the spread of COVID-19 imposed by local and federal governments, caused volatility in financial markets as well as operating restrictions upon many businesses. The COVID-19 outbreak resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools through much of 2020 and portions of 2021, as well as supply chain issues and significant increases in inflation as these restrictions and closures have been lifted.

Federal Response. On March 13, 2020, responding to the evolving COVID-19 situation, then President Trump declared a national emergency, making available more than $50 billion in federal resources to combat the spread of the virus. Additionally, in March, 2020, the Federal Reserve Bank took action to lower the federal funds rate and provide certain emergency credit and liquidity facilities to financial institutions. Contemporaneously, Congress enacted and the President signed into law the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") to provide relief and stimulus to American businesses and individuals impacted by COVID-19. The CARES act also designated $339.8 billion for state and local governments with $274 billion for COVID-19 response efforts as well as an additional $13 billion for K-12 schools.

In order to provide extensions to certain benefits previously provided under the CARES Act, as well as address ongoing economic impacts of the COVID-19 pandemic, in December, 2020, the federal government enacted the Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSA") which included $900 billion of coronavirus emergency response and relief including $54.3 billion for K-12 schools and $22.7 billion for higher education.

In March, 2021, President Biden signed a $1.9 trillion stimulus package (the "American Rescue Package") into law, authorizing a third round of one-time stimulus payments for qualifying Americans, extending additional unemployment benefits, and providing $123 billion in new, flexible aid to school districts.

State Response. In response to the outbreak of COVID-19 in the State, on March 4, 2020, Governor Gavin Newsom declared a State of Emergency (the "March 4 Emergency Declaration"). The March 4 Emergency Declaration was intended to make additional resources available, formalize emergency actions underway across multiple State agencies and departments, and assist the State in preparing for the spread of COVID-19.

On March 19, 2020, in reaction to the initial spread of COVID-19 within the State, Governor Newsom issued Executive Order N-33-20, a mandatory statewide shelter-in-place order (the "Order") applicable to all non-essential services. In September, 2020, the Governor replaced the Order with the "Blueprint for a Safer Economy" ("Blueprint") which categorized counties according to a color-coded risk assessment related to certain metrics of disease transmission. As such metrics increased or decreased within a county, such county would move along the risk—assessment levels which corresponded with regulations on economic and social activity. The Blueprint system was terminated on June 15, 2021 following a reduction in case positivity rates and hospitalizations.

As a result of the various regulations imposed in order to slow the spread of COVID-19 since its outbreak, economic activity within the State, the Counties and the community around and within the District has suffered episodes of recession and/or depression. Generally, a majority of the State's general fund revenue is derived from personal income tax receipts. However, the 2021-22 State Budget (defined below) and 2022-23 State Budget (defined below) indicate increases in State revenues during the COVID-19 pandemic, although current projections for the 2023-24 State budget forecast revenues decreasing from recent years. See "– State Budget Measures" for additional information regarding the impact of COVID-19 on the State budget.

Impact of COVID-19 on California School Districts

To assist school districts respond to the spread of COVID-19 in its early days, on March 13, 2020, Governor Newsom issued Executive Order N-26-20, providing that school districts that initiate a school closure to address COVID-19 would continue to receive state funding to support all of the following during the period of closure: (1) continued delivery of high-quality educational opportunities to students through, among other options, distance learning and/or independent study; (2) the provision of school meals in noncongregate settings; (3) arrangement for supervision for students during ordinary school hours; and (4) continued payment of school district employees. Executive Order N-26-20 also provided that statutory mandated maintenance of schools for a minimum of 175 days was waived for school districts that initiated a school closure to address COVID-19.

To address the impacts of school closures and the COVID-19 response, on March 17, 2020, the California legislature adopted and the Governor signed Senate Bill 89 ("SB 89") and Senate Bill 117 ("SB 117"), which bills took immediate effect. SB 89 amended the Budget Act of 2019 by appropriating $500,000,000 from the State General Fund for any purpose related to the Emergency Declaration. SB 117 addressed economic impacts to school districts directly. Among other things, SB 117 provided that, for all school districts that complied with Executive Order N-26-20, attendance during only full school months from July 1, 2019, to February 29, 2020, inclusive, would be reported for apportionment purposes. SB 117 also held harmless school districts not meeting minimum instructional day and minute requirements, in order to prevent a loss of funding related to school closures due to the outbreak. SB 117 also held harmless grantees operating after-school education and safety programs that were prevented from operating such programs due to COVID-19, and credited such program grantees with the ADA that the grantee would have received had it been able to operate but for COVID-19. The District received $17,248 under SB 117 as Learning Loss Mitigation Funding under the 2019-20 State Budget.

The District, upon consultation with the County Department of Public Health and County Superintendent of Schools, determined to close its school campuses effective March 16, 2020 through the end of the 2019-20 school year and implemented a distance learning program. During fall and winter of the 2020-21 school year, the District provided on-line instruction only, except for small groups and special cohorts. On April 12, 2021, the District began providing in-person instruction with a five-day modified schedule with implementation varying by school site. The District began the 2021-22 school year offering full time in-person learning.

On March 5, 2021, Governor Newsom signed Assembly Bill 86 which provided $2.0 billion for In-Person Instruction Grants ("Re-Opening Grants") and $4.6 billion for Learning Recovery Grants ("Recovery Grants") to school districts, county offices of education and charter schools to incentivize in-person instruction. The Re-Opening Grants were to be used for any purpose consistent with in-person instruction and were available to any school district providing in-person instruction by May 15, 2021. Recovery Grants were provided to school districts that implemented a learning recovery program with 85% of the Recovery Grant to be spent for in-person instruction and 15% to be spent for distance learning or in-person preparation. The District received $328,434 in Re-Opening Grants and $788,971 in Recovery Grants.

The District also expects to receive approximately $841,458 for learning loss mitigation under the CARES Act LLM, approximately $168,634 as Elementary and Secondary School Emergency Relief provided by the State from CARES Act funds, approximately $744,688 under CRRSA and approximately $1,573,981 under the American Rescue Package. The District plans to use additional COVID-19 funding for wellness counselors, intervention teachers, and community liaisons.

Despite several vaccines with respect to COVID-19 approved for public use, the spread of COVID-19 is ongoing. The District cannot predict the extent or duration of the outbreak of COVID-19 or what impact it may have on District general fund revenues.

Budget Procedures

State Budgeting Requirements. The District is required by provisions of the Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 ("AB 1200"), which became State law on October 14, 1991. Portions of AB 1200 are summarized below.

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. In 2014, Assembly Bill 2585 was enacted, which repealed provisions authorizing schools districts to use a dual budget adoption cycle. Instead, all school districts must be on a single budget cycle. The single budget is only readopted if it is disapproved by the county office of education, or as needed. The District is on a single budget cycle and adopts its budget on or before July 1.

The county superintendent will 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, will determine if the budget allows the district to meet its current obligations and will determine if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments. On or before August 15, the county superintendent will approve, conditionally approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district board must be notified by August 15 of the county superintendent's recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the superintendent's recommendations. The committee must report its findings no later than August 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. No later than August 20, the county superintendent must notify the State Superintendent of all school districts whose budget has been disapproved.

For districts whose budgets have been disapproved, the district must revise and readopt its budget by September 8, reflecting changes in projected income and expense since July 1, including responding to the county superintendent's recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final district budgets and not later than October 8, will approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to Education Code Section 42127.1. Until a district's budget is approved, the district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

Interim Financial Reports. Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education 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 office of education reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that will be unable to meet its financial obligations for the remainder of the current fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or the two subsequent fiscal years.

The District has filed positive certifications for each reporting period in the last five years.

General Fund Budget

The District's general fund adopted budgets for fiscal years 2018-19 through 2022-23, audited actuals for the fiscal years 2018-19 through 2020-21 and unaudited actual financial results for fiscal year 2021-22 are set forth on the following page.

GENERAL FUND BUDGETING
Fiscal Years 2018-19 through 2022-23
Aromas-San Juan Unified School District

	Adopted Budget 2018-19[1]	Audited Actuals 2018-19[1]	Adopted Budget 2019-20[1]	Audited Actuals 2019-20[1]	Adopted Budget 2020-21[1]	Audited Actuals 2020-21[1]	Adopted Budget 2021-22[2]	Unaudited Actuals 2021-22[3]	Adopted Budget 2022-23[3]
REVENUES									
LCFF Sources	$11,816,858	$11,728,718	$12,087,243	$12,340,678	$11,769,303	$12,351,234	$13,214,208	$13,959,320	$13,852,676
Federal	625,154	772,324	593,156	608,055	434,978	1,393,449	1,319,275	573,234	1,855,650
Other State	1,238,191	1,398,031	702,988	1,017,007	699,726	1,406,895	1,758,069	1,856,938	1,220,937
Other Local	418,790	737,977	255,316	693,053	407,331	755,748	451,593	553,727	471,151
Total Revenues	14,098,993	14,637,050	13,638,703	14,658,793	13,311,338	15,907,326	16,743,145	16,943,218	17,400,414
EXPENDITURES									
Certificated Salaries	5,101,090	4,726,032	4,855,191	5,177,016	5,046,013	4,758,599	5,500,658	5,308,518	5,671,269
Classified Salaries	2,229,122	2,115,855	2,140,552	2,261,630	2,282,235	2,208,780	2,343,163	2,337,175	2,418,846
Employee Benefits	3,968,460	3,819,231	3,512,290	4,035,527	3,743,834	3,883,739	3,888,927	3,781,945	4,425,963
Books and Supplies	453,209	440,454	549,500	424,393	659,773	1,035,485	717,380	1,005,567	912,956
Services, Other Operating Expenses	1,144,974	1,559,238	1,351,013	1,844,008	1,604,061	2,116,268	2,436,501	1,584,976	2,835,568
Capital Outlay	110,610	65,214	595,000	550,986	30,000	128,756	378,055	145,745	25,000
Other Outgo	627,138	661,012	632,881	472,837	613,500	484,787	715,116	846,492	761,356
Indirect Costs	--	--	--	--	--	(35,265)	(38,507)	(29,896)	(38,020)
Total Expenditures	13,634,603	13,387,036	13,636,427	14,766,397	13,979,416	14,581,149	15,941,293	15,052,522	17,012,938
EXCESS (DEFICIENCY) OR REVENUES OVER (UNDER) EXPENDITURES	464,390	1,250,014	2,276	(107,604)	(668,078)	1,326,177	801,852	1,890,697	387,476
OTHER FINANCING SOURCES (USES)									
Interfund Transfers in	--	--	--	--	--	--	--	--	--
Interfund transfers out	--	--	--	(22,873)	--	(354,055)	(325,000)	(1,004,047)	(740,000)
Total Other Financing Sources and Uses	--	--	--	(22,873)	--	(354,055)	(325,000)	(1,004,047)	(740,000)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources	464,390	1,250,014	2,276	(130,477)	(668,078)	972,122	476,852	886,649	(352,524)
Fund Balance, July 1	4,374,885	4,578,099	5,726,863	5,407,791	4,351,469	5,277,314	5,637,375	6,249,436	7,136,086
Fund Balance, June 30	$4,839,275	$5,828,113	$5,729,139	$5,277,314	$3,683,391	$6,249,636	$6,114,227	$7,136,086	$6,783,562

[1] From the District's audited financial statements of such fiscal year.
[2] From the District's adopted budget for fiscal year 2021-22.
[3] From the District's unaudited actual results for fiscal year 2021-22.
Source: *The District.*

Comparative Financial Statements

The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. Audited financial statements for the District for the fiscal year ended June 30, 2021, and prior fiscal years are on file with the District and available for public inspection at the Office of the Superintendent of the District, 2300 San Juan Highway, San Juan Bautista, California 95045. See APPENDIX C hereto for the 2020-21 Audited Financial Statements of the District.

The table on the following page reflects the District's audited general fund revenues, expenditures and fund balances from fiscal year 2018-19 to fiscal year 2020-21.

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AROMAS-SAN JUAN UNIFIED SCHOOL DISTRICT
GENERAL FUND
Statement of Revenues, Expenditures and Change in Fund Balances for Fiscal Years 2018-19 through 2020-21

	Audited 2018-19	Audited 2019-20	Audited 2020-21
REVENUES			
LCFF Sources	$11,728,718	$12,340,678	$12,351,234
Federal Revenue	772,324	608,055	1,393,449
Other State Revenue	1,398,031	1,017,007	1,406,895
Other Local Revenue	737,977	693,053	755,748
Total Revenues	14,637,050	14,658,793	15,907,326
EXPENDITURES			
Current:			
Instructional Services:			
Instruction	7,599,118	8,187,049	8,711,077
Instruction-Related Services			
Supervision of instruction	211,318	254,768	395,123
Instructional library, media and technology	126,183	131,689	102,134
School site administration	959,022	995,821	971,438
Pupil Support Services:			
Home to school transportation	475,630	484,154	413,364
Food services	--	--	5,285
All other pupil services	455,785	516,831	349,768
Ancillary Services	81,261	82,234	27,603
General Administration Services:			
Data processing services	286,343	263,362	240,841
Other general administration	909,078	1,069,481	972,242
Plant Services	1,622,286	1,826,436	1,793,040
Capital Outlay	--	481,735	114,447
Intergovernmental Transfers	639,699	466,524	479,879
Debt Service:			
Principal	20,478	5,763	4,659
Interest	835	550	249
Total Expenditures	13,387,036	14,766,397	14,581,149
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,250,014	(107,604)	1,326,177
OTHER FINANCING SOURCES (USES)			
Transfers In	--	--	--
Transfers Out	--	(22,873)	--
Total Financing Sources	--	(22,873)	--
NET CHANGE IN FUND BALANCES	1,250,014	(130,477)	1,326,177
Fund Balance – July 1	4,578,099	5,828,113	5,277,314
Adjustment for restatement	--	(420,322)	--
Fund Balance – July 1, as restated	--	5,407,791	--
Fund Balance – June 30	$5,828,113	$5,277,314	$6,603,491

Source: *The District.*

Accounting Practices

The accounting policies 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 Education Code, is to be followed by all California school districts. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

State Budget Measures

The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, the District does not guaranty the accuracy or completeness of this information and has not independently verified such information.

The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, the District does not guaranty the accuracy or completeness of this information and has not independently verified such information.

2021-22 State Budget. Governor Newsom signed legislation which enacted the budget for the State for fiscal year 2021-22 (the "2021-22 State Budget") on July 12, 2021. The 2021-22 State Budget projected approximately $175.3 billion in general fund revenues with a prior year balance of $28.2 billion for total resources of $203.6 billion, and $196.4 billion in expenditures for fiscal year 2021-22. For fiscal year 2020-21, the 2021-22 State Budget included $194.3 billion in resources (an increase of over $54.6 billion from the 2020-21 State Budget) and $166 billion in expenditures. The 2021-22 State Budget projected $25.2 billion in reserves including $15.8 billion in the Budget Stabilization Account (the "BSA") for fiscal emergencies, $900 million in the Safety Net Reserve, $4.5 billion in the Public School System Stabilization Account ("PSSSA"), and an estimated $4 billion in the State's operating reserve. The $4.5 billion balance in the PSSSA in fiscal year 2021-22 was projected to trigger the 10% cap on school district reserves beginning in fiscal year 2022-23. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Proposition 2" herein for more information regarding school district reserves.

The 2021-22 State Budget prioritized one-time spending over ongoing spending, allocating 85% of discretionary funds to one-time spending. The 2021-22 State Budget provided relief to families and small businesses by expanding the Golden State Stimulus to provide $600 tax refunds to middle-class families with an adjusted gross income of $75,000 or less as well as $500 to qualified families and $1.5 billion to the Small Business COVID-19 Relief Grant Program. In order to increase equity, access and affordability to public higher education, the 2021-22 State Budget increased the base budget for both the University of California and California State University by 5% and funds $500 base deposits to college savings accounts for all public school students from low-income families, English learners, and foster youth. To combat homelessness, the 2021-22 State Budget provided approximately $12 billion over two years, including $5.8 billion for Project Homekey to expand the portfolio of housing.

The 2021-22 State Budget also addressed environmental matters facing California. The 2021-22 State Budget authorized $958 million to advance wildfire prevention and forest resilience investments and funded an additional 30 fire crews. $5.1 billion was included over four years for water resilience and drought preparedness and response to support safe drinking water, wastewater and water conveyance infrastructure and other water programs. The 2021-22 State Budget commits $2.7 billion in fiscal year 2021-22 and $3.9 billion over three years for zero-emission vehicle and infrastructure investments.

With respect to K-12 education, the 2021-22 State Budget included total funding of $123.9 billion ($65.5 billion general fund and $58.4 billion other funds) for all K-12 education programs. The 2021-22 State Budget estimated Proposition 98 funds of $79.3 billion in fiscal year 2019-20, $93.4 billion in fiscal year 2020-21 and $93.7 billion in fiscal year 2021-22. For K-12 schools, that resulted in Proposition 98 per pupil spending of $13,976 in 2021-22, a $3,322 increase over the fiscal year 2020-21 per pupil spending levels. Additionally, in the same period, per pupil spending from all sources increased to $21,555. As a result of such increased funding, all prior year K-12 deferrals were eliminated in fiscal year 2021-22.

The 2021-22 State Budget included a compounded LCFF COLA of 4.05%, representing a back-filled fiscal year 2020-21 COLA of 2.31% and a fiscal year 2021-22 COLA of 1.70%. Also included was $520 million to provide a 1.00% increase in LCFF base funding which resulted in an increase in LCFF funding of 5.07% over 2020-21 levels. In order to increase the number of adults providing direct services to students, an on-going increase of $1.1 billion to the LCFF concentration grant, increasing the concentration grant from 50% to 65% of the LCFF base grant, was included, as well.

Additional significant provisions of the 2021-22 State Budget relating to K-12 education include the following:

- Universal Transitional Kindergarten - Establishment of universal transitional kindergarten, phased-in over five years, with full implementation by fiscal year 2025-26 and $200 million in one-time Proposition 98 funds for planning and implementation grants and $100 million one-time Proposition 98 funds to train and increase the number of early childhood educators.

- Expanded Community School Model - $3 billion in Proposition 98 general funds to expand the community school model in communities with a high level of poverty to provide integrated health, mental health and social services alongside high-quality, supportive education.

- A-G Completion Improvement Grant Program - $547.5 million in Proposition 98 funds for the A-G Completion Improvement Grant Program, which will fund high schools to increase the number of students, particularly those eligible for free and/or reduced price meals, English learners, and foster youth.

- Expanded Learning Time - $1.8 billion in Proposition 98 funds for expanded-day, full-year instruction and enrichment for all elementary school students, with a focus on the school districts with the highest concentrations of low-income students, English language learners, and youth in foster care.

- Educator Retention and Training - $1.5 billion in Proposition 98 funds for the Educator Effectiveness Block Grant and $250 million in Proposition 98 funds to provide incentive grants to attract and retain National Board Certified teachers to teach in high poverty schools, serve as mentors for other instructional staff, and support teachers in pursuing National Board certification.

- Workforce Preparation - $500 million to support 25,000 grants for teacher credential candidates who commit to teach at a priority school, in a high-need subject matter area, for four years and $350 million in Proposition 98 funds to support teacher preparation residencies and other teacher credentialing programs.

- Universal School Nutrition - $54 million to reimburse all meals served to students beginning in the 2022-23 school year, regardless of income eligibility, under the federal universal meals provision, at an estimated cost of $650 million in Proposition 98 funds annually and $150 million in one-time

Proposition 98 funds for school districts to upgrade kitchen infrastructure and equipment and training to food service employees.

- Disabled Students - $450 million in one-time Proposition 98 general funds to provide recovery supports for students with disabilities.

- Increased Special Education Funding - $396.9 million in Proposition 98 funds to increase the base rate for special education funding and Early Intervention - $186.1 million ongoing Proposition 98 funds to provide a 4.05% COLA for special education funding.

- $260 million in ongoing Proposition 98 general funds to support early intervention services for preschool-aged children.

2022-23 State Budget. Governor Newsom signed legislation which enacted the budget for the State for fiscal year 2022-23 (the "2022-23 State Budget") on June 30, 2022. The 2022-23 State Budget projects approximately $219.7 billion in general fund revenues with a prior year balance of $22.5 billion for total resources of $242.2 billion, and $234.4 billion in expenditures for fiscal year 2022-23. For fiscal year 2021-22, the 2022-23 State Budget estimates $265.4 billion in resources and $242.9 billion in expenditures. The 2022-23 State Budget projects $37.2 billion in reserves including $23.3 billion in the BSA for fiscal emergencies, $900 million in the Safety Net Reserve, $9.5 billion in the PSSSA, and an estimated $3.5 billion in the State's operating reserve. The BSA is now at its constitutional maximum (10% of general fund revenues) requiring $465 million to be dedicated for infrastructure investments in fiscal year 2022-23. Over the multi-year forecast period, the 2022-23 State Budget reflects $8 billion in supplemental deposits split evenly between the BSA and the Safety Net Reserve. As a result of the deposits to the PSSSA, the 10% cap on school district reserves will be applicable in fiscal year 2022-23. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Proposition 2" herein for more information regarding school district reserves.

The 2022-23 State Budget prioritizes one-time spending over ongoing spending, allocating 93% of discretionary funds to one-time spending. The 2022-23 State Budget provides an over $17 billion broad-based relief package, including a refund of up to $1,050 that will benefit millions of Californians based on income level and the size of household. The relief package also includes increased grants for the State's lowest income families and individuals, and additional funding for food banks.

The 2022-23 State Budget also addresses environmental matters facing California. The 2022-23 State Budget includes $1.2 billion to advance wildfire prevention and forest resilience investments and funds an additional 1,265 new positions to expand the State's wildfire response capacity. $1.2 billion is included for immediate drought support with an additional $1.5 billion deferred for allocation for long-term water resilience. The 2022-23 State Budget also allocates $4.3 billion to provide energy reliability insurance through the development of a strategic reserve, protection to ratepayers, and accelerated deployment of clean energy projects, with an additional $3.8 billion deferred for allocation later in the summer of 2022 to further reliability and affordability, and accelerate the State's clean energy future.

With respect to K-12 education, the 2022-23 State Budget includes total funding of $128.6 billion ($78.6 billion general fund and $50 billion other funds) for all K-12 education programs. The 2022-23 State Budget estimates Proposition 98 funds of $96.1 billion in fiscal year 2020-21, $110.2 billion in fiscal year 2021-22, and $110.4 billion in fiscal year 2022-23 for K-14 education programs. For K-12 schools, this results in Proposition 98 per pupil spending of $16,993 in fiscal year 2022-23, a $3,017 increase over the fiscal year 2021-22 per pupil spending levels. Additionally, in the same period, per pupil spending from all sources increases to $22,893.

The 2022-23 State Budget includes an LCFF COLA of 6.56%. Additionally, the 2022-23 State Budget includes $4.32 billion ongoing Proposition 98 funds to increase LCFF base funding by an additional 6.28%. The 2022-23 State Budget also includes $101.2 million ongoing Proposition 98 funds to augment LCFF funding for county offices of education.

To support school districts with a declining student population, the 2022-23 State Budget provides that school districts may use the greater of the current year or prior year ADA or an average of the three prior years' ADA to calculate LCFF funding. Further, to minimize reductions in LCFF funding that would otherwise occur due to increased absences in fiscal year 2021-22, the 2022-23 State Budget enables school districts that can demonstrate they provided independent study offerings during fiscal year 2021-22 to be funded at the greater of their current year ADA or their current year enrollment adjusted for pre-COVID-19 absence rates in the 2021-22 fiscal year. The 2022-23 State Budget includes $2.8 billion of ongoing funding under Proposition 98 and $413 million in one-time funding under Proposition 98 to implement these school fiscal stabilization policies.

Additional significant provisions of the 2022-23 State Budget relating to K-12 education include the following:

- Learning Recovery Emergency Fund - $7.9 billion in one-time Proposition 98 funds to support learning recovery initiatives through the 2027–28 school year.

- Arts, Music, and Instructional Materials Discretionary Block Grant - $3.6 billion one-time Proposition 98 funds for arts and music programs, standards-aligned professional development, instructional materials, developing diverse book collections, operational costs, and expenses related to the COVID-19 Pandemic.

- Expanded Community School Model - $1.1 billion in Proposition 98 funds to expand the community school model and provide grants for high needs schools in communities with high levels of poverty.

- Educator Workforce – $48.1 million for training and retention of well-prepared educators including waiving certain teacher examination fees, grants for integrated teacher preparation programs and operations support for the Commission on Teacher Credentialing.

- Teacher and School Counsel Residencies - $250 million one-time Proposition 98 funds to expand residency slots for teachers and school counselors and eligibility for the Golden State Teacher Grant Program.

- Educator Support for Science, Technology, Engineering, and Mathematics (STEM) Instruction - $85 million one-time Proposition 98 funds for the Next Generation Science Standards, the California Math Framework, the California Computer Science Standards, and the math and science domains of the California Preschool Learning Foundations.

- State Preschool - $312.7 million in Proposition 98 funds and $172.3 million in other funds to increase State Preschool Program adjustment factors for students with disabilities, dual language learners, and childhood mental health, $250 million one-time Proposition 98 funds to support the Inclusive Early Education Expansion Program, $300 million one-time Proposition 98 funds for planning and implementation grants, $166.2 million Proposition 98 funds to support the full-year costs of State preschool rate increases and $148.7 million one-time funds to maintain reimbursement rate increases.

- Transitional Kindergarten - $614 million in Proposition 98 funds for the first year of expanded eligibility for transitional kindergarten and $383 million Proposition 98 funds to add one additional staff person to every transitional kindergarten class.

- Expanded Learning Opportunities Program – $3 billion Proposition 98 funds to accelerate expanded-day, full-year instruction and enrichment focused on school districts with the highest concentrations of low-income students, English language learners, and youth in foster care.

- Community Engagement Initiative - $100 million in Proposition 98 funds to further positive relationship building between school districts and local communities.

- Special Education - $500 million in Proposition 98 funds for the special education funding formula, amending the special education funding formula to calculate special education base funding allocations at the local educational agency level, and consolidating the special education extraordinary cost pools into a single cost pool to simplify the current funding formula.

- College and Career Pathways - $500 million in Proposition 98 funds to support the development of pathway programs focused on technology, health care, education, and climate-related fields and $200 million in Proposition 98 funds to strengthen and expand student access and participation in dual enrollment opportunities.

- Home-to-School Transportation - $637 million in Proposition 98 funds to reimburse school districts for up to 60% of their transportation costs in the prior year.

- Zero Emission School Buses - $1.5 billion in Proposition 98 general funds for greening school bus fleets.

- Nutrition - $596 million in Proposition 98 funds for universal subsidized school meals, $611.8 million in Proposition 98 funds to augment the state meal reimbursement rate, $600 million in Proposition 98 funds for school kitchen infrastructure upgrades and equipment, food service employee training, and compensation related to serving fresh, minimally processed California-grown foods, and $100 million in Proposition 98 funds for procurement practices for plant-based, restricted diet meals, California-grown or California-produced, sustainably grown, or whole or minimally processed foods, or to prepare meals fresh onsite.

- K-12 School Facilities – Approximately $1.4 billion in Proposition 51 funds for school construction projects as well as $1.3 billion in fiscal year 2021-22, $2.1 billion in fiscal year 2023-24 and $875 million in fiscal year 2024-25 for new construction and modernization projects, and $100 million in 2021-22 and $550 million in fiscal year 2023-24 for the California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program.

Future Actions. The State has in past years experienced budgetary difficulties and has balanced its budget by requiring local political subdivisions to fund certain costs theretofore borne by the State. No prediction can be made as to whether the State will, in the future, take further measures which would, in turn, adversely affect the District. Further State actions taken to address any budgetary difficulties could have the effect of reducing District support indirectly, and the District is unable to predict the nature, extent or effect of such reductions. See also "- COVID-19 Outbreak and its Economic Impact" for a discussion of COVID-19 and its impact on the State economy.

The District cannot predict the extent to which the State will encounter budgetary difficulties and what budget actions will be taken to resolve those difficulties in future fiscal years. The District also cannot predict the impact future State Budgets will have on District finances and operations or what actions the State Legislature and the Governor may take to respond to changing State revenues and expenditures. Current and future State Budgets will be affected by national and State economic conditions and other factors which the District cannot control.

Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State's ability to fund schools. The COVID-19 pandemic has already resulted in significant negative economic effects at State and federal levels, and additional negative economic effects are possible, each of which could negatively impact anticipated State revenue levels. In addition, the pandemic could also result in higher State expenditures, of both a direct nature (such as those related to managing the outbreak) and an indirect nature (such as higher public usage of need-based programs resulting from unemployment or disability). See "DISTRICT FINANCIAL INFORMATION – COVID-19 Outbreak and its Economic Impact" and "– Impact of COVID-19 on California School Districts" herein. The District also cannot predict whether the federal government will provide additional funding in amounts sufficient to offset any of the fiscal impacts of the COVID-19 pandemic described above.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES

Article XIIIA of the California Constitution

Article XIIIA of the State Constitution ("Article XIIIA") limits the amount of *ad valorem* taxes on real property to 1% of "full cash value" as determined by the County assessor. Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975-76 bill under 'full cash value,' or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment," subject to exemptions in certain circumstances of property transfer or reconstruction. Determined in this manner, the full cash value is also referred to as the "base year value." The "full cash value" is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIIIA has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the base year value. Proposition 8—approved by the voters in November of 1978—provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the base year value. Reductions in assessed value could result in a corresponding increase in the annual tax rate levied by the County to pay debt service on outstanding general obligation bonds of the District, including the Bonds. See "TAX BASE OF THE DISTRICT – Assessed Valuations" herein.

Article XIIIA requires a vote of two-thirds of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. Article XIIIA exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, or (b) as the result of an amendment approved by State voters on June 3, 1986, on any bonded indebtedness approved by two-thirds or more of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) 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% or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The tax for payment of the District's outstanding general obligation bonds, falls within the exception described in (c) of the immediately preceding sentence. In addition, Article XIIIA requires the approval of two-thirds or more of all members of the State Legislature to change any State taxes for the purpose of increasing tax revenues.

Legislation Implementing Article XIIIA

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

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

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.

Unitary Property

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

The California electric utility industry has undergone significant changes in its structure and in the way in which components of the industry are regulated and owned. Sale of electric generation assets to largely unregulated, nonutility companies may affect how those assets are assessed, and which local agencies are to receive the property taxes. The District is unable to predict the impact of these changes on its utility property tax revenues, or whether legislation may be proposed or adopted in response to industry restructuring, or whether any future litigation may affect ownership of utility assets or the State's methods of assessing utility property and the allocation of assessed value to local taxing agencies, including the District. Because the District is a basic aid district, taxes lost through any reduction in assessed valuation will be not compensated by the State as equalization aid under the State's school financing formula. See "DISTRICT FINANCIAL INFORMATION – State Funding of Education" herein.

Article XIIIB of the California Constitution

Article XIIIB of the State Constitution ("Article XIIIB"), 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 average daily attendance 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 shall 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 shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the State Constitution. See "–Proposition 98" and "–Proposition 111" below.

Article XIIIC and Article XIIID of the California Constitution

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

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

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic one 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIIIA of the California Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

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 98

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

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

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 State general fund revenues to be allocated to K-14 school districts.

Proposition 111

On June 5, 1990, the voters of California approved the Traffic Congestion Relief and Spending Limitation Act of 1990 ("Proposition 111"), which modified the State Constitution to alter the Article XIIIB spending limit and the education funding provisions of Proposition 98. Proposition 111 took effect on July 1, 1990.

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

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

b. Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIIIB are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess is 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 1990 levels (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 capita 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 39

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

The 55% vote requirement applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 placed certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate per $100,000 of taxable property value projected to be levied as the result of any single election be no more than $60 (for a unified school district), $30 (for a high school or elementary school district), or $25 (for a community college district), when assessed valuation is projected to increase in accordance with Article XIIIA of the Constitution. 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.

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

Proposition 1A and Proposition 22

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. 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.

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 expected reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was expected to be approximately $1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1% of the State's total general fund spending. 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 ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in California were dissolved as of February 1, 2012, and all net tax increment revenues, after payment of redevelopment bonds debt service and administrative costs, will be distributed to cities, counties, special districts and school districts. The Court also found that ABx1 27, a companion bill to ABx1 26, violated the California Constitution, as amended by Proposition 22. ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to school districts and county offices of education, totaling $1.7 billion statewide. ABx1 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12), which, together with ABx1 26, is referred to herein as the "Dissolution Act." The Dissolution Act provides that all rights, powers, duties and obligations of a redevelopment agency that have not been repealed, restricted or revised pursuant to ABx1 26 will be vested in a successor agency, generally the county or city that authorized the creation of the redevelopment agency (each, a "Successor Agency"). All property tax revenues that would have been allocated to such redevelopment agency will be allocated to the Successor Agency, to be used for the payment of pass-through payments to local taxing entities and to any other "enforceable obligations" (as defined in the Dissolution Act), as well to pay certain administrative costs. The Dissolution Act defines "enforceable obligations" to include bonds, loans, legally requirement payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations. Tax revenues in excess of such amounts, if any, will be distributed to local taxing entities in the same proportions as other tax revenues.

The District can make no representations as to the extent to which its revenue limit apportionments may be offset by the future receipt of pass through tax increment revenues, or any other surplus property tax revenues pursuant to the Dissolution Act.

Proposition 30

On November 6, 2012, voters 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 and personal income tax rates on higher incomes. Proposition 30 temporarily imposed an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposed an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017, for storage, use, or other consumption in the State. This excise tax was levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending January 1, 2019, Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $500,000 but less than $600,000 for joint filers), (ii) 2% for taxable income over $300,000 but less than $500,000 for single filers (over $600,000 but less than $1,000,000 for joint filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers).

The revenues generated from the temporary tax increases has been 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 – Proposition 98" and " – Proposition 111" herein. From an accounting perspective, the revenues generated from the temporary tax increases are 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 schools 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 received less than $200 per unit of ADA and no community college district received 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.

Proposition 55

At the November 8, 2016 general election, the voters in the State approved the Tax Extension of Education and Healthcare Initiative ("Proposition 55") which extends the increase in personal income tax on the high-income taxpayers imposed under Proposition 30 to 2030. Proposition 55 did not extend the sales and use tax increase imposed under Proposition 30 which expired in 2016.

Proposition 51

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 representation 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 districts lack 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 State legislature and Governor based on a scoring system that factors in the amount of local funds contributed to the project. The Governor and State Legislature will select among eligible projects as part of the annual state budget process.

Proposition 2

Proposition 2, a legislatively referred Constitutional amendment approved by the voters in November, 2014 ("Proposition 2"), changed the way in which the State pays off existing debts, funds its reserves and draws from those reserves in times of economic slowdowns, as well as requires that reserves be set aside for schools and community colleges under certain circumstances. In addition, as a result of the passage of Proposition 2, new rules for school district reserves were implemented.

Under Proposition 2, the State is required annually to deposit 1.5% of general fund revenues into the BSA. From fiscal years 2015-16 through 2029-30, under Proposition 2, one half of the amount required to be deposited to the BSA must be applied to the payment of debts for pension and retiree benefits and specified debts to local governments and certain other State accounts. In years when capital gains tax revenues exceed 8% of general fund revenues, a portion of such excess capital gains tax revenue is also required to be applied to the pay down of State debt. Deposits to the BSA are required until the amount on hand in the BSA reaches 10% of general fund revenues. Once the maximum has been reached, the required deposit amount may be applied to other expenditures.

In the event the Governor were to declare a budget emergency, Proposition 2 would permit a smaller deposit to the BSA. A budget emergency may be called if there is a natural disaster such as an earthquake or flood or general fund revenues reach a certain minimum level. Withdrawals from the BSA, under Proposition 2, are permitted upon a majority vote of the legislature only when the Governor has declared a budget emergency. If a budget emergency is called for two straight years in a row, in the second budget emergency year, the entire amount on hand might be withdrawn.

Public School System Stabilization Account. In the event capital gains tax revenues collected by the State in any given fiscal year exceed 8% of general fund revenues, a portion of such excess is required to be deposited into the newly established Proposition 2 PSSSA which serves as a reserve account for school funding in years when the State budget is smaller.

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

The District, which has an ADA of more than 301 but less than 1,000, is required to maintain a reserve for economic uncertainty in an amount equal to 4% of its general fund expenditures and other financing uses. The Bonds to be issued to pay the Maturity Value of the Notes will be payable from *ad valorem* taxes to be levied within the District pursuant to the California Constitution and other State law. Accordingly, the District does not expect SB 858 to adversely affect its ability to pay the principal of and interest on any Bonds issued to repay the Notes.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 26, 98 and 111 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues.

AROMAS-SAN JUAN UNIFIED SCHOOL DISTRICT

The information in this section 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 interest on the Notes is payable from the general fund of the District. The Maturity Value of the Notes is payable from general obligation bonds authorized to be issued under the 2020 Authorization or other moneys. See "THE NOTES – Security and Sources of Payment" and "TAX BASE OF THE DISTRICT" herein.

Introduction

The District is a unified school district formed in 1991 from territory formerly under the jurisdiction of the San Juan Union School District and the Pajaro Valley Unified School District. The property within the District lies within San Benito County, Monterey County, and Santa Cruz County (together, the "Counties" and each, a "County") consisting of approximately 100 square miles. The District includes the city of San Juan Bautista in San Benito County, the unincorporated community of Aromas in Monterey County, and other unincorporated areas in its three-county territory. 73.7% of the assessed value of the District is derived from property in San Benito County. The District operates two elementary schools which provide transitional kindergarten through eighth grade instruction and one high school which provides ninth through twelfth grade instruction. The District also operates a pre-kindergarten school. The District's budgeted ADA for fiscal year 2022-23 is approximately 900 students, and the District had a fiscal year 2022-23 total assessed valuation of $2,425,209,963. The District's audited financial statements for the fiscal year ended June 30, 2021 are attached hereto as APPENDIX C.

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of the most recent and subsequent audited financial reports of the District may be obtained by contacting: Aromas-San Juan Unified School District, 2300 San Juan Highway, San Juan Bautista, California 95045, Attention: Superintendent.

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Administration

The District is governed by a five-member Board of Trustees, each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. Current members of the Board, together with their offices and the date each member's term expires, are listed below:

BOARD OF TRUSTEES[1]
Aromas-San Juan Unified School District

Name	Office	Term Expires December
Casey Powers	President	2022
Dan Kerbs	Clerk	2024
Oren Beske	Member	2022
Anissa Dizon	Member	2022
Monica Martinez-Guaracha	Member	2024

Source: *The District.*

On April 13, 2022, the Board adopted a resolution declaring its intent to transition from an at-large election system to a by-trustee area election system. The Board held two public hearings in April 2022 to receive public input regarding possible trustee area boundaries. The Board published draft trustee area maps and held two additional public hearings to gather input on the proposed trustee area scenarios. On May 25, 2022, the Board adopted a resolution approving the proposal to establish trustee areas. One June 28, 2022, the San Benito County Committee on School District Organization approved the proposed trustee areas. Elections will be held by-trustee area beginning with the November 8, 2022 election.

The Superintendent of the District is responsible for administering the day-to-day affairs of the District in accordance with the policies of the Board. A brief biography of the Superintendent follows:

Barb Dill-Varga, Ed.D., Interim Superintendent – Superintendent Dr. Dill-Varga has served as Interim Superintendent of the District since August 2022. Prior to the District, she served as superintendent of the Carmel Unified School District for three years. Dr. Dill-Varga has served in a variety of administrative and teaching roles for high school districts in the Chicago area as well as a total of 9 years teaching college part time at Wheaton College, Loyola University Chicago, and Concordia University. Dr. Dill-Varga earned a Bachelor of Arts degree from Wheaton College, a Masters of Art Degree in English Literature from Northwestern University, and a Doctorate Degree in Education Administration and Supervision from Loyola University of Chicago.

District Employees and Labor Relations

The District employs approximately 65 full-time equivalent ("FTE") certificated employees, approximately 41 FTE classified employees and approximately 10 management, supervisory and confidential FTE employees.

[1] On November 2, 2022, Kristen Schaefer was appointed to serve as Trustee in Trustee Area 3 for a four-year term as no candidate ran in that Trustee Area. On November 8, 2022, Casey Powers and Anissa Dizon were elected to subsequent four-year terms ending in December, 2026.

The certificated employees of the District have assigned the Aromas/San Juan Teachers' Association ("ASJTA") as their exclusive bargaining agent. The contract between the District and ASJTA expires on June 30, 2023.

The classified employees have assigned California School Employees Association ("ASJFCE") as their exclusive bargaining agent and the contract between the District and ASJFCE expires on June 30, 2023.

District Retirement Systems

The information set forth below regarding the District's retirement programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the District or the 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. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. For fiscal year 2022-23, the District is required by such statutes to contribute 19.1% of eligible salary expenditures, while participants contribute either 10.25% or 10.205% of their respective salaries. The State also contributes to STRS, currently in an amount equal to 10.328% of teacher payroll for fiscal year 2022-23. The State's contribution reflects a base contribution of 2.017% and a supplemental contribution that will vary from year-to-year based on statutory criteria.

As part of the 2014-15 State Budget, the Governor signed Assembly Bill 1469 ("AB 1469") which implemented a new funding strategy for STRS, increasing the employer contribution rate in fiscal year 2014-15 from 8.25% to 8.88% of covered payroll. Such rate increased by 1.85% in fiscal year 2015-16 and will continue to increase annually as further described below. Teacher contributions also increased from 8.00% to a total of 10.25% of pay, over the three year period from fiscal years 2014-15 through 2017-18. The State's total contribution also increased from approximately 3% in fiscal year 2013-14 to 6.30% of payroll in fiscal year 2016-17, plus the continued payment of 2.5% of payroll annually for a supplemental inflation protection program for a total of 8.80%. In addition, AB 1469 provides the State Teachers Retirement Board with authority to modify the percentages paid by employers and employees for fiscal year 2021-22 and each fiscal year thereafter to eliminate the STRS unfunded actuarial obligation with respect to service credited to members of the STRS Defined Benefit Program before July 1, 2014 by June 30, 2046, which is premised upon an actuarially assumed earnings rate of 7.00%. The State Teachers Retirement Board would also have authority to reduce employer and State contributions if they are no longer.

Pursuant to AB 1469, school districts' employer contribution rates increased over a seven-year phase-in period beginning in fiscal year 2014-15 through fiscal year 2019-20 when employer contribution rates reached 16.15% (including certain reductions in the contribution rate for supplemental payments made by the State in fiscal years 2019-20 and 2020-21.)

Subsequent to the increases to the school districts' contribution rates to STRS, AB 1469 requires that for fiscal year 2021-22 and each fiscal year thereafter, STRS adjust the school districts' contribution rate to reflect the rate required to eliminate the unfunded liability by July 1, 2046. The 2020-21 State Budget applied certain funds in fiscal year 2020-21 intended under the 2019-20 State Budget to reduce future obligations to STRS to the school districts' then current obligations to STRS to reduce the school district's contribution rates to STRS in fiscal year 2020-21 from 18.41% to approximately 16.15% and in fiscal year 2021-22 from 17.9% to 16.02%.

The District contributed $623,825 to STRS for fiscal year 2017-18, $719,272 for fiscal year 2018-19, $833,411 for fiscal year 2019-20, $728,443 for fiscal year 2020-21 and $1,334,627 for fiscal year 2021-22 (unaudited). Such contributions were equal to 100% of the required contributions for the respective years. The District has budgeted a contribution of $1,577,597 to STRS for fiscal year 2022-23. With the implementation of AB 1469, the District anticipates that its contributions to STRS will increase in future fiscal years as compared to prior fiscal years. The District, nonetheless, is unable to predict all factors or any changes in law that could affect its required contributions to STRS in future fiscal years

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 cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended, with the Public Employees' Retirement Laws. The District is currently required to contribute to PERS at an actuarially determined rate, which is 25.37% of eligible salary expenditures for fiscal year 2022-23, while participants enrolled in PERS prior to January 1, 2013 contribute 7% of their respective salaries and those enrolled subsequent to January 1, 2013 contribute 8.00%. See –"California Public Employees' Pension Reform Act of 2013" below.

On April 19, 2017, the Board of Administration of PERS ("PERS Board") adopted new contribution rates for school districts. The revised contribution rates are, as were the previous contribution rates, based on certain demographic assumptions adopted by the PERS Board in February 2014 which took into account longer life spans of public employees from previous assumptions. Such demographic assumptions generally increase costs for the State and public agency employers (including school districts), which costs will be amortized over 20 years and were phased in over three years beginning in fiscal year 2014-15 for the State and amortized over 20 years and phased in over five years beginning in fiscal year 2016-17 for the employers. PERS estimated that the new demographic assumptions would cost public agency employers up to 5% of payroll for miscellaneous employees at the end of the five year phase in period. To the extent, however, that current and future experiences differ from PERS' assumptions, the required employer contributions may vary. The 2017-18 contribution rate also took into account increased payroll over 2016-17, a lowered discount rate (which was approved in December 2016) as well as lower than predicted investment returns in prior years. As a result of payments to be made by the State as part of the 2019-20 State Budget, the estimated future employer contribution rates to PERS were again revised downward for fiscal years 2019-20 through 2025-26 but remain subject to annual adoption by the PERS Board. See "DISTRICT FINANCIAL INFORMATION - State Funding of Education" herein.

On April 18, 2022, the PERS Board set the fiscal year 2022-23 employer contribution rate at 25.37%. The PERS Board also approved an increase in the employee contribution rate for members subject to the Reform Act (defined below) from 7.00% of earnings to 8.00% for fiscal year 2022-23.

The District contributed $399,327 to PERS for fiscal year 2017-18, $431,206 for fiscal year 2018-19, $513,093 for fiscal year 2019-20, $500,821 for fiscal year 2020-21, and $492,299 for fiscal year 2021-22 (unaudited) which amounts equaled 100% of required contributions to PERS. The District has budgeted a contribution of $630,946 for fiscal year 2022-23.

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, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, 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 following table summarizes information regarding the actuarially-determined accrued liability for PERS and STRS as of July 1, 2021.

FUNDED STATUS
STRS (DEFINED BENEFIT PROGRAM) and PERS
Actuarial Valuation as of July 1, 2021
(Dollar Amounts in Millions) [(1)]

Plan	Accrued Liability	Market Value of Trust Assets	Unfunded Liability
Public Employees Retirement Fund (PERS)	$110,507	$ 86,519	$(23,988)
State Teachers' Retirement Fund Defined Benefit Program (STRS)	332,082	292,580	(60,136)

[(1)] Amounts may not add due to rounding.
Source*: PERS State & Schools Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.*

Unlike PERS, STRS contribution rates for participant employers, employees hired prior to the Implementation Date (defined herein) and the State are set by statute and do not currently vary from year-to-year based on actuarial valuations. As a result of the Reform Act (defined below), the contribution rate for STRS participants hired after the Implementation Date will vary from year-to-year based on actuarial valuations. See "—California Public Employees' Pension Reform Act of 2013" below. In recent years, the combined employer, employee and State contributions to STRS have been significantly less than actuarially required amounts. As a result, and due in part to investment losses, the unfunded liability of STRS has increased significantly. AB 1469 is intended to address this unfunded liability. The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make larger contributions to STRS in the future. 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 Employee's 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 to for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. 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 (currently 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 and benefit base for members participating in Social Security or 120% for members not participating in social security, 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 ("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 liability of STRS and PERS, as of June 30, 2021, are as shown in the following table.

Pension Plan	Proportionate Share of Net Pension Liability
STRS	$45,121,328
PERS	23,845,168
Total	$68,966,496

Source*: The District.*

For further information about the District's contributions to PERS and STRS, see Note 12 in the District's audited financial statements for fiscal year ended June 30, 2021 attached hereto as APPENDIX C.

School districts' retirement contributions decrease when investment earnings rise and increase when investment earnings decline. As a result, declines in investment earnings may result in substantial increases in school district contributions. The District cannot determine whether current financial market losses and/or volatility might impact the value of investments held by either PERS or STRS to fund retirement benefits or whether the District's contribution rates to PERS or STRS might increase in the future as a result of any declines in the value of investments in response to the outbreak of COVID-19. See also "DISTRICT FINANCIAL INFORMATION – COVID 19 Outbreak and its Economic Impact" herein for information regarding the outbreak of COVID-19.

Other Post-Employment Benefits

In June 2004, the Governmental Accounting Standards Board ("GASB") pronounced Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than*

Pensions. The pronouncement required public agency employers providing healthcare benefits to retirees to recognize and account for the costs for providing these benefits on an accrual basis and provide footnote disclosure on the progress toward funding the benefits. In June 2015, GASB replaced Statement No. 45 with Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which the District implemented in fiscal year 2017-18.

The District's single employer defined benefit plan provides post-employment benefits for eligible certificated, classified, and management employees of the District. The District joined the SISC GASB 75 Trust (the "Trust"), a multiple employer agent plan, to pre-fund these other post-employment benefits ("OPEB") liabilities. The Trust is an irrevocable trust under the law of the State and a tax-exempt governmental trust under the Internal Revenue Code Section 115. The Trust funds are divided into individual employer accounts for each participating employer, which may be pooled for investment purposes. The authority to establish and amend the benefit terms and financing requirements are governed by collective bargaining agreements with plan members.

The District disburses benefit payments from the trust and in fiscal year 2019-2020, contributed $474,182 to the trust. Employees are not required to contribute to the trust.

Employees who are eligible to receive retiree employment benefits other than pensions ("Health & Welfare Benefits") while in retirement must meet specific criteria, *i.e.*, age and years with the District. Contribution requirements are established and may be amended by agreement between the District and each of its bargaining units. On June 30, 2019, 10 inactive employees were receiving Health & Welfare Benefits with 95 active employees earning service credit towards eligibility.

The following table shows the changes in the District's net Health and Welfare Benefits as of June 30, 2020.

Total OPEB Plan Fiduciary Liability
Fiscal Year Ended June 30, 2020

Service Cost	$ 77,963
Interest	78,402
Differences between expected	(19,517)
Changes of assumptions	--
Benefit payments	(110,983)
Net Change in Total OPEB Liability	25,865
Total OPEB liability at beginning	1,451,755
Total OPEB liability at end	$1,477,620

Source: *The District*.

Risk Management and Insurance

The District participates in the following: (i) the Monterey County Schools Liability and Property Self-Insurance Authority ("MCSLPSA"), (ii) the Santa Cruz-San Benito County Schools Insurance Group ("SCSBCSIG"), and (iii) Self-Insured Schools of California ("SISC"). The District has contracted with MCSLPSA for liability and property insurance coverage. SCSBCSIG is an insurance purchasing pool that provides for the District's worker's compensation insurance. SISC is a shared-risk pool that provides for District employee health benefits. The relationships between the District and each of these entities is such that the entities are not component units of the District for financial reporting purposes.

The JPAs are independently accountable for their fiscal matters. The insurance groups maintain their own accounting records. Budgets are not subject to any approval other than of the respective governing boards. Member districts share surpluses and deficits proportionately to their participation in the JPA. See also APPENDIX C – "AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2021 – Note 9" hereto.

The District maintains insurance or self-insurance in such amounts and with such retentions and other terms providing coverages for property damage, fire and theft, general public liability and worker's compensation as are adequate, customary and comparable with such insurance maintained by similarly situated school districts. In addition, based upon prior claims experience, the District believes that the recorded liabilities for self-insured claims are adequate.

Cyber Security

School districts, like other governmental and business entities, face significant risks relating to the use and application of computer software and hardware for educational and operational and management purposes. The District also collects, processes, and distributes an enormous amount of private, protected and personal information on students, staff, parents, visitors, and contractors. As the custodian of such information, the District may face cybersecurity threats from time to time. Given the importance of cybersecurity for school districts, federal lawmakers recently approved the K-12 Cybersecurity Act of 2021 to study cybersecurity risks that school districts face and develop recommended guidelines and an online training toolkit for school district officials to address such cybersecurity risks. The District is not aware of any major cybersecurity attack or breach of its systems during the last five years. To protect itself from cybersecurity attacks, the District utilizes firewalls, anti-virus and anti-malware software, and provides cybersecurity training to District employees. In addition, the District has an informal general technology use policy. As a result, the District expects that any such disruptions caused by a cyberattack would be temporary in nature. The District currently maintains cyber liability insurance. There can be no assurance that a future cyberattack or attempted cyberattack would not compromise the personal information that the District collects, processes and stores or cause a disruption in District operations, particularly given that students, teachers, and staff are accessing District computer systems and platforms remotely which may increase the risks of intrusion by third parties.

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District Debt Structure

Long-Term Debt. A schedule of changes in long-term debt for the year ended June 30, 2021 is shown below:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Balance Due In One Year
General Obligation Bonds:					
Principal Payments	$17,056,896	$ --	$ 815,000	$16,241,896	$1,750,000
Accreted Interest	7,200,458	1,112,745	--	8,313,203	--
Issuance Premium	428,857	--	59,430	369,427	59,429
Capital Lease Obligations	4,659	--	4,659	--	--
Energy Conservation Lease	3,359,669	88,056	--	3,447,725	118,278
Compensated Absences	44,259	--	6,663	37,596	--
OPEB	1,175,789	168,195	493,699	850,285	--
Total	$29,270,587	$1,368,996	$1,379,451	$29,260,132	$1,927,707

Source*: The District.*

General Obligation Bonds. On March 5, 2002, the voters of the District authorized the District to issue $11,200,000 of general obligation bonds (the "2002 Authorization"). Pursuant to the 2002 Authorization, the District issued the first and only series of general obligation bonds in an aggregate principal amount of $11,199,045.80 (the "2002 Bonds"). On August 31, 2011, the District issued its 2011 General Obligation Refunding Bonds in an aggregate principal amount of $8,100,000 (the "2011 Refunding Bonds") to refund a portion of the outstanding 2002 Bonds.

On November 2, 2010, the voters of the District authorized the District to issue $9,700,000 aggregate principal amount of general obligation bonds (the "2010 Authorization"). Pursuant to the 2010 Authorization, the District issued its Election of 2010 General Obligation Bonds, Series A ("2010 Series A Bonds") in an aggregate initial principal amount of $1,999,077.50 and its Election of 2010 General Obligation Bonds, Series B in an aggregate initial principal amount of $3,499,497.95 (the "2010 Series B Bonds"), such that $4,201,424.55 of general obligation bonds remain authorized but unissued under the 2010 Authorization. On March 31, 2016, the District issued its 2016 General Obligation Refunding Bonds, Series A (Federally Tax-Exempt) (Bank Qualified) in the aggregate principal amount of $2,365,057.45 (the "2016A Refunding Bonds") and its 2016 General Obligation Refunding Bonds, Series B (Federally Taxable) in the aggregate principal amount of $1,217,239.65 (the "2016B Refunding Bonds" and together with the 2016A Refunding Bonds, the "2016 Refunding Bonds") to refund portions of the outstanding 2010 Series A Bonds.

On March 3, 2020, the voters of the District authorized the District to issue $4,200,000 aggregate principal amount of general obligation bonds (the "2010 Re-Authorization") and cancelled the remaining authorized but unissued general obligation bonds under the 2010 Authorization. Pursuant to the 2010 Re-Authorization, on June 23, 2020, the District issued its 2020 Election, Series 2020 Bonds (the "2020 Bonds") in the principal amount of $4,200,000. No further general obligation bonds remain for issuance under the 2010 Re-Authorization.

On November 3, 2020, the voters of the District authorized the District to issue $30,500,000 aggregate principal amount of general obligation bonds. The District has not yet issued any general obligation bonds under the 2020 Authorization but the Bonds, when issued, will be issued pursuant to the 2020 Authorization.

The table below shows the annual debt service payments on all of the District's outstanding general obligation bonds, as well as the Notes.

AROMAS-SAN JUAN UNIFIED SCHOOL DISTRICT
DEBT SERVICE ON ALL OUTSTANDING GENERAL OBLIGATION BONDS AND NOTES

Period Ending August 1	2002 Bonds	2010 Series A Bonds	2010 Series B Bonds	2011 Refunding Bonds	2016A Refunding Bonds	2016B Refunding Bonds	2020 Bonds	The Notes	Total Debt Service
2023	--	--		$1,149,750.00	--	--	$ 519,510.00	--	$ 1,669,260.00
2024	$1,335,000.00	--		--	--	--	372,720.00	--	1,707,720.00
2025	1,405,000.00	--		--	--	--	347,890.00	--	1,752,890.00
2026	1,475,000.00	--		--	--	--	333,340.00	--	1,808,340.00
2027	1,545,000.00	--		--	--	--	328,930.00	$6,250,000.00	8,123,930.00
2028	--	$ 525,000.00	$ 405,000.00	--	--	--	339,520.00	--	1,269,520.00
2029	--	580,000.00	450,000.00	--	--	--	354,900.00	--	1,384,900.00
2030	--	610,000.00	455,000.00	--	--	--	--	--	1,065,000.00
2031	--	640,000.00	465,000.00	--	--	--	--	--	1,105,000.00
2032	--	670,000.00	475,000.00	--	--	--	--	--	1,145,000.00
2033	--	--	484,212.50	--	$ 270,000.00	$ 168,186.10	--	--	922,398.60
2034	--	--	489,712.50	--	280,000.00	176,718.20	--	--	946,430.70
2035	--	--	494,712.50	--	295,000.00	185,682.85	--	--	975,395.35
2036	--	--	509,212.50	--	310,000.00	195,102.60	--	--	1,014,315.10
2037	--	--	512,712.50	--	330,000.00	205,000.00	--	--	1,047,712.50
2038	--	--	520,712.50	--	345,000.00	214,502.50	--	--	1,080,215.00
2039	--	--	527,962.50	--	360,000.00	225,737.50	--	--	1,113,700.00
2040	--	--	534,462.50	--	375,000.00	237,557.50	--	--	1,147,020.00
2041	--	--	540,212.50	--	395,000.00	250,000.00	--	--	1,185,212.50
2042	--	--	545,212.50	--	415,000.00	260,127.25	--	--	1,220,339.75
2043	--	--	554,462.50	--	435,000.00	274,070.75	--	--	1,263,533.25
2044	--	--	557,125.00	--	460,000.00	288,760.80	--	--	1,305,885.80
2045	--	--	559,000.00	--	485,000.00	300,389.70	--	--	1,344,389.70
2046	--	--	565,087.50	--	505,000.00	316,488.90	--	--	1,386,576.40
2047	--	--	570,125.00	--	530,000.00	333,453.90	--	--	1,433,578.90
2048	--	--	569,112.50	--	560,000.00	351,327.60	--	--	1,480,440.10
2049	--	--	572,312.50	--	585,000.00	370,156.80	--	--	1,527,469.30
2050	--	--	574,462.50	--	615,000.00	385,000.00	--	--	1,574,462.50
2051	--	--	1,975,562.50	--	--	--	--	--	1,975,562.50
2052	--	--	2,047,112.50	--	--	--	--	--	2,047,112.50
Total	$5,760,000.00	$3,025,000.00	$15,953,487.50	$1,149,750.00	$7,550,000.00	$4,738,262.95	$2,596,810.00	$6,250,000.00	$47,023,310.45

Energy Conservation Equipment Lease. On June 30, 2020, the District entered into a Lease/Purchase Agreement in the amount of $3,359,669 with Banc of America Public Capital Corp. to finance certain HVAC upgrades, programmable thermostat upgrades, solar generating facilities, and well pump resilience. Under the Lease/Purchase Agreement, the District will make monthly payments through December 30, 2036 which payments are expected to be offset by energy savings.

Short-Term Debt. As of June 30, 2022, the District did not have any short-term debt outstanding. The District does not expect to issue any tax and revenue anticipation notes in fiscal year 2022-23.

TAX MATTERS

The delivery of the Notes is subject to delivery of the opinion of Bond Counsel, to the effect that interest on the Notes for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Notes (the "Code"), of the owners thereof pursuant to section 103 of the Code, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof; however, interest on the Notes is taken into account in determining annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations for tax years beginning after December 31, 2022. The delivery of the Notes is also subject to the delivery of the opinion of Bond Counsel, based upon existing provisions of the laws of the State of California, that interest on the Notes is exempt from personal income taxes of the State of California. The form of Bond Counsel's anticipated opinion respecting the Notes is included in APPENDIX A. The statutes, regulations, rulings, and court decisions on which such opinions will be based are subject to change.

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

Except as described above, Bond Counsel will express no other opinion with respect to any other federal, State or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Notes. Prospective purchasers of the Notes should be aware that the ownership of tax-exempt obligations such as the Notes may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, certain foreign corporations doing business in the United States, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

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

The initial public offering price of certain of the Notes (the "Discount Notes") may be less than the amount payable on such Notes at maturity. An amount equal to the difference between the initial public offering price of a Discount Note (assuming that a substantial amount of the Notes of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Note. The tax rules requiring inclusion in income annually by the holder of a debt instrument having original issue discount of the daily portion of original issue discount for each day during a taxable year in which such holder held such debt instrument is inapplicable to the Notes. A portion of such original issue discount, allocable to the holding period of such Discount Note by the initial purchaser, will, upon the disposition of such Discount Note (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, and will be added to the holder's basis in the Discount Note, for federal income tax purposes, on the same terms and conditions as those for other interest on the bonds described above under "TAX MATTERS." Such interest is considered to be accrued in accordance with the constant-yield-to-maturity method over the life of a Discount Note taking into account the semiannual compounding of accrued interest at the yield to maturity on such Discount Note, and generally will be allocated to an original purchaser in a different amount from the amount of the payment denominated as interest actually received by the original purchaser during the tax year.

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

Owners of Discount Notes should consult with their own tax advisors with respect to the determination for federal income tax purposes of accrued interest upon disposition of Discount Notes and with respect to the state and local tax consequences of owning Discount Notes. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount

Notes may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial offering price of certain Notes (the "Premium Notes"), may be greater than the amount payable on such bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Note (assuming that a substantial amount of the Notes of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Notes. The basis for federal income tax purposes of a Premium Note in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Note. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Notes should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Notes for federal income purposes and with respect to the state and local tax consequences of owning Premium Notes.

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

CERTAIN OTHER LEGAL MATTERS

Legality for Investment in California

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

Legal Opinion

Dannis Woliver Kelley, Long Beach, California, Bond Counsel, will render an opinion with respect to the Notes substantially in the form attached hereto as APPENDIX A. Copies of such approving opinion will be available at the time of delivery of the Notes. The payment of fees of bond counsel is contingent upon the closing of the Notes transaction.

Continuing Disclosure

The District has covenanted for the benefit of Owners and Beneficial Owners of the Notes to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than nine months following the end of the District's fiscal year (the District's fiscal year ends on June 30), which date would be April 1, commencing with the report for the 2021-22 fiscal year and to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by the District with the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access System ("EMMA"). The notices of enumerated events will be filed by the District in the same manner as an Annual Report. The specific nature of the information to be contained in the notice of material events is set forth in APPENDIX D – "FORM OF CONTINUING DISCLOSURE CERTIFICATE" hereto. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5)(i)(C) promulgated under the Securities Exchange Act of 1934, as amended.

During the last five years, the District failed to timely file its budget for fiscal year 2017-18 and certain operating data for fiscal years 2016-17 and 2017-18. The District did not file notice of its failure to timely file its budget for fiscal year 2017-18 or such operating data for fiscal year 2016-17.

In order to assist it in complying with its disclosure undertakings for the Bonds, the District has engaged Dale Scott & Company, Inc., its Municipal Advisor, to serve as its dissemination agent with respect to each of its disclosure undertakings, including the Continuing Disclosure Certificate to be executed in connection with the Notes.

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

Absence of Material Litigation

At the time of delivery of and payment for the Notes, the District will certify that there is no action, suit, litigation, inquiry or investigation before or by any court, governmental agency, public board or body served, or to the best knowledge of the District threatened, against the District in any material respect affecting the existence of the District or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the sale, execution or delivery of the Notes or that, if determined in a manner adverse to the District, would have a material adverse impact on the District's ability to pay the Maturity Value of the Notes when due.

BANK QUALIFICATION

The District has designated the Notes as "qualified tax-exempt obligations," thereby allowing certain financial institutions that are holders of such qualified tax-exempt obligations to deduct a portion of such institution's interest expense allocable to such qualified tax-exempt obligations, all as determined in accordance with Section 265(b)(3) of the Code.

RATING

The Notes have been assigned the rating of "A+" by Standard & Poor's ("S&P"). The rating reflects only the views of S&P, and any explanation of the significance of such rating should be obtained from S&P. There is no assurance that the rating will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of the rating agency, circumstances so warrant. The District undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the rating obtained may have an adverse effect on the market price of the Notes.

UNDERWRITING

The Notes are being purchased for reoffering by RBC Capital Markets, LLC (the "Underwriter"). The Underwriter has agreed, pursuant to a Note Purchase Agreement (the "Note Purchase Agreement") by and between the District and the Underwriter, to purchase the Notes at the purchase price of $5,137,472.50 (representing the aggregate initial issue amount of the Notes of $4,996,500.00, plus original issue premium in the amount of $190,937.50, less an underwriting discount of $49,965.00). The Note Purchase Agreement relating to the Notes provides that the Underwriter will purchase all of the Notes, if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in such Note Purchase Agreement.

The Underwriter may offer and sell the Notes to dealers and others at a price lower than the offering price stated on the cover page hereof. The offering price may be changed from time to time by the Underwriter.

The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the District. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the District.

MISCELLANEOUS

The references herein to the Resolution and the Notes are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and for full and complete statements of such provisions reference is made to said documents. Copies of the documents mentioned under this heading are available for inspection at the District and following delivery of the Notes will be on file at the Principal Office of the Paying Agent in Los Angeles, California.

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive. Reference is made to such documents and reports for full and complete statements of the content thereof. Any statement in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners of any of the Notes.

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

AROMAS-SAN JUAN UNIFIED SCHOOL DISTRICT

By: /s/ Barb Dill-Varga, Ed.D.
Interim Superintendent

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APPENDIX A

FORM OF BOND COUNSEL OPINION

[Date of Delivery]

Board of Trustees
Aromas-San Juan Unified School District
2300 San Juan Highway
San Juan Bautista, California 95045

Re: $4,996,500.00 Aromas-San Juan Unified School District 2022 General Obligation Bond Anticipation Notes (Bank Qualified)

Ladies and Gentlemen:

We have acted as bond counsel for the Aromas-San Juan Unified School District, San Benito County, Monterey County, and Santa Cruz County, State of California (the "District"), in connection with the issuance by the District of $4,996,500.00 aggregate principal amount of the District's 2022 General Obligation Bond Anticipation Notes (Bank Qualified) (the "Notes"). The Notes are issued pursuant to the Education Code of the State of California (Section 15150), as amended, and that certain resolution adopted by the Board of Trustees of the District on October 19, 2022, (the "Resolution"). All terms used herein and not otherwise defined shall have the meanings given to them in the Resolution.

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

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

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement with respect to the Notes has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by any parties other than the District. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution. We call attention to the fact that the rights and obligations under the Notes and the Resolution may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors, rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents. We express no opinion and make no comment with respect to the sufficiency of the security for the marketability of the Notes. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Notes and express no opinion with respect thereto.

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

1. The Notes constitute valid and binding general obligations of the District.

2. The Resolution has been duly adopted and constitutes a valid and binding obligation of the District enforceable against the District in accordance with its terms.

3. Interest on the Notes is excluded from the gross income of the owners thereof for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended.

4. Interest on the Notes is exempt from personal income taxes of the State of California.

Noteholders should note that interest on the Notes is not a preference item for purposes of the alternative minimum tax imposed on individuals but is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations for tax years beginning after December 31, 2022. Ownership of tax-exempt obligations such as the Notes may result in collateral tax consequences. The nature and extent of these other tax consequences will depend upon the particular tax status of the owner of the Notes or such owner's other items of income or deduction. We express no opinion with respect to any federal, state, or local tax consequences, under present law or any proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Notes.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Our opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of results.

Respectfully submitted,

Dannis Woliver Kelley

APPENDIX B

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE COUNTY OF SAN BENITO AND THE CITY OF SAN JUAN BAUTISTA

The following information has been obtained from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District or the Underwriter. The District comprises only a portion of the County, and the Notes are only payable from ad valorem property taxes levied on property in the District. The following information is included only for the purpose of supplying general information regarding the area served by the District. The Notes are not a debt of the City or the County.

The historical data and results presented in the tables that follow may differ materially from future results as a result of economic or other factors, including as a result of the impact of COVID-19. For more information on the impact of the COVID-19 pandemic, see "DISTRICT FINANCIAL INFORMATION – COVID-19 Outbreak and its Economic Impact" and "- Impact of COVID-19 on California School Districts" herein.

County of San Benito

The County of San Benito, California (the "County") was incorporated in 1874, with the City of Hollister as the County seat. The County occupies 1,391 square miles, of which approximately 99.5% is unincorporated. Incorporated cities in the County are Hollister and San Juan Bautista. There are also several historic unincorporated communities in the County, including Aromas, Paicines, Panoche, Tres Pinos, and New Idria. The County is located south of San Jose and west of the Central Valley of California. The County is surrounded by Santa Cruz and Monterey Counties to the west, Santa Clara County to the north, and Merced and Fresno Counties to the east and south.

The County is largely rural, with over 90% of the land area used for farming, ranching, or forestry. Agriculture, which includes grazing land, is the predominant land use in the County, totaling 85% of the unincorporated land area of the County.

City of San Juan Bautista

The City of San Juan Bautista is located in California's San Juan Valley, near the central coast of California and Monterey Bay. It is situated approximately 25 miles northeast of the city of Monterey and 38 miles south of the city of San Jose. The City is a popular destination, known for its historic business district and for Mission San Juan Bautista.

County Government

The County is governed by a County Administrator and a Board of Supervisors of five members. Each supervisor is responsible for one of five districts within the County.

The County Administrator's Office is responsible for staffing the Board and Board committees, planning and overseeing County operations, and ensuring that Board policies are carried out in the most efficient and service oriented manner.

The duties and responsibilities of the Board of Supervisors include appointing County department heads and employees, providing for the compensation of all County officials and employees, creating officers, boards and commissions as needed, awarding all contracts for public works and all other contracts exceeding $25,000, adopting an annual budget, and supervising the operations of departments and exercising executive and administrative authority through the County government and County Administrator.

Population

The population of the City and the County for calendar years 2018 through 2022 are presented in the following table.

POPULATION ESTIMATES
Cities of the County and the County
2018-2022
(as of January 1)

	2018	2019	2020	2021	2022[1]
Hollister	38,885	39,967	40,762	41,919	42,554
San Juan Bautista	2,014	2,116	2,140	2,120	2,093
Balance Of County	19,095	19,354	19,584	20,730	20,832
Incorporated	40,899	42,083	42,902	44,039	44,647
County Total	59,994	61,437	62,486	64,769	65,479

(1) Provisional population estimates for January 1, 2022, for the counties and cities.
Source: *State of California, Department of Finance.*

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Major Employers

The County is host to a diverse mix of major employers representing industries ranging from agriculture to manufacturing and retail. The following table lists the County's major employers in alphabetical order without regard to the number of employees.

MAJOR EMPLOYERS
County of San Benito

Employer Name	Location	Industry
Anzar High School	San Jn Bautista	Schools
Corbin Sparrow	Hollister	Motorcycles-Supls & Parts-Manufacturers
Denise & Filice Packing Co	Hollister	Fruits & Vegetables-Wholesale
Earthbound Farm	San Jn Bautista	Marketing Programs & Services
Hazel Hawkins Memorial Hosp	Hollister	Hospitals
Hdla	Hollister	School Districts
Lucky	Hollister	Grocers-Retail
Mcelectronics Inc	Hollister	Wire Harnesses-Electrical-Manufacturers
Nob Hill Foods	Hollister	Grocers-Retail
Pacific Harvest Seafoods	San Jn Bautista	Frozen Fruit/Fruit Juices/Vegs (mfrs)
R & R Labor	Hollister	Labor Contractors
R O Hardin Elementary School	Hollister	Schools
Rancho San Justo Middle School	Hollister	Schools
Safeway	Hollister	Grocers-Retail
San Benito County	Hollister	Government Offices-County
San Benito County	Hollister	Government Offices-County
San Benito Foods	Hollister	Food Products & Manufacturers
San Benito Foods	Hollister	Canning (mfrs)
San Benito High School	Hollister	Stadiums Arenas & Athletic Fields
San Benito Sheriff	Hollister	Sheriff
Target	Hollister	Department Stores
Trical Inc	Hollister	Farms
True Leaf Farms	San Jn Bautista	Farms
West Marine	Hollister	Marine Electronic Equip & Supls (whls)
Willis Construction Co Inc	San Jn Bautista	Concrete Prods-Ex Block & Brick (mfrs)

Source*: State of California Employment Development Department, extracted from the America's Labor Market Information System (ALMIS) Employer Database, 2022 2nd Edition*

Employment

The civilian labor force in the County consisted of an average of 32,000 workers as of 2021. The total employment component of the labor force was 29,700 workers. The annual average unemployment rate in the County for 2021 was 7.2% and the average unemployment rate in California was 7.3%. The following table summarizes the labor force, employment and unemployment figures for the years 2017 through 2021 for the County, State of California (the "State") and United States.

LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT ANNUAL AVERAGES
County of San Benito, State of California, and United States
2017-2021

Year and Area	Labor Force	Employment	Unemployment	Unemployment Rate
2017				
County of San Benito	30,600	28,800	1,800	5.8%
California	19,185,400	18,258,100	927,300	4.8
United States	160,320,000	153,337,000	6,982,000	4.4
2018				
County of San Benito	31,200	29,600	1,600	5.1%
California	19,289,500	18,468,100	821,400	4.3
United States	162,075,000	155,761,000	6,314,000	3.9
2019				
County of San Benito	32,300	30,700	1,600	5.0%
California	19,409,400	18,612,600	796,800	4.1
United States	163,539,000	157,538,000	6,001,000	3.7
2020				
County of San Benito	32,500	29,300	3,200	10.0%
California	18,931,100	16,996,700	1,934,500	10.2
United States	160,742,000	147,795,000	12,947,000	8.1
2021				
County of San Benito	32,000	29,700	2,300	7.2%
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

Source: *California Employment Development Department and U.S. Department of Labor, Bureau of Labor Statistics. Based on March 2020 Benchmark.*

Industry

The following table summarizes average annual industry employment in the County from 2017 to 2021.

INDUSTRY EMPLOYMENT ANNUAL AVERAGES
County of San Benito
2017-2021

Industry Category	2017	2018	2019	2020	2021
Total, All Industries	17,000	17,100	17,600	16,700	17,400
Total Farm	2,200	2,300	2,400	2,200	2,000
Total Nonfarm	14,800	14,900	15,200	14,500	15,400
Goods Producing	4,800	5,000	4,800	4,300	4,500
Mining and Logging	0	0	0	0	0
Construction	1,500	1,600	1,600	1,500	1,600
Manufacturing	3,300	3,400	3,200	2,800	3,000
Durable Goods	1,000	1,100	900	800	1,000
Nondurable Goods	2,300	2,300	2,200	2,000	2,000
Service Providing	10,000	9,900	10,500	10,100	10,900
Trade, Transportation & Utilities	2,200	2,100	2,200	2,100	2,300
Wholesale Trade	300	300	400	300	400
Retail Trade	1,300	1,300	1,400	1,300	1,400
Transportation, Warehousing & Utilities	500	500	500	500	500
Information	100	100	100	100	100
Financial Activities	300	300	300	300	400
Finance & Insurance	200	200	200	200	200
Real Estate & Rental & Leasing	100	100	100	100	200
Professional & Business Services	1,200	1,100	1,200	1,300	1,500
Professional, Scientific & Technical Services	300	300	300	300	300
Management of Companies & Enterprises	0	0	0	0	0
Administrative & Support & Waste Services	900	800	900	1,000	1,200
Educational & Health Services	1,400	1,400	1,500	1,500	1,500
Educational Services	100	100	100	100	100
Health Care & Social Assistance	1,300	1,300	1,400	1,400	1,400
Leisure & Hospitality	1,400	1,500	1,600	1,400	1,700
Other Services	500	500	500	400	500
Government	2,900	2,900	3,000	3,100	3,000
Federal Government	100	100	100	100	100
State Government	200	200	200	200	200
Local Government	2,600	2,600	2,700	2,700	2,700

Source*: State of California Employment Development Department, Labor Market Information Division, San Benito County Annual Average Labor Force and Industry Employment. Based on March 2021 Benchmark.*

Building Permits

The following table presents the building permit valuation and number of new dwelling units in the County for fiscal years 2016 through 2020.

COUNTY OF SAN BENITO
Building Permit Valuations and Number of Dwelling Units
2016-2020

	2016	2017	2018	2019	2020
Valuation					
Single Family Residential	$117,407,443	$147,085,008	$164,665,269	$219,517,080	$151,372,904
Multi-Family Residential	9,554,796	323,509	11,003,538	798,703	1,399,538
Residential Alterations	7,779,183	4,267,205	5,360,285	3,158,952	4,891,918
Total Residential	$134,741,422	$151,675,722	$181,029,092	$223,474,735	$157,664,360
Industrial	$ 4,988,373	$ 0	$ 629,880	$ 434,665	$ 0
Store & Other Mercantile	0	0	1,100,000	8,874,683	4,677,130
Hotels & Motels	0	0	0	0	6,768,035
Other Non-Residential	26,532,908	3,593,447	5,413,420	6,037,358	8,292,511
Non-Residential Alterations	4,804,744	14,610,691	6,817,734	5,243,670	2,539,076
Total Non-Residential	$36,326,025	$18,204,138	$13,961,034	$20,590,376	$22,276,752
Number of New Dwelling Units					
Single Family	443	586	556	634	539
Multi- Family	99	2	51	4	8
Total	542	588	607	638	547

Source*: Construction Industry Research Board.*

Commercial Activity

The following tables summarize the annual volume of taxable transactions in the County and City between 2017 and 2021.

TAXABLE SALES
County of San Benito
2017-2021
(Dollars in Thousands)

Year	Retail and Food Permits	Retail and Food Taxable Transaction	Total Permits	Total Outlets Taxable Transactions
2017	1,066	$420,161	1,704	$762,320
2018	1,067	432,160	1,761	767,936
2019	1,070	460,063	1,780	751,915
2020	1,121	532,664	1,910	840,600
2021	963	587,801	1,657	976,165

Source: *California Department of Tax and Fee Administration.*

TAXABLE SALES
City of San Juan Bautista
2017-2021
(Dollars in Thousands)

Year	Retail and Food Permits	Retail and Food Taxable Transaction	Total Permits	Total Outlets Taxable Transactions
2017	254	$15,181	307	$18,239
2018	239	15,662	288	12,973
2019	223	16,679	265	17,374
2020	220	12,539	268	16,336
2021	174	17,891	215	15,756

Note: In 2009, retail permits expanded to include permits for food services.
Source: *California Department of Tax and Fee Administration.*

Personal Income

The following table shows the personal income for the County, the State and the United States from 2017 through 2021, the most recent data available.

PERSONAL INCOME
County of San Benito, California, and United States
2017-2021
(Thousands of Dollars)

Year	County of San Benito	California	United States
2017	$3,038,759	$2,318,280,900	$16,837,337,000
2018	3,235,448	2,431,773,900	17,671,054,000
2019	3,470,822	2,567,425,600	18,575,467,000
2020	3,894,963	2,790,523,500	19,812,171,000
2021	--	3,006,183,900	21,288,709,000

Note: All dollar estimates are in thousands of current dollars (not adjusted for inflation). Statistics presented in thousands of dollars do not indicate more precision than statistics presented in millions of dollars.
Source: *U.S. Department of Commerce, Bureau of Economic Analysis.*

PER CAPITA PERSONAL INCOME[1]
County of San Benito, State of California, and United States
2017-2021

Year	County of San Benito	California	United States
2017	$49,092	$58,804	$51,550
2018	50,703	61,508	53,786
2019	52,806	64,919	56,250
2020	60,807	70,647	59,765
2021	--	76,614	64,143

(1) Per capita personal income was computed using Census Bureau midyear population estimates. County estimates for 2010-2020 reflect county population estimates available as of March 2021. These estimates are based on the 2010 census. BEA will incorporate Census Bureau midyear population estimates based on the 2020 census results when they become available.
Source: *U.S. Department of Commerce, Bureau of Economic Analysis.*

Transportation

The County is served by three State highways, including State Route 25, which is the major north-south route through the center of the County, and State Routes 146 and 156, which are the principal east-west routes of the County connecting to the Monterey Peninsula and the Central Valley. U.S. Highway 101, the major coastal highway in California, transects the northern end of the County.

The City is located 25 miles east of the Monterey Peninsula Airport and 40 miles south of San Jose International Airport, which provide regularly scheduled service to other cities in California as well as nationwide and internationally.

APPENDIX C

AUDITED FINANCIAL STATEMENTS OF THE DISTRICT
FOR FISCAL YEAR ENDED JUNE 30, 2021

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AROMAS-SAN JUAN UNIFIED SCHOOL DISTRICT

SAN BENITO COUNTY

AUDIT REPORT

For the Fiscal Year Ended
June 30, 2021

NIGRO & NIGRO PC

AROMAS-SAN JUAN UNIFIED SCHOOL DISTRICT
For the Fiscal Year Ended June 30, 2021
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NIGRO & NIGRO PC
A Professional Accountancy Corporation

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Aromas-San Juan Unified School District
San Juan Bautista, California

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Aromas-San Juan Unified School District, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.* Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Aromas-San Juan Unified School District, as of June 30, 2021, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA

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Change in Accounting Principle
As discussed in Note 1 to the financial statements, the District has implemented the provisions of GASB Statement No. 84, *Fiduciary Activities*. Accordingly, the beginning net position on the Statement of Activities and the beginning fund balance on the Statement of Revenues, Expenditures, and Changes in Fund Balances have been restated to adopt this standard. Our opinion is not modified with respect to this matter.

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

Other 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 supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The supplementary information on pages 62 to 64 and the schedule of expenditures of federal awards on page 65 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The information on page 61 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards,* we have also issued our report dated December 6, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Nigro & Nigro, PC

Murrieta, California
December 6, 2021

This discussion and analysis of Aromas-San Juan Unified School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District's total net position increased 9.2% over the course of the year.
- Overall revenues were $18.5 million, about $1.5 million more than expenses.
- The total cost of basic programs was $17.0 million. Because a portion of these costs was paid for with charges, fees, and intergovernmental aid, the net cost that required taxpayer funding was $13.3 million.
- Governmental funds decreased by $1.1 million, or 6.9%.
- Reserves for the General Fund increased by $262,359, or 18.1%. Revenues were $15.9 million and expenditures were $14.9 million.

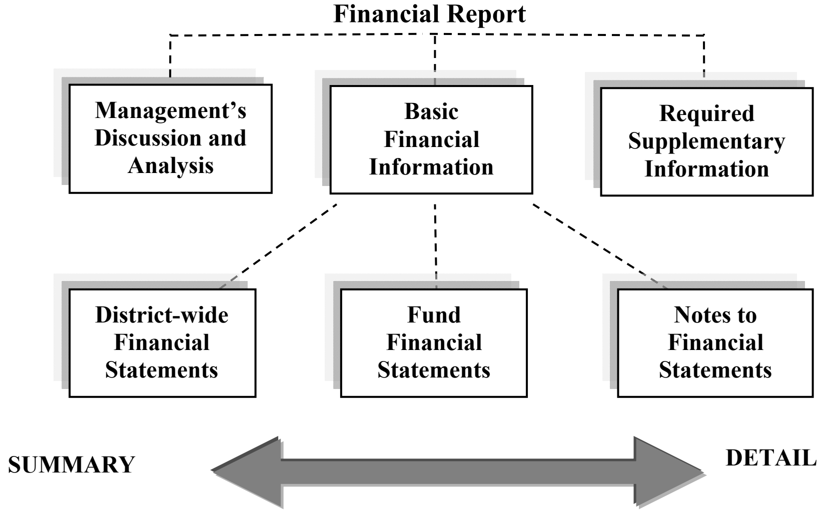
OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Figure A-1. Organization of Aromas-San Juan Unified School District's Annual Financial Report



OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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

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

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

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of school buildings and other facilities.

- In the District-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

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

- Some funds are required by State law and by bond covenants.

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

The District has two kinds of funds:

- ***Governmental funds*** – All of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional information on a separate reconciliation page that explains the relationship (or differences) between them.

- ***Fiduciary funds*** – Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District's fiduciary funds include an OPEB Trust Fund.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was higher on June 30, 2021, than it was the year before – increasing 9.2% to ($14.5 million) (See Table A-1).

Table A-1: Statement of Net Position

	Governmental Activities		Variance Increase
	2021	2020*	(Decrease)
Assets			
Current assets	$ 16,400,733	$ 17,187,927	$ (787,194)
Capital assets	10,887,096	7,600,261	3,286,835
Total assets	27,287,829	24,788,188	2,499,641
Deferred outflows of resources	5,768,800	5,045,197	723,603
Liabilities	.		
Current liabilities	1,707,550	1,395,759	311,791
Long-term liabilities	29,260,132	29,270,587	(10,455)
Net pension liability	14,306,048	12,230,578	2,075,470
Total liabilities	45,273,730	42,896,924	2,376,806
Deferred inflows of resources	2,262,915	2,891,401	(628,486)
Net position			
Net investment in capital assets	(5,862,622)	(5,837,958)	(24,664)
Restricted	6,551,800	4,276,091	2,275,709
Unrestricted	(15,169,194)	(14,393,073)	(776,121)
Total net position	$ (14,480,016)	$ (15,954,940)	$ 1,474,924

**As restated, refer to Note 12.*

Changes in net position, governmental activities. The District's total revenues increased 11.8% to $18.5 million (See Table A-2). The increase is due primarily to increase in Federal and State categorical funds.

The total cost of all programs and services increased 2.3% to $17.0 million. The District's expenses are predominantly related to educating and caring for students, 67.0%. The purely administrative activities of the District accounted for just 7.8% of total costs. A significant contributor to the increase in costs was instructional-related expenses.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Table A-2: Statement of Activities

	Governmental Activities 2021	Governmental Activities 2020	Variance Increase (Decrease)
Revenues			
Program Revenues:			
Charges for services	$ 116,603	$ 492,730	$ (376,127)
Operating grants and contributions	3,576,010	2,274,441	1,301,569
General Revenues:			
Property taxes	13,225,663	11,603,011	1,622,652
Federal and state aid not restricted	1,419,842	1,952,889	(533,047)
Other general revenues	168,519	225,328	(56,809)
Total Revenues	18,506,637	16,548,399	1,958,238
Expenses			
Instruction-related	10,190,819	9,262,909	927,910
Pupil services	1,222,435	1,633,641	(411,206)
Administration	1,320,688	1,536,024	(215,336)
Plant services	2,067,159	1,977,684	89,475
All other activities	2,230,612	2,233,732	(3,120)
Total Expenses	17,031,713	16,643,990	387,723
Increase (decrease) in net position	$ 1,474,924	$ (95,591)	$ 1,570,515
Total Net Position	$ (14,480,016)	$ (15,954,940)	

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of $14.8 million, which is below last year's ending fund balance of $15.9 million. The primary cause of the decreased fund balance is related to an increase in capital outlay expenses.

Table A-3: The District's Fund Balances

	Fund Balances				
	July 1, 2020 *	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2021
Fund					
General Fund	$ 5,277,314	$ 15,907,326	$ 14,581,149	$ (354,055)	$ 6,249,436
Student Activity Fund	50,596	11,840	3,139	-	59,297
Child Development Fund	72,489	345,116	291,967	-	125,638
Cafeteria Fund	88,020	453,972	429,289	-	112,703
Deferred Maintenance Fund	-	-	-	354,055	354,055
Building Fund	4,052,193	15,081	757,944	-	3,309,330
Capital Facilities Fund	1,274,952	53,195	32,670	-	1,295,477
Special Reserve Fund (Capital Outlay)	3,359,669	(6)	2,860,145	-	499,518
Bond Interest and Redemption Fund	1,691,874	2,095,866	1,014,157	-	2,773,583
	$ 15,867,107	$ 18,882,390	$ 19,970,460	$ -	$ 14,779,037

** As restated, refer to Note 12.*

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (continued)

General Fund Budgetary Highlights

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

- Revenues – increased by $2.6 million primarily to reflect increased Federal and State revenues.
- Salaries and benefits costs – decreased $0.2 million due to revised operational cost estimates.
- Books and supplies and other services – increased about $1.3 million to budget carryover funds.

While the District's final budget for the General Fund anticipated that revenues would exceed expenditures by about $0.5 million, the actual results for the year show that revenues exceeded expenditures by roughly $1.3 million. Actual revenues were $19,402 less than anticipated, and expenditures were $0.8 million less than budgeted. That amount consists of primarily of restricted categorical program dollars that were not spent as of June 30, 2021, that will be carried over into the 2021-22 budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2020-21 the District had invested $3.6 million in new capital assets. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year was $320,020.

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

	Governmental Activities		Variance
	2021	2020	Increase (Decrease)
Land	$ 998,300	$ 998,300	$ -
Improvement of sites	647,714	175,318	472,396
Buildings	6,046,944	6,169,595	(122,651)
Equipment	132,630	150,934	(18,304)
Construction in progress	3,061,508	106,114	2,955,394
Total	$ 10,887,096	$ 7,600,261	$ 3,286,835

Long-Term Debt

At June 30, 2021 the District had $29.3 million in long-term debt other than pensions – a decrease of 0.1% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements).

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

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

	Governmental Activities		Variance Increase
	2021	**2020**	**(Decrease)**
General obligation bonds	$ 24,924,526	$ 24,686,211	$ 238,315
Capital lease obligations	-	4,659	(4,659)
Energy conservation equipment lease	3,447,725	3,359,669	88,056
Compensated absences	37,596	44,259	(6,663)
Other postemployment benefits	850,285	1,175,789	(325,504)
Total	$ 29,260,132	$ 29,270,587	$ (10,455)

Net pension liability increased during the year by $2.1 million.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The State Legislature Passed a Final Budget Package on June 28, 2021. *The f*inal budget package largely reflected the Legislature's approach on State Appropriations Limit (SAL)-related choices and choices to use funding from the American Rescue Plan (ARP) to offset General Fund costs. The budget package assumes that 2021-22 will end with nearly $21 billion in total reserves. This consists of: (1) $15.8 billion in the Budget Stabilization Account (BSA), (2) $4 billion in Special Fund for Economic Uncertainties, and (3) $900 million in the Safety Net Reserve, which is available for spending on the state's safety net programs, like Medi-Cal. In addition, the Proposition 98 Reserve (dedicated to school and community college spending) would reach $4.5 billion under the spending plan.

Budget Also Commits $27 Billion in ARP Fiscal Relief Funds
The ARP included $350 billion in flexible funding to state and local governments for fiscal recovery in the Coronavirus State Fiscal Recovery Fund. Of this total, California's state government received about $27 billion. The state has until December 31, 2024 to use the funds for any of the following purposes: (1) to respond to the public health emergency or negative economic impacts associated with the emergency; (2) to support essential work; (3) to backfill a reduction in total revenues that have occurred relative to the pre-pandemic trajectory; or (4) for water, sewer, or broadband infrastructure.

Significant Increase in School and Community College Funding
Proposition 98 (1988) established the minimum annual funding level for schools and community colleges. This funding requirement depends upon various formulas that adjust for several factors, including changes in state General Fund revenue. For 2020-21, the minimum requirement is up $22.5 billion (31.8 percent) compared with the estimates made in June 2020. This increase represents the largest upward revision since the passage of Proposition 98 and is due to higher General Fund revenue estimates. For 2021-22, the minimum requirement increases by an additional $309 million (0.3 percent) relative to the revised 2020-21 level.

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

Makes Required Reserve Deposit, Pays Down Deferrals, and Funds New Programs
When the minimum funding requirement is growing quickly, the Constitution requires the state to deposit some of the available funding into a statewide reserve account for schools and community colleges. Under the June 2021 budget plan, the total required deposit is $4.5 billion—$1.9 billion in 2020-21 and $2.6 billion in 2021-22. The largest discretionary allocation of Proposition 98 funding is $12.5 billion to pay down the deferrals the state adopted as part of the June 2020 budget plan. Beginning in 2021-22, schools and community colleges will receive all of their funding according to the regular monthly payment schedule. The budget allocates the remaining funds for significant one-time and ongoing program increases. For schools, these augmentations focus on providing academic support for disadvantaged students, reopening schools and addressing learning loss, enhancing the education workforce, and implementing new curriculum or instructional practices in certain subjects. The community college augmentations focus on increasing the number of full-time faculty, addressing deferred maintenance at campus facilities, and funding basic student needs (including mental health services). The budget also provides a 5.07 percent baseline increase for the primary school and community college funding formulas.

Eliminates Supplemental Payments but Establishes Multiyear Plan to Fund Universal Transitional Kindergarten

Trailer legislation adopted in June 2020 would have required the state to make payments to schools and community colleges on top of the minimum funding requirement beginning in 2021-22. These supplemental payments were intended to accelerate the recovery of school funding from the decline the state anticipated last June. In recognition of the significant revenue increases (and ensuing increases in the guarantee) that have occurred since that time, the June 2021 budget plan repeals these payments. The budget, however, makes another commitment that will increase funding for schools—above the existing minimum requirement—on an ongoing basis. Specifically, it establishes a plan to make all four-year olds eligible for Transitional Kindergarten by 2025-26. (Currently, only children born between September 2 and December 2 are eligible.) The Legislature and the Governor have reached an agreement to cover the associated costs—approximately $2.7 billion at full implementation—by adjusting the Proposition 98 formulas to increase the share of General Fund revenue allocated to schools.

Meanwhile, the new Delta variant continues to wreak havoc on school re-openings throughout California, as infection rates are on the rise. Complicating matters more is the new requirement that quarantined students no longer have the option of distance learning, but must instead be enrolled in independent study. All independent study programs have to demonstrate satisfactory educational progress, provide a plan for synchronous instruction, reflect grade-level standards, develop procedures for re-engaging students who are having trouble participating and provide a plan to transition students back to in-person instruction when their families wish to do so. The trailer bill language also addressed communication with students and families, the requirements of written independent study agreements and resources that must be provided to students. Districts can seek a waiver but only if certain conditions are met.

All of these factors were considered in preparing Aromas-San Juan Unified School District's budget for the 2021-22 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District's Financial Management at Aromas-San Juan Unified School District, (831) 623-4500 or 2300 San Juan Highway, San Juan Bautista, California 95045.

AROMAS-SAN JUAN UNIFIED SCHOOL DISTRICT
Statement of Net Position
June 30, 2021

	Total Governmental Activities
ASSETS	
Deposits and investments	$ 15,779,591
Accounts receivable	605,780
Inventories	15,362
Capital assets:	
Non-depreciable assets	4,059,808
Depreciable assets	15,896,830
Less accumulated depreciation	(9,069,542)
Total assets	27,287,829
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - OPEB	20,922
Deferred outflows of resources - pensions	4,342,618
Deferred amounts on refunding	1,405,260
Total deferred outflows of resources	5,768,800
LIABILITIES	
Accounts payable	1,506,851
Unearned revenue	200,699
Long-term liabilities other than pensions:	
Portion due or payable within one year	1,927,707
Portion due or payable after one year	27,332,425
Net pension liability	14,306,048
Total liabilities	45,273,730
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - OPEB	230,865
Deferred inflows of resources - pensions	2,032,050
Total deferred inflows of resources	2,262,915
NET POSITION	
Net investment in capital assets	(5,862,622)
Restricted for:	
Capital projects	1,794,995
Debt service	2,773,583
Categorical programs	1,983,222
Student activity funds	59,297
Unrestricted	(15,169,194)
Total net position	$ (14,480,016)

AROMAS-SAN JUAN UNIFIED SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities:				
Instructional Services:				
Instruction	$ 8,685,203	$ 2,713	$ 2,214,349	$ (6,468,141)
Instruction-Related Services:				
Supervision of instruction	400,297	-	138,524	(261,773)
Instructional library, media and technology	109,707	-	97,176	(12,531)
School site administration	995,612	54	43,929	(951,629)
Pupil Support Services:				
Home-to-school transportation	441,229	-	-	(441,229)
Food services	437,817	12,770	427,979	2,932
All other pupil services	343,389	9	158,230	(185,150)
General Administration Services:				
Data processing services	251,009	-	28,509	(222,500)
Other general administration	1,069,679	694	114,137	(954,848)
Plant Services	2,067,159	99,523	245,357	(1,722,279)
Ancillary Services	30,951	840	13,352	(16,759)
Interest on Long-Term Debt	1,399,762	-	-	(1,399,762)
Other Outgo	479,879	-	94,468	(385,411)
Depreciation (unallocated)	320,020	-	-	(320,020)
Total Governmental Activities	$ 17,031,713	$ 116,603	$ 3,576,010	(13,339,100)

General Revenues:	
Property taxes	13,225,663
Federal and state aid not restricted to specific purpose	1,419,842
Interest and investment earnings	39,883
Interagency revenues	63,606
Miscellaneous	65,030
Total general revenues	14,814,024
Change in net position	1,474,924
Net position - July 1, 2020, as originally stated	(16,005,536)
Adjustment for restatement (Note 12)	50,596
Net position - July 1, 2020, as restated	(15,954,940)
Net position - June 30, 2021	$ (14,480,016)

AROMAS-SAN JUAN UNIFIED SCHOOL DISTRICT

Balance Sheet – Governmental Funds

June 30, 2021

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Deposits and investments	$ 7,477,416	$ 3,427,468	$ 501,602	$ 2,773,583	$ 1,599,522	$ 15,779,591
Accounts receivable	576,618	-	-	-	29,162	605,780
Stores inventories	-	-	-	-	15,362	15,362
Due from other funds	15,837	-	-	-	-	15,837
Total Assets	$ 8,069,871	$ 3,427,468	$ 501,602	$ 2,773,583	$ 1,644,046	$ 16,416,570
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	$ 1,265,681	$ 118,138	$ 2,084	$ -	$ 35,094	$ 1,420,997
Due to other funds	-	-	-	-	15,837	15,837
Unearned revenue	200,699	-	-	-	-	200,699
Total Liabilities	1,466,380	118,138	2,084	-	50,931	1,637,533
Fund Balances						
Nonspendable	15,000	-	-	-	15,362	30,362
Restricted	1,760,243	3,309,330	499,518	2,773,583	1,577,753	9,920,427
Committed	1,941,000	-			-	1,941,000
Assigned	1,175,707	-	-	-	-	1,175,707
Unassigned	1,711,541	-	-	-	-	1,711,541
Total Fund Balances	6,603,491	3,309,330	499,518	2,773,583	1,593,115	14,779,037
Total Liabilities and Fund Balances	$ 8,069,871	$ 3,427,468	$ 501,602	$ 2,773,583	$ 1,644,046	$ 16,416,570

Total fund balances - governmental funds		$	14,779,037
Amounts reported for governmental *activities* in the statement of net position are different because capital assets used for governmental activities are not financial resources and therefore are not reported as assets in governmental funds.			
The cost of capital assets is:	19,956,638		
Accumulated depreciation is:	(9,069,542)		
Capital assets, net of depreciation			10,887,096
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:			(85,854)
In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:			
General Obligation Bonds Payable	24,924,526		
Energy Conservation Equipment Lease	3,447,725		
Compensated Absences	37,596		
Other Postemployment Benefits	850,285		
			(29,260,132)
The net pension liability is not due and payable in the current reporting period, and therefore is not reported as a liability in the fund financial statements.			(14,306,048)
In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.			
Deferred outflows of resources relating to OPEB			20,922
Deferred inflows of resources relating to OPEB			(230,865)
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.			
Deferred outflows of resources relating to pensions			4,342,618
Deferred inflows of resources relating to pensions			(2,032,050)
Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In government-wide statements it is recognized as a deferred outflow of resources. The remaining deferred amounts on refunding at the end of the period were:			1,405,260
Total net position - governmental activities		$	(14,480,016)

AROMAS-SAN JUAN UNIFIED SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2021

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
LCFF sources	$ 12,351,234	$ -	$ -	$ -	$ -	$ 12,351,234
Federal sources	1,393,449	-	-	-	440,357	1,833,806
Other state sources	1,406,895	-	-	10,531	344,381	1,761,807
Other local sources	755,748	15,081	(6)	2,085,335	79,385	2,935,543
Total Revenues	15,907,326	15,081	(6)	2,095,866	864,123	18,882,390
EXPENDITURES						
Current:						
Instructional Services:						
Instruction	8,711,077	-	-	-	241,904	8,952,981
Instruction-Related Services:						
Supervision of instruction	395,123	-	-	-	-	395,123
Instructional library, media and technology	102,134	-	-	-	-	102,134
School site administration	971,438	-	-	-	14,370	985,808
Pupil Support Services:						
Home-to-school transportation	413,364	-	-	-	-	413,364
Food services	5,285	-	-	-	411,959	417,244
All other pupil services	349,768	-	-	-	-	349,768
Ancillary Services	27,603	-	-	-	3,139	30,742
General Administration Services:						
Data processing services	240,841	-	-	-	-	240,841
Other general administration	972,242	-	-	-	35,265	1,007,507
Plant Services	1,793,040	53,018	-	-	19,263	1,865,321
Capital Outlay	114,447	704,926	2,860,145	-	31,165	3,710,683
Intergovernmental Transfers	479,879	-	-	-	-	479,879
Debt Service:						
Principal	4,659	-	-	815,000	-	819,659
Interest	249	-	-	199,157	-	199,406
Total Expenditures	14,581,149	757,944	2,860,145	1,014,157	757,065	19,970,460
Net Change in Fund Balances	1,326,177	(742,863)	(2,860,151)	1,081,709	107,058	(1,088,070)
Fund Balances, July 1, 2020, as originally stated	5,277,314	4,052,193	3,359,669	1,691,874	1,435,461	15,816,511
Adjustment for restatement (Note 12)	-	-	-	-	50,596	50,596
Fund Balances, July 1, 2020, as restated	5,277,314	4,052,193	3,359,669	1,691,874	1,486,057	15,867,107
Fund Balances, June 30, 2021	$ 6,603,491	$ 3,309,330	$ 499,518	$ 2,773,583	$ 1,593,115	$ 14,779,037

AROMAS-SAN JUAN UNIFIED SCHOOL DISTRICT

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
For the Fiscal Year Ended June 30, 2021

Total net change in fund balances - governmental funds			$	(1,088,070)
Amounts reported for governmental *activities* in the statement of activities are different because:				
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:				
	Expenditures for capital outlay	3,606,855		
	Depreciation expense	(320,020)		3,286,835
In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:				819,659
In governmental funds, proceeds from capital leases are recognized as other financing sources. In the government-wide statements, proceeds from capital leases and general obligation bonds are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from capital leases and general obligation bonds were:				(88,056)
Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In governmental funds these amounts are recognized as an expenditure. However, in the statement of activities, these amounts are amortized over the life of the refunded debt. The difference between current year amounts and the current year amortization is:				(48,319)
In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was:				44,546
In governmental funds, if debt is issued at a premium, the premium is recognized as an other financing source in the period it is incurred. In the government-wide statements, the premium is amortized as interest over the life of the debt. Amortization of premium for the period is:				59,430
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:				(394,103)
In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current resources. In the government-wide statement of activities, however, this is recorded as interest expense for the period.				(1,112,745)
In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:				(10,916)
In the statement of activities, compensated absences 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*). Amounts earned exceeded the amounts paid by:				6,663
Change in net position of governmental activities			$	1,474,924

AROMAS-SAN JUAN UNIFIED SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2021

	Trust Fund
	Retiree Benefits Trust
ASSETS	
Deposits and investments	$ 749,978
Total Assets	749,978
NET POSITION	
Restricted for other postemployment benefits	$ 749,978

AROMAS-SAN JUAN UNIFIED SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
June 30, 2021

	Trust Fund Retiree Benefits Trust
ADDITIONS	
Investment income:	
Return on investment	$ 185,020
Total additions	185,020
DEDUCTIONS	
Benefit distributions	120,642
Administrative expenses	716
Total Deductions	121,358
Net increase (decrease)	63,662
Net position restricted for other postemployment benefits	
Beginning of year, July 1, 2020	686,316
End of year, June 30, 2021	$ 749,978

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

B. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

District-Wide Financial Statements

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

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

Fund Financial Statements

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting

1. Basis of Presentation (continued)

Major Governmental Funds
The District maintains the following major governmental funds:

General Fund: This is the chief operating fund for the District. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund. The District also maintains a Deferred Maintenance Fund for deferred maintenance purposes. Because the fund does not meet the definition of a special revenue fund under GASB 54, the activity in this fund is being reported within the General Fund.

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

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

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

Non-Major Governmental Funds
The District maintains the following non-major governmental funds:

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Basis of Presentation (continued)

Non-Major Governmental Funds

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

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

Fiduciary Funds
Fiduciary funds are used to account for assets held in a trustee or custodial capacity for others that cannot be used to support the District's own programs. The key distinction between trust and custodial funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held. The District maintains the following fiduciary funds:

Trust Fund: The District maintains a Retiree Benefits Trust Fund. The fund is used to accumulate resources for the payment of future retiree health and welfare benefits.

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

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

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

As a general rule the effect of interfund activity has been eliminated from the District-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

3. Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days.

However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

C. Budgetary Data

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

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

D. Encumbrances

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

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

1. Cash and Cash Equivalents

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

Description	Estimated Lives
Buildings	20-50 years
Improvements/Infrastructure	5-50 years
Equipment	2-15 years

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

F. Minimum Fund Balance Policy
Fund balance measures the net financial resources available to finance expenditures of future periods. The District’s Unassigned General Fund Balance will be maintained to provide the District with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The Unassigned General Fund Balance may only be appropriate by resolution of the Board of Trustees.

Fund Balance of the District may be committed for specific source by formal action of the Board of Trustees. Amendments or modification to the committee fund balance must also be approved by formal action of the Board of Trustees. Committed fund balance does not lapse at year-end. The formal action required to commit fund balance shall be by board resolution or majority vote.

The Board of Trustees delegates’ authority to assign fund balances for a specific purpose (i.e., grant projects not completed at year end, to the Business Manager of the District).

For purposes of fund balance classification, expenditures are to be spent from restricted fund balances first and then unrestricted. Expenditures incurred in the unrestricted fund balances shall be reduced first from the committed fund balance, then from the assigned fund balance and lastly, the unassigned fund balance.

The Board of Trustees recognizes that good fiscal management comprises the foundation support of the entire District. To make that support as effective as possible, the Board intends to maintain a minimum fund balance of 17% by Board Policy of the District’s general fund annual operating expenditures.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Property Tax Calendar

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

H. Use of Estimates

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

I. New GASB Pronouncements

The following Statements have been implemented as of June 30, 2021:

1. In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

   This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity, and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

2. In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests-An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Future Accounting Pronouncements

GASB pronouncements which will be effective in future periods, are as follows:

1. In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

   The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

2. In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period, and (2) to simplify accounting for interest cost incurred before the end of a construction period.

   This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.
   As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

   This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

   The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

3. In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

   The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Future Accounting Pronouncements (continued)

4. In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

    - The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports
    - Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
    - The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,* as amended, and No. 74*, Financial Reporting for Postemployment Benefit Plans Other Than Pensions Plans*, as amended, to reporting assets accumulated for postemployment benefits
    - The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements
    - Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
    - Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
    - Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
    - Terminology used to refer to derivative instruments

    The requirements of this Statement are effective as follows:

    - The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
    - The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
    - The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
    - The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

    Earlier application is encouraged and is permitted by topic.

5. In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates.* Some governments have entered into agreements in which variable payments made or received depending on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021,

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Future Accounting Pronouncements (continued)

5. (continued)
prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

   The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

6. In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction.

   The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits and investments as of June 30, 2021 are classified in the accompanying financial statements as follows:

Governmental funds/activities	$ 15,779,591
Fiduciary funds	749,978
Total deposits and investments	$ 16,529,569

Deposits and investments as of June 30, 2021 consist of the following:

Cash on hand and in banks	$ 5,000
Cash in revolving fund	15,000
Cash with fiscal agent	3,285,155
Investments	13,224,414
Total deposits and investments	$ 16,529,569

Pooled Funds
In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited quarterly to participating funds. Any investment losses are proportionately shared by all funds in the pool.

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Pooled Funds (continued)
Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required. In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2021, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

Custodial Credit Risk – Deposits
Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies.

California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

As of June 30, 2021, $261,565 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agency, but not in the name of the District.

Investments - Interest Rate Risk
The District's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investment policy limits investment purchases to investments with a term not to exceed three years. Investments purchased with maturity terms greater than three years require approval by the Board of Trustees. Investments purchased with maturities greater than one year require written approval by the Superintendent prior to commitment.

Maturities of investments held at June 30, 2021, consisted of the following:

		Maturity		
	Reported Amount	Less Than One Year	One Year Through Five Years	Fair Value Measurement
Investments:				
County investment pool	$ 12,474,436	$ 12,474,436	$ -	Uncategorized
SISC OPEB trust	749,978	749,978	-	Level 2
Total Investments	$ 13,224,414	$ 13,224,414	$ -	

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Investments - Credit Risk
The District's investment policy limits investment choices to obligations of local, state and federal agencies, commercial paper, certificates of deposit, repurchase agreements, corporate notes, banker acceptances, and other securities allowed by State Government Code Section 53600. At June 30, 2021, all investments represented governmental securities which were held in the trust in the District's name.

Investments - Concentration of Credit Risk
The District does not place limits on the amount it may invest in any one issuer. At June 30, 2021, the District had no investments outside of the County treasury and SISC OPEB trust pools.

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

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

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

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

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

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

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2021, consisted of the following:

	Governmental Funds/Activities		
	General Fund	Non-Major Governmental Funds	Totals
Federal Government:			
Categorical aid programs	$ 289,220	$ 23,311	$ 312,531
State Government:			
Lottery	72,417	-	72,417
Other state resources	141,443	5,851	147,294
Local:			
Interest	18,227	-	18,227
Other local resources	55,311	-	55,311
Total	$ 576,618	$ 29,162	$ 605,780

NOTE 4 – INTERFUND TRANSACTIONS

A. Balances Due To/From Other Funds

Balances due/to other funds at June 30, 2021, consisted of the following:

Child Development Fund due to General Fund for a contribution to cover operating expenses	$ 15,837

During the fiscal year end at June 30, 2021, the District transferred $354,055 from the General Fund to the Deferred Maintenance Fund. Because the Deferred Maintenance Fund is combined with the General Fund on these financial statements, the interfund transfer and receivables/payables have been eliminated.

NOTE 5 – FUND BALANCES

At June 30, 2021, fund balances of the District's governmental funds are classified as follows:

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interset and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable:						
Revolving cash	$ 15,000	$ -	$ -	$ -	$ -	$ 15,000
Stores inventories	-	-	-	-	15,362	15,362
Total Nonspendable	15,000	-	-	-	15,362	30,362
Restricted:						
Categorical programs	1,760,243	-	-	-	125,638	1,885,881
Nutrition program	-	-	-	-	97,341	97,341
Capital projects	-	3,309,330	499,518	-	1,295,477	5,104,325
Debt service	-	-	-	2,773,583	-	2,773,583
Associated student activity	-	-	-	-	59,297	59,297
Total Restricted	1,760,243	3,309,330	499,518	2,773,583	1,577,753	9,920,427
Committed:						
Board reserve	896,000	-	-	-	-	896,000
Special education reserve	200,000	-	-	-	-	200,000
Community funded reserve	845,000	-	-	-	-	845,000
Total Committed	1,941,000	-	-	-	-	1,941,000
Assigned:						
Maintenance & repairs	354,055	-	-	-	-	354,055
Health and safety	100,000	-	-	-	-	100,000
Textbooks/Technology	412,000	-	-	-	-	412,000
Lottery	309,652	-	-	-	-	309,652
Total Assigned	1,175,707	-	-	-	-	1,175,707
Unassigned:						
Reserve for economic uncertainties	598,000	-	-	-	-	598,000
Remaining unassigned balances	1,113,541	-	-	-	-	1,113,541
Total Unassigned	1,711,541	-	-	-	-	1,711,541
Total	$ 6,603,491	$ 3,309,330	$ 499,518	$ 2,773,583	$ 1,593,115	$ 14,779,037

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2021, was as follows:

	Balance, July 1, 2020	Additions	Decreases	Balance, June 30, 2021
Capital assets not being depreciated:				
Land	$ 998,300	$ -	$ -	$ 998,300
Work in progress	106,114	2,955,394	-	3,061,508
Total capital assets not being depreciated	1,104,414	2,955,394	-	4,059,808
Capital assets being depreciated:				
Land Improvements	243,418	513,313	-	756,731
Buildings & Improvements	14,571,890	123,839	236,646	14,459,083
Equipment	666,707	14,309	-	681,016
Total capital assets being depreciated	15,482,015	651,461	236,646	15,896,830
Accumulated depreciation for:				
Land Improvements	(68,100)	(40,917)	-	(109,017)
Buildings & Improvements	(8,402,295)	(246,490)	(236,646)	(8,412,139)
Equipment	(515,773)	(32,613)	-	(548,386)
Total accumulated depreciation	(8,986,168)	(320,020)	(236,646)	(9,069,542)
Total capital assets being depreciated, net	6,495,847	331,441	-	6,827,288
Governmental activity capital assets, net	$ 7,600,261	$ 3,286,835	$ -	$ 10,887,096

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS

Changes in long-term debt for the year ended June 30, 2021, were as follows:

	Balance, July 1, 2020	Additions	Deductions	Balance, June 30, 2021	Amount Due Within One Year
General Obligation Bonds:					
Principal Payments	$ 17,056,896	$ -	$ 815,000	$ 16,241,896	$ 1,750,000
Accreted Interest	7,200,458	1,112,745	-	8,313,203	-
Issuance Premium	428,857	-	59,430	369,427	59,429
Sub-total General Obligation Bonds	24,686,211	1,112,745	874,430	24,924,526	1,809,429
Capital Lease Obligations	4,659	-	4,659	-	-
Energy Conservation Equipment Lease	3,359,669	88,056	-	3,447,725	118,278
Compensated Absences	44,259	-	6,663	37,596	-
Other Postemployment Benefits	1,175,789	168,195	493,699	850,285	-
Totals	$ 29,270,587	$ 1,368,996	$ 1,379,451	$ 29,260,132	$ 1,927,707

Payments for general obligation bonds are made by the Bond Interest and Redemption Fund. Compensated absences and other postemployment benefits will be paid for by the fund for which the employee worked. Payments for the energy conservation equipment lease and capital leases are paid for by the General Fund.

A. General Obligation Bonds

The District has issued general obligation bonds under different voter-approved measures, as described below. Bonds are payable solely from ad valorem taxes to be levied within the District pursuant to the California Constitution and other state law. 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), for the payment of principal of and interest on the Bonds.

Election of 2002 (Measure S)

On July 30, 2002, General Obligation Bonds (Election of 2002, Series A) in the amount of $11,199,046 were authorized at an election of the registered voters of the District. The Bonds were issued as Current Interest Bonds in the amount of $9,635,000 and Capital Appreciation Bonds in the amount of $1,564,046. During the 2011-12 fiscal year, the remaining Current Interest Bonds were redeemed. The Capital Appreciation Bonds maturing August 1, 2024 to July 1, 2027, are dated the date of delivery of the Bonds and accreted interest from such date, compounded semiannually on February 1 and August 1 of each year, commencing August 1, 2002. The proceeds of the Bonds were used to fund the construction, renovation and repair of certain District facilities and to refinance certain of the District's outstanding indebtedness.

Election of 2010 (Measure Z)

On November 2, 2010, the voters of the District approved a measure by more than a 55% affirmative vote authorizing the District to issue $9.7 million of general obligation bonds. The Bonds were issued to finance the acquisition, construction, modernization and equipping of District school sites and facilities, currently refund the District's outstanding 2009 Refunding Certificates of Participation, and to pay costs of issuance associated with the Bonds.

Election of 2020 (Measure M)

On March 3, 2020, the voters of the District approved a measure by more than a 55% affirmative vote re-authorizing the District to issue $4.2 million of general obligation bonds. The Bonds were issued to finance construction, reconstruction, rehabilitation, or replacement of school facilities that are specified on a District-approved bond project list.

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

A. General Obligation Bonds (continued)

Prior-Year Defeasance of Debt
In prior years, the District defeased certain general obligation bonds by placing the proceeds of new refunding bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2021, $1,588,023 of bonds outstanding are considered defeased.

The difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. At June 30, 2021, deferred amounts on refunding were $1,405,260.

A summary of bonds issued and outstanding at June 30 follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2020	Additions	Deductions	Balance, June 30, 2021
Election of 2002 (Measure S)								
Series A	7/30/2002	7/1/2027	3.25%-5.50%	$ 11,199,046	$ 1,564,046	$ -	$ -	$ 1,564,046
Election of 2010 (Measure Z)								
Series A	3/2/2011	8/1/2050	7.43%-8.50%	-	411,055	-	-	411,055
Series B	1/10/2013	8/1/2052	4.66%-5.25%	3,499,498	3,499,498	-	-	3,499,498
Election of 2020 (Measure M)								
Series A	6/23/2020	8/1/2029	1.40%	4,200,000	4,200,000	-	-	4,200,000
Refunding Bonds								
2011 Ref.	8/1/2011	8/1/2023	2.0%-5.0%	8,100,000	3,800,000	-	815,000	2,985,000
2016 Ref.	3/31/2016	8/1/2050	4.03%-5.29%	3,582,297	3,582,297	-	-	3,582,297
				Totals	$ 17,056,896	$ -	$ 815,000	$ 16,241,896

Accreted Interest	Balance, July 1, 2020	Additions	Deductions	Balance, June 30, 2021
2002 A	$ 2,587,883	$ 236,697	$ -	$ 2,824,580
2010 A	2,297,854	387,567	-	2,685,421
2010 B	1,623,469	287,021	-	1,910,490
2016 Ref.	691,252	201,460	-	892,712
Totals	$ 7,200,458	$ 1,112,745	$ -	$ 8,313,203

The annual requirements to amortize general obligation bonds outstanding at June 30, 2021, are as follows:

Fiscal Year	Principal	Interest	Total
2021-2022	$ 1,750,000	$ 178,600	$ 1,928,600
2022-2023	1,875,000	120,205	1,995,205
2023-2024	1,580,000	58,490	1,638,490
2024-2025	741,014	964,291	1,705,305
2025-2026	717,627	1,032,988	1,750,615
2026-2031	2,652,460	4,740,060	7,392,520
2031-2036	1,296,838	2,628,749	3,925,587
2036-2041	1,310,082	2,267,818	3,577,900
2041-2046	1,410,150	3,318,199	4,728,349
2046-2051	1,556,847	4,604,580	6,161,427
2051-2053	1,351,878	2,373,122	3,725,000
Totals	$ 16,241,896	$ 22,287,102	$ 38,528,998

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

B. Energy Conservation Equipment Lease

On June 30, 2020, the District entered into an agreement with Banc of America Public Capital Corp, which qualifies as private placement debt in the amount of $3,359,669. The agreement is structured as a non-bank qualified tax-exempt equipment lease-purchase agreement. The lessor is entitled to assign its right, title, and interest or any part thereof in the agreement and equipment, on a private placement basis to qualified purchasers.

The purpose of the lease is for the installation of energy conservation measures such as HVAC upgrades, programmable thermostat upgrades, solar generating facilities, and well pump resilience. Under the lease, the District will make monthly payments through December 30, 2036.

The annual lease payment requirements outstanding at June 30, 2021 were as follows:

Fiscal Year	Principal	Interest	Total
2021-2022	$ 118,278	$ 87,899	$ 206,177
2022-2023	128,896	84,710	213,606
2023-2024	140,078	81,239	221,317
2024-2025	151,851	77,472	229,323
2025-2026	164,242	73,393	237,635
2026-2031	999,243	295,604	1,294,847
2031-2036	1,413,393	140,921	1,554,314
2036-2037	331,744	2,510	334,254
Totals	$ 3,447,725	$ 843,748	$ 4,291,472

C. Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2021, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

Pension Plan	Net OPEB Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 791,304	$ 20,922	$ 230,865	$ 101,376
MPP Program	58,981	-	-	12,970
Total	$ 850,285	$ 20,922	$ 230,865	$ 114,346

The details of each plan are as follows:

District Plan

The District's single employer defined benefit plan provides OPEB for eligible certificated, classified, and management employees of the District. The District joined the SISC GASB 75 Trust (the "Trust), a multiple employer agent plan, to pre-fund these other post-employment benefits ("OPEB") liabilities. The Trust is an irrevocable trust under the law of the State of California and a tax-exempt governmental trust under the Internal Revenue Code Section 115. The Trust funds are divided into individual employer accounts for each participating employer, which may be pooled for investment purposes. The authority to establish and amend the benefit terms and financing requirements are governed by collective bargaining agreements with plan members.

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

D. Other Postemployment Benefits (OPEB) Liability (continued)

<u>District Plan (continued)</u>

Benefits provided
The postretirement health plans and the District's obligation vary by employee group as described below.

	Certificated	Classified
Benefit types provided	Medical, Dental, & Vision	Medical, Dental, & Vision
Duration of benefits	To age 65	To age 65
Required service	10 years*	10 years
Minimum age	Age 60*	Age 60
Dependent coverage	Yes	Yes
District contribution %	100% to benefit cap	100% to benefit cap
District cap	$0	$0

* For certificated units members who have worked for the District for 10 years as of July 1, 2004, benefits are offered according to the "rule of 75" schedule with a minimum age of 55.

Employees covered by benefit terms
At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	10
Active employees	95
Total	105

Contributions
The District has established an OPEB trust with SISC. The District disburses benefit payments from the trust and in 2019-2020, contributed $474,182 to the trust. Employees are not required to contribute to the trust.

Net OPEB Liability
The District's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019.

Actuarial assumptions and other inputs
The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2019
Inflation	2.75%
Salary increases	2.75%
Healthcare cost trend rates	4.00%

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

D. Other Postemployment Benefits (OPEB) Liability (continued)

District Plan (continued)

Mortality Rates
The mortality assumptions are based on the 2020 CalSTRS Mortality table created by CalSTRS and the 2017 CalPERS Mortality for Miscellaneous and Schools Employees and All Employees tables created by CalPERS. CalSTRS and CalPERS periodically study mortality for participating agencies and establish mortality tables that are modified versions of commonly used tables. These tables incorporate mortality projection as deemed appropriate based on analysis.

Long-Term Expected Rate of Return on OPEB Plan Investments
The actuary looked at rolling periods of time for all asset classes in combination to appropriately reflect correlation between asset classes. That means that the average returns for any asset class don't necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. They used geometric means. Following is the assumed asset allocation and assumed rate of return for each.

Asset Class	Assumed Asset Allocation	Real Rate of Return
U.S. Large Cap	40%	7.795%
U.S. Small Cap	20%	7.795%
Long-Term Corporate Bonds	25%	5.295%
Long-Term Government Bonds	10%	4.500%
Short-Term Government Fixed	5%	3.250%

Discount Rate
GASB 75 requires a discount rate that reflects the following:

a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;

b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District's Total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long-Term Expected Return on Investments	Municipal Bond 20-Year High Grade Rate Index	Discount Rate
June 30, 2020	June 30, 2020	5.50%	3.62%	5.50%
June 30, 2021	June 30, 2021	5.50%	3.62%	5.50%

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

D. Other Postemployment Benefits (OPEB) Liability (continued)

District Plan (continued)

Changes in the Net OPEB Liability

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at July 1, 2020	$ 1,451,755	$ 321,977	$ 1,129,778
Changes for the year:			
Service cost	77,963	-	77,963
Interest	78,402	1,533	76,869
Employer contributions	-	474,182	(474,182)
Differences between expected and actual experience	(19,517)	-	(19,517)
Administrative expenses	-	(393)	393
Benefit payments	(110,983)	(110,983)	-
Net changes	25,865	364,339	(338,474)
Balance at June 30, 2021	$ 1,477,620	$ 686,316	$ 791,304

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

Discount Rate	OPEB Liability
1% decrease	$ 872,963
Current discount rate	$ 791,304
1% increase	$ 714,487

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates
The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

Healthcare Cost Trend Rate	OPEB Liability
1% decrease	$ 668,145
Current trend rate	$ 791,304
1% increase	$ 932,577

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

D. Other Postemployment Benefits (OPEB) Liability (continued)

District Plan (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended June 30, 2021, the District recognized OPEB expense of $101,376. In addition, at June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 95,780
Changes of assumptions	-	129,120
Net difference between projected and actual earnings on OPEB plan investments	20,922	5,965
Totals	$ 20,922	$ 230,865

The deferred outflows and inflows of resources related to OPEB resulting from differences between projected and actual return on assets will be amortized over 5 years. The deferred inflows of resources related to changes of assumptions and differences between expected and actual experience in the measurement of the total OPEB liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the current measurement period is 11.9 years.

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

Year Ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	$ 5,231	$ 32,929
2023	5,231	31,110
2024	5,231	29,664
2025	5,229	29,246
2026	-	29,246
Thereafter	-	78,670
Totals	$ 20,922	$ 230,865

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

D. Other Postemployment Benefits (OPEB) Liability (continued)

Medicare Premium Payment (MPP) Program

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation report, Medicare Premium Payment Program. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: https://www.calstrs.com/general-information/gasb-6768.

Benefits Provided
The MPP Program is a cost-sharing multiple-employer other postemployment benefit (OPEB) plan established pursuant to Chapter 1032, Statutes of 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefit Fund. The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the Defined Benefit Program who were retired or began receiving a disability allowance prior to July 1, 2012, and were not eligible for premium-free Medicare Part A. Members who retire on or after July 1, 2012, are not eligible for coverage under the MPP Program.

As of June 30, 2020, 5,443 retirees participated in the MPP Program; however, the number of retired members who will participate in the program in the future is unknown as eligibility cannot be predetermined.

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

Total OPEB Liability
At June 30, 2021, the District reported a liability of $58,981 for its proportionate share of the net OPEB liability for the MPP Program. The total OPEB liability for the MPP Program as of June 30, 2020, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total OPEB liability to June 30, 2020. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net OPEB liability for the two most recent measurement periods were:

	Percentage Share of MPP Program		
	Fiscal Year Ending June 30, 2021	**Fiscal Year Ending June 30, 2020**	**Change Increase/ (Decrease)**
Measurement Date	June 30, 2020	June 30, 2019	
Proportion of the Net OPEB Liability	0.013918%	0.012355%	0.001562%

For the year ended June 30, 2021, the District reported OPEB expense of $12,970.

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

D. Other Postemployment Benefits (OPEB) Liability (continued)

Medicare Premium Payment (MPP) Program (continued)

Actuarial Assumptions and Other Inputs
The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	June 30, 2020
Valuation Date	June 30, 2019
Experience Study	June 30, 2014 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	2.21%
Healthcare Cost Trend Rates	4.5% for Medicare Part A, and 5.4% for Medicare Part B

Assumptions were made about future participation (enrollment) into the MPP Program as CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' ages increase. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility but are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 294 or an average of 0.18% of the potentially eligible population of 159,339.

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

Discount Rate
The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2020, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund (SMIF), which is a pooled investment program administered by the California State Treasurer.

As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer's 20-Bond GO Index from Bondbuyer.com as of June 30, 2020, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2020, was 2.21%, which is a decrease of 1.29% from 3.50% as of June 30, 2019.

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

D. Other Postemployment Benefits (OPEB) Liability (continued)

Medicare Premium Payment (MPP) Program (continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate
The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

Discount Rate	MPP OPEB Liability
1% decrease	$ 65,220
Current discount rate	$ 58,981
1% increase	$ 53,672

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates
The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percentage-point lower or one percentage-point higher than the current rates:

Medicare Cost Trend Rates	MPP OPEB Liability
1% decrease	$ 53,480
Current trend rate	$ 58,981
1% increase	$ 65,313

NOTE 8 – PENSION PLANS

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

For the fiscal year ended June 30, 2021, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 8,899,648	$ 3,148,323	$ 1,552,057	$ 934,980
CalPERS	5,406,400	1,194,295	479,993	831,829
Total	$ 14,306,048	$ 4,342,618	$ 2,032,050	$ 1,766,809

NOTE 8 – PENSION PLANS (continued)

The details of each plan are as follows:

A. California State Teachers' Retirement System (CalSTRS)

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: https://www.calstrs.com/general-information/gasb-6768.

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

The STRP is 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 non-employer contributing entity to the STRP. The District contributes exclusively to the STRP Defined Benefit Program; thus, disclosures are not included for the other plans.

Benefits Provided (continued)
The STRP provisions and benefits in effect at June 30, 2021, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	60	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0%-2.4%	2.0%-2.4%
Required Member Contribution Rate	10.25%	10.205%
Required Employer Contribution Rate	16.15%	16.15%
Required State Contribution Rate	10.328%	10.328%

NOTE 8 – PENSION PLANS (continued)

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

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 June 2019, California Senate Bill 90 (SB 90) was signed into law and appropriated approximately $2.2 billion in fiscal year 2018–19 from the state's General Fund as contributions to CalSTRS on behalf of employers. The bill requires portions of the contribution to supplant the amounts remitted by employers such that the amounts remitted will be 1.03 and 0.70 percentage points less than the statutorily required amounts due for fiscal years 2019–20 and 2020–21, respectively. The remaining portion of the contribution, approximately $1.6 billion, was allocated to reduce the employers' share of the unfunded actuarial obligation of the Defined Benefit Program.

The contribution rates for each program for the year ended June 30, 2021, are presented above, and the District's total contributions were $728,443.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2021, 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:

District's proportionate share of net pension liability	$	8,899,648
State's proportionate share of the net pension liability associated with the District		4,587,770
Total	$	13,487,418

The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2021	**Fiscal Year Ending June 30, 2020**	**Change Increase/ (Decrease)**
Measurement Date	June 30, 2020	June 30, 2019	
Proportion of the Net Pension Liability	0.009184%	0.007994%	0.001189%

NOTE 8 – PENSION PLANS (continued)

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)
For the year ended June 30, 2021, the District recognized pension expense of $934,980. In addition, the District recognized pension expense and revenue of $143,442 for support provided by the State. At June 30, 2021, 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	$ 728,443	$ -
Net change in proportionate share of net pension liability	1,195,810	1,171,952
Difference between projected and actual earnings on pension plan investments	340,525	129,120
Changes of assumptions	867,842	-
Differences between expected and actual experience	15,703	250,985
Total	$ 3,148,323	$ 1,552,057

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

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	$ 459,908	$ 555,783
2023	531,906	409,031
2024	603,997	289,288
2025	322,431	189,174
2026	197,718	66,604
Thereafter	303,920	42,177
Total	$ 2,419,880	$ 1,552,057

NOTE 8 – PENSION PLANS (continued)

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

Actuarial Methods and Assumptions
The total pension liability for the STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to June 30, 2020. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Valuation Date	June 30, 2019
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price of 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 our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP–2019) table issued by the Society of Actuaries.

The long-term investment rate of return assumption was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study.

For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2020, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity	42%	4.8%
Fixed Income	15%	3.6%
Real Estate	13%	6.3%
Private Equity	12%	1.3%
Risk Mitigating Strategies	10%	1.8%
Inflation Sensitive	6%	3.3%
Cash/Liquidity	2%	(0.4%)

NOTE 8 – PENSION PLANS (continued)

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 13,446,129
Current discount rate (7.10%)	8,899,648
1% increase (8.10%)	5,145,888

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS pursuant to Sections 22954 and 22955.1 of the Education Code and Public Resources Code Section 6217.5. In addition, California Senate Bill No. 90 (SB 90) was signed into law on June 27, 2019, and appropriated supplemental contributions. Under accounting principles generally accepted in the United States of America, these amounts are reported as revenues and expenditures in the fund financial statements. The total amount recognized by the District for its proportionate share of the State's on-behalf contributions is $519,214.

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation report, Schools Pool Accounting Report. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/employers/actuarial-resources/gasb.

NOTE 8 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS)

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, 2021, are summarized as follows:

	Schools 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	2.0 – 2.5%	2.0 – 2.5%
Required Employee Contribution Rate	7.00%	7.00%
Required Employer Contribution Rate	20.70%	20.70%

Contributions

The benefits for the defined benefit pension plans are funded by contributions from members, employers, non-employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. In some circumstances, contributions are made by the employer to satisfy member contribution requirements. Member and employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Non-employer contributions are not expected each year, but when provided they are accrued for. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021 are presented above, and the total District contributions were $500,821.

NOTE 8 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $5,406,400. The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2021	Fiscal Year Ending June 30, 2020	Change Increase/ (Decrease)
Measurement Date	June 30, 2020	June 30, 2019	
Proportion of the Net Pension Liability	0.017620%	0.017193%	0.000428%

For the year ended June 30, 2021, the District recognized pension expense of $831,829. At June 30, 2021, 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	$ 500,821	$ -
Net change in proportionate share of net pension liability	157,821	344,850
Difference between projected and actual earnings on pension plan investments	247,687	135,143
Changes of assumptions	19,825	-
Differences between expected and actual experience	268,141	-
Total	$ 1,194,295	$ 479,993

NOTE 8 – PENSION PLANS (continued)

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)
The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.1 years.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	$ 320,356	$ 225,803
2023	171,878	146,121
2024	117,774	98,244
2025	80,764	9,825
2026	2,702	-
Thereafter	-	-
Total	$ 693,474	$ 479,993

Actuarial Methods and Assumptions
Total pension liability for the Schools Pool was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2019
Experience Study	1997-2015
Actuarial Cost Method	Entry age normal
Discount Rate	7.15%
Consumer Price of Inflation	2.50%
Wage Growth	Varies by entry age and service

Post-retirement mortality rates are based on CalPERS experience and include 15 years of projected ongoing mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries. These tables are used to estimate the value of benefits expected to be paid for service and disability retirements. For disability retirements, impaired longevity is recognized by a separate table.

NOTE 8 – PENSION PLANS (continued)

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

Actuarial Methods and Assumptions (continued)
In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund.

The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long- term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

Discount Rate
The discount rate used to measure the total pension liability was 7.15%. The discount rate is not adjusted for administrative expenses. The fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return for the pension plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 7,772,686
Current discount rate (7.15%)	5,406,400
1% increase (8.15%)	3,442,501

C. Social Security
As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use the Social Security as its alternative plan.

D. Payables to the Pension Plans
At June 30, 2021, the District did not have any outstanding payables for outstanding contributions to the CalSTRS and CalPERS pension plans, respectively, required for the fiscal year ended June 30, 2021.

NOTE 9 – JOINT POWERS AGREEMENTS

The District is a member of the Santa Cruz/San Benito County Schools Insurance Group (SCSBCSIG), Self- Insured Schools of California (SISC), and the Monterey-San Benito Counties Property & Liability (MSBJPA) public entity risk pools. The District pays an annual premium to each entity for its worker's compensation, health, and property liability coverage. The relationships between the District and the JPA's are such that the JPA's 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, transactions between the entities and the District are included in these statements. Audited financial statements are available from the respective entities.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

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

B. Construction Commitments
As of June 30, 2021, the District had commitments with respect to unfinished capital projects of $1.1 million.

C. Litigation
The District is involved in certain legal matters that arose out of the normal course of business. The District has not accrued a liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30, 2021.

NOTE 11 – RISK MANAGEMENT

Property and Liability
The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions. During fiscal year ending June 30, 2021, the District is a member of the Monterey-San Benito Counties Property and Liability JPA which participated in the Northern California ReLiEF public entity risk pool for property and liability insurance coverage above the self-insured retention amounts of $25,000 for liability claims and $10,000 for property claims. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation
For fiscal year 2020-21, the District participated in the Santa Cruz/San Benito County Schools Insurance Group (SCSBCSIG), an insurance purchasing pool. The intent of SCSBCSIG is to achieve the benefit of a reduced premium for the District by virtue of its grouping representation with other participants in SCSBCSIG.

The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in SCSBCSIG. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage. A participant will then either receive money from or be required to contribute to the "equity-pooling fund."

NOTE 11 – RISK MANAGEMENT (continued)

Workers' Compensation (continued)
This "equity pooling" arrangement insures that each participant shares equally in the overall performance of SCSBCSIG. Participation in SCSBCSIG is limited to districts that can meet SCSBCSIG selection criteria. The firm of Keenan and Associates provides administrative, costs control and actuarial services to the insurance group.

Employee Medical Benefits
The District has contracted with the Self Insured Schools of California (SISC) to provide employee medical and surgical benefits for all employees. The entity is a shared risk pool comprised of school districts throughout the state. Rates are set through an annual calculation process. The District pays a monthly contribution to the entity, which is placed in a common fund from which claim payments are made for all participating Districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

NOTE 12 – ADJUSTMENTS FOR RESTATEMENT

The result of the implementation of GASB 84 was to increase beginning fund balance on the statement of revenues, expenditures and changes in fund balance and the beginning net position on the statement of activities at July 1, 2020, by $50,596, which is the amount previously recorded as due to student groups in fiduciary funds at July 1, 2020.

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Required Supplementary Information

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AROMAS-SAN JUAN UNIFIED SCHOOL DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts			
	Original	Final	Actual (Budgetary Basis)	Variance with Final Budget - Pos (Neg)
Revenues				
LCFF Sources	$ 11,769,303	$ 12,317,057	$ 12,351,234	$ 34,177
Federal Sources	434,978	1,680,932	1,393,449	(287,483)
Other State Sources	699,726	1,229,306	1,406,895	177,589
Other Local Sources	407,331	699,433	755,748	56,315
Total Revenues	13,311,338	15,926,728	15,907,326	(19,402)
Expenditures				
Current:				
Certificated Salaries	5,046,013	4,789,761	4,758,599	31,162
Classified Salaries	2,282,235	2,253,935	2,208,780	45,155
Employee Benefits	3,743,834	3,811,106	3,883,739	(72,633)
Books and Supplies	659,773	1,461,179	1,035,485	425,694
Services and Other Operating Expenditures	1,604,061	2,150,797	2,116,268	34,529
Capital Outlay	30,000	128,755	128,756	(1)
Other Outgo	613,500	792,351	484,787	307,564
Indirect Costs	-	-	(35,265)	35,265
Total Expenditures	13,979,416	15,387,884	14,581,149	806,735
Excess (Deficiency) of Revenues Over (Under) Expenditures	(668,078)	538,844	1,326,177	787,333
Other Financing Sources and Uses				
Interfund Transfers Out	-	-	(354,055)	(354,055)
Total Other Financing Sources and Uses	-	-	(354,055)	(354,055)
Net Changes in Fund Balances	(668,078)	538,844	972,122	433,278
Fund Balances, July 1, 2020	4,351,469	5,277,314	5,277,314	-
Fund Balances, June 30, 2021	$ 3,683,391	$ 5,816,158	$ 6,249,436	$ 433,278
Other Fund Balances included in the Statement of Revenues, Expenditures and Changes in Fund Balances:				
Deferred Maintenance Fund			354,055	
Reported General Fund Balance on the Statement of Revenues, Expenditures and Changes in Fund Balances:			$ 6,603,491	

AROMAS-SAN JUAN UNIFIED SCHOOL DISTRICT

Schedule of Proportionate Share of the Net Pension Liability
For the Fiscal Year Ended June 30, 2021

*Last Ten Fiscal Years**

	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
CalSTRS							
District's proportion of the net pension liability	0.0092%	0.0080%	0.0082%	0.0079%	0.0090%	0.0100%	0.0110%
District's proportionate share of the net pension liability	$ 8,899,648	$ 7,219,939	$ 7,559,658	$ 7,298,178	$ 7,279,290	$ 6,732,400	$ 6,428,070
State's proportionate share of the net pension liability associated with the District	4,587,770	3,938,959	4,328,258	4,317,540	4,144,580	3,560,688	3,881,585
Totals	$ 13,487,418	$ 11,158,898	$ 11,887,916	$ 11,615,718	$ 11,423,870	$ 10,293,088	$ 10,309,655
District's covered-employee payroll	$ 4,873,749	$ 4,418,133	$ 4,323,112	$ 4,190,954	$ 4,455,965	$ 4,440,214	$ 5,698,824
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	182.60%	163.42%	174.87%	174.14%	163.36%	151.62%	112.80%
Plan fiduciary net position as a percentage of the total pension liability	72%	73%	71%	69%	70%	74%	77%
CalPERS							
District's proportion of the net pension liability	0.0176%	0.0172%	0.0190%	0.0194%	0.0183%	0.0193%	0.0196%
District's proportionate share of the net pension liability	$ 5,406,400	$ 5,010,639	$ 5,071,492	$ 4,642,051	$ 3,614,261	$ 1,884,173	$ 2,172,391
District's covered-employee payroll	$ 2,601,760	$ 2,387,366	$ 2,571,161	$ 2,512,104	$ 2,264,455	$ 1,250,064	$ 1,109,850
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	207.80%	209.88%	197.25%	184.79%	159.61%	150.73%	195.74%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	71%	72%	74%	79%	83%

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

AROMAS-SAN JUAN UNIFIED SCHOOL DISTRICT

Schedule of Pension Contributions

For the Fiscal Year Ended June 30, 2021

*Last Ten Fiscal Years**

	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
CalSTRS							
Contractually required contribution	$ 728,443	$ 833,411	$ 719,272	$ 623,825	$ 527,222	$ 478,125	$ 394,291
Contributions in relation to the contractually required contribution	728,443	833,411	719,272	623,825	527,222	478,125	394,291
Contribution deficiency (excess):	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 4,510,480	$ 4,873,751	$ 4,418,130	$ 4,323,112	$ 4,190,954	$ 4,455,965	$ 4,440,214
Contributions as a percentage of covered-employee payroll	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS							
Contractually required contribution	$ 500,821	$ 513,093	$ 431,206	$ 399,327	$ 348,881	$ 268,270	$ 147,145
Contributions in relation to the contractually required contribution	500,821	513,093	431,206	399,327	348,881	268,270	147,145
Contribution deficiency (excess):	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 2,419,425	$ 2,601,760	$ 2,387,364	$ 2,571,161	$ 2,512,104	$ 2,264,455	$ 1,250,064
Contributions as a percentage of covered-employee payroll	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

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

AROMAS-SAN JUAN UNIFIED SCHOOL DISTRICT

Schedule of Changes in the District's Total OPEB Liability and Related Ratios
For the Fiscal Year Ended June 30, 2021

Last 10 Fiscal Years*

	2019-20	2018-19	2017-18	2016-17
Total OPEB liability				
Service cost	$ 77,963	$ 95,582	$ 92,798	$ 90,095
Interest	78,402	87,608	82,611	80,063
Differences between expected and actual experience	(19,517)	(98,680)	-	-
Changes of assumptions or other inputs	-	(163,554)	-	-
Benefit payments	(110,983)	(86,145)	(119,386)	(128,130)
Net change in total OPEB liability	25,865	(165,189)	56,023	42,028
Total OPEB liability - beginning	1,451,755	1,616,944	1,560,921	1,518,893
Total OPEB liability - ending	$ 1,477,620	$ 1,451,755	$ 1,616,944	$ 1,560,921
Plan fiduciary net position				
Contributions - employer	$ 474,182	$ 78,614	$ 205,221	$ 133,773
Net investment income	1,533	18,972	20,566	21,211
Benefit payments	(110,983)	(86,145)	(119,386)	(128,130)
Administrative expense	(393)	(334)	(236)	(173)
Net change in plan fiduciary net position	364,339	11,107	106,165	26,681
Plan fiduciary net position - beginning	321,977	310,870	204,705	178,024
Plan fiduciary net position - ending	$ 686,316	$ 321,977	$ 310,870	$ 204,705
District's net OPEB liability (asset) - ending	$ 791,304	$ 1,129,778	$ 1,306,074	$ 1,356,216
Plan fiduciary net position as a percentage of the total OPEB liability	46.4%	22.2%	19.2%	13.1%
Covered-employee payroll	$ 6,424,306	$ 6,947,771	$ 6,778,313	$ 6,703,058
Net OPEB liability as a percentage of covered-employee payroll	12.32%	16.26%	19.27%	20.23%

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

AROMAS-SAN JUAN UNIFIED SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
For the Fiscal Year Ended June 30, 2021

Last 10 Fiscal Years*

	2019-20	2018-19	2017-18	2016-17
District's proportion of net OPEB liability	0.0139%	0.0124%	0.0129%	0.0126%
District's proportionate share of net OPEB liability	$ 58,981	$ 46,011	$ 49,510	$ 52,842
Covered-employee payroll	N/A	N/A	N/A	N/A
District's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	(0.71%)	(0.81%)	0.40%	0.01%

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

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

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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

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

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

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

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

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

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

Schedule of District Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

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

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

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

Change of assumptions – Liability changes resulting from changes in economic and demographic assumptions are deferred based on the average working life.

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
This schedule presents information on the District's proportionate share of the net OPEB liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

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

Change of assumptions – The discount rate was changed from 3.50 percent to 2.21 percent since the previous valuation.

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Supplementary Information

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AROMAS-SAN JUAN UNIFIED SCHOOL DISTRICT

Local Educational Agency Organization Structure
June 30, 2021

The Aromas - San Juan Unified School District was established July 1, 1991 and consists of an area comprising approximately 65 square miles. The District operates two preschools, two elementary schools, and one high school. There were no boundary changes during the year.

BOARD OF TRUSTEES

Member	Office	Term Expires
Casey Powers	President	2022
Monica Martinez-Guaracha	Clerk	2022
Oren Beske	Trustee	2022
Anissa Dizon	Trustee	2024
Dan Kerbs	Trustee	2024

DISTRICT ADMINISTRATORS

Michele Huntoon,
Superintendent

Elizabeth Wilson
Chief Business Official

AROMAS-SAN JUAN UNIFIED SCHOOL DISTRICT
Schedule of Instructional Time
For the Fiscal Year Ended June 30, 2021

Number of Instructional Days				
Grade Level	Actual	Number of Days form J-13A Waiver	Total	Status
Kindergarten	180	0	180	Complied
Grade 1	180	0	180	Complied
Grade 2	180	. 0	180	Complied
Grade 3	180	0	180	Complied
Grade 4	180	0	180	Complied
Grade 5	180	0	180	Complied
Grade 6	180	0	180	Complied
Grade 7	180	0	180	Complied
Grade 8	180	0	180	Complied
Grade 9	180	0	180	Complied
Grade 10	180	0	180	Complied
Grade 11	180	0	180	Complied
Grade 12	180	0	180	Complied

AROMAS-SAN JUAN UNIFIED SCHOOL DISTRICT

Schedule of Financial Trends and Analysis
For the Fiscal Year Ended June 30, 2021

General Fund	(Budget) 2022 [2]	2021 [3]	2020	2019
Revenues and other financing sources	$ 16,743,145	$ 15,907,326	$ 14,658,793	$ 14,637,050
Total outgo	16,266,293	14,935,204	14,789,270	13,387,036
Change in fund balance (deficit)	476,852	972,122	(130,477)	1,250,014
Ending fund balance	$ 6,726,288	$ 6,249,436	$ 5,277,314	$ 5,407,791
Available reserves [1]	$ 1,882,031	$ 1,711,541	$ 1,449,182	$ 1,946,969
Available reserves as a percentage of total outgo	11.6%	11.5%	9.8%	14.5%
Total long-term debt	$ 42,827,149	$ 43,566,180	$ 41,501,165	$ 34,272,320
Average daily attendance at P-2	958	N/A	958	988

The General Fund balance has increased by $841,645 over the past two years. The fiscal year 2021-22 adopted budget projects an increase of $476,852. For a district of this size, the state recommends available reserves of at least the greater of $71,000 or 4% of total general fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating deficit in only one of the past three years, and it doesn't anticipate incurring an operating deficit during the 2021-22 fiscal year. Long-term debt has increased by $9,293,860 over the past two years.

Average daily attendance decreased by 30 ADA in 2019-20 compared to the previous year. The District did not report ADA in FY 2020-21 and was funded on its FY 2019-20 ADA. Budgeted ADA for FY 2021-22 is 958.

[1] Available reserves consist of all unassigned fund balances in the General Fund.

[2] Revised Final Budget September, 2021.

[3] The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Deferred Maintenance Fund, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

AROMAS-SAN JUAN UNIFIED SCHOOL DISTRICT
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
For the Fiscal Year Ended June 30, 2021

	Building Fund	Special Reserve Fund for Capital Outlay
June 30, 2021, annual financial and budget report (SACS) fund balances	$ 3,427,468	$ 1,279,173
Adjustments and reclassifications:		
Increasing (decreasing) the fund balance:		
Cash overstated	-	(779,655)
Accounts payable understated	(118,138)	-
Net adjustments and reclassifications	(118,138)	(779,655)
June 30, 2021, audited financial statement fund balances	$ 3,309,330	$ 499,518

AROMAS-SAN JUAN UNIFIED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
Child Nutrition Cluster				
School Breakfast Program - Especially Needy	10.553	13526	$ 1,441	
National School Lunch Program	10.555	13523	345,023	
USDA Donated Foods	10.555	N/A	14,022	
Subtotal Child Nutrition Cluster				360,486
Total U.S. Department of Agriculture				360,486
U.S. Department of Treasury:				
Passed through California Dept. Of Education (CDE):				
COVID 19-Coronavirus Relief Fund (CRF)	21.019	25516		695,809
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
Every Student Succeeds Act (ESSA):				
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329		235,755
Title II, Part A, Supporting Effective Instruction	84.367	14341		13,752
Title V, Part B, Rural Low Income School Program	84.358	14356		2,481
Migrant Education Cluster:				
Title I, Part C, Migrant Ed	84.011	14838	35,587	
Title I, Migrant Ed Summer Program	84.011	10005	723	
Title I, Part C, Migrant Education School Readiness Program	84.011	14768	267	
Subtotal, Migrant Education Cluster				36,577
Title III, Limited English Proficient Student Program	84.365	14346		14,581
COVID-19 Education Stabilization Fund:				
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	168,634	
Governor's Emergency Education Relief (GEER) Fund	84.425C	15517	55,201	
COVID CARES Act Supplement Meal Reimbursement	84.425	15535	51,206	
Subtotal Education Stabilization Fund:				275,041
Individuals with Disabilities Education Act (IDEA):				
Passed through San Benito County SELPA:				
Basic Local Assistance Entitlement, Part B	84.027	13379		170,659
Total U.S. Department of Education				748,846
Total Expenditures of Federal Awards				$ 1,805,141

Of the amounts reported above, the District provided no awards to subrecipients.

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Instructional Time

This schedule presents information on the number of instructional days offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 Part 26 of the *Education Code*.

Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual financial report to the audited financial statements.

Schedule of Expenditures of Federal Awards

The schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. The District did not elect to use the ten percent de minimis indirect cost rate.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been expended in the previous fiscal year without a corresponding recognition of revenue.

	Assistance Listing	Amount
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances		$ 1,833,806
Difference between Federal Revenues and Expenditures:		
Coronavirus Response and Relief Supplemental Appropriations (CRRSA)	93.575	(28,665)
Total Schedule of Expenditures of Federal Awards	.	$ 1,805,141

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Other Independent Auditors' Reports

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NIGRO & NIGRO PC
A Professional Accountancy Corporation

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Aromas-San Juan Unified School District
San Juan Bautista, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Aromas-San Juan Unified School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Aromas-San Juan Unified School District's basic financial statements, and have issued our report thereon dated __________, 2021.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered Aromas-San Juan Unified School 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 Aromas-San Juan Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Aromas-San Juan Unified School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA

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Compliance and Other Matters
As part of obtaining reasonable assurance about whether Aromas-San Juan Unified School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nigro & Nigro, PC

Murrieta, California
__________, 2021

NIGRO & NIGRO PC
A Professional Accountancy Corporation

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Aromas-San Juan Unified School District
San Juan Bautista, California

Report on Compliance for Each Major Federal Program
We have audited Aromas-San Juan Unified School District's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Aromas-San Juan Unified School District's major federal programs for the year ended June 30, 2021. Aromas-San Juan Unified School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility
Our responsibility is to express an opinion on compliance for each of Aromas-San Juan Unified School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Aromas-San Juan Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Aromas-San Juan Unified School District's compliance.

Opinion on Each Major Federal Program
In our opinion, Aromas-San Juan Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA

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Report on Internal Control Over Compliance
Management of Aromas-San Juan Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Aromas-San Juan Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Nigro & Nigro, PC

Murrieta, California
__________, 2021

A Professional Accountancy Corporation

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
Aromas-San Juan Unified School District
San Juan Bautista, California

Report on State Compliance
We have audited Aromas-San Juan Unified School District's compliance with the types of compliance requirements described in the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Aromas-San Juan Unified School District's state government programs as noted on the following page for the fiscal year ended June 30, 2021.

Management's Responsibility
Management is responsible for compliance with state laws, regulations, and the terms and conditions of its State programs.

Auditors' Responsibility
Our responsibility is to express an opinion on compliance for each of Aromas-San Juan Unified School District's state programs based on our audit of the types of compliance requirements referred to on the following page. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to on the following page that could have a direct and material effect on a state program occurred. An audit includes examining, on a test basis, evidence about Aromas-San Juan Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state program. However, our audit does not provide a legal determination of Aromas-San Juan Unified School District's compliance.

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the State laws and regulations applicable to the following items:

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools:	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes

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Description	Procedures Performed
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Independent Study - Course Based	Not Applicable
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Charter School Facility Grant Program	Not Applicable

Unmodified Opinion on Compliance with State Programs

In our opinion, Aromas-San Juan Unified School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance with the compliance requirements referred to previously, which are required to be reported in accordance with the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* and which are described in the accompanying schedule of findings and questioned costs as Findings 2021-001 and 2021-002. Our opinion on each state program is not modified with respect to these matters.

District's Responses to Findings

Aromas-San Juan Unified School District's responses to the compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Aromas-San Juan Unified School District's responses were not subjected to the auditing procedures in the audit of compliance and, accordingly, we express no opinion on the responses.

Nigro & Nigro, PC

Murrieta, California
__________, 2021

Schedule of Findings and Questioned Costs

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Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es)	No
Significant deficiency(s) identified not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(s) 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 the Uniform Guidance Section 200.516(a)?	No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
21.019	COVID 19-Coronavirus Relief Fund (CRF)
10.533, 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	No

State Awards

Type of auditor's report issued on compliance for state programs:	Unmodified

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards.* Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

Five Digit Code	AB 3627 Finding Types
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no federal award findings or questioned costs in 2020-21.

This section identifies the audit findings required to be reported by the Uniform Guidance, Section 200.516 (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or questioned costs in 2020-21.

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

FINDING 2021-001: UNDUPLICATED PUPIL COUNTS (40000)
Partial Repeat of Finding 2020-002.

Criteria:
California Education Code section 42238.01 states, in part:

> "Eligible for free or reduced-price meals" means determined to meet federal income eligibility criteria, either through completing an application for the federal National School Lunch Program or through an alternative household income data collection form, or deemed to be categorically eligible for free or reduced-price meals under the federal National School Lunch Program, as described in Part 245 of Title 7 of the Code of Federal Regulations.
>
> "Pupils of limited English proficiency" means pupils who do not have the clearly developed English language skills of comprehension, speaking, reading, and writing necessary to receive instruction only in English at a level substantially equivalent to pupils of the same age or grade whose primary language is English. "English learner" shall have the same meaning as provided for in subdivision (a) of Section 306 and as "pupils of limited English proficiency."

California Education Code section 42238.02(b)(1) states:

> For purposes of this section "unduplicated pupil" means a pupil enrolled in a school district or a charter school who is either classified as an English learner, eligible for a free or reduced-price meal, or is a foster youth. A pupil shall be counted only once for purposes of this section if any of the following apply:
>
> (A) The pupil is classified as an English learner and is eligible for a free or reduced-price meal.
> (B) The pupil is classified as an English learner and is a foster youth.
> (C) The pupil is eligible for a free or reduced-price meal and is classified as a foster youth.
> (D) The pupil is classified as an English learner, is eligible for a free or reduced-price meal, and is a foster youth.

California Education Code section 42238.02(b)(2) states:

> Under procedures and timeframes established by the Superintendent, commencing with the 2013-14 fiscal year, a school district or charter school shall annually submit its enrolled free and reduced-price meal eligibility, foster youth, and English learner pupil-level records for enrolled pupils to the Superintendent using the California Longitudinal Pupil Achievement Data System.

California Education Code section 42238.02(b)(4) states:

> The Superintendent shall make the calculations pursuant to this section using the data submitted by local educational agencies, including charter schools, through the California Longitudinal Pupil Achievement Data System. Under timeframes and procedures established by the Superintendent, school districts and charter schools may review and revise their submitted data on English learner, foster youth, and free or reduced-price meal eligible pupil counts to ensure the accuracy of data reflected in the California Longitudinal Pupil Achievement Data System.

Condition: During our review of the District's Unduplicated Local Control Funding Formula (LCFF) Pupil Counts, we noted an error with three students who were improperly reported as free or reduced.

FINDING 2021-001: UNDUPLICATED PUPIL COUNTS (40000) (continued)

Context: We elected to extrapolate the error to determine the impact on the population of the school site. We noted an extrapolated error of fifteen students who were improperly reported as free or reduced.

Cause: The District reported students who were supposed to be classified as paid based on their NSLP application.

Effect: The error would results in a loss of apportionment of $7,889, but due the District being a community-funded district there is no financial impact on the District. Refer to the summary chart below:

	CALPADS	Adjusted based on FRPM	Adjusted Total
Program/Site:			
Anzar High School	175	(15)	160
Aggregate Remaining Sites	437	-	437
District-Wide	612	(15)	597

Total enrollment of 1,017 was not adjusted based on the results of our procedures.

Recommendation: We recommend that the District implement controls to ensure that contemporaneous supporting documentation is maintained to support all students reported for the unduplicated pupil counts and implement policies and procedures to ensure that the CALPADS is updated with changes in students' FRPM and EL designations.

District Response: The District acknowledges errors found during testing resulting from the NSLP system not integrating with the Student Information System (SIS). The District has taken steps to correct the discrepancy by implementing the Aeries SIS, which regularly updates the NSLP system. The District also has filed a correction with the California Department of Education to reduce 15 unduplicated pupils. As a community-funded district, this correction will have no fiscal impact on the District.

FINDING 2021-002: COMPREHENSIVE SCHOOL SAFETY PLAN (40000)

Criteria: California Education Code (EC) Section 32281(a) requires every kindergarten through grade twelve school, public and public charter, including community and court schools, to develop and maintain a CSSP designed to address campus risks, prepare for emergencies, and create a safe, secure learning environment for students and school personnel. In a school district with fewer than 2,501 units of average daily attendance, there may be one CSSP for all schools within the district.

The law requires designated stakeholders to annually engage in a systematic planning process to develop strategies and policies to prevent and respond to potential incidents involving emergencies, natural and other disasters, hate crimes, violence, active assailants/intruders, bullying and cyberbullying, discrimination and harassment, child abuse and neglect, discipline, suspension and expulsion, and other safety aspects.

Condition: During our audit it was noted that the District did not revise and approve its comprehensive school safety plan by March 1.

Context: Error was recurring, as the plans were not updated and approved for all school sites within the District.

Cause: The transitioning of key management positions resulted in lack of oversight as these positions were vacant.

FINDING 2021-002: COMPREHENSIVE SCHOOL SAFETY PLAN (40000) (continued)

Effect: None

Recommendation: We recommend that the District implement controls to ensure that comprehensive school safety plans are reviewed, revised (if necessary), and approved by March 1 of each school year to ensure compliance.

District Response: The District has a District-Wide Comprehensive School Safety Plan (CSSP) modified in the previous year and effective for the 2020-21 school year with no proposed changes. The timing of the annual review of the CSSP was at the same time as the District was preparing to bring students back to school sites. Due to the high volume of other safety plans, also requiring stakeholder input, to address the issues surrounding COVID, the annual review of the District-Wide CSSP was overlooked. The annual review of the CSSP has been added to the District's calendar for February of 2022.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2020-001: After School Education and Safety (ASES) Program	*This finding is a repeat of Finding 2019-004.* The District is required to report attendance on a semi-annual basis to accurately reflect the attendance related to the program per California Education Code Section 8483.55. The District must be able to provide written origination documentation to support the attendance reported on a semi-annual basis by site. The District provided the auditors with copies of the first and second half Manage Grant/Attendance reports submitted to the state, which reported a combined total of 8,124 students served during the 2019-20 fiscal year. In addition, auditors were provided with the supporting documentation for the first and second half Manage Grant/Attendance reports which reflected 3,682 students served for the 2019-20 fiscal year. When comparing the reports, it was noted that the second half Manage Grant/Attendance report submitted to the state was cumulative, which resulted in an overstatement of 4,442 students served for the 2019-20 fiscal year.	40000	The District should ensure totals calculated for monthly attendance, by a third-party vendor, are accurately reported on the State semi-annual report.	Not Applicable in Current Year
Finding 2020-002: CALPADS Unduplicated Pupil Count	Supplemental and concentration grant amounts are calculated based on the percentage of "unduplicated pupils" enrolled in the LEA on Census Day (first Wednesday in October). The percentage equals: • Unduplicated count of pupils who (1) are English learners, (2) meet income or categorical eligibility requirements for free or reduced-price meals under the National School Lunch Program, or (3) are foster youth. "Unduplicated count" means that each pupil is counted only once even if the pupil meets more than one of these criteria (*EC* sections 2574(b)(2) and 42238.02(b)(1)).	40000	We recommend that the District implement a procedure to review the CALPADS information prior to submission to the California Department of Education.	Partial Repeat – Finding 2021-001.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2020-002: CALPADS Unduplicated Pupil Count (continued)	• Divided by total enrollment in the LEA (*EC* sections 2574(b)(1) and 42238.02(b)(5)). All pupil counts are based on Fall 1 certified enrollment reported in the CALPADS as of Census Day. During our testing of a hundred percent of free and reduced-price meal eligible pupils reported in the CALPADS 1.17 and 1.18 reports, we noted that 15 pupils out of 101 tested did not have an application or income eligibility form on file to support the designation prior to October 31. During our testing of a hundred percent pupils who were classified as English Learner (EL) reported in the CALPADS 1.17 and 1.18 reports, we noted 7 pupils out of 40 tested who did not have the appropriate ELPAC testing scores on file to support the designation prior to October 31.			

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APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Aromas-San Juan Unified School District (the "District") in connection with the issuance of $4,996,500.00 of the District's 2022 General Obligation Bond Anticipation Notes (Bank Qualified) (the "Notes"). The Notes are being executed pursuant to a Resolution of the Board of Trustees of the District, adopted on October 19, 2022 (the "Resolution"). The District covenants as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Notes and in order to assist the Participating Underwriter in complying with the Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Notes for federal income tax purposes.

"Dissemination Agent" shall mean, initially, Dale Scott & Company, Inc. or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

"Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Holders" shall mean registered Owners of the Notes.

"Listed Events" shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Certificate.

"Participating Underwriter" shall mean RBC Capital Markets, LLC, or any of the original underwriter of the Notes required to comply with the Rule in connection with offering of the Notes.

"Repository" shall mean the Municipal Securities Rulemaking Board, which can be found at http://emma.msrb.org/, 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.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (presently ending June 30), which date would be April 1, commencing with the report for the 2021-22 fiscal year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 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 date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(d).

(b) Not later than 30 days (nor more than 60 days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than 15 Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send a notice to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent. The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided and listing the Repository to which it was provided.

SECTION 4. Content and Form of Annual Reports. The District's Annual Report shall contain or include by reference the following:

1. Financial information including the general purpose financial statements of the District for the preceding fiscal year, prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. If audited financial information is not available by the time the Annual Report is required to be filed pursuant to Section 4 hereof, the financial information included in the Annual Report may be unaudited, and the District will provide audited financial information to the MSRB as soon as practical after it has been made available to the District.

2. Operating data, including the following information with respect to the District's preceding fiscal year (to the extent not included in the audited financial statements described above):

(i) Average daily attendance of the District for the last completed fiscal year;

(ii) Outstanding District indebtedness;

(iii) Summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the current fiscal year;

(iv) Assessed value of taxable property in the District as shown on the most recent equalized assessment roll;

(v) If either San Benito County or Santa Cruz County no longer includes the tax levy for payment of the Bonds in their respective Teeter Plan, the property tax levies, collections and delinquencies for the District for property subject to taxation thereby located in such counties;

(vi) The property tax levies, collections and delinquencies for the District for property subject to taxation by the District located in Monterey County; and

(vii) Top 20 property owners in the District, as measured by secured assessed valuation, the amount of their respective taxable value and their percentage of total secured assessed value, if material.

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 have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

The Annual Report shall be filed in an electronic format accompanied by identifying information prescribed by the Municipal Securities Rulemaking Board.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes in a timely manner not in excess of 10 business days after the occurrence of the event:

1. principal and interest payment delinquencies.

2. tender offers.

3. defeasances.

4. rating changes.

5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).

6. unscheduled draws on the debt service reserves reflecting financial difficulties.

7. unscheduled draws on credit enhancement reflecting financial difficulties.

8. substitution of the credit or liquidity providers or their failure to perform.

9. bankruptcy, insolvency, receivership or similar event of the District.

10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the District which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5(b), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes, if material:

1. non-payment related defaults.

2. modifications to rights of Noteholders.

3. optional, contingent or unscheduled note calls.

4. unless described under Section 5(a)(5) above, material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes.

5. release, substitution or sale of property securing repayment of the Notes.

6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

7. appointment of a successor or additional trustee or paying agent with respect to the Notes or the change of name of such a trustee or paying agent.

8. Incurrence of a Financial Obligation of the District or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect Noteholders.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(c) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

SECTION 6. 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 Notes. If such termination occurs prior to the final maturity of the Notes, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon 15 days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. 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, 5(a) or 5(b), 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 Notes, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Notes; and

(d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Notes 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 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriter, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

Dated: December 8, 2022

AROMAS-SAN JUAN UNIFIED SCHOOL DISTRICT

By: ____________________________________
Superintendent

ACCEPTED BY DISSEMINATION AGENT:

By: ______________________________
Dale Scott & Company, Inc.

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Aromas-San Juan Unified School District

Name of Issue: $4,996,500.00 2022 General Obligation Bond Anticipation Notes (Bank Qualified)

Date of Issuance: December 8, 2022

NOTICE IS HEREBY GIVEN that the above-named Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 4(a) of the Continuing Disclosure Certificate dated December 8, 2022. The Issuer anticipates that the Annual Report will be filed by ____________________.

Dated: ___________________________

[ISSUER/DISSEMINATION AGENT]

By:____

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APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants (as defined herein) will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Notes, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Notes, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered Owner of the Notes, or that they will so do on a timely basis or that DTC, Direct Participants or Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes. The Notes 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 Notes certificate will be issued for each maturity of the Notes, each in the Denominational 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," and together with the Direct Participants, the "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.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Notes ("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 Notes 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 Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, defaults, and proposed amendments to the Resolutions. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes 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 Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds or distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes 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, Notes 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, Notes 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.

The foregoing description concerning DTC and DTC's book entry system is based solely on information provided by DTC, which the District believes to be reliable, but the District takes no responsibility for the accuracy thereof and no representation is made herein as to the accuracy or completeness of such information.

BENEFICIAL OWNERS WILL NOT RECEIVE PHYSICAL DELIVERY OF NOTES AND WILL NOT BE RECOGNIZED BY THE PAYING AGENT AS OWNERS THEREOF UNDER THE TERMS OF THE BOARD RESOLUTION, AND BENEFICIAL OWNERS WILL BE PERMITTED TO EXERCISE THE RIGHTS OF OWNERS ONLY INDIRECTLY THROUGH DTC AND THE PARTICIPANTS.

THE DISTRICT WILL HAVE NO RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO DTC PARTICIPANTS OR THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS.

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APPENDIX F

ACCRETED VALUES TABLE

Date	The Note due 08/01/2027 @ 4.875% per $5,000 Denominational Amount	The Note due 08/01/2027 @ 4.875% per Total Denominational Amount
December 8, 2022	$3,997.20	$4,996,500.00
February 1, 2023	4,025.65	5,032,062.50
August 1, 2023	4,123.80	5,154,750.00
February 1, 2024	4,224.30	5,280,375.00
August 1, 2024	4,327.25	5,409,062.50
February 1, 2025	4,432.75	5,540,937.50
August 1, 2025	4,540.80	5,676,000.00
February 1, 2026	4,651.50	5,814,375.00
August 1, 2026	4,764.85	5,956,062.50
February 1, 2027	4,881.00	6,101,250.00
August 1, 2027	5,000.00	6,250,000.00

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APPENDIX G

REDEMPTION PRICES TABLE

Date	The Note due 08/01/2027 @ 4.05% per $5,000 Denominational Amount	The Note due 08/01/2027 @ 4.05% per Total Denominational Amount
December 8, 2022	$4,149.95	$5,187,437.50
February 1, 2023	4,174.55	5,218,187.50
August 1, 2023	4,259.05	5,323,812.50
February 1, 2024	4,345.30	5,431,625.00
August 1, 2024	4,433.30	5,541,625.00
February 1, 2025	4,523.10	5,653,875.00
August 1, 2025	4,614.70	5,768,375.00
February 1, 2026	4,708.10	5,885,125.00
August 1, 2026	4,803.45	6,004,312.50
February 1, 2027	4,900.75	6,125,937.50
August 1, 2027	5,000.00	6,250,000.00