

NEW ISSUES—BOOK-ENTRY ONLY

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

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2023 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2023 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that, for tax years beginning after December 31, 2022, interest on the Series 2023 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2023 Bonds. See "TAX MATTERS" herein.

\$23,000,000	\$12,965,000
PANAMA-BUENA VISTA UNION SCHOOL DISTRICT (Kern County, California)	PANAMA-BUENA VISTA UNION SCHOOL DISTRICT (Kern County, California)
General Obligation Bonds, Election of 2022, Series 2023	General Obligation Refunding Bonds, Series 2023

Dated: Date of Delivery

Due: August 1, as shown herein

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

The Panama-Buena Vista Union School District (Kern County, California) General Obligation Bonds, Election of 2022, Series 2023 (the "New Money Bonds") are being issued by the Panama-Buena Vista Union School District (the "District"), located in the County of Kern, California (the "County"). Proceeds of the New Money Bonds will be applied to (i) finance specific construction, reconstruction, rehabilitation, or replacement projects approved by the voters of the District, and (ii) pay costs of issuance of the New Money Bonds, as further described herein. The New Money Bonds were authorized at an election of the voters of the District held on November 8, 2022, at which at least 55% of the voters voting on the proposition authorized the issuance and sale of \$99,000,000 aggregate principal amount of bonds of the District. The New Money Bonds are being issued under the laws of the State of California (the "State") and pursuant to a resolution of the Board of Trustees of the District adopted on February 28, 2023.

The Panama-Buena Vista Union School District (Kern County, California) General Obligation Refunding Bonds, Series 2023 (the "Refunding Bonds") are being issued by the District. Proceeds of the Refunding Bonds will be applied to (i) refund a portion of the outstanding Panama-Buena Vista Union School District 2012 Election General Obligation Bonds, 2013 Series A, and (ii) pay costs of issuance of the Refunding Bonds. The Refunding Bonds are being issued under the laws of the State and pursuant to a resolution of the Board of Trustees of the District adopted on February 28, 2023. The New Money Bonds and the Refunding Bonds are referred to collectively herein as the "Series 2023 Bonds."

The Series 2023 Bonds are payable 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 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 Series 2023 Bonds, all as more fully described herein. See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2023 BONDS" herein.

The Series 2023 Bonds will be issued as current interest bonds, in denominations of \$5,000 principal amount, or any integral multiple thereof, as set forth on the inside front cover pages hereof. Interest on the Series 2023 Bonds is payable on each February 1 and August 1 to maturity or earlier redemption thereof, commencing August 1, 2023. Principal of the Series 2023 Bonds is payable on August 1 in each of the years and in the amounts set forth on the inside front cover pages hereof.

The Series 2023 Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2023 Bonds. Individual purchases of the Series 2023 Bonds will be made in book-entry form only. Purchasers will not receive physical delivery of the Series 2023 Bonds purchased by them. See "THE SERIES 2023 BONDS – Form and Registration" herein. Payments of the principal of and interest on the Series 2023 Bonds will be made by The Bank of New York Mellon Trust Company, N.A., as paying agent, registrar and transfer agent with respect to the Series 2023 Bonds, to DTC for subsequent disbursement to DTC participants, who will remit such payments to the beneficial owners of the Series 2023 Bonds. See "THE SERIES 2023 BONDS – Payment of Principal and Interest" herein.

The New Money Bonds are not subject to redemption prior to maturity. The Refunding Bonds are subject to optional redemption prior to maturity as described herein. See "THE SERIES 2023 BONDS – Redemption" herein.

The New Money Bonds were awarded to Fifth Third Securities, Inc. by competitive bid held on April 5, 2023, as set forth in the Official Notice of Sale, dated March 28, 2023, relating to the New Money Bonds. The Refunding Bonds were awarded to Mesirow Financial, Inc. by competitive bid held on April 5, 2023, as set forth in the Official Notice of Sale, dated March 28, 2023, relating to the Refunding Bonds. The Series 2023 Bonds will be offered when, as and if issued by the District, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, Irvine, California, Bond Counsel to the District. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, Irvine, California, as Disclosure Counsel to the District. It is anticipated that the Series 2023 Bonds, in definitive form, will be available for delivery through the facilities of DTC on or about May 3, 2023.

Dated: April 5, 2023

MATURITY SCHEDULE
BASE CUSIP[†]: 698118

\$23,000,000
PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)
General Obligation Bonds, Election of 2022, Series 2023

Maturity (August 1,)	Principal Amount	Interest Rate	Yield	CUSIP [†] Suffix
2024	\$4,500,000	0.050%	2.600%	KF2
2025	4,250,000	0.050	2.600	KG0
2026	4,525,000	3.000	2.090	KH8
2027	1,655,000	3.000	2.060	KJ4
2028	1,700,000	3.000	2.090	KK1
2029	1,670,000	3.000	2.100	KL9
2030	1,795,000	3.000	2.100	KM7
2031	905,000	4.000	2.020	KN5
2032	1,000,000	4.000	2.000	KP0
2033	1,000,000	4.000	2.030	KQ8

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MATURITY SCHEDULE
BASE CUSIP[†]: 698118

\$12,965,000
PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)
General Obligation Refunding Bonds, Series 2023

Maturity (August 1,)	Principal Amount	Interest Rate	Yield	CUSIP [†] Suffix
2024	\$ 300,000	4.000%	2.350%	KR6
2025	350,000	5.000	2.200	KS4
2026	400,000	5.000	2.100	KT2
2027	430,000	5.000	2.060	KU9
2028	500,000	5.000	2.060	KV7
2029	545,000	5.000	2.040	KW5
2030	600,000	5.000	2.020	KX3
2031	650,000	5.000	2.040	KY1
2032	720,000	5.000	2.060	KZ8
2033	775,000	5.000	2.080	LA2
2034	845,000	4.000	2.270 ^c	LB0
2035	950,000	4.000	2.420 ^c	LC8
2036	1,000,000	4.000	2.580 ^c	LD6
2037	1,050,000	4.000	2.710 ^c	LE4
2038	3,850,000	4.000	2.800 ^c	LF1

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^c Yield to call at par on August 1, 2033.

This Official Statement does not constitute an offering of any security other than the original offering of the Series 2023 Bonds by the District. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the District.

The Series 2023 Bonds are exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 3(a)(2) thereof. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy Series 2023 Bonds in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation.

The information set forth herein other than that furnished by the District, although obtained from sources which are believed by the District to be reliable, is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Series 2023 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

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

The District maintains a website. However, the information presented there is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2023 Bonds.

In connection with this offering, the initial purchasers of each series of the Series 2023 Bonds (the “Initial Purchasers”) may overallot or effect transactions which stabilize or maintain the market prices of the Series 2023 Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Initial Purchasers may offer and sell the Series 2023 Bonds to certain securities dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside front cover pages hereof and said public offering prices may be changed from time to time by the Initial Purchasers.

**PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(KERN COUNTY, CALIFORNIA)**

BOARD OF TRUSTEES

John P. Lake, *President*
Bryan Easter, *Vice President*
Paula Van Auken, *Clerk*
Linda Garcia, *Member*
Keith Wolaridge, *Member*

DISTRICT ADMINISTRATORS

Katie Russell, *Superintendent*
Glenn Imke, CPA, *Assistant Superintendent, Business Services*
Katie Gonzalez, *Director of Fiscal Services*

PROFESSIONAL SERVICES

Municipal Advisor

Fieldman, Rolapp & Associates, Inc.
Irvine, California

Bond Counsel and Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP
Irvine, California

Paying Agent, Registrar, Transfer Agent and Escrow Bank

The Bank of New York Mellon Trust Company, N.A.
Dallas, Texas

Verification Agent

Causey Demgen & Moore P.C.
Denver, Colorado

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\$23,000,000	\$12,965,000
PANAMA-BUENA VISTA UNION SCHOOL DISTRICT (Kern County, California)	PANAMA-BUENA VISTA UNION SCHOOL DISTRICT (Kern County, California)
General Obligation Bonds, Election of 2022, Series 2023	General Obligation Refunding Bonds, Series 2023

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, inside cover pages and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Series 2023 Bonds to potential investors is made only by means of the entire Official Statement.

General

This Official Statement, which includes the cover page, inside cover pages and appendices hereto, is provided to furnish information in connection with the sale of (i) \$23,000,000 aggregate principal amount of Panama-Buena Vista Union School District (Kern County, California) General Obligation Bonds, Election of 2022, Series 2023 (the “New Money Bonds”), and (ii) \$12,965,000 aggregate principal amount of Panama-Buena Vista Union School District (Kern County, California) General Obligation Refunding Bonds, Series 2023 (the “Refunding Bonds”), all as indicated on the inside cover pages hereof, to be offered by the Panama-Buena Vista Union School District (the “District”). The New Money Bonds and the Refunding Bonds are collectively referred to herein as the “Series 2023 Bonds.”

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

The Series 2023 Bonds are general obligation bonds of the District secured by and payable from *ad valorem* taxes to be levied upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates). The Series 2023 Bonds are not a debt or obligation of the County of Kern (the “County”) or of the general fund of the District. See “SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2023 BONDS.”

The purpose of this Official Statement is to supply information to prospective buyers of the Series 2023 Bonds. Quotations from and summaries and explanations of the Series 2023 Bonds, the resolutions of the Board of Trustees of the District providing for the issuance of each series of the Series 2023 Bonds, and the constitutional provisions, statutes and other documents described herein, do not purport to be complete, and reference is hereby made to said documents, constitutional provisions and statutes for the complete provisions thereof.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or owners of any of the Series 2023 Bonds.

Copies of documents referred to herein and information concerning the Series 2023 Bonds are available from the District by contacting: Panama-Buena Vista Union School District, 4200 Ashe Road, Bakersfield, California 93313, Attention: Assistant Superintendent, Business Services. The District may impose a charge for copying, handling and mailing such requested documents.

The District

On July 1, 1988, the Panama Union School District, founded in 1875, was annexed by the Buena Vista School District to form the District. The District and its predecessor districts have each operated as an elementary school district under the laws of the State. The District, covering an area of approximately 87 square miles, is located in, and southwest of, the City of Bakersfield, California, which is the county seat of the County. California State University, Bakersfield, which has a current enrollment of approximately 9,261 students, is also located within the District. The District provides public education to students in transitional kindergarten (“TK”) through eighth grade, operating 20 elementary schools, five junior high schools, and an opportunity program. In August 2018, the District opened Dolores S. Whitley TK-8, which serves students in grades TK-8, and, in August 2021, the District opened Highgate Elementary, which serves students in grades TK-6.

Total enrollment in the District was approximately 18,794 students in fiscal year 2021-22. As of the preparation of the District’s second interim report for fiscal year 2022-23 (the “Fiscal Year 2022-23 Second Interim Report”), total enrollment in the District is projected to be approximately 19,028 students in fiscal year 2022-23. The District operates under the jurisdiction of the Kern County Superintendent of Schools. Total assessed valuation of taxable property in the District in fiscal year 2022-23 is approximately \$15.13 billion. For additional information about the District, see APPENDIX A – “INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET” and APPENDIX B – “FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2022.”

For specific information on the impact of the Coronavirus Disease 2019 (“COVID-19”) pandemic (i) on the security and source of payment for the Series 2023 Bonds, see “SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2023 BONDS – Assessed Valuation of Property Within the District” and “– Tax Charges and Delinquencies,” and (ii) on the District’s operations and finances, see APPENDIX A – “INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET – DISTRICT FINANCIAL MATTERS – Infectious Disease Outbreak.”

THE SERIES 2023 BONDS

Authority for Issuance; Purpose

New Money Bonds. The New Money Bonds are issued by the District under the provisions of California Government Code Section 53506 *et seq.*, including Section 53508.7 thereof, and California Education Code Sections 15140 and 15146 and Article XIII A of the Constitution of the State of California (the “California Constitution”) and pursuant to a resolution of the Board of Trustees of the District, adopted on February 28, 2023, relating to the New Money Bonds (the “New Money Resolution”).

At an election held on November 8, 2022, the District received approval by at least 55% of the votes cast by eligible voters within the District to issue general obligation bonds of the District in an aggregate principal amount not to exceed \$99,000,000 to repair deteriorating roofs, electrical and plumbing; improve school safety and security systems; remove asbestos/lead pipes; and construct/equip new classrooms, labs, and facilities to relieve overcrowding and support college/career readiness in

science, math, reading, engineering, technology (collectively, the “2022 Authorization”). The New Money Bonds represent the first series of authorized bonds to be issued under the 2022 Authorization. Proceeds of the New Money Bonds will be applied to (i) finance specific construction, reconstruction, rehabilitation, or replacement projects approved by the voters of the District under the 2022 Authorization and (ii) pay costs of issuance of the New Money Bonds. See “– Plan of Finance” and “– Application and Investment of Series 2023 Bond Proceeds” herein. Following the issuance of the New Money Bonds, the District has \$76,000,000 aggregate principal amount of bonds authorized but unissued under the 2022 Authorization.

Refunding Bonds. The Refunding Bonds are issued pursuant to provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code and other applicable law and pursuant to a resolution of the Board of Trustees of the District, adopted on February 28, 2023, relating to the Refunding Bonds (the “Refunding Resolution” and, together with the New Money Resolution, the “Resolutions”).

Proceeds of the Refunding Bonds will be applied to (i) refund a portion of the outstanding Panama-Buena Vista Union School District 2012 Election General Obligation Bonds, 2013 Series A (the “Series A Bonds”), and (ii) pay costs of issuance of the Refunding Bonds. See “– Plan of Refunding” and “– Application and Investment of Series 2023 Bond Proceeds” herein.

Pursuant to the Resolutions, the term “Bonds” means all bonds, including the New Money Bonds, the Refunding Bonds and refunding bonds, of the District heretofore or hereafter issued pursuant to voter-approved measures of the District, including bonds approved by the voters of the District on November 6, 2012, November 6, 2018, and pursuant to the 2022 Authorization.

Form and Registration

Each series of the Series 2023 Bonds will be issued in fully registered form only, without coupons, in denominations of \$5,000 principal amount or integral multiples thereof. Each series of the Series 2023 Bonds will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository of the Series 2023 Bonds. Purchases of the Series 2023 Bonds under the DTC book-entry system must be made by or through a DTC participant, and ownership interests in the Series 2023 Bonds will be recorded as entries on the books of said participants. Except in the event that use of this book-entry system is discontinued for the Series 2023 Bonds, beneficial owners of the Series 2023 Bonds (“Beneficial Owners”) will not receive physical certificates representing their ownership interests. See APPENDIX F – “BOOK-ENTRY ONLY SYSTEM.”

Payment of Principal and Interest

Interest. The Series 2023 Bonds will be dated as of their date of delivery, and bear interest at the rates set forth on the inside front cover pages of this Official Statement, payable on February 1 and August 1 of each year (each, an “Interest Payment Date”), commencing on August 1, 2023, computed on the basis of a 360-day year consisting of twelve 30-day months. Each Series 2023 Bond will bear interest from the Interest Payment Date of such Series 2023 Bond next preceding the date of authentication thereof, unless it is authenticated after the close of business on the 15th day of the calendar month immediately preceding an Interest Payment Date for such Series 2023 Bond (the “Record Date”) and on or prior to the succeeding Interest Payment Date for such Series 2023 Bond, in which event it will bear interest from such Interest Payment Date for such Series 2023 Bond, or unless it is authenticated on or before the Record Date preceding the first Interest Payment Date for such Series 2023 Bond, in which event it will bear interest from its dated date; provided, however, that if, at the time of authentication of

any Series 2023 Bond, interest is in default on any outstanding Series 2023 Bonds of such series, such Series 2023 Bond will bear interest from the Interest Payment Date for such Series 2023 Bond to which interest has previously been paid or made available for payment on the outstanding Series 2023 Bonds of such series.

Payment of Series 2023 Bonds. The principal of each series of the Series 2023 Bonds is payable in lawful money of the United States of America to the registered owner thereof (the “Owner”), upon the surrender thereof at the principal corporate trust office of The Bank of New York Mellon Trust Company, N.A., as paying agent (the “Paying Agent”) at the maturity thereof or upon redemption prior to maturity.

The interest on each series of the Series 2023 Bonds is payable on each Interest Payment Date in lawful money of the United States of America to the Owner thereof as of the Record Date preceding such Interest Payment Date, such interest to be paid by check or draft mailed on such Interest Payment Date (if a business day, or on the next business day if the Interest Payment Date does not fall on a business day) to the Owner thereof at such Owner’s address as it appears on the bond registration books kept by the Paying Agent or at such address as the Owner may have filed with the Paying Agent for that purpose, except that the payment will be made by wire transfer of immediately available funds to any Owner of at least \$1,000,000 in principal amount of outstanding Series 2023 Bonds of a series who request in writing such method of payment of interest prior to the close of business on the Record Date immediately preceding any Interest Payment Date. So long as the Series 2023 Bonds are held by Cede & Co., as nominee of DTC, payment will be made by wire transfer. See APPENDIX F – “BOOK-ENTRY ONLY SYSTEM.”

Redemption

No Optional Redemption of the New Money Bonds. The New Money Bonds are not subject to optional redemption prior to their respective stated maturity dates.

Optional Redemption of the Refunding Bonds. The Refunding Bonds maturing on or before August 1, 2033 are not subject to optional redemption prior to their respective stated maturity dates. The Refunding Bonds maturing on or after August 1, 2034 are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 2033, at a redemption price equal to the principal amount of the Refunding Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

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

Notice of Redemption. Notice of redemption of any Refunding Bond will be given by the Paying Agent, postage prepaid, not less than 20 nor more than 60 days prior to the redemption date (i) by first class mail to the County and the respective Owners thereof at the addresses appearing on the bond registration books, and (ii) as may be further required in accordance with the applicable Continuing

Disclosure Certificate with respect to the Refunding Bonds. See APPENDIX D – “FORMS OF CONTINUING DISCLOSURE CERTIFICATES.”

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

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

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

Funds for Redemption. Prior to or on the redemption date of any Refunding Bonds there is to be available in the Interest and Sinking Fund, or held in trust for such purpose as provided by law, monies for the purpose and sufficient to redeem, at the redemption prices as provided in the Resolutions, the Refunding Bonds designated in the notice of redemption. Such monies are to be applied on or after the redemption date solely for payment of principal of, interest and premium, if any, on the Refunding Bonds to be redeemed upon presentation and surrender of such Refunding Bonds, provided that all monies in the Interest and Sinking Fund are to be used for the purposes established and permitted by law. Any interest due on or prior to the redemption date is to be paid from the Interest and Sinking Fund, unless otherwise

provided to be paid from such monies held in trust. If, after all of the Refunding Bonds have been redeemed and cancelled or paid and cancelled, there are monies remaining in the Interest and Sinking Fund or otherwise held in trust for the payment of the redemption price of the Refunding Bonds, the monies are to be held in or returned or transferred to any interest and sinking fund of the District for payment of any outstanding Bonds of the District payable from such fund; provided, however, that if the monies are part of the proceeds of Bonds of the District, the monies are to be transferred to the fund created for the payment of principal of and interest on such Bonds. If no such Bonds of the District are at such time outstanding, the monies are to be transferred to the general fund of the District as provided and permitted by law.

Defeasance of Series 2023 Bonds

The Resolutions provide that if at any time the District will pay or cause to be paid or there will otherwise be paid to the Owners of any or all of the outstanding Series 2023 Bonds of a series all or any part of the principal of and interest and premium, if any, on such Series 2023 Bonds at the times and in the manner provided in the Resolutions and in such Series 2023 Bonds, or as described in the following paragraph, or as otherwise provided by law consistent with the provisions of the Resolutions, then such Owners will cease to be entitled to the obligation of the District and the County as provided in the Resolutions, and such obligation and all agreements and covenants of the District and the County to such Owners under the Resolutions and under the Series 2023 Bonds will thereupon be satisfied and discharged and will terminate, except only that the District will remain liable for payment of all principal, interest and premium, if any, represented by the Series 2023 Bonds, but only out of monies on deposit in the Interest and Sinking Fund or otherwise held in trust for such payment; and provided further, however, that the provisions of the Resolutions described below under “– Unclaimed Monies” will apply.

The District may pay and discharge any or all of the Series 2023 Bonds by depositing in trust with the Paying Agent or an escrow agent selected by the District, at or before maturity, money or non-callable direct obligations of the United States of America (including zero interest bearing State and Local Government Series) or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, in an amount which will, together with the interest to accrue thereon and available monies then on deposit in the Interest and Sinking Fund, be fully sufficient to pay and discharge the indebtedness on such Series 2023 Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

Unclaimed Monies

Any money held in any fund created pursuant to the Resolutions, or by the Paying Agent or an escrow agent in trust for the payment of the principal of, redemption premium, if any, or interest on any series of the Series 2023 Bonds and remaining unclaimed for two years after the principal of all of such series of Series 2023 Bonds has become due and payable (whether by maturity or upon prior redemption) is required to be transferred to any interest and sinking fund of the District for payment of any outstanding Bonds of the District payable from such fund; or, if no such Bonds of the District are at such time outstanding, the monies are required to be transferred to the general fund of the District as provided and permitted by law.

Plan of Finance

New Money Bonds. The New Money Bonds represent the first series of authorized bonds to be issued under the 2022 Authorization. Proceeds of the New Money Bonds will be applied to (i) finance specific construction, reconstruction, rehabilitation, or replacement projects approved by the voters of the District under the 2022 Authorization, and (ii) pay costs of issuance of the New Money Bonds.

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

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

In 2017, it was discovered that approximately \$19 million was stolen from accounts owned by the Kern Community College District and the Kern County Superintendent of Schools that were held by the Treasurer-Tax Collector (approximately \$2.6 million dollars impacted the Kern County Superintendent of Schools and \$16.4 million impacted the Kern Community College District). No accounts or funds of the District were involved. The County has recovered approximately \$18.2 million (or approximately 96% of the total amount stolen) to date and is working with insurance to recover approximately \$800,000 in remaining funds under its cyber fraud policy. After the Federal Bureau of Investigation conducted an investigation of the matter, an individual was indicted and found criminally liable for fraud in connection with the stolen funds.

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Plan of Refunding

Proceeds of the Refunding Bonds will be applied to (i) refund and defease the outstanding Series A Bonds maturing on August 1 in the years 2024 through 2034, inclusive, and 2036 and 2042 (the “Refunded Bonds”), as set forth below; and (ii) pay costs of issuance of the Refunding Bonds.

REFUNDED BONDS

Maturity Date (August 1,)	Principal Amount	Interest Rate	CUSIP Number [†]	Redemption Date
2024	\$155,000	3.000%	698118 CK0	August 1, 2023
2025	200,000	3.000	698118 CL8	August 1, 2023
2026	245,000	3.000	698118 CM6	August 1, 2023
2027	290,000	3.250	698118 CN4	August 1, 2023
2028	345,000	3.400	698118 CP9	August 1, 2023
2029	395,000	3.500	698118 CQ7	August 1, 2023
2030	455,000	3.500	698118 CR5	August 1, 2023
2031	520,000	3.500	698118 CS3	August 1, 2023
2032	590,000	3.750	698118 CT1	August 1, 2023
2033	665,000	3.800	698118 CU8	August 1, 2023
2034	750,000	3.850	698118 CV6	August 1, 2023
2036	1,860,000	4.000	698118 CW4	August 1, 2023
2042	8,125,000	4.000	698118 CX2	August 1, 2023

The maturity of the District’s outstanding Series A Bonds listed in the following table will not be refunded with proceeds of the Refunding Bonds and will remain outstanding.

UNREFUNDED SERIES A BONDS

Maturity Date (August 1,)	Principal Amount	Interest Rate	CUSIP Number [†]
2023	\$120,000	3.000%	698118 CJ3

The District and The Bank of New York Mellon Trust Company, N.A., as escrow bank (the “Escrow Bank”) will enter into the Escrow Agreement, dated as of May 1, 2023 (the “Escrow Agreement”), with respect to the Refunded Bonds, pursuant to which the District will deposit a portion of the proceeds from the sale of the Refunding Bonds into a special fund to be held by the Escrow Bank. The amounts deposited with the Escrow Bank with respect to the Refunded Bonds, which will be held pursuant to the Escrow Agreement, will be used to purchase non-callable direct and general obligations of the United States of America or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including (in the case of direct and general obligations of the United States of America) evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations (collectively, “Defeasance Securities”), the principal of and interest on which (together with any uninvested amount) will be sufficient to enable the Escrow Bank to redeem the Refunded Bonds on August 1, 2023 (the “Redemption Date”) at a redemption price equal to the principal amount of the Refunded Bonds redeemed, together with accrued interest to the Redemption Date, without premium. See “ESCROW VERIFICATION” herein. Amounts on deposit with the Escrow Bank pursuant to the Escrow Agreement are not available to pay debt service on the Refunding Bonds.

[†] CUSIP numbers are provided for convenience of reference only. None of the District, the Initial Purchasers or their agents or counsel assumes responsibility for the accuracy of such CUSIP numbers.

Application and Investment of Series 2023 Bond Proceeds

The proceeds of each series of the Series 2023 Bonds are expected to be applied as follows:

**PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)**
General Obligation Bonds, Election of 2022, Series 2023 and
General Obligation Refunding Bonds, Series 2023

Estimated Sources and Uses of Funds

	New Money Bonds	Refunding Bonds	Total
Sources of Funds:			
Aggregate Principal Amount	\$23,000,000.00	\$12,965,000.00	\$35,965,000.00
Plus Net Original Issue Premium	573,577.15	1,856,500.35	2,430,077.50
Total Sources of Funds	<u>\$23,573,577.15</u>	<u>\$14,821,500.35</u>	<u>\$38,395,077.50</u>
Uses of Funds:			
Escrow Fund	-	\$14,703,560.41	\$14,703,560.41
Deposit to Building Fund	\$22,789,612.50	-	22,789,612.50
Deposit to Interest and Sinking Fund ⁽¹⁾	573,577.15	-	573,577.15
Costs of Issuance ⁽²⁾	155,000.00	100,165.31	255,165.31
Initial Purchaser's Discount	55,387.50	17,774.63	73,162.13
Total Uses of Funds	<u>\$23,573,577.15</u>	<u>\$14,821,500.35</u>	<u>\$38,395,077.50</u>

⁽¹⁾ Consists of premium received by the District.

⁽²⁾ Includes legal fees, municipal advisor fees, rating agency fees, verification agent fees, as applicable, printing fees, and other miscellaneous expenses.

Debt Service

Annual debt service on each series of the Series 2023 Bonds, assuming no early optional redemptions with respect to the Refunding Bonds, is set forth in the following table.

**PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)**
General Obligation Bonds, Election of 2022, Series 2023 and
General Obligation Refunding Bonds, Series 2023

Period Ending (August 1,)	New Money Bonds		Refunding Bonds		Total Debt Service
	Principal	Interest	Principal	Interest	
2023	-	\$ 112,670.56	-	\$ 138,917.78	\$ 251,588.34
2024	\$ 4,500,000.00	460,925.00	\$ 300,000.00	568,300.00	5,829,225.00
2025	4,250,000.00	458,675.00	350,000.00	556,300.00	5,614,975.00
2026	4,525,000.00	456,550.00	400,000.00	538,800.00	5,920,350.00
2027	1,655,000.00	320,800.00	430,000.00	518,800.00	2,924,600.00
2028	1,700,000.00	271,150.00	500,000.00	497,300.00	2,968,450.00
2029	1,670,000.00	220,150.00	545,000.00	472,300.00	2,907,450.00
2030	1,795,000.00	170,050.00	600,000.00	445,050.00	3,010,100.00
2031	905,000.00	116,200.00	650,000.00	415,050.00	2,086,250.00
2032	1,000,000.00	80,000.00	720,000.00	382,550.00	2,182,550.00
2033	1,000,000.00	40,000.00	775,000.00	346,550.00	2,161,550.00
2034	-	-	845,000.00	307,800.00	1,152,800.00
2035	-	-	950,000.00	274,000.00	1,224,000.00
2036	-	-	1,000,000.00	236,000.00	1,236,000.00
2037	-	-	1,050,000.00	196,000.00	1,246,000.00
2038	-	-	3,850,000.00	154,000.00	4,004,000.00
Total:	<u>\$23,000,000.00</u>	<u>\$2,707,170.56</u>	<u>\$12,965,000.00</u>	<u>\$6,047,717.78</u>	<u>\$44,719,888.34</u>

Source: Fieldman, Rolapp & Associates, Inc.

Outstanding Bonds

In addition to the New Money Bonds and the Refunding Bonds (and not accounting for the planned refunding of the Refunded Bonds with proceeds of the Refunding Bonds), the District has six series of general obligation bonds outstanding, each of which is secured by *ad valorem* taxes levied upon all property subject to taxation by the District on a parity with the Series 2023 Bonds.

2012 Authorization. At an election held on November 6, 2012, the District received approval by at least 55% of the votes cast by eligible voters within the District under Measure P to issue general obligation bonds of the District in an aggregate principal amount not to exceed \$147,000,000 (the “Measure P Bonds”) to modernize school technology, upgrade safety/security systems, improve energy efficiency, rehabilitate outdated classrooms, repair/replace deteriorated roofs, plumbing, electrical, lighting, ventilation, and acquire, construct, equip, and renovate sites, facilities, and equipment (collectively, the “2012 Authorization”).

On May 29, 2013, the District issued \$18,405,000 aggregate principal amount of the Series A Bonds as its first series of bonds issued under the 2012 Authorization. On April 23, 2015, the District issued \$28,110,000 aggregate principal amount of its 2012 Election General Obligation Bonds, 2015

Series B (the “Series B Bonds”) and \$3,380,000 aggregate principal amount of its 2012 Election General Obligation Bonds, 2015 Series T-1 (the “Series T-1 Bonds”), as its second and third series, respectively, of bonds issued under the 2012 Authorization. The Series T-1 Bonds matured on August 1, 2019. On April 12, 2017, the District issued \$20,000,000 aggregate principal amount of its 2012 Election General Obligation Bonds, 2017 Series C (the “Series C Bonds”) as its fourth series of bonds issued under the 2012 Authorization. On October 30, 2019, the District issued \$18,000,000 aggregate principal amount of its 2012 Election General Obligation Bonds, 2019 Series D (the “Series D Bonds”) as its fifth series of bonds issued under the 2012 Authorization. Following the issuance of the Series D Bonds, the District had \$59,105,000 aggregate principal amount of Measure P Bonds authorized but unissued by the District (the “Unissued Measure P Bonds”). See “*– Cancellation of Unissued Measure P Bonds*” below.

2018 Authorization. At an election held on November 6, 2018, the District received approval by at least 55% of the votes cast by eligible voters within the District to issue general obligation bonds of the District in an aggregate principal amount not to exceed \$90,000,000 to improve school safety and security, construct/equip new school facilities to relieve severe overcrowding, and repair/upgrade older classrooms, labs, facilities and instructional technology supporting student achievement/college readiness in math, science, engineering, technology and arts (collectively, the “2018 Authorization”). On March 7, 2019, the District issued \$22,000,000 aggregate principal amount of its General Obligation Bonds, Election of 2018, Series 2019 (the “Series 2019 Bonds”) as its first series of bonds issued under the 2018 Authorization. On May 5, 2022, the District issued \$22,000,000 aggregate principal amount of its General Obligation Bonds, Election of 2018, Series 2022 (the “Series 2022 Bonds”) as its second series of bonds issued under the 2018 Authorization. Following the issuance of the Series 2022 Bonds, the District has \$46,000,000 aggregate principal amount of bonds authorized but unissued under the 2018 Authorization.

Cancellation of Unissued Measure P Bonds. In connection with the 2018 Authorization and in order to ensure that local taxpayers were not overburdened, the Board of Trustees covenanted that (i) once the Series D Bonds were issued, the Board of Trustees will take all actions required to petition the Board of Supervisors of the County (the “Board of Supervisors”) to cancel the Unissued Measure P Bonds, and (ii) the District under all circumstances, will not authorize the issuance of or issue any of the Unissued Measure P Bonds. The District submitted its petition to cancel the Unissued Measure P Bonds to the Board of Supervisors on October 30, 2019.

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

Aggregate Debt Service

The following table sets forth the annual aggregate debt service requirements of all outstanding general obligation bonds of the District, including the New Money Bonds and the Refunding Bonds, assuming no early optional redemptions.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT (Kern County, California) General Obligation Bonds – Aggregate Debt Service

Period Ending (August 1, ⁽¹⁾)	Series A Bonds ⁽²⁾	Series B Bonds	Series C Bonds	Series D Bonds	Series 2019 Bonds	Series 2022 Bonds ⁽³⁾	New Money Bonds	Refunding Bonds	Aggregate Total Debt Service
2023	\$404,987.50	\$ 1,664,831.26	\$ 887,850.00	\$ 581,525.00	\$ 1,569,350.00	\$ 3,452,250.00	\$ 112,670.56	\$ 138,917.78	\$ 8,812,382.10
2024	-	1,664,081.26	887,850.00	715,825.00	1,642,300.00	3,147,000.00	4,960,925.00	868,300.00	13,886,281.26
2025	-	1,666,581.26	887,850.00	847,325.00	1,711,950.00	2,923,500.00	4,708,675.00	906,300.00	13,652,181.26
2026	-	1,662,081.26	887,850.00	991,825.00	1,793,300.00	1,904,500.00	4,981,550.00	938,800.00	13,159,906.26
2027	-	1,665,831.26	887,850.00	1,143,325.00	1,870,900.00	2,014,000.00	1,975,800.00	948,800.00	10,506,506.26
2028	-	1,662,331.26	887,850.00	1,301,075.00	1,954,750.00	2,069,000.00	1,971,150.00	997,300.00	10,843,456.26
2029	-	1,665,031.26	887,850.00	1,464,325.00	2,044,550.00	2,105,000.00	1,890,150.00	1,017,300.00	11,074,206.26
2030	-	1,661,831.26	952,850.00	1,573,525.00	-	2,887,000.00	1,965,050.00	1,045,050.00	10,085,306.26
2031	-	1,666,675.00	1,014,600.00	1,690,025.00	-	3,020,000.00	1,021,200.00	1,065,050.00	9,477,550.00
2032	-	1,665,425.00	1,083,100.00	1,809,675.00	-	3,151,800.00	1,080,000.00	1,102,550.00	9,892,550.00
2033	-	1,661,950.00	1,157,850.00	1,939,525.00	-	-	1,040,000.00	1,121,550.00	6,920,875.00
2034	-	1,662,500.00	1,228,350.00	2,067,525.00	-	-	-	1,152,800.00	6,111,175.00
2035	-	1,665,543.76	1,289,600.00	2,171,275.00	-	-	-	1,224,000.00	6,350,418.76
2036	-	1,662,237.50	1,376,850.00	2,321,275.00	-	-	-	1,236,000.00	6,596,362.50
2037	-	1,665,437.50	1,468,600.00	2,483,525.00	-	-	-	1,246,000.00	6,863,562.50
2038	-	1,666,637.50	1,554,350.00	-	-	-	-	4,004,000.00	7,224,987.50
2039	-	1,665,837.50	1,649,100.00	-	-	-	-	-	3,314,937.50
2040	-	1,663,037.50	1,747,100.00	-	-	-	-	-	3,410,137.50
2041	-	1,663,237.50	1,847,850.00	-	-	-	-	-	3,511,087.50
2042	-	1,664,800.00	1,950,850.00	-	-	-	-	-	3,615,650.00
2043	-	1,665,600.00	2,655,600.00	-	-	-	-	-	4,321,200.00
2044	-	1,664,000.00	2,801,600.00	-	-	-	-	-	4,465,600.00
2045	-	-	3,489,200.00	-	-	-	-	-	3,489,200.00
2046	-	-	3,650,400.00	-	-	-	-	-	3,650,400.00
Total:	\$404,987.50	\$36,615,518.84	\$37,132,800.00	\$23,101,575.00	\$12,587,100.00	\$26,674,050.00	\$25,707,170.56	\$19,012,717.78	\$181,235,919.68

⁽¹⁾ Debt service figures for period ending August 1, 2023 include payments made on February 1, 2023.

⁽²⁾ Reflects the refunding of the Series A Bonds with proceeds of the Refunding Bonds.

⁽³⁾ The final maturity of the Series 2022 Bonds is February 1, 2032.

Source: Fieldman, Rolapp & Associates, Inc.

SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2023 BONDS

General

In order to provide sufficient funds for repayment of principal and interest when due on each series of the Series 2023 Bonds, the Board of Supervisors of the County (the “Board of Supervisors”) 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 each series of the Series 2023 Bonds. Such taxes are in addition to but separate from other taxes levied upon property within the District that are deposited by the County to the District’s general fund. When collected, the tax revenues with respect to each voter-approved bond measure of the District for the payment of Bonds issued under such bond measure will be deposited by the County in any interest and sinking fund of the District related to such bond measure with respect to the Bonds of such bond measure to be used solely for the payment of the principal or redemption price of and interest on such Bonds.

The Series 2023 Bonds are payable from *ad valorem* taxes to be levied within the District pursuant to the California Constitution and other State law and are not a debt or obligation of the County. No fund of the County is pledged or obligated to repayment of the Series 2023 Bonds.

Statutory Lien on Taxes (Senate Bill 222)

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

This statutory lien, by its terms, secures not only each series of the Series 2023 Bonds, but also any other bonds of the District payable, as to both principal and interest, from the proceeds of *ad valorem* property taxes that may be levied pursuant to paragraphs (2) and (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution. The statutory lien provision does not specify the relative priority of obligations so secured or a method of allocation in the event that the revenues received pursuant to the levy and collection of the tax are insufficient to pay all amounts then due and owing that are secured by the statutory lien.

Pledge of Tax Revenues

As provided in the Resolutions, the District has pledged all revenues from the property taxes collected from the levy by the Board of Supervisors with respect to each voter-approved bond measure of the District for the payment of Bonds issued under such bond measure and amounts on deposit in any interest and sinking fund of the District related to such bond measure with respect to the Bonds of such bond measure to the payment of the principal or redemption price of and interest on such Bonds. Pursuant to the Resolutions, such pledge is valid and binding from the date of the Resolutions for the benefit of the Owners of the Bonds and successors thereto. The Resolutions provide that the property taxes and amounts held in any interest and sinking fund of the District will be immediately subject to this

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

The pledge of tax revenues provided for in the Resolutions specifies that said pledge and lien secures each series of the Series 2023 Bonds and other general obligations bonds, including refunding bonds, previously issued or that may be issued in the future pursuant to voter-approved measures. Previous general obligation bonds of the District have been issued under resolutions that pledge tax revenues to secure the general obligation bonds and the general obligation refunding bonds issued thereunder, and the District may provide for a similar pledge of tax revenues in resolutions adopted in the future that authorize general obligation bonds and general obligation refunding bonds. The Resolutions do not specify the relative priority of obligations so secured or a method of allocation in the event that the revenues received pursuant to the levy and collection of the tax are insufficient to pay all amounts then due and owing that are secured by the lien of the pledges.

Property Taxation System

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

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

Assessed Valuation of Property Within the District

General. Taxable property located in the District has a fiscal year 2022-23 assessed value of \$15,134,487,715. All property (real, personal and intangible) is taxable unless an exemption is granted by the California Constitution or United States law. Under the California Constitution, exempt classes of property include household and personal effects, intangible personal property (such as bank accounts, stocks and bonds), business inventories, and property used for religious, hospital, scientific and charitable purposes. The State Legislature may create additional exemptions for personal property, but not for real property. Most taxable property is assessed by the assessor of the county in which the property is located. Some special classes of property are assessed by the State Board of Equalization, as described below.

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

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

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

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The following table sets forth the assessed valuation of the various classes of property in the District's boundaries from fiscal years 2007-08 through 2022-23, each as of the date the equalized assessment roll is established in August of each year.

**PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)
Assessed Valuations
Fiscal Years 2007-08 through 2022-23**

Fiscal Year	Local Secured	Utility	Unsecured	Total Valuation
2007-08	\$ 9,544,682,697	\$758,154	\$243,795,442	\$ 9,789,236,293
2008-09	9,482,432,162	757,481	263,834,906	9,747,024,549
2009-10	8,649,842,239	756,220	279,499,853	8,930,098,312
2010-11	8,608,718,045	760,878	242,857,475	8,852,336,398
2011-12	8,410,879,164	612,519	255,390,374	8,666,882,057
2012-13	8,529,583,220	612,976	267,646,262	8,797,842,458
2013-14	9,027,012,108	612,160	262,964,536	9,290,588,804
2014-15	9,737,213,234	609,494	264,772,067	10,002,594,795
2015-16	10,308,992,898	608,010	268,314,248	10,577,915,156
2016-17	10,972,747,246	503,232	266,402,297	11,239,652,775
2017-18	11,475,964,043	500,146	261,332,938	11,737,797,127
2018-19	11,983,651,289	496,258	272,390,246	12,256,537,793
2019-20	12,590,047,338	426,709	293,609,485	12,884,083,532
2020-21	13,208,760,888	462,294	294,889,233	13,504,112,415
2021-22	13,833,704,637	461,129	291,584,956	14,125,750,722
2022-23	14,828,442,823	457,936	305,586,956	15,134,487,715

Source: California Municipal Statistics, Inc.

The County and local taxing agencies within the County are parties to continual and ongoing litigation by taxpayers challenging assessments of property taxes. The Auditor-Controller of the County has advised the District that it would be prudent to impound funds in anticipation of possibly adverse outcomes with regard to such matters. Accordingly, every year, the District receives a letter from the County with an estimate of the District's contingent tax liability based on such ongoing litigation. Based on such estimate and the current balance in the District's impound account, the District either draws on or contributes to the impound account. As of June 30, 2022, the balance of the District's impound account was approximately \$129,900. The amount of pending appeals plus interest was approximately \$233,427, which leaves a net contingent liability of approximately \$103,526. During fiscal year 2022-23, the District contributed approximately \$103,526 to the impound account to cover such net contingent liability.

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

the course of a year, taxes are pro-rated for each portion of the tax year. See also “– *Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*” below.

Risk of Changing Economic Conditions. Property values could be reduced by factors beyond the District’s control, including a depressed real estate market due to general economic conditions in the County, the region, and the State. A pandemic, like the COVID-19 pandemic, may result in an economic recession or depression that causes a general market decline in property values therefore affecting the assessed value of the property in the District. For more information on the impact of the COVID-19 pandemic, see APPENDIX A – “INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET – DISTRICT FINANCIAL MATTERS – Infectious Disease Outbreak.” In addition, the failure by Congress to increase the federal debt limit could have a material adverse impact on economic conditions, which, in turn, could also have a negative effect on property values in the District. Events resulting in changing economic conditions may also alter the willingness or the ability of local taxpayers to pay *ad valorem* taxes levied to repay the District’s Bonds. The District cannot predict whether events that may result in changing economic conditions will occur or the extent that a change in economic conditions will impact assessed value of property in the District or the willingness or ability of local taxpayers to pay *ad valorem* taxes.

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

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

Risk of Drought. Most recently, the State has experienced periods of extreme precipitation, after having experienced severe drought conditions that led to the Governor of California (the “Governor”) declaring a Statewide drought emergency in spring 2021. In March 2023, the Governor proclaimed a state of emergency related to a series of ongoing winter storms that has been expanded to include 43 counties in the State. While the Statewide drought emergency is still in effect in all 58 counties, the Governor has directed State agencies to provide recommendations on the State’s drought response actions by the end of April 2023 once there is greater clarity about the State’s hydrologic conditions. The District cannot predict the extent to which drought conditions within the County or any of the adjoining counties could cause reduced economic activity within the boundaries of the District or the extent to which drought conditions may impact District facilities or the assessed value of taxable property within the District.

Risk of Wildfire. Property damage due to wildfire could result in significant damage to, destruction of, and significant decreases in the assessed value of taxable property within the boundaries of the District, as well as in damage to or destruction of District facilities and property. In recent years, portions of the State, including the County and adjacent counties, have experienced wildfires that have burned thousands of acres and destroyed thousands of homes and structures. Notable incidents that have impacted the County and adjacent counties in recent years include the Woolsey Fire, Stagecoach Fire, Lake Fire, French Fire, Windy Fire and KNP Complex Fires. Within the boundaries of the District, no

facilities or property was damaged or destroyed by said wildfires or other recent wildfires. The adjacent counties of Los Angeles, Tulare and Ventura have also been impacted by the wildfires mentioned above. The District cannot predict the extent to which any future wildfires within the District, the County, or any of the adjoining counties could cause reduced economic activity within the boundaries of the District or the extent to which wildfires may impact District facilities or the assessed value of taxable property within the District.

Prospective purchasers of the Series 2023 Bonds should be aware that, notwithstanding any decrease in assessed valuation for any fiscal year, the County is required to levy sufficient taxes to pay debt service on the Series 2023 Bonds. The consequence of any decrease in assessed valuation is a corresponding increase in the tax rate on taxable property so that sufficient tax revenues may be collected from taxpayers to cover debt service on the Series 2023 Bonds in full.

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

The second type of appeal, commonly referred to as a Proposition 8 appeal (which Proposition 8 was approved by the voters in 1978), can result if factors occur causing a decline in the market value of the property to a level below the property's then current taxable value (escalated base year value). Pursuant to State law, a property owner may apply for a Proposition 8 reduction of the property tax assessment for such owner's property by filing a written application with the appropriate county board of equalization or assessment appeals board. A property owner desiring a Proposition 8 reduction of the assessed value of such owner's property in any one year must submit an application to the county assessment appeals board (the "Appeals Board"). Following a review of the application by the county assessor's office, the county assessor may offer to the property owner the opportunity to stipulate to a reduced assessment, or may confirm the assessment. If no stipulation is agreed to, and the applicant elects to pursue the appeal, the matter is brought before the Appeals Board (or, in some cases, a hearing examiner) for a hearing and decision. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level (such pre-reduction level escalated by the annual inflation rate of no more than 2%) following the year for which the reduction application is filed. However, the county assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year and any intervening years as well. In practice, such a reduced assessment may and often does remain in effect beyond the year in which it is granted.

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

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

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

Bonding Capacity. As an elementary school district, the District may issue bonds in an amount up to 1.25% of the assessed valuation of taxable property within its boundaries. The District’s fiscal year 2022-23 gross bonding capacity (also commonly referred to as the “bonding limit” or “debt limit”) is approximately \$189.18 million and its net bonding capacity is approximately \$79.58 million (taking into account current outstanding debt before the issuance of the Series 2023 Bonds and not accounting for the refunding of the Refunded Bonds). Refunding bonds may be issued without regard to this limitation; however, once issued, the outstanding principal of any refunding bonds is included when calculating the District’s bonding capacity.

Assessed Valuation by Jurisdiction. The following table describes the percentage and value of the total assessed valuation of the property within the District’s boundaries by political jurisdiction. The District is located entirely within the County and within portions of the City of Bakersfield and unincorporated portions of the County for fiscal year 2022-23.

**PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)**
Fiscal Year 2022-23 Assessed Valuation by Jurisdiction

Jurisdiction	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Bakersfield	\$14,718,988,165	97.25%	\$36,911,199,722	39.88%
Unincorporated Kern County	415,499,550	2.75	\$61,437,433,370	0.68%
Total District	\$15,134,487,715	100.00%		
Kern County	\$15,134,487,715	100.00%	\$110,723,843,159	13.67%

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use. The following table sets forth a distribution of taxable property located in the District on the fiscal year 2022-23 tax roll by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

**PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)**
Fiscal Year 2022-23 Assessed Valuation and Parcels by Land Use

	2022-23 Assessed Valuation ⁽¹⁾	% of Total	No. of Parcels	% of Total
<u>Non-Residential:</u>				
Agricultural/Rural	\$232,998,422	1.57%	267	0.60%
Commercial/Office	2,129,031,221	14.36	815	1.83
Vacant Commercial	55,829,578	0.38	101	0.23
Industrial	659,268,494	4.45	399	0.90
Vacant Industrial	37,102,366	0.25	131	0.29
Recreational	69,695,507	0.47	45	0.10
Government/Social/Institutional	8,741,777	0.06	1,556	3.50
Miscellaneous	9,297,559	0.06	49	0.11
Subtotal Non-Residential	<u>\$3,201,964,924</u>	<u>21.59%</u>	<u>3,363</u>	<u>7.57%</u>
<u>Residential:</u>				
Single Family Residence	\$10,217,561,957	68.91%	35,049	78.85%
Condominium/Townhouse	453,703,876	3.06	3,366	7.57
Mobile Home	38,062,667	0.26	722	1.62
Mobile Home Park	24,488,492	0.17	6	0.01
2-4 Residential Units	321,077,357	2.17	828	1.86
5+ Residential Units/Apartments	469,362,336	3.17	204	0.46
Vacant Residential	102,221,214	0.69	912	2.05
Subtotal Residential	<u>\$11,626,477,899</u>	<u>78.41%</u>	<u>41,087</u>	<u>92.43%</u>
Total	\$14,828,442,823	100.00%	44,450	100.00%

⁽¹⁾ Local secured assessed valuation, excluding tax-exempt property.

Source: California Municipal Statistics, Inc.

Assessed Valuation of Single-Family Homes. The following table sets forth the assessed valuation of single-family homes in the District's boundaries for fiscal year 2022-23, including the average and median per parcel assessed value.

**PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)**
Fiscal Year 2022-23 Per Parcel Assessed Valuation of Single-Family Homes

	Number of Parcels	2022-23 Assessed Valuation		Average Assessed Valuation		Median Assessed Valuation
Single-Family Residential	35,049	\$10,217,561,957		\$291,522		\$265,200
2022-23 Assessed Valuation	No. of Parcels ⁽¹⁾	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
\$0 - \$24,999	30	0.086%	0.086%	\$411,730	0.004%	0.004%
\$25,000 - \$49,999	89	0.254	0.340	3,458,394	0.034	0.038
\$50,000 - \$74,999	270	0.770	1.110	17,243,119	0.169	0.207
\$75,000 - \$99,999	547	1.561	2.671	48,862,276	0.478	0.685
\$100,000 - \$124,999	1,054	3.007	5.678	120,476,025	1.179	1.864
\$125,000 - \$149,999	2,055	5.863	11.541	283,741,054	2.777	4.641
\$150,000 - \$174,999	2,577	7.353	18.894	419,024,623	4.101	8.742
\$175,000 - \$199,999	2,706	7.721	26.614	507,974,356	4.972	13.714
\$200,000 - \$224,999	2,994	8.542	35.156	636,178,538	6.226	19.940
\$225,000 - \$249,999	3,235	9.230	44.386	768,309,875	7.520	27.459
\$250,000 - \$274,999	3,233	9.224	53.611	848,683,775	8.306	35.766
\$275,000 - \$299,999	3,166	9.033	62.644	908,706,490	8.894	44.659
\$300,000 - \$324,999	3,051	8.705	71.349	951,273,790	9.310	53.969
\$325,000 - \$349,999	2,248	6.414	77.763	757,848,757	7.417	61.386
\$350,000 - \$374,999	1,649	4.705	82.467	596,001,464	5.833	67.220
\$375,000 - \$399,999	1,294	3.692	86.159	500,321,181	4.897	72.116
\$400,000 - \$424,999	868	2.477	88.636	357,508,716	3.499	75.615
\$425,000 - \$449,999	664	1.894	90.530	289,968,130	2.838	78.453
\$450,000 - \$474,999	477	1.361	91.891	220,252,311	2.156	80.609
\$475,000 - \$499,999	449	1.281	93.172	218,807,293	2.141	82.750
\$500,000 and greater	2,393	6.828	100.000	1,762,510,060	17.250	100.000
Total	35,049	100.000%		\$10,217,561,957	100.000%	

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

Largest Secured Taxpayers in District. The following table sets forth the 20 taxpayers with the greatest combined ownership of secured taxable property in the District on the fiscal year 2022-23 tax roll, and the secured assessed valuation of all property owned by those taxpayers in all taxing jurisdictions within the District, are set forth below.

**PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)**
Largest Fiscal Year 2022-23 Local Secured Taxpayers

Property Owner	Primary Land Use	2022-23 Assessed Valuation	Percent of Total ⁽¹⁾
1. Nestle Dreyers Ice Cream Company	Industrial	\$208,503,231	1.41%
2. Valley Plaza Mall LP	Shopping Center	145,383,608	0.98
3. Castle & Cooke Commercial CA Inc.	Shopping Center	142,607,701	0.96
4. DS Prop 18 LP	Shopping Center	92,407,743	0.62
5. Bolthouse Land Co. LLC	Commercial Properties	65,817,940	0.44
6. Chevron USA Inc.	Office Building	55,602,817	0.37
7. Cal Resources Real Estate Ventures LLC	Office Building	46,855,739	0.32
8. Old River Ranch LLC	Agricultural	46,296,420	0.31
9. GSF Springs I Investors LP	Apartments	43,595,849	0.29
10. Bakersfield Mall LLC	Movie Theater	43,188,223	0.29
11. DP Tower I & II LP	Office Building	37,551,424	0.25
12. Laurelglen Properties LLC	Agricultural	33,271,390	0.22
13. Ming Prop LLC	Shopping Center	33,231,337	0.22
14. GSF Edgewater Investors LP	Agricultural	29,634,293	0.20
15. United States Cold Storage of CA	Industrial	29,043,154	0.20
16. Kern Schools Federal Credit Union	Credit Union	27,777,514	0.19
17. Urban Land Advisors LLC	Apartments	27,575,546	0.19
18. Harris Road Prop LLC	Apartments	27,016,800	0.18
19. AG Wilson Road Owners LLC	Industrial	25,708,034	0.17
20. 2224 Casa Real Invs LP	Apartments	22,545,247	0.15
		\$1,183,614,010	7.98%

⁽¹⁾ The fiscal year 2022-23 local secured assessed valuation is \$14,828,442,823.

Source: California Municipal Statistics, Inc.

The more property (by assessed value) owned by a single taxpayer, the more tax collections are exposed to weakness, if any, in such taxpayer's financial situation and ability or willingness to pay property taxes in a timely manner. Furthermore, assessments may be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control. See “— Appeals of Assessed Valuation; Blanket Reductions of Assessed Values” above.

Tax Rates

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

The rate of tax necessary to pay fixed debt service on each series of the Series 2023 Bonds in a given year depends on the assessed value of taxable property in that year. (The rate of tax imposed on unsecured property for repayment of each series of the Series 2023 Bonds is based on the prior year's secured property tax rate.) Economic and other factors beyond the District's control, such as a general

market decline in property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), pandemic, or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, drought, fire, toxic dumping, etc., could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on each series of the Series 2023 Bonds. Issuance of additional authorized bonds in the future could also cause the tax rate to increase.

Typical Tax Rate Area. The following table sets forth *ad valorem* property tax rates for the last five fiscal years in the typical tax rate area of the District (TRA 1-025). TRA 1-025 comprises approximately 10.17% of the total assessed value of taxable property in the District for fiscal year 2022-23.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT (Kern County, California)

Typical Total Tax Rates as Percentage of Assessed Valuation (TRA 1-025)⁽¹⁾ **Fiscal Years 2018-19 through 2022-23**

	2018-19	2019-20	2020-21	2021-22	2022-23
General	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Kern County Water Agency	0.070662	0.081159	0.079122	0.079056	0.076791
Panama-Buena Vista Union School District	0.028764	0.055783	0.052058	0.051198	0.047514
Kern High School District	0.051182	0.053189	0.048529	0.041744	0.043914
Kern Community College District SFID	0.021330	0.018785	0.020778	0.024568	0.022222
Kern Community College District SRID	0.012338	0.014243	0.013073	0.014041	0.009021
Total	1.184276%	1.223159%	1.213560%	1.210607%	1.199462%

⁽¹⁾ Fiscal year 2022-23 assessed valuation of TRA 1-025 is \$1,539,353,844.

Source: California Municipal Statistics, Inc.

In accordance with the California Constitution and the California Education Code, bonds approved pursuant to the 2022 Authorization may not be issued unless the District projects that repayment of all outstanding bonds approved under the 2022 Authorization will require a tax rate no greater than \$30.00 per \$100,000.00 of assessed value. Based on the assessed value of taxable property in the District at the time of issuance of the New Money Bonds, the District projects that the maximum tax rate required to repay the New Money Bonds, and all other outstanding bonds approved under the 2022 Authorization (of which there are currently none), will be within that legal limit. The tax rate limitation applies only when new bonds are issued and does not restrict the authority of the Board of Supervisors to levy taxes at such rate as may be necessary to pay debt service on the New Money Bonds and any other series of bonds issued under the 2022 Authorization in each year.

Tax Charges and Delinquencies

General. A school district's share of the 1% countywide tax is based on the actual allocation of property tax revenues to each taxing jurisdiction in the county in fiscal year 1978-79, as adjusted according to a complicated statutory process enacted since that time. Revenues derived from special *ad valorem* taxes for voter-approved indebtedness, including the Series 2023 Bonds, are reserved to the taxing jurisdiction that approved and issued the debt, and may only be used to repay that debt.

The Treasurer-Tax Collector prepares the property tax bills. Property taxes on the regular secured assessment roll are due in two equal installments: the first installment is due on November 1, and

becomes delinquent after December 10. The second installment is due on February 1 and becomes delinquent after April 10. If taxes are not paid by the delinquent date, a 10% penalty attaches and a \$10 cost is added to unpaid second installments. If taxes remain unpaid by June 30, the tax is deemed to be in default, and a \$15 state redemption fee applies. Interest then begins to accrue at the rate of 1.5% per month. The property owner has the right to redeem the property by paying the taxes, accrued penalties, and costs within five years of the date the property went into default. If the property is not redeemed within five years, it is subject to sale at a public auction by the Treasurer-Tax Collector. The date on which taxes on supplemental assessments are due depends on when the supplemental tax bill is mailed.

Property taxes on the unsecured roll are due in one payment on the lien date, January 1, and become delinquent after August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue on November 1. To collect unpaid taxes, the Treasurer-Tax Collector may obtain a judgment lien upon and cause the sale of all property owned by the taxpayer in the County, and may seize and sell personal property, improvements and possessory interests of the taxpayer. The Treasurer-Tax Collector may also bring a civil suit against the taxpayer for payment. In light of the financial hardship that many taxpayers experienced due to COVID-19, the Governor issued Executive Order N-61-20, which suspended until May 6, 2021, the statutory requirements for the imposition of penalties, costs, and interest for the failure to pay property taxes on the secured or unsecured roll, or to pay a supplemental bill provided certain conditions were met.

Property tax delinquencies may be impacted by economic and other factors beyond the District's control, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression could be caused by many factors outside the control of the District, including high interest rates, reduced consumer confidence, reduced real wages or reduced economic activity as a result of a pandemic or a natural or manmade disaster, such as earthquake, drought, flood, fire or toxic dumping. However, the County has adopted the Teeter Plan (defined herein), according to which the County distributes to the District the amount levied on the secured and supplemental tax rolls, instead of the amount actually collected. For more information, see “– Teeter Plan” and “– *Secured Tax Charges and Delinquencies within the District*” below. It is not possible for the District to make any representation regarding the extent to which an economic recession or depression could impact the ability or willingness of property owners within the District to pay property taxes in the future. For more information on the impact of the COVID-19 pandemic, see APPENDIX A – “INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET – DISTRICT FINANCIAL MATTERS – Infectious Disease Outbreak.” If delinquencies increase substantially as a result of events outside the control of the District, the County has the authority to increase allowances for annual reserves in the tax levy to avoid fluctuating tax levies.

Secured Tax Charges and Delinquencies within the District. The first table on the following page sets forth the real property tax charges and corresponding delinquencies for the District’s general obligation bond debt service levy, with respect to the property located in the District for fiscal years 2017-18 through 2021-22. For reference and as an indication of comparative delinquency rates, the second table on the following page sets forth the real property tax charges and corresponding delinquencies for the portion of the County’s 1% general fund levy that is allocated to the District, with respect to property located in the District for fiscal years 2017-18 through 2021-22. The portion of the County’s 1% general fund levy that is allocated to the District is not pledged to and does not secure the repayment of the Series 2023 Bonds. See “– Teeter Plan” below.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)
Secured Tax Charges and Delinquencies⁽¹⁾
Fiscal Years 2017-18 through 2021-22

Fiscal Year	Secured Tax Charge ⁽²⁾	Amount Delinquent June 30	Percent Delinquent June 30
2017-18	\$2,644,009.80	\$23,002.10	0.87%
2018-19	3,118,524.35	22,865.89	0.73
2019-20	7,208,436.76	97,536.35	1.35
2020-21	7,156,008.57	55,904.30	0.78
2021-22	7,387,923.36	56,808.07	0.77

Fiscal Year	Secured Tax Charge ⁽³⁾	Amount Delinquent June 30	Percent Delinquent June 30
2017-18	\$14,411,694.83	\$174,796.91	1.21%
2018-19	15,108,156.73	195,699.77	1.30
2019-20	15,384,549.36	255,640.12	1.66
2020-21	16,651,398.42	215,162.69	1.29
2021-22	17,181,868.60	228,637.61	1.33

⁽¹⁾ The County utilizes the Teeter Plan for assessment levy and distribution. This method guarantees distribution of 100% of the assessments levied to the taxing entity, with the County retaining all penalties and interest. For more information, see “– Teeter Plan” below.

⁽²⁾ District’s general obligation bond debt service levy only.

⁽³⁾ District’s 1% general fund apportionment.

Source: California Municipal Statistics, Inc.

Teeter Plan

The Board of Supervisors has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, each participating local agency levying property taxes in the County, including school districts, receives the full amount of uncollected taxes levied on the secured tax roll credited to its fund, in the same manner as if the full amount due from taxpayers had been collected. In return, the County receives and retains delinquent payments, penalties and interest as collected that would have been due the local agency. The County applies the Teeter Plan to taxes levied for repayment of school district general obligation bonds on the secured tax roll. There can be no assurances that the County will have sufficient funds available to distribute the full amount of the District’s share of property tax collections to the District. However, State law requires the County to levy *ad valorem* property taxes sufficient to pay the Series 2023 Bonds when due.

Upon adopting the Teeter Plan, the County was required to distribute to participating local agencies, 95% of the then-accumulated, secured roll property tax delinquencies and to place the remaining 5% in a tax losses reserve fund. Taxing entities that maintain funds in the County treasury are all included in the Teeter Plan; other taxing entities may elect to be included in the Teeter Plan. Taxing entities that do not elect to participate in the Teeter Plan will be paid as taxes are collected. Since the District maintains funds in the County treasury, the District is included in the Teeter Plan.

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

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

Direct and Overlapping Debt

Set forth on the following page is a schedule of direct and overlapping debt prepared by California Municipal Statistics, Inc. effective December 15, 2022 for debt outstanding as of January 1, 2023. The table is included for general information purposes only. The District has not reviewed this table for completeness or accuracy and makes no representations in connection therewith. The first column in the table names each public agency which has outstanding debt as of the date of the schedule and whose territory overlaps the District in whole or in part. Column two sets forth the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not set forth in the table) produces the amount set forth in column three, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

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

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PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)
Statement of Direct and Overlapping Bonded Debt

December 15, 2022

2022-23 Assessed Valuation: \$15,134,487,715

	% Applicable	Debt 1/1/23
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>		
Kern Community College District Safety, Repair and Improvement District	14.083%	\$12,491,418
Kern Community College District School Facilities Improvement District No. 1	13.998	46,172,849
Kern High School District	21.872	70,619,484
Panama-Buena Vista Union School District	100.000	109,605,000 ⁽¹⁾
City of Bakersfield 1915 Act Bonds	22.175-57.226%	1,877,724
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$240,766,475
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Kern County Certificates of Participation	13.669%	\$14,546,875
Kern County Pension Obligation Bonds	13.669	12,933,207
Kern County Board of Education Certificates of Participation	13.669	4,457,461
Kern Community College District Certificates of Participation	12.617	3,095,076
Kern Community College District Post Employment Benefit Obligation Bonds	12.617	9,235,644
Panama-Buena Vista Union School District Certificates of Participation	100.000	49,975,000 ⁽²⁾
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$94,243,263
COMBINED TOTAL DEBT		\$335,009,738⁽³⁾

Ratios to 2022-23 Assessed Valuation:

Direct Debt (\$109,605,000)	0.72%
Combined Direct Debt (\$159,580,000).....	1.05%
Total Direct and Overlapping Tax and Assessment Debt	1.59%
Combined Total Debt.....	2.21%

⁽¹⁾ Excludes the New Money Bonds and the Refunding Bonds; includes the Refunded Bonds.

⁽²⁾ Includes the principal amount due upon the final payment of certain outstanding lease obligations of the District. For more information on such obligations, see APPENDIX A – “INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET – DISTRICT FINANCIAL MATTERS – District Debt Structure – *Qualified Zone Academy Bonds (QZAB)*.”

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

Source: California Municipal Statistics, Inc.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, bond counsel to the District (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2023 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Series 2023 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that, for tax years beginning after December 31, 2022, interest on the Series 2023 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other

tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2023 Bonds. A complete copy of the proposed forms of opinions of Bond Counsel is set forth in Appendix C.

To the extent the issue price of any maturity of the Series 2023 Bonds is less than the amount to be paid at maturity of such Series 2023 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2023 Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2023 Bonds which is excluded from gross income for federal income tax purposes and exempt from State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2023 Bonds is the first price at which a substantial amount of such maturity of the Series 2023 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2023 Bonds accrues daily over the term to maturity of such Series 2023 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2023 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2023 Bonds. Beneficial Owners of the Series 2023 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2023 Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2023 Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2023 Bonds is sold to the public.

Series 2023 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2023 Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2023 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2023 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2023 Bonds. The opinions of Bond Counsel assume the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the Series 2023 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2023 Bonds. Accordingly, the opinions of Bond Counsel are not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2023 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2023 Bonds may otherwise affect a Beneficial Owner’s federal, state or local tax liability. The

nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2023 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2023 Bonds. Prospective purchasers of the Series 2023 Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinions of Bond Counsel are based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2023 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2023 Bonds ends with the issuance of the Series 2023 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Series 2023 Bonds in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2023 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2023 Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

Payments on the Series 2023 Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Series 2023 Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Series 2023 Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series 2023 Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

OTHER LEGAL MATTERS

Legal Opinion

The validity of each series of the Series 2023 Bonds and certain other legal matters are subject to the approving opinions of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District. Bond Counsel expects to deliver opinions with respect to each series of the Series 2023 Bonds at the time of issuance substantially in the forms set forth in Appendix C. Bond Counsel, as such, undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the District.

Legality for Investment in California

Under the provisions of the California Financial Code, the Series 2023 Bonds are legal investments for commercial banks in the State to the extent that the Series 2023 Bonds, in the informed opinion of the bank, are prudent for the investment of funds of depositors, and, under provisions of the California Government Code, the Series 2023 Bonds are eligible securities for deposit of public monies in the State.

Continuing Disclosure

The District will covenant under the Continuing Disclosure Certificates to provide, or to cause to be provided, to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system or such other electronic system designated by the Municipal Securities Rulemaking Board (the “EMMA System”) certain annual financial information and operating data relating to the District (the “Annual Report”) by not later than nine months following the end of the District’s fiscal year (currently ending June 30), commencing with the report for fiscal year 2022-23 (such initial Annual Report due no later than March 31, 2024) and notice of the occurrence of certain enumerated events (“Notice Events”) in a timely manner not in excess of ten business days after the occurrence of such a Notice Event. The specific nature of the information to be contained in the Annual Report and the notices of Notice Events is set forth in APPENDIX D – “FORMS OF CONTINUING DISCLOSURE CERTIFICATES.” These covenants have been made for the benefit of the holders and Beneficial Owners of each series of the Series 2023 Bonds in order to assist the Initial Purchasers in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “Rule”).

Fieldman, Rolapp & Associates, Inc doing business as Applied Best Practices, currently serves as the District’s dissemination agent in connection with each of the District’s prior continuing disclosure undertakings pursuant to the Rule and will serve as dissemination agent in connection with the continuing disclosure undertaking pursuant to the Rule relating to each series of the Series 2023 Bonds.

Litigation

No litigation is pending or threatened concerning or contesting the validity of the Series 2023 Bonds or the District’s ability to receive *ad valorem* taxes and to collect other revenues, or contesting the District’s ability to issue and retire the Series 2023 Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the title to their offices of District officers who will execute the Series 2023 Bonds or District officials who will sign certifications relating to the Series 2023 Bonds, or the powers of those offices. A certificate (or certificates) to that effect will be furnished to the Initial Purchasers at the time of the original delivery of the Series 2023 Bonds.

The District is occasionally subject to lawsuits and claims. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the financial position or operations of the District.

ESCROW VERIFICATION

The arithmetical accuracy of certain computations included in the schedules provided by the Initial Purchasers relating to the computation of projected receipts of principal and interest on the Defeasance Securities, and the projected payments of principal, redemption premium, if any, and interest to retire the Refunded Bonds will be verified by Causey Demgen & Moore P.C., Denver, Colorado (the “Verification Agent”). Such computations will be based solely on assumptions and information supplied by the District and the Initial Purchasers. The Verification Agent will restrict its procedures to verifying the arithmetical accuracy of certain computations and will not make any study to evaluate the assumptions and information on which the computations are based, and will express no opinion on the data used, the reasonableness of the assumptions or the achievability of the projected outcome.

FINANCIAL STATEMENTS

The District’s audited financial statements for fiscal year ended June 30, 2022 are included in Appendix B. Such financial statements have been audited by Eide Bailly LLP, Rancho Cucamonga, California (“Eide Bailly”). The District has not requested nor has the District obtained the consent of Eide Bailly to the inclusion of its report in Appendix B. Eide Bailly has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Eide Bailly has not been requested to perform and has not performed any procedures relating to the Official Statement.

MISCELLANEOUS

Rating

Moody’s Investors Service has assigned its rating of “Aa2” to the Series 2023 Bonds. A rating agency generally bases its rating on its own investigations, studies and assumptions as well as information and materials furnished to it (which may include information and materials from the District, which are not included in this Official Statement). The rating reflects only the view of the rating agency furnishing the same, and any explanation of the significance of the rating should be obtained only from the rating agency providing the same. Such rating is not a recommendation to buy, sell or hold the Series 2023 Bonds. There is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency providing the same, if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Series 2023 Bonds. Neither the Initial Purchasers (defined below) nor the District have undertaken any responsibility after the offering of the Series 2023 Bonds to assure the maintenance of the rating or to oppose any such revision or withdrawal.

Professionals Involved in the Offering

Orrick, Herrington & Sutcliffe LLP is acting as Bond Counsel and Disclosure Counsel with respect to the Series 2023 Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Series 2023 Bonds. Fieldman, Rolapp & Associates, Inc. is acting as the District’s municipal advisor (the “Municipal Advisor”) with respect to the Series 2023 Bonds. Payment of the fees and expenses of the District’s Municipal Advisor is also contingent upon the sale and delivery of the Series 2023 Bonds.

Underwriting

The New Money Bonds were purchased by Fifth Third Securities, Inc. (“Fifth Third”) as the winner of a competitive bid conducted on April 5, 2023. Fifth Third has agreed to purchase the New Money Bonds at a price of \$23,518,189.65. Fifth Third’s total discount is \$55,387.50. See “THE SERIES 2023 BONDS – Application and Investment of Series 2023 Bond Proceeds.”

The Refunding Bonds were purchased by Mesirow Financial, Inc. (“Mesirow Financial” and together with Fifth Third, the “Initial Purchasers”) as the winner of a competitive bid conducted on April 5, 2023. Mesirow Financial has agreed to purchase the Refunding Bonds at a price of \$14,803,725.72. Mesirow Financial’s total discount is \$17,774.63. See “THE SERIES 2023 BONDS – Application and Investment of Series 2023 Bond Proceeds.”

The Initial Purchasers may offer and sell each series of the Series 2023 Bonds to certain securities dealers and dealer banks and banks acting as agent at prices lower than the public offering prices set forth on the inside front cover pages of this Official Statement. The public offering prices may be changed from time to time by the Initial Purchasers.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to purchasers of the Series 2023 Bonds. Quotations from and summaries and explanations of the Series 2023 Bonds and of the statutes and documents contained herein do not purport to be complete, and reference is made to such documents and statutes for full and complete statements of their provisions.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners of any of the Series 2023 Bonds.

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

**PANAMA-BUENA VISTA UNION
SCHOOL DISTRICT**

By: _____ /s/ Katie Russell
Superintendent

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APPENDIX A

INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET

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The information in this appendix concerning the operations of the Panama-Buena Vista Union School District (the “District”), the District’s finances, and State of California (the “State”) funding of education, is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Series 2023 Bonds is payable from the general fund of the District or from State revenues. The Series 2023 Bonds are payable from the proceeds of an ad valorem tax approved by the voters of the District pursuant to all applicable laws and requirements of the Constitution of the State (the “California Constitution”), and required to be levied by the County of Kern (the “County”) on property within the District in an amount sufficient for the timely payment of principal of and interest on the Series 2023 Bonds. See “SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2023 BONDS” in the front portion of this Official Statement.

THE DISTRICT

Introduction

On July 1, 1988, the Panama Union School District, founded in 1875, was annexed by the Buena Vista School District to form the District. The District and its predecessor districts have each operated as an elementary school district under the laws of the State. The District, covering an area of approximately 87 square miles, is located in, and southwest of, the City of Bakersfield, California, which is the county seat of the County. California State University, Bakersfield, which has a current enrollment of approximately 9,261 students, is also located within the District. The District provides public education to students in transitional kindergarten (“TK”) through eighth grade, operating 20 elementary schools, five junior high schools, and an opportunity program. In August 2018, the District opened Dolores S. Whitley TK-8, which serves students in grades TK-8, and, in August 2021, the District opened Highgate Elementary, which serves students in grades TK-6.

Total enrollment in the District was approximately 18,794 students in fiscal year 2021-22. As of the preparation of the District’s second interim report for fiscal year 2022-23 (the “Fiscal Year 2022-23 Second Interim Report”), total enrollment in the District is projected to be approximately 19,028 students in fiscal year 2022-23. The District operates under the jurisdiction of the Kern County Superintendent of Schools. Total assessed valuation of taxable property in the District in fiscal year 2022-23 is approximately \$15.13 billion.

Board of Trustees

The District is governed by a five-member Board of Trustees (the “Board of Trustees”), each member of which is a voting member. The members are elected by voters within their “area” of the District to four-year terms in alternate slates of two and three, and elections are held every two years. The District initially had two multi-member trustee areas, and is in the process of transitioning to an election system with single-member trustee areas, beginning with the election held in November 2022. Accordingly, the three board members elected prior to November 2022 were elected to multi-member trustee areas, and the two board members elected in November 2022 were elected to single-member trustee areas. Each December the Board of Trustees elects a President, Vice President and Clerk to serve one-year terms. Current voting members of the Board of Trustees, together with their office, their trustee area, and the date their current term expires, are set forth in the table on the following page.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)

Board of Trustees

Name	Office	Trustee Area	Term Expires
John P. Lake	President	2*	December 2024
Bryan Easter	Vice President	1*	December 2024
Paula Van Auken	Clerk	1*	December 2024
Linda Garcia	Member	5**	December 2026
Keith Wolaridge	Member	3**	December 2026

* Elected to multi-member trustee areas. See “– Board of Trustees” above for more information on the District’s transition from a multi-member trustee area election system to a single-member trustee area election system.

** Elected to single-member trustee areas at the election held in November 2022. See “– Board of Trustees” above for more information on the District’s transition from a multi-member trustee area election system to a single-member trustee area election system.

Superintendent and Business Services Personnel

General. The Superintendent of the District is appointed by the Board of Trustees. The Superintendent reports directly to the Board of Trustees. The Assistant Superintendent, Business Services is hired by and reports directly to the Superintendent. The Superintendent is responsible for management of the District’s day-to-day operations and supervises the work of other key District administrators, including the Assistant Superintendent, Business Services. The Assistant Superintendent, Business Services is responsible for management of the District’s finances and business operations. The Assistant Superintendent, Business Services is supported by the Director of Fiscal Services.

Katie Russell, Superintendent. Katie Russell has been the District’s Superintendent since August 2020. Ms. Russell came to the District from Fresno Unified School District, where she had most recently served as Assistant Superintendent for eight years. In her 32 years as a public educator, Ms. Russell has been a teacher, assistant principal, principal, Assistant Superintendent and now a Superintendent.

Glenn Imke, CPA, Assistant Superintendent, Business Services. Glenn Imke joined the District in 2005 as the Director of Fiscal Services and was promoted to Assistant Superintendent, Business Services in September 2012. Mr. Imke has over 30 years of experience in public accounting, business management, auditing, and finance.

Katie Gonzalez, Director of Fiscal Services. Katie Gonzalez joined the District in August 2018 as the Director of Fiscal Services. Ms. Gonzalez has 20 years of experience in public accounting, business management, and finance.

Cybersecurity

School districts, like other governmental and business entities, face significant risks relating to the use and application of computer software and hardware for educational 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 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.

In January 2020, the District experienced a ransomware attack that temporarily prevented the District from accessing its phone systems and computer network. The District worked with the Department of Homeland Security and the Federal Bureau of Investigation to determine the scope of such attack and to safely recover the District's data, without paying the ransom. After conducting an investigation, it was determined there was no breach of personal data from the District's servers. The District has since implemented next generation protocols to protect against future cyberattacks. As a result, the District expects that any disruptions caused by a cyberattack would be temporary in nature. In addition, the District maintains an acceptable use of technology policy and has a general cybersecurity policy in place for internal use and review. The District currently maintains cyber liability insurance through the Self-Insured Schools of California ("SISC"). For more information on SISC, see "DISTRICT FINANCIAL MATTERS – Insurance, Risk Pooling and Joint Powers Agreements and Joint Ventures." 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.

DISTRICT FINANCIAL MATTERS

State Funding of Education; State Budget Process

General. As is true for all school districts in the State, the District's operating income consists primarily of two components: a State portion funded from the State's general fund in accordance with the Local Control Funding Formula (the "Local Control Funding Formula" or "LCFF") (see "*– Allocation of State Funding to School Districts; Local Control Funding Formula*") and a local portion derived from the District's share of the 1% local *ad valorem* tax authorized by the California Constitution (see "*– Local Property Tax Revenues*"). In addition, school districts may be eligible for other special categorical funding from State and federal government programs. As of the Fiscal Year 2022-23 Second Interim Report, the District projects it will receive approximately 88.08% of its general fund revenues from State funds (not including the local portion derived from the District's share of the local *ad valorem* tax), projected at approximately \$306.41 million in fiscal year 2022-23. Such amount includes both the State funding provided under the LCFF as well as other State revenues (see "*– Allocation of State Funding to School Districts; Local Control Funding Formula*," "*– Enrollment, A.D.A. and LCFF*" and "*– Other District Revenues – Other State Revenues*" below). As a result, decreases or deferrals in State revenues, or in State legislative appropriations made to fund education, may significantly affect the District's revenues and operations.

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

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

State Budget Process. According to the California Constitution, the Governor must propose a budget to the State Legislature no later than January 10 of each year, and a final budget must be adopted no later than June 15. The budget requires a simple majority vote of each house of the State Legislature for passage. The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. A two-thirds vote of the State Legislature is required to override any veto by the Governor. School district budgets must generally be adopted by July 1, and revised by the school board within 45 days after the Governor signs the budget act to reflect any changes in budgeted revenues and expenditures made necessary by the adopted State budget. The Governor signed the fiscal year 2022-23 State budget on June 27, 2022, which was amended through a series of legislative bills, many of which were signed by the Governor on June 30, 2022 (as amended, the “2022-23 State Budget”).

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

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

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

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

which the Proposition 98 minimum guarantee was suspended. The State has sought to avoid or delay paying settle-up amounts when funding has lagged the guaranteed amount. In response, teachers' unions, the State Superintendent and others sued the State or Governor in 1995, 2005, 2009 and 2011 to force them to fund schools in the full amount required. The settlement of the 1995 and 2005 lawsuits has so far resulted in over \$4 billion in accrued State settle-up obligations. However, legislation enacted to pay down the obligations through additional education funding over time, including the Quality Education Investment Act of 2006, have also become part of annual budget negotiations, resulting in repeated adjustments and deferrals of the settle-up amounts.

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

The District cannot predict how State income or State education funding will vary over the term to maturity of the Series 2023 Bonds, and the District takes no responsibility for informing owners of the Series 2023 Bonds as to actions the State Legislature or Governor may take affecting the current year's budget after its adoption. Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget." An impartial analysis of the budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. In addition, various State of California official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found at the website of the State Treasurer, www.treasurer.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the District, and the District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

2022-23 State Budget. The 2022-23 State Budget reflects a strong State economy, which has strengthened the State's fiscal health and provided record levels of available general fund and Proposition 98 resources that the 2022-23 State Budget allocates. However, the 2022-23 State Budget notes economic warning signs indicating that challenging times may arrive in the coming years. Accordingly, with approximately \$37.2 billion in budgetary reserves, the 2022-23 State Budget continues building reserves by eliminating budgetary debt, reducing retirement liabilities, and focusing on one-time spending over ongoing investments to maintain structurally balanced budgets over the long term. Specifically, the 2022-23 State Budget allocates 92% of the discretionary surplus to one-time investments that can be adjusted in future years, if needed. Citing the record high inflationary conditions nationwide, the 2022-23 State Budget includes an added inflation adjustment beginning in fiscal year 2023-24 reflecting that State services are likely to cost more than currently estimated.

The 2022-23 State Budget projects total resources available in fiscal year 2021-22 of approximately \$265.4 billion, including revenues and transfers of approximately \$227.1 billion and a prior year balance of approximately \$38.3 billion, and total expenditures in fiscal year 2021-22 of approximately \$242.9 billion. The 2022-23 State Budget projects total resources available for fiscal year 2022-23 of approximately \$242.2 billion, inclusive of revenues and transfers of approximately \$219.7 billion and a prior year balance of approximately \$22.5 billion. The 2022-23 State Budget projects total expenditures in fiscal year 2022-23 of approximately \$234.4 billion, inclusive of non-Proposition 98 expenditures of approximately \$152.1 billion and Proposition 98 expenditures of approximately \$82.3 billion. The 2022-

23 State Budget includes \$37.2 billion in reserves in fiscal year 2022-23 and allocates reserves as follows: approximately \$23.3 billion in the State Rainy Day Fund for fiscal emergencies, approximately \$9.5 billion in the Proposition 98 Rainy Day Fund (also known as the “Public School System Stabilization Account”), approximately \$900 million in the Safety Net Reserve, and approximately \$3.5 billion to the State’s Special Fund for Economic Uncertainties. In addition, the 2022-23 State Budget allocates approximately \$4.3 billion of the State general fund’s projected fund balance in fiscal year 2022-23 to the State’s Reserve for Liquidation of Encumbrances. The State Rainy Day Fund is at its constitutional maximum of 10% of State general fund revenues, requiring approximately \$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 approximately \$8 billion in supplemental deposits split evenly between the State Rainy Day Fund and the Safety Net Reserve. Such deposits are above what is constitutionally required. The 2022-23 State Budget estimates that the State will be below its appropriations limit (referred to as the “Gann Limit”) for fiscal year 2022-23 as a result of statutory changes in connection with the 2022-23 State Budget.

The 2022-23 State Budget includes total funding of \$128.6 billion for all K-12 education programs, including \$78.6 billion from the State’s general fund and \$50 billion from other funds. Per-pupil funding is at the highest levels for school districts in the State’s history, totaling \$16,993 per pupil in Proposition 98 funding and \$22,893 per pupil when accounting for all funding sources.

Certain budgeted programs and adjustments for K-12 education set forth in the 2022-23 State Budget include the following:

- Proposition 98 Minimum Guarantee. The 2022-23 State Budget projects increased Proposition 98 funding, resulting in funding estimates 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, due to a significant increase in projected revenues for fiscal years 2020-21 through 2022-23. Such funding represents a historically high three-year increase in the minimum guarantee of roughly \$35.8 billion over the level funded in the fiscal year 2021-22 State budget.
- Proposition 98 Rainy Day Fund (Public School System Stabilization Account). The 2022-23 State Budget includes payments required to be made to the Proposition 98 Rainy Day Fund in fiscal years 2020-21 through 2022-23 for a total account balance of \$9.5 billion at the end of fiscal year 2022-23. The balance of approximately \$7.1 billion in fiscal year 2021-22 triggers a cap on school district reserves beginning in fiscal year 2022-23. For more information, see “– School District Reserves” and “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2 – SB 751.”
- Local Control Funding Formula. The 2022-23 State Budget includes a LCFF cost-of-living adjustment of 6.56%, which is the largest cost-of-living adjustment in the history of LCFF. The 2022-23 State Budget also includes approximately \$4.3 billion in ongoing Proposition 98 general fund resources to provide an approximately 6.28% discretionary increase in Base Grant funding to address ongoing fiscal pressures, staffing shortages, and other operational needs of local educational agencies. This discretionary increase, together with the cost-of-living adjustment, results in an increase of approximately 13% in Base Grant amounts from fiscal year 2021-22. Lastly, the 2022-23 State Budget includes approximately \$101.2 million in ongoing Proposition 98 general fund resources to augment LCFF funding for county offices of education, which face similar cost pressures to school districts and charter schools.
- Declining Enrollment Protections. To support the fiscal stability of all local educational agencies, including those with a declining student population, the 2022-23 State Budget allows school districts to use the greater of current year or prior year average daily attendance or an average of

the three prior years' average daily attendance 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 all classroom-based local educational agencies that can demonstrate they provided independent study offerings to students in fiscal year 2021-22 to be funded at the greater of their average daily attendance or their enrollment adjusted for pre-COVID-19 absence rates in fiscal year 2021-22. The 2022-23 State Budget reflects approximately \$2.8 billion in ongoing Proposition 98 general fund resources and approximately \$413 million in one-time Proposition 98 general fund resources to implement such policies.

- Block Grants. The 2022-23 State Budget establishes the Learning Recovery Emergency Fund and appropriates approximately \$7.9 billion in one-time Proposition 98 general fund resources to support the Learning Recovery Emergency Block Grant, which will support local educational agencies in establishing learning recovery initiatives through the 2027-28 school year. Such funds may be expended on instructional learning time, closing learning gaps, pupil supports, instruction, and academic services. The 2022-23 State Budget also provides approximately \$3.6 billion in one-time Proposition 98 general fund resources for grants to be spent on arts and music programs, standards-aligned professional development, instructional materials, development of diverse book collections, operational costs, and expenses related to the COVID-19 pandemic through the 2025-26 school year.
- Expanded Learning Opportunities Program. The 2022-23 State Budget increases investments in the Expanded Learning Opportunities Program by approximately \$3 billion in ongoing Proposition 98 general fund resources, bringing the ongoing program total to \$4 billion. Beginning in fiscal year 2023-24, local educational agencies will be required to offer expanded learning opportunities to all low-income students, English language learners, and youth in foster care in the State. The 2022-23 State Budget assumes that full fiscal implementation of the program will take place by fiscal year 2025-26.
- Transitional Kindergarten. The 2022-23 State Budget provides approximately \$614 million in ongoing Proposition 98 general fund resources beginning in fiscal year 2022-23 to support the first year of expanded eligibility for transitional kindergarten to all children turning five-years-old between September 2 and February 2. The 2022-23 State Budget also provides approximately \$383 million in Proposition 98 general fund resources to provide one additional certificated or classified staff person in each transitional kindergarten classroom. Lastly, the 2022-23 State Budget increases the pipeline of qualified transitional kindergarten teachers by allowing the Commission on Teaching Credentialing to issue a one-year emergency specialist teaching permit in early childhood education to certain eligible individuals.
- State Preschool Program. The 2022-23 State Budget includes the following investments in pre-kindergarten education: approximately \$312.7 million in Proposition 98 general fund resources and \$172.3 million in general fund resources to increase State Preschool Program adjustment factors for students with disabilities, dual language learners, and childhood mental health; approximately \$300 million in one-time Proposition 98 general fund resources for planning and implementation of grants for all local educational agencies; approximately \$250 million in one-time Proposition 98 general fund resources to support a program that funds infrastructure to support general education and special education students in inclusive classrooms; approximately \$166.2 million in Proposition 98 general fund resources to support the full-year costs of State preschool rate increases that began January 1, 2022; and approximately \$10.5 million in one-time Proposition 98 general fund resources and \$10.8 million in one-time non-Proposition 98 general fund resources to waive the family share of cost for children participating in the State Preschool Program. The 2022-23

State Budget includes a hold harmless provision that allows State Preschool providers to receive reimbursement for maximum authorized care for the 2022-23 school year.

- Educator Workforce. The fiscal year 2021-22 State budget included \$2.9 billion to accelerate the preparation and support the training and retention of well-prepared educators. To further support such effort, the 2022-23 State Budget includes an additional \$48.1 million in general fund resources. In addition, the 2022-23 State Budget provides approximately \$250 million in one-time Proposition 98 general fund resources to expand residency slots for teachers and school counselors. Lastly, the 2022-23 State Budget invests approximately \$85 million in one-time Proposition 98 general fund resources to create pre-kindergarten through 12th grade educator resources and professional learning to implement STEM educator support initiatives; and approximately \$35 million in one-time Proposition 98 general fund resources over three years to continue the work of the Educator Workforce Investment Grant program in the areas of computer science, special education, and support for English learners.
- School Transportation Programs. The 2022-23 State Budget includes approximately \$637 million in ongoing Proposition 98 general fund resources to support school transportation programs by reimbursing local education agencies for up to 60% of their transportation costs in the prior year. In addition, the 2022-23 State Budget includes approximately \$1.5 billion in one-time Proposition 98 general fund resources, available over five years, to support greening school bus fleets through programs that will be operated by the California Air Resources Board and the California Energy Commission.
- Nutrition. The 2022-23 State Budget includes the following investments related to school meals: approximately \$596 million in Proposition 98 general fund resources to fund universal access to subsidized school meals and an additional \$611.8 million in ongoing Proposition 98 general fund resources to augment the State meal reimbursement rate sufficient to maintain meal reimbursement rates beginning in fiscal year 2022-23; approximately \$600 million in one-time Proposition 98 general fund resources, available over three years, for school kitchen infrastructure and equipment upgrades and training for food service employees; approximately \$100 million in one-time Proposition 98 general fund resources to support local educational agency procurement practices for plant-based or restricted diet meals; and approximately \$30 million in one-time general fund resources to establish additional farm to school demonstration projects with priority towards high-need schools.
- Special Education. The 2022-23 State Budget includes approximately \$500 million in ongoing Proposition 98 general fund resources for the special education funding formula, paired with certain policy changes to further the State's commitment to improving special education instruction and services. In addition, the 2022-23 State Budget provides approximately \$2 million in Proposition 98 general fund resources to support families of pupils with disabilities and approximately \$2 million in Proposition 98 general fund resources to create resources for inclusionary practices for families and communities.
- K-12 School Facilities. On November 8, 2016, voters of the State approved Proposition 51, which authorized \$7 billion in State general obligation bonds to support K-12 school facilities construction. The 2022-23 State Budget allocates the remaining Proposition 51 bond funds in the amount of approximately \$1.4 billion to support school construction projects and provides an additional investment of \$1.3 billion in one-time general fund resources to support new construction and modernization projects through the School Facility Program.

The complete 2022-23 State Budget is available from the California Department of Finance website at www.dof.ca.gov or www.ebudget.ca.gov. The District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Proposed 2023-24 State Budget. The Governor released the fiscal year 2023-24 proposed State budget (the “Proposed 2023-24 State Budget”) on January 10, 2023, which reflects a revenue outlook that differs substantially from the last two years. Risks to the State’s economic and revenue outlook highlighted in the 2022-23 State Budget have been realized, including continued high inflation, multiple federal reserve bank interest rate increases and further stock market declines. The last risk is particularly important to the State, as market-based compensation greatly influences the incomes of high-income Californians. Combined with a progressive income tax structure, this can have an outsized effect, both good and bad, on State revenues. Prior to accounting for solutions, the Proposed 2023-24 State Budget forecasts general fund revenues will be approximately \$29.5 billion lower than at the 2022-23 State Budget projections, and the State now faces an estimated budget gap of approximately \$22.5 billion in fiscal year 2023-24.

The Proposed 2023-24 State Budget includes the following actions to address the substantial downward revision in general fund revenues and close the budget gap:

- \$7.4 billion in funding delays for multiple items across fiscal years 2021-22 through 2023-24. The Proposed 2023-24 State Budget spreads such funding across the multi-year projections without reducing the total amount of funding through the multi-year projections.
- \$5.7 billion in spending reductions for various items across fiscal years 2021-22 through 2023-24 and removal of certain measures that were included in the 2022-23 State Budget to provide additional budget resilience, such as eliminating the \$3.0 billion included in the 2022-23 State Budget as an inflationary adjustment.
- \$4.3 billion in fund shifts from the general fund to other funds in fiscal years 2022-23 and 2023-24.
- \$3.9 billion in funding reductions for certain items in fiscal years 2020-21 through 2023-24, which will be restored if it is determined that sufficient funds will be available to cover certain commitments, thus “triggering” such restoration.
- \$1.2 billion in limited revenue generation and borrowing in fiscal year 2023-24.

In addition, the Proposed 2023-24 State Budget utilizes a number of the resiliency measures in the 2022-23 State Budget to close shortfalls projected in the coming years, including eliminating planned redemption of certain callable bonds and deposits to reserve accounts. However, to preserve the State’s ability to respond to any potentially significant negative changes to the outlook in early 2023, the Proposed 2023-24 State Budget does not include draws on the State’s reserve accounts to close the budget gap.

The Proposed 2023-24 State Budget estimates total resources available in fiscal year 2022-23 of approximately \$261.6 billion, including revenues and transfers of approximately \$208.9 billion and a prior year balance of approximately \$52.7 billion, and total expenditures in fiscal year 2022-23 of approximately \$240.1 billion. The Proposed 2023-24 State Budget projects total resources available for fiscal year 2023-24 of approximately \$231.7 billion, inclusive of revenues and transfers of approximately \$210.2 billion and a prior year balance of approximately \$21.5 billion. The Proposed 2023-24 State Budget projects total expenditures in fiscal year 2023-24 of approximately \$223.6 billion, inclusive of non-Proposition 98 expenditures of approximately \$143.1 billion and Proposition 98 expenditures of approximately \$80.6 billion. The Proposed 2023-24 State Budget includes approximately \$35.6 billion in reserves in fiscal year

2023-24 and allocates reserves as follows: approximately \$22.4 billion in the State Rainy Day Fund for fiscal emergencies, approximately \$8.5 billion in the Proposition 98 Rainy Day Fund (Public School System Stabilization Account), approximately \$900 million in the Safety Net Reserve, and approximately \$3.8 billion in the State's Special Fund for Economic Uncertainties. The State Rainy Day Fund is at its constitutional maximum of 10% of State general fund revenues, requiring approximately \$951 million to be dedicated for infrastructure investments in fiscal year 2023-24.

The Proposed 2023-24 State Budget includes total funding of approximately \$128.5 billion for all K-12 education programs, including approximately \$78.7 billion from the State's general fund and approximately \$49.8 billion from other funds. Per-pupil funding is at the highest levels for school districts in the State's history, totaling \$17,519 per pupil in Proposition 98 funding and \$23,723 per pupil when accounting for all funding sources.

Certain budgeted programs and adjustments for K-12 education set forth in the Proposed 2023-24 State Budget include the following:

- Proposition 98 Minimum Guarantee. The revised estimates of general fund revenues in the Proposed 2023-24 State Budget modestly reduce the Proposition 98 minimum guarantee, resulting in funding estimates of approximately \$110.4 billion in fiscal year 2021-22, \$106.9 billion in fiscal year 2022-23, and \$108.8 billion in fiscal year 2023-24, representing a three-year decrease in the minimum guarantee of approximately \$4.7 billion over the level funded in the 2022-23 State Budget.
- Local Property Tax Adjustments. The Proposed 2023-24 State Budget includes a decrease of \$153 million in Proposition 98 general fund resources for school districts and county offices of education in fiscal year 2022-23, and a decrease of \$1.3 billion in ongoing Proposition 98 general fund resources for school districts and county offices of education in fiscal year 2023-24, as a result of increased offsetting property taxes.
- Proposition 98 Rainy Day Fund (Public School System Stabilization Account). The Proposed 2023-24 State Budget includes payments required to be made to the Proposition 98 Rainy Day Fund in fiscal years 2021-22 through 2023-24 for a total account balance of approximately \$8.5 billion at the end of fiscal year 2023-24. As indicated in the Proposed 2023-24 State Budget, the balance of approximately \$8.1 billion in fiscal year 2022-23 continues to trigger a cap on school district reserves in fiscal year 2023-24. For more information, see “– School District Reserves” and “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2 – SB 751.”
- Local Control Funding Formula and Equity Multiplier. The Proposed 2023-24 State Budget includes a LCFF cost-of-living adjustment of approximately 8.13%, which is the highest cost-of-living adjustment in recent history of the LCFF. When combined with growth adjustments, this increase will result in approximately \$4.2 billion in additional discretionary funds for local educational agencies. To fully fund this increase and to maintain the level of current year LCFF apportionments, the Proposed 2023-24 State Budget includes approximately \$613 million in one-time resources and \$1.4 billion in one-time resources to support the ongoing cost of LCFF in fiscal years 2022-23 and 2023-24, respectively. Lastly, the Proposed 2023-24 State Budget includes approximately \$300 million in ongoing Proposition 98 general fund resources to establish an equity multiplier as an add-on to the LCFF to accelerate learning gains and close opportunity gaps. Such funding will be allocated to local educational agencies based on school-site eligibility, using a more targeted methodology than the existing Supplemental Grant eligibility.

- **Block Grants.** The Proposed 2023-24 State Budget includes approximately \$7.9 billion in one-time Proposition 98 general fund resources to support the Learning Recovery Emergency Block Grant, which supports local educational agencies in establishing and expanding learning recovery initiatives. Such funds may be expended on expanded instructional time, tutoring, or other one-on-one or small group learning supports, and learning recovery programs. The Proposed 2023-24 State Budget also includes approximately \$1.5 billion in one-time general fund resources for the Educator Effectiveness Block Grant to train school staff in high-need topics, including literacy.
- **Arts and Cultural Enrichment.** On November 8, 2022, voters of the State approved Proposition 28, which requires approximately one percent of the Proposition 98 minimum guarantee to be allocated to schools to increase arts instruction and/or arts programs in public education. As a result, the Proposed 2023-24 State Budget includes approximately \$941 million to fund Proposition 28. Given this investment and the need for one-time funds to cover the costs of the LCFF in fiscal years 2022-23 and 2023-24, the Proposed 2023-24 State Budget reflects a reduction of approximately \$1.2 billion from the Arts, Music, and Instructional Materials Discretionary Block Grant included in the 2022-23 State Budget, taking the one-time allocation from approximately \$3.5 billion to \$2.3 billion in Proposition 98 general fund resources. The Proposed 2023-24 State Budget also proposes approximately \$100 million in one-time Proposition 98 general fund resources to enable local educational agencies to provide high school seniors with access to cultural enrichment experiences across the State.
- **Transitional Kindergarten.** The Proposed 2023-24 State Budget revises estimates for the first-year investment in transitional kindergarten from \$614 million to approximately \$604 million to expand eligibility for transitional kindergarten to all children turning five-years-old between September 2 and February 2 and revises the first-year investment from \$383 million to approximately \$337 million to add one additional certificated or classified staff person to every transitional kindergarten classroom. The Proposed 2023-24 State Budget also includes approximately \$690 million to implement the second year of transitional kindergarten expansion to all children turning five-years-old between September 2 and April 2 and approximately \$165 million to support the addition of one additional certificated or classified staff person to transitional kindergarten classrooms. According to the Proposed 2023-24 State Budget, full implementation of universal transitional kindergarten is expected in fiscal year 2025-26.
- **State Preschool Program.** The Proposed 2023-24 State Budget proposes the following investments in pre-kindergarten education: approximately \$64.5 million in Proposition 98 general fund resources and \$51.8 million in general fund resources to continue a multi-year plan to ramp up the State Preschool Program. The Proposed 2023-24 State Budget proposes expenditure of approximately \$152.7 million in one-time general fund resources to support reimbursement rate increases; and approximately \$112 million in Proposition 98 general fund resources and \$63.3 million in non-Proposition 98 general fund resources to support an 8.13% statutory cost-of-living adjustment.
- **Grant Program for Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities.** The Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program (the “FDK Program”) supports the construction of new school facilities or retrofitting existing school facilities for the purpose of providing transitional kindergarten, full-day kindergarten, or preschool classrooms. The Proposed 2023-24 State Budget delays approximately \$550 million for the FDK Program from fiscal year 2023-24 to fiscal year 2024-25.
- **Educator Workforce.** The Proposed 2023-24 State Budget includes approximately \$500 million in one-time Proposition 98 general fund resources over five years for the Golden State Teacher Grant

Program, which funds are available for expenditure until fiscal year 2025-26. The Proposed 2023-24 State Budget also includes approximately \$600 million in one-time Proposition 98 general fund resources over five years to establish or expand school counselor residency programs, which funds are available for expenditure until fiscal year 2025-26.

- K-12 School Facilities. On November 8, 2016, voters of the State approved Proposition 51, which authorized \$7.0 billion in State general obligation bonds to support K-12 school facilities construction. The Proposed 2023-24 State Budget proposes a decrease in planned support for the School Facility Program of approximately \$100 million in general fund resources, reducing the planned allocation in fiscal year 2023-24 from approximately \$2.1 billion to approximately \$2.0 billion.
- Special Education. The Proposed 2023-24 State Budget includes an increase of approximately \$669 million in ongoing Proposition 98 general fund resources to reflect an 8.13% cost-of-living adjustment for categorical programs that remain outside of the LCFF, including special education.

The complete Proposed 2023-24 State Budget is available from the California Department of Finance website at www.dof.ca.gov or www.ebudget.ca.gov. The District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

LAO Overview of Proposed 2023-24 State Budget. The Legislative Analyst's Office ("LAO"), a nonpartisan State office which provides fiscal and policy information and advice to the State Legislature, released its report on the Proposed 2023-24 State Budget entitled "The 2023-24 Budget: Overview of the Governor's Budget" on January 13, 2023 (the "2023-24 Proposed Budget Overview"). In the 2023-24 Proposed Budget Overview, the LAO summarizes the condition of the Proposed 2023-24 State Budget and analyzes the budgetary challenges therein and the Governor's proposal to address such challenges.

The Proposed 2023-24 Budget currently addresses the estimated budget gap without using funds from the State's reserves. The LAO notes that, under the Proposed 2023-24 State Budget, the State would end fiscal year 2023-24 with approximately \$27.1 billion in total general purpose reserves. In addition, the State would have approximately \$8.5 billion in the Proposition 98 Rainy Day Fund, available only for K-14 education programs. Under the Proposed 2023-24 State Budget, the State would continue to make its otherwise constitutionally required deposits, including a deposit of approximately \$911 million into the State Rainy Day Fund and approximately \$365 million into the Proposition 98 Rainy Day Fund in fiscal year 2023-24. The LAO explains that the Governor's approach to refrain from drawing on reserves is warranted given the manageable size of the budget gap and the downside risk to revenues posed by the presently heightened risk of recession.

The Proposed 2023-24 State Budget reflects operating deficits of approximately \$9.0 billion in fiscal year 2024-25, approximately \$9.0 billion in fiscal year 2025-26, and approximately \$4.0 billion in fiscal year 2026-27. Based on these projections, the LAO notes that additional budget solutions will be required in fiscal years 2024-25 through 2026-27. Instead of the State Legislature enacting a budget that plans for future deficits as is presented in the Proposed 2023-24 State Budget, the LAO recommends either reducing proposed spending delays and making more spending-related reductions or adding trigger reductions to trigger off more multi-year spending if needed.

The extent of the budget gap that is presented and addressed in the Proposed 2023-24 State Budget depends on how certain spending is accounted. The LAO observes that the Governor solved an \$18.0 billion budget gap in the Proposed 2023-24 State Budget, which is somewhat lower than the \$22.0 billion budget gap that the Governor has acknowledged with respect to the Proposed 2023-24 State Budget. The

LAO explains that the difference stems from what is considered as baseline spending. While the Governor views baseline spending to include a \$3.0 billion unallocated set-aside for inflation-related costs and a shift of \$1.4 billion in authorized capital outlay projects from lease revenues bonds to cash, the LAO does not view such items as baseline spending because they were not approved in any budget-related legislation.

The LAO also estimates the budget gap to be higher – at approximately \$24.0 billion based on the LAO’s Fiscal Outlook, released in November 2022. Relative to the LAO’s Fiscal Outlook, released in November 2022, the Governor’s estimates include (i) \$13.6 billion in higher revenues across the three-year budget window, which reduces the size of the budget gap; (ii) \$2.6 billion in higher expenditures on K-14 education, which increases the size of the budget gap; (iii) a \$3.8 billion set-aside in the State’s Special Fund for Economic Uncertainties, which increases the size of the budget gap; (iv) \$2.0 billion in discretionary spending proposals, which increases the size of the budget gap; and (v) \$800 million in other differences from the LAO’s Fiscal Outlook, which reduces the size of the budget gap. The LAO estimates there is a good chance that revenues will be lower than the Governor’s projections for the budget window, particularly in fiscal years 2022-23 and 2023-24. Nonetheless, the trigger proposals in the Proposed 2023-24 State Budget implicitly place more emphasis on revenue upside, suggesting the Governor anticipates that revenues are more likely to be higher than their current projections. Given the greater downside risk, the LAO recommends that the State Legislature plan for a larger budget gap and address it by reducing more one-time and temporary spending.

The 2023-24 Proposed Budget Overview is available on the LAO website at www.lao.ca.gov. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Changes in State Budget. The final fiscal year 2023-24 State budget, which requires approval by a majority vote of each house of the State Legislature, may differ substantially from the Proposed 2023-24 State Budget. In May 2023, the Governor will revise the Proposed 2023-24 State Budget based on updated information available at such time. Such revision in May 2023 may also differ substantially from the Proposed 2023-24 State Budget. The final fiscal year 2023-24 State budget may be affected by national and State economic conditions and other factors which the District cannot predict. Accordingly, the District cannot provide any assurances that there will not be any changes in the final fiscal year 2023-24 State budget from the Proposed 2023-24 State Budget. The District cannot predict the impact that the final fiscal year 2023-24 State budget, or subsequent budgets, will have on its finances and operations.

Future Budgets and Budgetary Actions. The District cannot predict what future actions will be taken by the State Legislature and the Governor to address changing State revenues and expenditures or the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors beyond the District’s ability to predict or control. Certain actions could result in a significant shortfall of revenue and cash and could impair the State’s ability to fund schools during the current fiscal year and in future fiscal years. Certain factors, like an economic recession, could result in State budget shortfalls in any fiscal year and could have a material adverse financial impact on the District. As the Series 2023 Bonds are payable from *ad valorem* property taxes, the Proposed 2023-24 State Budget and the final fiscal year 2023-24 State budget are not expected to have a material impact on the payment of the Series 2023 Bonds.

School District Reserves. Even though the State’s economic and revenue outlook has changed, the State still projects deposits into the Proposition 98 Rainy Day Fund in fiscal years 2022-23 and 2023-24 (see “– 2022-23 State Budget” and “– Proposed 2023-24 State Budget”); however, school districts may still need to access their local reserves in light of operational needs that may exceed expected funding under LCFF in a given fiscal year. The District, which has an average daily attendance (“A.D.A.”) of less than

30,000 (but greater than 1,001), is required to maintain a reserve for economic uncertainty in an amount equal to 3% of its general fund expenditures and other financing uses. At the time of preparation of the Fiscal Year 2022-23 Second Interim Report, the District projects it will meet the 3% statutory reserve requirement in fiscal years 2022-23 through 2024-25. Based on the Fiscal Year 2022-23 Second Interim Report, the District projects it will not need to use its existing general fund balance in fiscal years 2022-23 through 2024-25 to meet its obligations. **The Fiscal Year 2022-23 Second Interim Report does not reflect the financial impact of the tentative agreement between the District and CSEA (as defined herein) for fiscal year 2022-23, which may increase the extent to which the District needs to access its existing general fund balance in fiscal years 2022-23 through 2024-25. For more information, see “DISTRICT FINANCIAL MATTERS – Employment” herein.**

Payments allocated to the Proposition 98 Rainy Day Fund under the fiscal year 2021-22 State budget triggered a reserve cap for school districts beginning in fiscal year 2022-23. Such reserve cap is triggered when the amount of money in the Proposition 98 Rainy Day Fund is equal to or exceeds 3% of the combined total State general fund revenues appropriated for school districts Statewide. In accordance with Section 42127.01(a) of the California Education Code, once the reserve cap is triggered, a school district's assigned and unassigned ending fund balance cannot exceed 10% of such school district's general fund balance. However, pursuant to Section 42127.01(c) of the California Education Code, community funded districts and small school districts with fewer than 2,501 units of A.D.A. are exempt from the reserve cap. Since the District is neither a community funded district nor a small school district with fewer than 2,501 units of A.D.A., the District is subject to the reserve cap. To address the reserve cap, the District has committed a portion of its assigned and unassigned ending fund balance to specific expenditures, including approximately \$49.8 million for capital facilities projects. For more information on the reserve cap legislation, see “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2 – SB 751.”

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

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

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert \$1.935 billion in local property tax revenues in 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs, and included another diversion in the adopted 2009-10 State budget of \$1.7 billion in local property tax revenues from local redevelopment agencies, which local redevelopment agencies have now been dissolved (see “CONSTITUTIONAL AND

STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Assembly Bill No. 26 & *California Redevelopment Association v. Matosantos"). Redevelopment agencies had sued the State over this latter diversion. However, the lawsuit was decided against the California Redevelopment Association on May 1, 2010. Because Proposition 22 reduces the State's authority to use or shift certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget in some years such as reducing State spending or increasing State taxes, and school and community college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State's general fund.*

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

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

- A Base Grant for each local education agency ("LEA"). The Base Grants are based on four uniform, grade-span base rates. For fiscal year 2022-23, the LCFF provided to school districts and charter schools: (a) a Base Grant for each LEA equivalent to \$10,119 per A.D.A. for kindergarten through grade 3; (b) a Base Grant for each LEA equivalent to \$9,304 per A.D.A. for grades 4 through 6; (c) a Base Grant for each LEA equivalent to \$9,580 per A.D.A. for grades 7 and 8; (d) a Base Grant for each LEA equivalent to \$11,391 per A.D.A. for grades 9 through 12. However, the amount of actual funding allocated to the Base Grant, Supplemental Grants and Concentration Grants will be subject to the discretion of the State. This amount includes an adjustment of 10.4% to the Base Grant to support lowering class sizes in grades K-3, and an adjustment of 2.6% to reflect the cost of operating career technical education programs in grades 9-12. The fiscal year 2022-23 Base Grant amount includes a cost-of-living adjustment of 6.56% in fiscal year 2022-23 and a 6.70% discretionary increase in Base Grant funding in fiscal year 2022-23, resulting in an increase of approximately 13.26% in Base Grant amounts from fiscal year 2021-22.
- A 20% Supplemental Grant for the unduplicated number of English language learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.
- An additional Concentration Grant of up to 65% of a LEA's Base Grant, based on the number of English language learners, students from low-income families and foster youth served by the LEA that comprise more than 55% of enrollment.
- An Economic Recovery Target (the "ERT") that is intended to ensure that almost every LEA receives at least their pre-recession funding level (i.e., the fiscal year 2007-08 revenue limit per unit of A.D.A.), adjusted for inflation, at full implementation of the LCFF in fiscal year 2018-19. Upon full implementation in fiscal year 2018-19, LEAs now receive the greater of the Base Grant or the ERT.

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

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

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

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Enrollment, A.D.A. and LCFF. The following table sets forth the District's actual A.D.A., funded A.D.A., the basis for such funded A.D.A. (the current fiscal year A.D.A., the prior fiscal year A.D.A., or the average of three prior years' A.D.A.), enrollment (including the percentage of students who are English language learners, from low-income families and/or foster youth (collectively, "EL/LI Students")), and Base Grant (or targeted Base Grant, as applicable) per unit of A.D.A. for fiscal years 2017-18 through 2021-22, and the District's projected A.D.A., funded A.D.A., the basis for such funded A.D.A., enrollment (including the percentage of EL/LI Students), and Base Grant per unit of A.D.A. for fiscal year 2022-23 at the time of preparation of the Fiscal Year 2022-23 Second Interim Report. The A.D.A. and enrollment numbers below include special education and students enrolled with County Office of Education programs.

**PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)**
Average Daily Attendance, Enrollment and Base Grant
Fiscal Years 2017-18 through 2022-23

Fiscal Year	A.D.A./Base Grant					Enrollment ⁽¹²⁾	
	TK-3	4-6	7-8	Total A.D.A.	Funding Basis	Total Enrollment	Unduplicated % of EL/LI Students
2017-18	Actual A.D.A. ⁽¹⁾ :	7,940.41	5,706.00	3,933.00	17,579.41	--	18,306
	Funded A.D.A. ⁽¹⁾ :	7,940.41	5,706.00	3,933.00	17,579.41	Current Year	--
	Targeted Base Grant ⁽²⁾⁽³⁾ :	\$7,941	\$7,301	\$7,518	--	--	--
2018-19	Actual A.D.A. ⁽¹⁾ :	8,097.31	5,750.86	4,009.27	17,857.44	--	18,631
	Funded A.D.A. ⁽¹⁾ :	8,097.31	5,750.86	4,009.27	17,857.44	Current Year	--
	Targeted Base Grant ⁽²⁾⁽⁴⁾ :	\$8,235	\$7,571	\$7,796	--	--	--
2019-20	Actual A.D.A. ⁽¹⁾⁽⁵⁾ :	7,962.62	6,056.29	3,883.42	17,902.33	--	18,722
	Funded A.D.A. ⁽¹⁾⁽⁵⁾ :	7,962.62	6,056.29	3,883.42	17,902.33	Current Year	--
	Base Grant ⁽²⁾⁽⁶⁾ :	\$8,503	\$7,818	\$8,050	--	--	--
2020-21	Actual A.D.A. ⁽¹⁾⁽⁷⁾ :	7,962.62	6,056.29	3,883.42	17,902.33	--	18,271
	Funded A.D.A. ⁽¹⁾⁽⁷⁾ :	7,962.62	6,056.29	3,883.42	17,902.33	Current Year	--
	Base Grant ⁽²⁾⁽⁸⁾ :	\$8,503	\$7,818	\$8,050	--	--	--
2021-22	Actual A.D.A. ⁽¹⁾ :	7,723.12	6,100.17	4,145.25	17,968.54	--	18,794
	Funded A.D.A. ⁽¹⁾ :	7,724.25	6,101.07	4,145.86	17,971.18	Current Year	--
	Base Grant ⁽²⁾⁽⁹⁾ :	\$8,935	\$8,215	\$8,458	--	--	--
2022-23 ⁽¹⁰⁾	A.D.A.:	7,682.46	5,816.93	3,908.43	17,407.82	--	19,028
	Funded A.D.A.:	7,724.25	6,101.07	4,145.86	17,971.18	Prior Year	--
	Base Grant ⁽²⁾⁽¹¹⁾ :	\$10,119	\$9,304	\$9,580	--	--	--

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

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

⁽³⁾ Targeted fiscal year 2017-18 Base Grant amount reflects a 1.56% cost-of-living adjustment from targeted fiscal year 2016-17 Base Grant amounts.

⁽⁴⁾ Targeted fiscal year 2018-19 Base Grant amount reflects a 3.70% cost-of-living adjustment from targeted fiscal year 2017-18 Base Grant amounts.

⁽⁵⁾ Condensed reporting period due to the COVID-19 pandemic. For more information on Senate Bill 117 (as defined herein), see "– Infectious Disease Outbreak – State Legislation Relating to School Districts" below.

⁽⁶⁾ Fiscal year 2019-20 Base Grant amount reflects a 3.26% cost-of-living adjustment from targeted fiscal year 2018-19 Base Grant amounts.

⁽⁷⁾ Attendance reporting not required for fiscal year 2020-21. The fiscal year 2020-21 State budget included a hold harmless provision, providing that A.D.A. for fiscal year 2020-21 was based on A.D.A. for fiscal year 2019-20 (for the condensed reporting period), as discussed in more detail above.

⁽⁸⁾ Fiscal year 2020-21 Base Grant amount reflects a 0% cost-of-living adjustment from fiscal year 2019-20 Base Grant amounts.

⁽⁹⁾ Fiscal year 2021-22 Base Grant amount reflects a 5.07% adjustment from fiscal year 2020-21 Base Grant amounts, which includes a 4.05% cost-of-living adjustment and a 1% discretionary increase in Base Grant funding.

⁽¹⁰⁾ Reflects projected A.D.A., funded A.D.A., enrollment, and percentage of unduplicated EL/LI Students based on Fiscal Year 2022-23 Second Interim Report.

⁽¹¹⁾ Fiscal year 2022-23 Base Grant amount reflects an approximately 13.26% adjustment from fiscal year 2021-22 Base Grant amounts, which includes a 6.56% cost-of-living adjustment and a 6.70% discretionary increase in Base Grant funding.

⁽¹²⁾ Reflects enrollment as of October report submitted to the California Longitudinal Pupil Achievement Data System. A school district's funded percentage of unduplicated EL/LI Students is based on a rolling average of such school district's EL/LI Students enrollment for the then-current fiscal year and the two immediately preceding fiscal years.

Source: Panama-Buena Vista Union School District.

The District received approximately \$195.26 million in aggregate revenues reported under LCFF sources in fiscal year 2021-22 (or approximately 66.24% of its general fund revenues in fiscal year 2021-22). Such amount includes Supplemental Grants and Concentration Grants for targeted groups of approximately \$40.74 million in aggregate in fiscal year 2021-22. As of the Fiscal Year 2022-23 Second Interim Report, the District projects to receive approximately \$230.16 million in aggregate revenues reported under LCFF sources in fiscal year 2022-23 (or approximately 66.16% of its general fund revenues in fiscal year 2022-23). Such amount includes Supplemental Grants and Concentration Grants for targeted groups projected at approximately \$48.69 million in aggregate in fiscal year 2022-23.

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

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

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

Local Property Tax Revenues

General. The principal component of local revenues is a school district's property tax revenues, i.e., each district's share of the local 1% property tax, received pursuant to Sections 75 and following and Sections 95 and following of the California Revenue and Taxation Code. The District's share of the local 1% property tax is separate from and in addition to the *ad valorem* tax pledged to the repayment of all general obligation bonds of the District, including the Series 2023 Bonds. California Education Code Section 42238(h) itemizes the local revenues that are counted towards the amount allocated under the LCFF (and formerly, the base revenue limit) before calculating how much the State must provide in State aid. The more local property taxes a district receives, the less State aid it is entitled to receive. Prior to the implementation of the LCFF, a school district whose local property tax revenues exceeded its base revenue limit was entitled to receive no State aid, and received only its special categorical aid which is deemed to include the "basic aid" of \$120 per student per year guaranteed by Article IX, Section 6 of the California Constitution. Such districts were known as "basic aid districts," which are now referred to as "community funded districts." School districts that received some State equalization aid were commonly referred to as "revenue limit districts." The District was a revenue limit district and is now referred to as a LCFF district.

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

Based on the Fiscal Year 2022-23 Second Interim Report, local property tax revenues are projected to account for approximately 8.30% of the District’s aggregate revenues reported under LCFF sources in fiscal year 2022-23 and are projected to be approximately \$19.10 million, or 5.49% of total general fund revenues in fiscal year 2022-23.

For information about the property taxation system in the State and the District’s property tax base, see “– Property Taxation System,” “– Assessed Valuation of Property Within the District,” and “– Tax Charges and Delinquencies” under the caption “SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2023 BONDS” in the front portion of the Official Statement.

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

Effect of Changes in Enrollment. Changes in local property tax income and A.D.A. affect LCFF districts and community funded districts differently.

In a LCFF district, such as the District, increasing enrollment increases the total amount distributed under the LCFF and thus generally increases a district’s entitlement to State equalization aid, while increases in property taxes do nothing to increase district revenues, but only offset the State funding requirement of equalization aid. Operating costs increase disproportionately slowly to enrollment growth; and only at the point where additional teachers and classroom facilities are needed. Declining enrollment has the reverse effect on LCFF districts, generally resulting in a loss of State equalization aid, while operating costs decrease slowly and only when, for example, the district decides to lay off teachers or close schools.

In a community funded district, the opposite is generally true: increasing enrollment increases the amount to which the district would be entitled were it a LCFF district, but since all LCFF income (and more) is already generated by local property taxes, there is no increase in State income, other than the \$120 per student in basic aid, as described above. Meanwhile, as new students impose increased operating costs, property tax income is stretched further. Declining enrollment does not reduce property tax income, and has a negligible impact on State aid, but eventually reduces operating costs, and thus can be financially beneficial to a community funded district.

Other District Revenues

Federal Revenues. The federal government provides funding for several District programs, including special education programs. Based on the Fiscal Year 2022-23 Second Interim Report, the District projects that federal revenues, most of which are restricted, will comprise approximately 5.92% (or approximately \$20.61 million) of the District’s general fund projected revenues for fiscal year 2022-23.

Other State Revenues. In addition to State apportionments for Proposition 98 funding through the LCFF, the District receives other State revenues, consisting primarily of restricted revenues designed to implement State mandated programs. Beginning in fiscal year 2013-14, categorical spending restrictions associated with a majority of State mandated programs were eliminated, and funding for these programs

was folded into LCFF. Categorical funding for certain programs was excluded from LCFF, and school districts will continue to receive restricted State revenues to fund these programs. Based on the Fiscal Year 2022-23 Second Interim Report, the District projects that other State revenues will comprise approximately 27.41% (or approximately \$95.35 million) of the District's general fund projected revenues for fiscal year 2022-23.

A portion of such other State revenues are amounts the District expects to receive from State lottery funds, a portion of which may not be used for non-instructional purposes, such as the acquisition of real property, the construction of facilities, or the financing of research. School districts receive lottery funds proportional to their total A.D.A. Based on the Fiscal Year 2022-23 Second Interim Report, the District projects to receive approximately \$4.17 million in State lottery revenue for fiscal year 2022-23.

Other Local Revenues. In addition to *ad valorem* property taxes, the District receives additional local revenues from sources, such as interest income, leases and rentals, educational foundations, donations and sales of property. Based on the Fiscal Year 2022-23 Second Interim Report, the District projects that other local revenues will comprise approximately 0.51% (or approximately \$1.76 million) of the District's general fund projected revenues for fiscal year 2022-23.

Infectious Disease Outbreak

General. In general, the outbreak of a highly contagious disease or epidemic disease could harm the District's financial results or result in a temporary shutdown of the District's facilities. As discussed above, many school districts in the State are funded based on the LCFF, which allocates a Base Grant per unit of average daily attendance with additional supplemental funding in the form of Supplemental Grants and Concentration Grants based on certain factors. See “– State Funding of Education; State Budget Process – *Allocation of State Funding to School Districts; Local Control Funding Formula.*” Thus, a temporary shutdown of a school or an entire school district would reduce the average daily attendance and could impact the funding a school district receives. Further, any impact on the State's tax and other revenue receipts as a result of a highly contagious or epidemic disease may in turn impact other educational funding that the District receives from the State. See “– State Funding of Education; State Budget Process – *Future Budgets and Budgetary Actions.*” In addition, the District may incur increased operational costs to conduct distance learning or to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease.

COVID-19 Background. The outbreak of the respiratory disease caused by COVID-19 was declared a pandemic by the World Health Organization, a national emergency by former President Trump and a state of emergency by the Governor.

Federal Response. On March 22, 2020, former President Trump approved the Major Disaster Declaration for the State of California's COVID-19 pandemic, authorizing federal emergency aid related to COVID-19 administered through the Federal Emergency Management Agency (“FEMA”). Local educational agencies may submit a request for FEMA public assistance through the California Office of Emergency Services for reimbursement of certain costs incurred as a result of COVID-19. The District has not submitted a FEMA request for public assistance, and does not plan to submit such request.

On March 27, 2020, the U.S. House of Representatives approved and former President Trump signed into law the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”). The CARES Act provided \$30 billion to education, specifically \$3 billion allocated to state governors to be used at their discretion to address the emergency, \$13.5 billion for K-12 education, and \$14.25 billion for postsecondary institutions. School districts are able to use their share of the \$13.5 billion K-12 education allocation under

the CARES Act, which was based on the proportion of Title I funding received for the then most recent fiscal year, for purposes authorized by federal law and other specified uses.

The District received approximately \$20.90 million under the CARES Act, which is the full amount allocated to the District under the CARES Act and includes funding from the Elementary and Secondary School Emergency Relief Fund provided directly from the federal government to the District, from the Coronavirus Relief Fund for learning loss mitigation provided from CARES Act funding administered through the State, from the Governor's Emergency Education Relief Fund for learning loss mitigation provided from CARES Act funding administered through the State, and from the State's general fund for learning loss mitigation provided from CARES Act funding administered through the State.

On December 27, 2020, HR 133 was enacted, which includes a \$900 billion COVID-19 relief package. HR 133 provided approximately \$81.9 billion to education, specifically about \$4.1 billion allocated to state governors to be used at their discretion to address the emergency, of which approximately \$2.75 billion was reserved for private K-12 education, about \$54.3 billion for public K-12 education, around \$22.7 billion for postsecondary institutions, and about \$819 million for outlying areas and Bureau of Indian Affairs schools. School districts are able to use their share of the approximately \$54.3 billion K-12 education allocation under HR 133, which was based on the proportion of Title I funding received for the then most recent fiscal year, for purposes authorized by federal law and other specified uses. The District received approximately \$15.63 million under HR 133, which is the full amount allocated to the District under HR 133.

On March 11, 2021, the American Rescue Plan Act of 2021 ("HR 1319"), a \$1.9 trillion COVID-19 relief package, was enacted. HR 1319 provided approximately \$165.15 billion to education, specifically about \$122.8 billion to public K-12 education, around \$2.75 billion to private K-12 education and about \$39.6 billion to postsecondary institutions. Of the approximately \$122.8 billion in K-12 funding, about \$7.2 billion was set aside for purchasing technology to support digital learning and around \$800 million was set aside for supporting homeless students. HR 1319 allocated K-12 funding to states and school districts according to the proportion of Title I funding received for the then most recent fiscal year. It further stipulated that of the K-12 funds received by states, 90% must be distributed to local educational agencies, 5% must be used to address learning loss, 1% must be used for summer enrichment programs and 1% must be used for comprehensive afterschool programs, and of the K-12 funds received by school districts, 20% must be used to address learning loss. HR 1319 allocated postsecondary funding based on the relative share of students receiving Federal Pell Grants at an institution. It also required that at least 50% of postsecondary funding must be spent on emergency, need-based financial aid grants to students and that a portion of remaining funds must be used to implement practices that monitor and suppress COVID-19. The District expects to receive approximately \$35.14 million under HR 1319. The District has received approximately \$35.12 million to date and expects to receive the remaining funding due under HR 1319 once it requests reimbursement for authorized COVID-19 expenditures.

State Legislation Relating to School Districts. On March 17, 2020, the Governor signed Senate Bill 117 ("SB 117") as urgency legislation effective immediately. For purposes of school district funding for fiscal year 2019-20, SB 117 limited the A.D.A. reported to the California Department of Education to include the full school months from July 1, 2019, to February 29, 2020. This condensed A.D.A. period applied to school districts that complied with Executive Order N-26-20, which provided that school districts that initiate a school closure to address COVID-19 will continue to receive State funding to support certain enumerated school functions during the period of closure. SB 117 further states the intent of the State Legislature is that a school district's employees and contractors be paid during the period of a school closure due to COVID-19. SB 117 also waived instructional time penalties that would otherwise accrue, as long as the school district superintendent, county superintendent or charter school administrator certify that the closure due to COVID-19 caused the school district to fall below applicable instructional time

requirements. SB 117 also included \$100 million in additional funding to school districts for certain costs incurred as a result of COVID-19. The District received \$311,960 from such additional State funding in fiscal year 2019-20.

The Governor signed Assembly Bill 86 (“AB 86”) into law on March 5, 2021. AB 86 provided approximately \$6.6 billion to local educational agencies to encourage a return to in-person education, with a focus on students who are younger (TK-2) and most disproportionately impacted by the COVID-19 pandemic. Funding was distributed as follows: \$725 per student, an additional \$1,000 per homeless student, and funds remaining after these apportionments are distributed proportionally based on LCFF. \$2 billion was set aside as incentive for school districts that returned to in-person instruction by March 31, 2021 for at least TK-2 and ramping up to include higher grades if county transmission rates allow. Beginning April 1, 2021, school districts’ apportioned incentive funding was reduced by 1% for every academic calendar day they do not offer in-person education until May 15, 2021, after which school districts forfeit their entire apportionment of incentive funding. AB 86 also established reporting requirements to monitor COVID-19 cases and in-person education status and apportioned \$25 million to the State’s “Safe Schools For All Team” to provide technical assistance, community engagement, oversight and accountability to school districts. AB 86 further set aside 10% of the State’s vaccine supply for childcare and TK-12 education sector staff. Under AB 86, the District received approximately \$6.88 million, which is the full amount of incentive funding allocated to the District for returning to in-person instruction before April 1, 2021.

In addition to providing incentive funding, AB 86 allocated approximately \$4.6 billion to local educational agencies to support expanded learning opportunities that target learning loss resulting from the COVID-19 pandemic. To be eligible for such funding, school districts were required to implement learning recovery programs that included, at minimum, supplemental instruction, resources for social and emotional well-being and meal programs. Subsequent to enacting AB 86, the Governor signed Assembly Bill 130 (“AB 130”) into law on July 9, 2021. AB 130 replaced approximately \$2.02 billion of State funding that AB 86 had allocated to support the expanded learning opportunities program with federal stimulus funds that the State received pursuant to the CARES Act, HR 133 and HR 1319. Pursuant to AB 86, the District expects to receive approximately \$12.77 million in expanded learning opportunities funding. The District has received approximately \$9.20 million to date and expects to receive the remaining funding due under AB 86 once it requests reimbursement for authorized COVID-19 expenditures.

District Response. As a result of the outbreak of COVID-19, the District closed its schools for in-person instruction in March 2020 for the remainder of the 2019-20 school year and implemented a distance learning model and continued to use the distance learning model until October 2020, at which point students temporarily returned to in-person instruction until December 2020. In March 2021, the District began reopening schools with a phased in approach and has continued in-person instruction since then. The District offers an independent study program to students who do not wish to participate in in-person instruction.

Since the start of the COVID-19 pandemic in fiscal year 2019-20, the District has recorded approximately \$88.05 million in COVID-19 related expenditures to date, largely resulting from increased expenditures for, among other things, personal protective equipment, materials, supplies, technology, professional development, consultants, and staffing. Pursuant to the COVID-19 relief measures described above, and certain other reimbursements through the LCFF and the Center for Disease Control, the District has been allocated State and federal funding to mitigate the impact of COVID-19, which the District currently expects will cover the increased expenditures relating to COVID-19.

While State and federal one-time COVID-19 relief funding has provided and will continue to provide some immediate relief to school districts, including the District, the short-term and long-term impacts of the COVID-19 outbreak on the District’s operations and finances are not fully known as the

situation continues to evolve. The District cannot predict whether similar legislation providing State and federal one-time relief funding would be enacted in the future in the event the outbreak of COVID-19 continues or a similar or other outbreak of a highly contagious disease or epidemic disease were to occur in the future.

Charter Schools

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

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

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

Significant Accounting Policies and Audited Financial Statements

The State Department of Education imposes by law uniform financial reporting and budgeting requirements for K-12 districts. Financial transactions are required to be accounted for in accordance with the Department of Education’s California School Accounting Manual. This manual, according to Section 41010 of the California Education Code, is to be followed by all State school districts, including the District. Significant accounting policies followed by the District are explained in Note 1 to the District’s audited financial statements for the fiscal year ended June 30, 2022, which are included as Appendix B to the Official Statement.

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

the State Controller's Office, the State Superintendent of Public Instruction, and the Kern County Superintendent of Schools by March 31, 2021. Pursuant to Assembly Bill 130 (Chapter 44, enacted on July 9, 2021), the deadline for school districts to file their audited financial statements for fiscal year 2020-21 was extended to January 31, 2022. Accordingly, the District filed its audited financial statements for fiscal year 2020-21 with the State Controller's Office, the State Superintendent of Public Instruction, and the Kern County Superintendent of Schools by January 31, 2022. The deadline for school districts to file their audited financial statements for fiscal year 2021-22 was not extended.

The District was granted an extension to file its audited financial statements for fiscal year 2021-22 due to additional work necessary to implement GASB Statement No. 87 (as defined herein) and District staffing shortages. Accordingly, the District filed its audited financial statements for fiscal year 2021-22 with the State Controller's Office, the State Superintendent of Public Instruction, and the Kern County Superintendent of Schools by the extended deadline of March 15, 2023.

The District's contract with its former independent auditor, Daniells Phillips Vaughan & Bock, CPAs & Advisors, Bakersfield, California ("DPV&B"), terminated at the end of fiscal year 2017-18 and, subsequently, pursuant to a selection process involving requests for proposals from multiple accounting firms, Vavrinek, Trine, Day & Co., LLP, Rancho Cucamonga, California ("VTD") was selected as the District's auditor. Shortly thereafter, the District's audit firm changed from VTD to Eide Bailly LLP, Rancho Cucamonga, California ("Eide Bailly") after VTD joined Eide Bailly on July 22, 2019. The change in auditor in fiscal year 2018-19 resulted in the District presenting certain financial information differently in its audited financial statements. Thus, the information presented in the following tables for fiscal year 2017-18, and fiscal years 2018-19 through 2021-22 are categorized differently. Although historical total revenue and expenditure figures are comparatively consistent, the categorical breakdown of revenues and expenditures is different for the revised accounting formats and is not directly comparable.

DPV&B and Eide Bailly have not been requested to consent to the use or to the inclusion of their respective reports in this Official Statement, and they have not audited or reviewed this Official Statement. The following tables are only a summary of the general fund financial statements of the District for the fiscal years shown. The District's audited financial statements for the fiscal year ended June 30, 2022 are attached as Appendix B to this Official Statement. The complete audited financial statements of the District, including the notes to the audited financial statements, are an integral part of this Official Statement.

In connection with its review of the District's financial statements for fiscal year 2021-22, Eide Bailly identified various audit findings for fiscal years 2020-21 and 2021-22, including those relating to internal controls and record retention, some of which resulted in restatements to fund balances. For information on such audit findings, see pages 139-152 of the District's audited financial statements for fiscal year 2021-22 in Appendix B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2022."

The table on the following page sets forth the statement of revenues, expenditures and changes in fund balances for the District's general fund for fiscal year 2017-18. The table on page A-26 sets forth the statement of revenues, expenditures and changes in fund balances for the District's general fund for fiscal years 2018-19 through 2021-22.

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PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)
Statement of General Fund Revenues, Expenditures and Changes in Fund Balance
Fiscal Year 2017-18

	Fiscal Year 2017-18	<u>Audited Actuals</u>
REVENUES		
LCFF sources		
State apportionments	\$139,633,683	
Local property taxes	16,046,870	
Federal	10,852,781	
Other State	26,862,254	
Other local	1,567,205	
Total Revenues	194,962,793	
EXPENDITURES		
Instruction	123,023,014	
Supervision of instruction	4,993,383	
Instructional library, media and technology	1,877,953	
School administration	10,651,013	
Home to school transportation	5,533,885	
Food services	-	
All other pupil services	15,421,101	
Data processing services	1,622,356	
All other general administration	6,093,996	
Plant services	17,653,170	
Facility acquisition and construction	1,410,354	
Ancillary services	74,561	
Community services	153,323	
Transfers between agencies	5,474,656	
Other outgo	-	
Debt service:		
Principal	1,764,706	
Interest	200,000	
Total Expenditures	195,947,471	
Excess (deficiency) of revenues over expenditures	(984,678)	
Other Financing Sources (Uses)		
Transfers in ⁽¹⁾	483,950	
Transfers out ⁽²⁾	(85,766)	
Total other financing sources (uses)	398,184	
Net change in fund balances	(586,494)	
Fund balances, beginning, as originally stated	26,829,451	
Prior period adjustments⁽³⁾	(392,852)	
Fund balances, beginning, as restated	26,436,599	
Fund balances, ending	\$25,850,105	

⁽¹⁾ Transfers in from the child development fund to support a four-week pre-kindergarten program and from the special reserve fund for capital outlay for acquisition of school buses.

⁽²⁾ Transfers out to the cafeteria fund to cover excess expenditures related to serving meals and to the debt service fund for a transfer of interest earned on bond repayment accounts.

⁽³⁾ Audit adjustment of \$(392,852) to correct a prior over accrual of accounts receivable due to the District from parent club accounts.

Source: Panama-Buena Vista Union School District Audited Financial Statements for fiscal year 2017-18.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)
Statement of General Fund Revenues, Expenditures and Changes in Fund Balance
Fiscal Years 2018-19 through 2021-22⁽¹⁾

	Fiscal Year 2018-19 Audited Actuals	Fiscal Year 2019-20 Audited Actuals	Fiscal Year 2020-21 Audited Actuals ⁽²⁾	Fiscal Year 2021-22 Audited Actuals ⁽²⁾
REVENUES				
LCFF sources	\$172,487,060	\$179,563,726	\$178,233,447	\$195,259,382
Federal sources	10,882,233	8,856,361	41,860,543	51,148,678
Other State sources	35,325,964	31,471,605	45,476,235	47,970,641
Other local sources	2,025,689	2,554,727	2,939,836	384,678
Total Revenues	220,720,946	222,446,419	268,510,061	294,763,379
EXPENDITURES				
Current				
Instruction	136,049,018	140,170,910	166,067,142	164,057,914
Instruction-related activities:				
Supervision of instruction	6,005,960	6,317,154	6,817,709	7,339,654
Instructional library, media, and technology	2,237,217	2,322,933	2,668,136	3,317,215
School site administration	12,196,892	12,161,574	12,910,167	15,865,722
Pupil services:				
Home-to-school transportation	4,892,602	4,905,690	5,558,696	9,048,525
Food services	-	135	363,684	108,232
All other pupil services	17,671,179	17,503,641	20,154,836	21,828,025
Administration:				
Data processing	1,801,940	1,586,105	2,759,538	2,961,301
All other administration	7,320,396	7,397,154	8,697,237	11,827,912
Plant services	18,929,170	18,678,192	21,467,332	21,782,448
Ancillary services	62,862	36,505	204	9,696
Community services	196,226	146,640	240,873	150,971
Other outgo	2,272,766	597,833	1,427,751	605,671
Facility acquisition and construction	1,785,775	1,117,727	655,504	779,172
Debt service:				
Principal	-	-	-	174,880
Interest and other	200,000	200,000	260,480	208,568
Total Expenditures	211,622,003	213,142,193	250,049,289	260,065,906
Excess (Deficiency) of Revenues Over Expenditures	9,098,943	9,304,226	18,460,772	34,697,473
Other Financing Sources (Uses)				
Transfers in ⁽³⁾	281,490	-	-	-
Transfers out ⁽³⁾	(1,904,848)	(1,941,301)	(2,014,706)	(17,880,466)
Other sources – proceeds from leases ⁽⁴⁾	-	-	-	193,602
Net Financing Sources (Uses)	(1,623,358)	(1,941,301)	(2,014,706)	(17,686,864)
NET CHANGE IN FUND BALANCES	7,475,585	7,362,925	16,446,066	17,010,609
Fund Balances – Beginning, as Restated⁽⁵⁾	27,911,188	35,386,773	42,749,698	60,903,888
Fund Balances – Ending	\$35,386,773	\$42,749,698	\$59,195,764	\$77,914,497

⁽¹⁾ Pursuant to Governmental Accounting Standards Board (“GASB”) Statement No. 54, the District’s audited financial statements include the financial activity of the deferred maintenance fund and the special reserve fund for other than capital outlay projects with the District’s general fund.

⁽²⁾ The difference in the ending fund balance for fiscal year 2020-21 and the beginning fund balance for fiscal year 2021-22 reflects a correction made in fiscal year 2021-22 to a journal entry that was made in error during fiscal year 2020-21. For information regarding the correction, see pages 139-140 of the District’s audited financial statements for fiscal year 2021-22 in Appendix B – “FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2022.”

⁽³⁾ The District makes periodic transfers to and from the general fund for reimbursement of costs and to cover various expenses, including transfers to the special reserve fund for capital outlay projects for the Qualified Zone Academy Bonds (as defined herein) sinking fund deposit. See “– District Debt Structure – Qualified Zone Academy Bonds (QZAB).”

⁽⁴⁾ Pursuant to GASB Statement No. 87, capital assets financed from capital leases are reported in the general fund as a source of financing. For more information on the District’s leases, see “– District Debt Structure – Leases” below.

⁽⁵⁾ The difference in the ending fund balance for fiscal year 2017-18 (see the table on page A-25), and the beginning fund balance for fiscal year 2018-19 is due to an understatement of accounts receivable, an overstatement of accounts payable, and the exclusion of accrued interest on long-term obligations. In addition, the District implemented GASB Statement No. 54 beginning in fiscal year 2018-19 (see footnote 1, above).

Source: Panama-Buena Vista Union School District Audited Financial Statements for fiscal years 2018-19 through 2021-22.

The following table sets forth the general fund balance sheet of the District for fiscal year 2017-18. The table on page A-28 sets forth the general fund balance sheet of the District for fiscal years 2018-19 through 2021-22.

**PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)
Summary of General Fund Balance Sheet
Fiscal Year 2017-18**

	Fiscal Year 2017-18 Audited Actuals
ASSETS	
Cash	\$28,511,744
Accounts receivable	5,969,084
Due from other funds	1,187,854
Stores inventories – supplies	281,803
Total Assets	\$35,950,485
LIABILITIES AND FUND BALANCES	
LIABILITIES:	
Accounts payable	\$8,632,213
Due to other funds	646,661
Unearned revenue	821,506
Total Liabilities	10,100,380
FUND BALANCES:	
Nonspendable:	
Revolving fund	66,054
Stores inventories	281,803
Endowments	16,050
Restricted for:	
Educational programs	1,700,162
Debt service	12,071
Committed to:	
Capital projects	17,880,354
Unassigned/Unappropriated:	
Reserve for economic uncertainties	5,893,611
Total Fund Equity	25,850,105
Total Liabilities and Fund Equity	\$35,950,485

Source: Panama-Buena Vista Union School District Audited Financial Statements for fiscal year 2017-18.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)
Summary of General Fund Balance Sheet
Fiscal Years 2018-19 through 2021-22

	Fiscal Year 2018-19 <u>Audited Actuals</u>	Fiscal Year 2019-20 <u>Audited Actuals</u>	Fiscal Year 2020-21 <u>Audited Actuals</u>	Fiscal Year 2021-22 <u>Audited Actuals</u>
ASSETS				
Deposits and investments	\$34,835,626	\$22,843,182	\$59,616,760	\$55,647,826
Receivables	9,389,725	26,230,104	65,366,029	38,815,819
Due from other funds	1,213,505	522,971	1,532,082	768,722
Prepaid expenditures	175,580	403,582	21,091	1,098,756
Stores inventories	330,266	348,042	689,021	688,733
Total Assets	<u>\$45,944,702</u>	<u>\$50,347,881</u>	<u>\$127,224,983</u>	<u>\$97,019,856</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$8,832,256	\$5,442,639	\$37,127,051	\$16,143,336
Due to other funds	330,411	221,738	41,682	603,807
Unearned revenue	1,395,262	1,933,806	6,860,486	2,358,216
Current Loans	-	-	24,000,000	-
Total Liabilities	<u>10,557,929</u>	<u>7,598,183</u>	<u>68,029,219</u>	<u>19,105,359</u>
FUND BALANCES:				
Nonspendable	565,806	825,556	729,253	1,855,578
Restricted	2,100,638	2,327,939	6,950,725	15,897,519
Committed	24,707,466	33,143,699	43,953,865	49,854,374
Assigned	-	-	-	-
Unassigned	8,012,863	6,452,504	7,561,921	10,307,026
Total Fund Balance	<u>35,386,773</u>	<u>42,749,698</u>	<u>59,195,764</u>	<u>77,914,497</u>
Total Liabilities and Fund Balances	<u>\$45,944,702</u>	<u>\$50,347,881</u>	<u>\$127,224,983</u>	<u>\$97,019,856</u>

Source: Panama-Buena Vista Union School District Audited Financial Statements for fiscal years 2018-19 through 2021-22.

District Budget Process and County Review

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

Under current law, a school district governing board must adopt and file with the county superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the Kern County Superintendent of Schools.

The county superintendent must review and approve, conditionally approve or disapprove the budget no later than September 15. The county superintendent is required to examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance with the established standards. In the event that the county superintendent conditionally approves or disapproves the school district's budget, the county superintendent will submit to the governing board of the school district no later than September 15 of such year written recommendations regarding revisions of the budget and the reasons for the

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

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

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

Interim Reporting. A State law adopted in 1991 (known as “A.B. 1200”) imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200 and the California Education Code (Section 42100 *et seq.*), each school district is required to file two interim certifications with the county superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The county superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that, based on then-current projections, will meet its financial obligations for the current fiscal year and the subsequent two fiscal years. A negative certification is assigned to any school district that, based on then-current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that, based on then-current projections, may not meet its financial obligations for the current fiscal year or the two subsequent fiscal years. A certification may be revised to a negative or qualified certification by the county superintendent, as appropriate. A school district that receives a qualified or negative certification for its second interim report must provide to the county superintendent, the State Controller and the State Superintendent no later than June 1, financial statement projections of the school district’s fund and cash balances through June 30 for the period ending April 30.

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

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

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

District's Fiscal Year 2020-21 Budget. The District's original adopted general fund budget for fiscal year 2020-21 reflected the assumptions contained in the Governor's May revision to the proposed fiscal year 2020-21 State budget, which were significantly revised in the fiscal year 2020-21 State budget. After analyzing the revised assumptions included in the fiscal year 2020-21 State budget, District officials presented a two-part 45-day budget update to the Board of Trustees in August 2020. The first part of such budget update included an increase in revenues of approximately \$15.14 million. This increase was the result of removing the revenue deficit factor of 7.92%, and correcting the calculation of the State lottery revenues. The second part of the 45-day budget update reflects additional Federal revenue and expenditures related to the CARES Act, including an increase of approximately \$20.87 million in federal revenues and an increase of approximately \$15.70 million in expenditures. For more information on the COVID-19 pandemic and its impact on the District, see "DISTRICT FINANCIAL MATTERS – Infectious Disease Outbreak."

District's Fiscal Year 2021-22 Budget. The District's original adopted general fund budget for fiscal year 2021-22 (the "Fiscal Year 2021-22 Budget"), reflected the assumptions contained in the Governor's May revision to the proposed fiscal year 2021-22 State budget, which were not significantly revised in the fiscal year 2021-22 State budget. The Fiscal Year 2021-22 Budget did not contain historical facts but consisted of forecasts and "forward-looking statements." The achievement of certain results or other expectations contained in the Fiscal Year 2021-22 Budget involved known and unknown risks, uncertainties and other factors that may have caused actual results, performance or achievements described therein to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. All projections, forecasts, assumptions, expressions of opinions, estimates, and other forward-looking statements contained in the Fiscal Year 2021-22 Budget are expressly qualified in their entirety by the foregoing and the other cautionary statements.

District's Fiscal Year 2022-23 Budget and Interim Reports. The District's original adopted general fund budget for fiscal year 2022-23 (the "Fiscal Year 2022-23 Budget"), which was adopted by the Board of Trustees on June 29, 2022, is included in the table that follows. The Fiscal Year 2022-23 Budget reflects the assumptions contained in the Governor's May revision to the proposed fiscal year 2022-23 State budget. After analyzing the 2022-23 State Budget, District officials identified certain funding adjustments resulting from the 2022-23 State Budget, including approximately \$11.5 million in ongoing funding for the expanded learning opportunities program, approximately \$11.0 million in new one-time funds for the Arts, Music, & Instructional Materials Block Grant, and approximately \$4.2 million in new one-time funds for the Learning Recovery Emergency Block Grant, all of which were not reflected in the Fiscal Year 2022-23 Budget. For more information on the 2022-23 State Budget, see "- State Funding of Education; State Budget Process – 2022-23 State Budget." The District incorporated such changes in its first interim report for fiscal year 2022-23 and such funding adjustments remain largely unchanged as of the Fiscal Year 2022-23 Second Interim Report. The changes from the Fiscal Year 2022-23 Budget to the Fiscal Year 2022-23 Second Interim Report that are shown in the table that follows are primarily due to the funding adjustments resulting from the 2022-23 State Budget described above that were incorporated in the first interim report for fiscal year 2022-23 and additional actual financial data available at the time of preparation of the Fiscal Year 2022-23 Second Interim Report. **The Fiscal Year 2022-23 Second Interim Report does not reflect the financial impact of the tentative agreement between the District and CSEA (as defined herein) for fiscal year 2022-23, as such negotiations were ongoing at the time of preparation of the Fiscal Year 2022-23 Second Interim Report.** For more information, see "- Employment."

The Fiscal Year 2022-23 Budget does not contain historical facts but consist of forecasts and "forward-looking statements." The achievement of certain results or other expectations contained in the Fiscal Year 2022-23 Budget involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described therein to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. All projections, forecasts, assumptions, expressions of opinions, estimates, and other forward-looking statements contained in the Fiscal Year 2022-23 Budget are expressly qualified in their entirety by the foregoing and the other cautionary statements.

The District revises its projections of revenues, expenditures, and ending fund balances contained in the Fiscal Year 2022-23 Budget as more financial data becomes available throughout the fiscal year. Accordingly, the Fiscal Year 2022-23 Second Interim Report reflects actual financial data for the period ending January 31, 2023 and projections for the remainder of fiscal year 2022-23 based on such data. The Fiscal Year 2022-23 Second Interim Report, which was approved by the Board of Trustees on March 14, 2023, is also included in the table that follows and described throughout this Appendix A.

The achievement of certain results or other expectations contained in the Fiscal Year 2022-23 Second Interim Report involves known and unknown risks, uncertainties and other factors that may cause

actual results, performance or achievements described therein to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. All projections, forecasts, assumptions, expressions of opinions, estimates, and other forward-looking statements contained in the Fiscal Year 2022-23 Second Interim Report are expressly qualified in their entirety by the foregoing and the other cautionary statements.

The table on the following page sets forth the District's original adopted general fund budgets for fiscal years 2020-21 through 2022-23, unaudited actuals for fiscal years 2020-21 and 2021-22, and the Fiscal Year 2022-23 Second Interim Report.

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**PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)**

**General Fund Budgets for Fiscal Years 2020-21 through 2022-23,
Unaudited Actuals for Fiscal Years 2020-21 and 2021-22
and Second Interim Report for Fiscal Year 2022-23⁽¹⁾**

	2020-21 Original Budget	2020-21 Unaudited Actuals	2021-22 Original Budget	2021-22 Unaudited Actuals ⁽²⁾	2022-23 Original Budget	2022-23 Second Interim Report ⁽³⁾
REVENUES						
LCFF Sources	\$166,467,337.00	\$179,024,259.91	\$190,681,881.00	\$195,259,382.32	\$237,314,634.00	\$230,158,759.00
Federal Revenue	12,571,090.26	42,610,288.55	48,563,389.84	51,148,678.49	15,755,726.74	20,609,769.41
Other State Revenue	26,986,837.40	45,476,235.35	27,591,103.74	47,970,640.83	42,711,096.00	95,354,797.04
Other Local Revenue	1,610,245.45	1,802,641.93	1,570,155.00	446,243.50	1,571,860.00	1,760,699.19
Total Revenues	207,635,510.11	268,913,425.74	268,406,529.58	294,824,945.14	297,353,316.74	347,884,024.64
EXPENDITURES						
Certificated Salaries	95,660,403.12	101,323,395.97	101,299,230.54	105,484,417.70	112,271,490.45	113,741,383.05
Classified Salaries	38,154,290.55	35,807,847.88	41,525,986.08	38,262,768.29	46,847,566.96	44,592,040.83
Employee Benefits	66,797,480.45	67,132,194.15	75,797,594.20	76,154,539.90	87,378,080.22	86,013,618.72
Books and Supplies	11,274,371.17	27,000,374.61	13,677,203.17	19,311,010.85	20,888,281.20	27,994,805.35
Services, Other Operating Expenses	14,968,444.33	14,098,911.05	15,153,387.01	18,460,218.11	21,368,609.79	27,152,642.49
Capital Outlay	517,725.58	1,130,898.45	2,008,846.47	1,720,185.41	6,479,174.00	20,358,731.85
Other Outgo (excluding Transfers of Indirect Costs)	3,738,511.00	1,627,751.13	1,505,628.00	805,670.77	1,410,000.00	1,500,000.00
Transfers of Indirect Costs	(654,900.27)	(518,833.84)	(633,900.00)	(326,506.14)	(348,000.00)	(348,000.00)
Total Expenditures	230,456,325.93	247,602,539.40	250,333,975.47	259,872,304.89	296,295,202.62	321,005,222.29
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(22,820,815.82)	21,310,886.34	18,072,554.11	34,952,640.25	1,058,114.12	26,878,802.35
OTHER FINANCING SOURCES (USES)						
Inter-fund Transfers In ⁽⁴⁾	2,005,000.00	-	-	-	-	-
Inter-fund Transfers Out ⁽⁴⁾	(250,000.00)	(2,014,705.88)	(18,938,033.57)	(17,880,465.56)	(1,764,705.88)	(1,764,705.88)
Total, Other Financing Sources (Uses)	1,755,000.00	(2,014,705.88)	(18,938,033.57)	(17,880,465.56)	(1,764,705.88)	(1,764,705.88)
NET INCREASE (DECREASE) IN FUND BALANCE	(21,065,815.82)	19,296,180.46	(865,479.46)	17,072,174.69	(706,591.76)	25,114,096.47
BEGINNING BALANCE, as of July 1	38,749,902.19	40,752,884.96	57,516,291.94	60,049,065.42	69,837,584.01	75,940,054.27
Audit Adjustments	-	-	-	(2,889,310.00)	-	-
As of July 1 – Audited	38,749,902.19	40,752,884.96	57,516,291.94	57,159,755.42	69,837,584.01	75,940,054.27
Other Restatements	-	-	-	1,708,124.16	-	-
Adjusted Beginning Balance	38,749,902.19	40,752,884.96	57,516,291.94	58,867,879.58	69,837,584.01	75,940,054.27
ENDING BALANCE	\$17,684,086.37	\$60,049,065.42	\$56,650,812.48	\$75,940,054.27	\$69,130,992.25	\$101,054,150.74

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)
General Fund Budgets for Fiscal Years 2020-21 through 2022-23,
Unaudited Actuals for Fiscal Years 2020-21 and 2021-22
and Second Interim Report for Fiscal Year 2022-23⁽¹⁾
(Continued)

	2020-21 Original Budget	2020-21 Unaudited Actuals	2021-22 Original Budget	2021-22 Unaudited Actuals ⁽²⁾	2022-23 Original Budget	2022-23 Second Interim Report ⁽³⁾
FUND BALANCE						
Nonspendable	\$360,000.00	\$729,252.78	\$421,974.00	\$1,855,578.14	\$764,021.00	\$764,021.00
Restricted ⁽⁵⁾	2,242,609.30	6,950,725.15	543,219.68	15,897,518.90	10,882,340.92	40,474,459.47
Committed	8,160,287.29	44,880,569.49	47,607,458.53	49,854,374.12	48,542,832.33	50,132,570.27
Assigned	-	-	-	-	-	-
Reserved for Economic Uncertainties	6,921,189.78	7,488,518.00	8,078,160.27	8,332,583.11	8,941,798.00	9,683,100.00
Unassigned/Unappropriated	-	-	-	-	-	-
	<u>\$17,684,086.37</u>	<u>\$60,049,065.42</u>	<u>\$56,650,812.48</u>	<u>\$75,940,054.27</u>	<u>\$69,130,992.25</u>	<u>\$101,054,150.74</u>

⁽¹⁾ Pursuant to GASB Statement No. 54, the District's audited financial statements include the financial activity of the deferred maintenance fund and the special reserve fund for other than capital outlay projects with the District's general fund, but the District's unaudited actuals, adopted budgets, and interim reports reflect only the unrestricted and restricted general fund.

⁽²⁾ For information regarding the reconciliation between the District's unaudited actuals for fiscal year 2021-22 and the audited financial statements for fiscal year 2021-22, see the discussion of Eide Bailly's audit findings in “– Significant Accounting Policies and Audited Financial Statements” above.

⁽³⁾ Figures are projections.

⁽⁴⁾ The District makes periodic transfers to and from the general fund for reimbursement of costs and to cover various expenses, including transfers to the special reserve fund for capital outlay projects for the Qualified Zone Academy Bonds sinking fund deposit. See “– District Debt Structure – *Qualified Zone Academy Bonds (QZAB)*.”

⁽⁵⁾ The increase in the restricted component of the District's ending fund balance from the Fiscal Year 2022-23 Budget to the Fiscal Year 2022-23 Second Interim Report is due to the recognition of certain State funds in the District's first interim report for fiscal year 2022-23, as discussed above (see “– *District's Fiscal Year 2022-23 Budget and Interim Reports*”). Such funding adjustments remain largely unchanged in the Fiscal Year 2022-23 Second Interim Report.

Source: Panama-Buena Vista Union School District original adopted general fund budgets for fiscal years 2020-21 through 2022-23; unaudited actuals for fiscal years 2020-21 and 2021-22; and Fiscal Year 2022-23 Second Interim Report.

District Debt Structure

Long-Term Debt Summary. Changes in the District's long-term obligations, other than other post-employment benefits ("OPEB") and pension liabilities, for the year ended June 30, 2022, consisted of the following:

	Balance July 1, 2021, as restated	Additions	Deductions	Balance June 30, 2022	Due in One Year
Long-Term Liabilities					
General obligation bonds ⁽¹⁾	\$96,520,000	\$22,000,000	(\$4,480,000)	\$114,040,000	\$4,435,000
Premium on issuance	4,273,312	1,291,516	(386,372)	5,178,456	-
Certificates of participation	21,905,000	-	(945,000)	20,960,000	985,000
Premium on issuance	1,803,887	-	(121,611)	1,682,276	-
Qualified Zone Academy Bonds	30,000,000	-	-	30,000,000	-
Leases ⁽²⁾	159,874	1,075,546	(310,860)	924,560	364,928
Compensated absences	1,849,181	27,769	(213,852)	1,663,098	-
Total	<u>\$156,511,254</u>	<u>\$24,394,831</u>	<u>(\$6,457,695)</u>	<u>\$174,448,390</u>	<u>\$5,784,928</u>

⁽¹⁾ Does not reflect the issuance of the New Money Bonds, the Refunding Bonds or the planned refunding of the Refunded Bonds.

⁽²⁾ Included as a long-term liability pursuant to GASB Statement No. 87. For more information on the District's lease liabilities and GASB Statement No. 87, see "– Leases" below and the District's financial statements in APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2022."

Source: Panama-Buena Vista Union School District Audited Financial Statements for fiscal year 2021-22.

General Obligation Bonds. Prior to the issuance of the Series 2023 Bonds (and not accounting for the planned refunding of the Refunded Bonds with proceeds of the Refunding Bonds), the District has outstanding six series of general obligation bonds, which are secured by *ad valorem* taxes levied upon all property subject to taxation by the District on parity with the Series 2023 Bonds.

See "THE SERIES 2023 BONDS – Outstanding Bonds" and "– Aggregate Debt Service" in the front portion of this Official Statement for more information about such outstanding bonds.

Certificates of Participation. On August 2, 2006, the District executed and delivered its Certificates of Participation (2006 School Construction) in the aggregate principal amount of \$33,880,000 (the "2006 Certificates") to finance the acquisition, construction and improvement of two school construction projects located within the District. On April 23, 2015, the District executed and delivered its Refunding Certificates of Participation (2006 School Construction Project), Series 2015, in the aggregate principal amount of \$26,920,000 (the "Refunding Certificates"), to prepay the outstanding 2006 Certificates. The Refunding Certificates were issued at interest rates ranging from 2.00 to 5.00 percent and mature on September 1, 2036. At June 30, 2022, the principal balance outstanding was \$20,960,000.

The Refunding Certificates mature through 2037 as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$985,000	\$890,675	\$1,875,675
2024	1,035,000	840,175	1,875,175
2025	1,080,000	787,300	1,867,300
2026	1,140,000	731,800	1,871,800
2027	1,200,000	673,300	1,873,300
2028-2032	6,945,000	2,381,625	9,326,625
2033-2037	8,575,000	766,331	9,341,331
Total	<u>\$20,960,000</u>	<u>\$7,071,206</u>	<u>\$28,031,206</u>

Source: Panama-Buena Vista Union School District Audited Financial Statements for fiscal year 2021-22.

For more information on the District's 2006 Certificates and Refunding Certificates, see Note 9 to the District's financial statements in APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2022."

Qualified Zone Academy Bonds (QZAB). On March 17, 2016 and April 27, 2016, the District issued \$10,000,000 and \$20,000,000, respectively, of Qualified Zone Academy Bonds ("QZAB") for the purpose of energy efficiency improvements such as solar arrays at school sites, lighting upgrades and energy management. Both QZABs are lease obligations of the District payable from the general fund. The \$10,000,000 QZAB matures on March 17, 2033 and is non-interest bearing. The \$20,000,000 QZAB matures on April 27, 2033, and bears an interest rate of 1% per annum. Interest payments started on April 27, 2017 and are paid annually.

As of June 30, 2022, the District's remaining sinking fund deposits are as follows:

Year Ending June 30,	Amount
2023	\$1,764,706
2024	1,764,706
2025	1,764,706
2026	1,764,706
2027	1,764,706
2028-2032	8,823,529
2033	1,764,706
Total	<u>\$19,411,765</u>

Source: Panama-Buena Vista Union School District Audited Financial Statements for fiscal year 2021-22.

For more information regarding the QZABs, see Note 9 to the District's financial statements in APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2022."

Leases. The District has entered into agreements to lease certain facilities and equipment such as portable buildings, vehicles, warehouse space, and copiers, as summarized in the table that follows, that qualify as other than short-term leases under GASB Statement No. 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The District's liability on such lease agreements is summarized below:

Lease	Leases Outstanding July 1, 2021, as restated	Addition	Payments	Leases Outstanding June 30, 2022
Portable Buildings 1	-	\$395,106	(\$135,980)	\$259,126
Portable Buildings 2	-	306,022	-	306,022
Portable Buildings 3	-	180,816	-	180,816
Vehicles	\$101,505	-	(57,133)	44,372
Warehouse	-	123,320	(88,978)	34,342
Copiers 1	58,369	-	(13,745)	44,624
Copiers 2	-	70,282	(15,024)	55,258
Total	<u>\$159,874</u>	<u>\$1,075,546</u>	<u>(\$310,860)</u>	<u>\$924,560</u>

Source: Panama-Buena Vista Union School District Audited Financial Statements for fiscal year 2021-22.

The remaining principal and interest payment requirements for such lease obligations as of June 30, 2022 are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$364,928	\$31,355	\$396,283
2024	296,642	19,898	316,540
2025	171,710	7,930	179,640
2026	52,172	2,968	55,140
2027	39,108	852	39,960
Total	<u>\$924,560</u>	<u>\$63,003</u>	<u>\$987,563</u>

Source: Panama-Buena Vista Union School District Audited Financial Statements for fiscal year 2021-22.

For more information regarding each of the leases and relevant terms, see Note 9 to the District's financial statements in APPENDIX B – “FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2022.”

In June 2017, GASB issued Statement No. 87, Leases (“Statement No. 87”), which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Statement No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognizes as inflows of resources or outflows of resources based on the payment provisions of the contract. Under Statement No. 87, 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. The District has implemented Statement No. 87 in its financial statements beginning with fiscal year 2021-22. For more information on Statement No. 87, see Note 1 to the District's financial statements in APPENDIX B – “FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2022.”

Compensated Absences. Total unpaid employee compensated absences (unpaid employee vacation) for the District as of June 30, 2022, amounted to \$1,663,098.

For more information on compensated absences, see Note 9 to the District's financial statements in APPENDIX B – “FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2022.”

Other Post-Employment Benefits (OPEBs). In addition to the retirement plan benefits with California State Teachers' Retirement System (“CalSTRS”) and California Public Employees' Retirement System (“CalPERS”), the District provides OPEB through its agent multiple employer defined OPEB plan (the “Plan”), which is administered by the Self-Insured Schools of California (“SISC”). The Plan provides medical insurance benefits to eligible employees and their spouses (not surviving spouse). Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The Board of Trustees has the authority to establish and amend the benefit terms as contained within the labor agreements with each of its bargaining units. In order to prefund its OPEB liability, the District has established and accumulated assets in the SISC postemployment benefits trust (the “Trust”), which meets the criteria of Statement No. 75 (as defined below). As of the June 30, 2021 valuation date, the Plan membership consisted of 2,057 total employees, including 1,858 active employees and 199 inactive employees or beneficiaries currently receiving benefits payments.

Contributions. The contribution requirements of Plan members and the District are established by the Board of Trustees. The contribution amount is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the Board of Trustees. In fiscal year 2021-22, the District contributed approximately \$3,338,000 to the Plan, of which \$722,800 represents implicit subsidy, \$2,186,300 was used for current premiums, and \$428,900 was used to fund the Trust. Based on the Fiscal Year 2022-23 Second Interim Report, the District projects that it will contribute approximately \$3,074,900 to the Plan in fiscal year 2022-23, of which \$2,595,000 will be used for current premiums and \$479,900 will be used to fund the Trust. The District did not include an implicit rate subsidy in its projections for fiscal year 2022-23.

Actuarial Valuation. Subsequent to the District's audited financial statements for fiscal year 2021-22, Rael & Letson, Consultants and Actuaries, prepared an actuarial valuation for the Plan for fiscal year 2022-23, dated January 11, 2023, using a valuation date of June 30, 2021, which was rolled forward to the June 30, 2022 measurement date (the “Actuarial Valuation”). According to the Actuarial Valuation, as of June 30, 2023, the District is expected to have a total OPEB liability of \$28,265,800 and a net OPEB liability of \$20,742,900, as a result of the fiduciary net position of the Trust of \$7,522,900. Such total and net OPEB liability reflect an increase from the District's total and net OPEB liability from the prior actuarial valuation, as of June 30, 2022, that provides a total OPEB liability of \$27,835,100 and a net OPEB liability of \$20,003,200, as a result of the fiduciary net position of the Trust of \$7,831,900. The Actuarial Valuation uses the following assumptions: a discount rate of 6.50% (same rate for 2021), an inflation rate of 2.80% for 2022 (previously 2.75% for 2021), and a healthcare cost trend rate of 5.00% for 2022 (previously 5.25% for 2021).

The following table summarizes the changes in the total OPEB liability, fiduciary net position, and net OPEB liability expected during the fiscal year ended June 30, 2023:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at Reporting Date June 30, 2022	\$27,835,100	\$7,831,900	\$20,003,200
Service Cost	1,494,700	-	1,494,700
Interest Cost	1,766,000	-	1,766,000
Effect of Change in Actuarial Assumptions/Methods	(168,800)	-	(168,800)
Other Liability Experience Loss/(Gain)	185,000	-	185,000
Effect of Plan Amendments	-	-	-
Contributions ⁽¹⁾	-	3,298,200	(3,298,200)
(Benefit Payments) ⁽²⁾	(2,846,200)	(2,846,200)	-
(Non-Benefit-Related Admin Expenses from Trust)	-	(3,971)	3,971
Expected Investment Return	-	523,634	(523,634)
Investment Experience (Loss)/Gain	-	(1,280,663)	1,280,663
Net Increase/(Decrease)	430,700	(309,000)	739,700
Balance at Reporting Date June 30, 2023	\$28,265,800	\$7,522,900	\$20,742,900

⁽¹⁾ Contributions consist of \$452,000 to fund the Trust, \$2,439,200 for current premiums, and a \$407,000 implicit rate subsidy.

⁽²⁾ Benefit Payments consist of \$2,439,200 for current premiums and a \$407,000 implicit rate subsidy.

Source: Actuarial Valuation.

For information regarding the District's OPEB obligations and liabilities for fiscal year 2021-22, see Note 10 to the District's financial statements in APPENDIX B – “FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2022.”

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

Tax and Revenue Anticipation Notes. In fiscal year 2020-21, the District issued tax and revenue anticipation notes (“TRANS”) through the Kern County Board of Education to supplement its cash flow. Such TRANS were issued in the aggregate principal amount of \$24,000,000 and matured on December 30, 2021 with an interest rate of 4.00%. The District did not issue TRANS or borrow funds to supplement the District's cash flow in fiscal year 2021-22. The District does not currently plan to issue TRANS in fiscal year 2022-23. The District may issue TRANS or borrow funds in future fiscal years as and if necessary to supplement cash flow.

Employment

General. As of the Fiscal Year 2022-23 Second Interim Report, the District employs approximately 2,457.1 full-time equivalent (“FTE”) employees, including approximately 1,013.7 FTE certificated (credentialed teaching) staff, approximately 1,174.4 FTE classified (non-teaching) staff, and approximately 269.0 FTE management personnel. For fiscal year 2021-22, the total certificated and classified salaries (including management personnel who are either counted as certificated or classified) paid from all applicable funds of the District were approximately \$105.56 million and \$43.38 million, respectively. As of the Fiscal Year 2022-23 Second Interim Report, the District projects that the total certificated and classified salaries (including management personnel who are either counted as certificated or classified) paid from all applicable funds of the District will be approximately \$113.97 million and \$50.29 million, respectively, in fiscal year 2022-23. These employees, except unrepresented management employees, are represented by Panama-Buena Vista Teachers Association/CTA/NEA (“PBVTA”), California School Employees Association (Chapter 649) (“CSEA”), and Teamsters Local No. 87 (“Teamsters”) as described in more detail below.

PBVTA. PBVTA represents approximately 907.1 FTE certificated (credentialed teaching) employees in the District. The District and PBVTA entered into a multi-year contract effective July 1, 2021 that expires on June 30, 2024 and provides for the ability to reopen and renegotiate certain terms of the contract in fiscal year 2023-24. In accordance with the terms of the District’s multi-year contract with PBVTA, there are no reopeners provided for in fiscal year 2022-23. Negotiations regarding reopeners for salary and benefit increases for fiscal year 2023-24 are expected to commence later this calendar year.

CSEA. CSEA represents approximately 1,013.7 FTE classified (non-teaching) employees in the District. In March 2023, the District and CSEA reached a tentative agreement for a multi-year contract effective July 1, 2022 and expiring on June 30, 2024 (the “CSEA Tentative Agreement”), which has been ratified by CSEA but remains subject to approval by the Board of Trustees. The CSEA Tentative Agreement is expected to be considered by the Board of Trustees on or about March 28, 2023. If approved by the Board of Trustees, the District estimates that the CSEA Tentative Agreement will include a 3.5% salary schedule increase and an aggregate compensation increase of 8.31% to cover pay grade reclassifications, step and grade percentage changes, incentive payments, and longevity (compensation based on length of service), all of which will be retroactive to January 1, 2023. According to the District’s A.B. 1200 disclosure regarding the CSEA Tentative Agreement, the District estimates that the aggregate financial impact of such salary increases, together with the corresponding increases to statutory benefits calculated as a percentage of employee payroll, will be approximately \$1,823,438 in fiscal year 2022-23, approximately \$483,143 in fiscal year 2023-24 and approximately \$489,702 in fiscal year 2024-25. The District expects to pay such additional expenditures from the existing fund balance in its general fund, child development fund, and cafeteria fund. **The Fiscal Year 2022-23 Second Interim Report does not reflect the financial impact to the District of the CSEA Tentative Agreement for fiscal year 2022-23.**

Teamsters. Teamsters represents approximately 267.3 FTE classified (non-teaching) employees in the District. The District and Teamsters entered into a multi-year contract effective July 1, 2021 that expires on June 30, 2024 and provides for the ability to reopen and renegotiate certain terms of the contract in fiscal year 2023-24. In accordance with the terms of the District’s multi-year contract with the Teamsters, there are no reopeners provided for in fiscal year 2022-23. Negotiations regarding reopeners for salary and benefit increases for fiscal year 2023-24 are expected to commence later this calendar year.

Retirement Benefits

The District participates in retirement plans with CalSTRS, which covers all full-time certificated District employees, including teachers and administrators, and CalPERS, which covers certain classified

employees. Classified school personnel who are employed four or more hours per day may participate in CalPERS.

CalSTRS. The CalSTRS defined benefit pension plan provides retirement benefits (generally 2% of final compensation for each year of credited service) to participating employees based on hiring date, age, final compensation and years of credited service. The CalSTRS benefit pension plan is funded through a combination of investment earnings and statutorily set contributions from participating employees, employers (including the District) and the State. Prior to fiscal year 2014-15, the statutorily set rates did not vary annually to adjust for funding shortfalls or actuarial surpluses. As a result, the combined employee, employer and State contributions to CalSTRS were not sufficient to pay actuarially determined amounts. To address the shortfall and implement a new funding strategy, Assembly Bill 1469, signed into law by former Governor Brown as part of the fiscal year 2014-15 State budget, increased employee, employer and State contributions to CalSTRS as part of a plan to eliminate by June 30, 2046, CalSTRS' unfunded liability for service credited to members of the CalSTRS defined benefit program before July 1, 2014.

The employee contribution rate for CalSTRS members first hired on or before December 31, 2012 to perform CalSTRS creditable activities (i.e. CalSTRS 2% at 60 members) was 10.25% for fiscal years 2016-17 through 2021-22 and will remain 10.25% for fiscal year 2022-23. The employee contribution rate for CalSTRS members first hired on or after January 1, 2013 to perform CalSTRS creditable activities (i.e., CalSTRS 2% at 62 members) was 9.205% for fiscal years 2016-17 and 2017-18, 10.205% for fiscal years 2018-19 through 2021-22, and will remain 10.205% for fiscal year 2022-23. Under Assembly Bill 1469, employer contribution rates increased in fiscal year 2014-15 to 8.88% of payroll, with such rate increasing by 1.85% each year thereafter, plateauing at 19.10% of payroll in July 2020. On behalf of employers, the State made supplemental pension payments to CalSTRS in fiscal year 2019-20 to help pay down long-term unfunded liabilities, but in fiscal year 2020-21, the State redirected approximately \$1.6 billion of such funding to reduce employer contribution rates in fiscal years 2020-21 and 2021-22. As a result, the employer contribution rate for fiscal year 2021-22 was 16.92%, which reflects a 2.18% reduction from the statutorily prescribed rate. For fiscal year 2022-23, the employer contribution rate is expected to be approximately 19.10% of covered payroll. The employer contribution rate is inclusive of the employer base contribution of 8.25% of payroll provided by the California Education Code. The State's total contribution was increased from approximately 3% in fiscal year 2013-14 to 6.828% of payroll in fiscal year 2017-18, and to 10.828% of payroll in fiscal year 2021-22. The State's contribution rate is expected to be 10.828% of payroll for fiscal year 2022-23. The State's contribution includes an annual payment of 2.5% of payroll pursuant to a supplemental inflation protection program.

The following table sets forth the District's employer contributions from all applicable funds of the District to CalSTRS as well as the State's non-employer contributions to CalSTRS on behalf of the District for fiscal years 2018-19 through 2021-22, and the projected contributions for fiscal year 2022-23.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)
Contributions to CalSTRS for Fiscal Years 2018-19 through 2022-23

Fiscal Year	District Contribution	State On-Behalf Contribution
2018-19	\$13,728,127	\$7,355,282
2019-20	15,212,530	8,207,661
2020-21	15,770,917	9,370,052
2021-22	11,857,046	10,908,618
2022-23 ⁽¹⁾	19,428,079	9,817,237

⁽¹⁾ Figures are projections based on Fiscal Year 2022-23 Second Interim Report.

Source: Panama-Buena Vista Union School District.

The District's total employer contributions to CalSTRS for fiscal years 2018-19 through 2021-22 were equal to 100% of the required contributions for each year. The State Teachers' Retirement Board is authorized to modify the percentages paid by employers and employees beginning fiscal year 2021-22 to eliminate by June 30, 2046, CalSTRS' unfunded liability for service credited to members of the CalSTRS defined benefit program before July 1, 2014, based upon actuarial recommendations. A decrease in investment earnings may result in increased employer contribution rates in order to timely eliminate by June 30, 2046, CalSTRS' unfunded liability for service credited to members of the CalSTRS defined benefit program before July 1, 2014, based upon actuarial recommendations. The District cannot predict the impact of State, national, and international events on investment earnings and employer contribution rates. However, under existing law, the State Teachers' Retirement Board may not increase the employer contribution rate by more than 1% in any fiscal year up to a maximum contribution rate of 20.25%. The State Teachers' Retirement Board may also adjust the State's contribution rate by a maximum of 0.5% from year to year, based on the funding status of the CalSTRS actuarially determined unfunded liability. The District is unable to predict what the amount of pension liabilities will be beyond the fiscal years set forth in AB 1469 or the amount the District will be required to pay for pension related costs, as these amounts are subject to future rate actions taken by CalSTRS. Accordingly, there can be no assurances that the District's required contributions to CalSTRS will not significantly increase in the future above levels currently approved under State law.

The actuarial valuation for the entire CalSTRS defined benefit program as of June 30, 2021 (the "2021 CalSTRS Actuarial Valuation") showed an estimated unfunded actuarial liability of \$89.7 billion, a decrease of approximately \$16.2 billion from the June 30, 2020 valuation. Such estimated unfunded actuarial liability was projected to increase in the June 30, 2020 valuation, which projected an unfunded actuarial liability of \$108.0 billion as of June 30, 2021. The actual unfunded actuarial liability as of June 30, 2021 represents a net actuarial gain of approximately \$18.2 billion. Such net actuarial gain is due primarily to member salary increases being less than assumed and market value returns (estimated at 27.1%) being greater than assumed (7.0%). The funded ratios of the actuarial value of valuation assets over the actuarial accrued liabilities as of June 30, 2021 and June 30, 2020, based on the actuarial assumptions, were approximately 73.0% and 67.1%, respectively. According to the 2021 CalSTRS Actuarial Valuation, the funded ratio increased by 5.9% during the past year. As described in the 2021 CalSTRS Actuarial Valuation, the primary causes for the increase in the funded ratio are investment returns being greater than expected, salary increases being less than assumed, additional State contributions made in the prior fiscal year, and contributions to pay down the unfunded actuarial liability under the State Teachers' Retirement Board's valuation policy.

The following are certain of the actuarial assumptions set forth in the 2021 CalSTRS Actuarial Valuation: measurement of accruing costs by the "Entry Age Normal Actuarial Cost Method," an assumed 7.00% investment rate of return for measurements subsequent to June 30, 2016, 3.00% interest on member accounts, 3.50% projected wage growth, and 2.75% projected inflation and demographic assumptions relating to mortality rates, length of service, rates of disability, rates of withdrawal, probability of refund, and merit salary increases. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions and other experience that may differ from the actuarial assumptions used for the CalSTRS valuation. The 2021 CalSTRS Actuarial Valuation also assumes that all members hired on or after January 1, 2013 are subject to the provisions of PEPRA (as defined herein). See "- Governor's Pension Reform" below for a discussion of the pension reform measure signed by the Governor in September 2012 expected to help reduce future pension obligations of public employers with respect to employees hired on or after January 1, 2013.

On July 29, 2022, after the release of the 2021 CalSTRS Actuarial Valuation, CalSTRS reported a negative 1.3% net return on investments for fiscal year 2021-22, which is CalSTRS' first negative return on investments since fiscal year 2008-09. The negative 1.3% net return on investments is less than the

assumed annual rate of return on investments of 7.00%. Persistent negative returns on investments may result in increased employer contribution rates above the current level of expected increases. The District cannot predict the impact of State, national, and international events on investment returns and employer contribution rates or the amount the District will be required to pay for pension related costs. Accordingly, there can be no assurances that the District's required contributions to CalSTRS will not significantly increase in the future.

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

CalPERS. All qualifying classified employees of K-12 school districts in the State are members in CalPERS. All school districts contributing to CalPERS participate in the same plan and share the same contribution rate in each year. However, unlike contributions to CalSTRS, which incrementally increase at statutorily set rates, school districts' contributions to CalPERS fluctuate each year and include a normal cost component and a component equal to an amortized amount of the unfunded liability of CalPERS. Accordingly, the District cannot provide any assurances that the District's required contributions to CalPERS in future years will not significantly vary from any current projected levels of contributions to CalPERS.

CalPERS is funded by employee contributions and investment earnings, with the balance of the funding provided by employer contributions. School districts' contributions decrease when investment earnings rise and increase when investment earnings decline. As a result, declines in investment earnings may result in substantial increases in school district contributions. The District cannot make any predictions as to the effect of State, national or international events on investment earnings and school district contributions. Participating employees enrolled in CalPERS prior to January 1, 2013 contribute 7.00% of their respective salaries, while participating employees enrolled after January 1, 2013 contribute the higher of fifty percent of normal costs of benefits or an actuarially determined rate of 7.00% in fiscal year 2021-22, which is expected to increase to 8.00% in fiscal year 2022-23. School districts are required to contribute to CalPERS at an actuarially determined rate, which was 18.062% of eligible salary expenditures for fiscal year 2018-19 and originally 20.733% and 22.68% for fiscal years 2019-20 and 2020-21, respectively. However, the employer contribution rate for fiscal year 2019-20 was reduced to 19.721% as a result of the State's buydown of employer contribution rates in fiscal year 2019-20. Similarly, the fiscal year 2020-21 State budget allocated funding to buy down employer contribution rates in fiscal years 2020-21 and 2021-22 to an estimated 20.70% and 22.91%, respectively. The actuarially determined rate for employer contributions is expected to be 25.37% for fiscal year 2022-23.

The table on the following page sets forth the District's total employer contributions from all applicable funds of the District to CalPERS for fiscal years 2018-19 through 2021-22, and the projected contribution for fiscal year 2022-23.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)
Contributions to CalPERS for Fiscal Years 2018-19 through 2022-23

Fiscal Year	District Contribution
2018-19	\$5,552,061
2019-20	6,252,266
2020-21	7,161,806
2021-22	8,073,443
2022-23 ⁽¹⁾	10,562,940

⁽¹⁾ Figures are projections based on Fiscal Year 2022-23 Second Interim Report.
Source: Panama-Buena Vista Union School District.

The District's total employer contributions to CalPERS for fiscal years 2018-19 through 2021-22 were equal to 100% of the required contributions for each year.

The CalPERS Schools Pool Actuarial Valuation as of June 30, 2021 (the "2021 CalPERS Schools Pool Actuarial Valuation") reported an actuarial accrued liability of \$110.5 billion with the market value of assets at \$86.5 billion, and a funded status of 78.3%. The actuarial funding method used in the 2021 CalPERS Schools Pool Actuarial Valuation is the "Entry Age Normal Cost Method." The 2021 CalPERS Schools Pool Actuarial Valuation assumes, among other things, 2.30% inflation and payroll growth of 2.80% compounded annually. The 2021 CalPERS Schools Pool Actuarial Valuation reflects a discount rate of 6.80% compounded annually (net of administrative expenses) as of June 30, 2021. The CalPERS Board adopted new demographic assumptions on November 17, 2021, including a reduction in the discount rate from 7.00% as of June 30, 2020 to 6.80% as of June 30, 2021, a reduction in the inflation assumption from 2.50% as of June 30, 2020 to 2.30% as of June 30, 2021, and an increase in payroll growth from 2.75% as of June 30, 2020 to 2.80% as of June 30, 2021. The net impact of these assumption changes on the required employer contribution rate in fiscal year 2022-23 is an increase of 0.54%, which accounts for the increase in normal cost and unfunded liability to be paid over 20 years.

On July 20, 2022, CalPERS reported a negative 6.1% net return on investments for fiscal year 2021-22, which is CalPERS' first negative return on investments since fiscal year 2008-09. The negative 6.1% net return on investments is less than the assumed annual rate of return on investments of 6.80%. Persistent negative returns on investments may result in increased employer contribution rates above the current level of expected increases. The District cannot predict the impact of State, national, and international events on investment returns and employer contribution rates. Accordingly, there can be no assurances that the District's required contributions to CalPERS will not significantly increase in the future.

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

SISC Defined Benefit Plan. For part-time employees of the District who are not members of CalSTRS or CalPERS, the District provides retirement benefits through an alternative plan: the SISC Defined Benefit Plan (the "Alternative Plan"). The Alternative Plan is a cost-sharing multiple employer public employee retirement plan.

The District is required to contribute to the Alternative Plan at an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the board of directors of SISC III. Contributions made by the District and an employee vest immediately. The District contributes 3.7% of an employee's gross earnings for employees hired prior to January 1, 2013 and 2.1% of an employee's gross earnings for employees hired after January 1, 2013. The District's contributions to the Alternative Plan for fiscal year 2021-22 totaled \$185,670. The District projects it will contribute approximately \$61,230 to the Alternative Plan for fiscal year 2022-23. The decrease in the District's projected contribution in fiscal year 2022-23 is due to a decrease in the amount of employees for which the District makes contributions.

The District is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the District may be required to make. CalSTRS, CalPERS and the Alternative Plan are more fully described in Note 13 to the District's financial statements in APPENDIX B – “FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2022.”

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

Insurance, Risk Pooling and Joint Powers Agreements and Joint Ventures

The District participates in four joint ventures under joint powers agreements (“JPAs”): SISC I, SISC II, SISC III, and Schools Legal Services public entity risk pools. The District pays an annual premium to the applicable entities for its workers' compensation coverage, health coverage, property and liability coverage, and legal services. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes. The JPAs have budgeting and financial reporting requirements independent of member units, such as the District, and their financial statements are not presented in the District's financial statements; however, fund transactions between the JPAs and the District are included in the District's financial statements.

Workers' Compensation Coverage. For fiscal year 2021-22, the District participated in SISC I. The intent of SISC I is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in SISC I. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts. Each participant pays its workers' compensation premium based on its individual rate. During the fiscal year 2021-22, the District paid \$2,025,305 to SISC I for workers' compensation insurance.

Property and Liability Coverage. The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2021-22, the District contracted with SISC II for property and liability

coverage, including cyber liability coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year. During the fiscal year 2021-22, the District paid \$1,549,919 to SISC II for property and liability coverage.

Employee Medical Benefits. The District has contracted with SISC III to provide employee health and welfare benefits. SISC III is a shared risk pool comprised of several local educational agencies. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of claims flow. The board of directors of SISC III 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. During the fiscal year 2021-22, the District paid \$35,818,660 to SISC III for employee health and welfare benefits.

Legal Services. During fiscal year 2021-22, the District paid \$355,330 to Schools Legal Services for legal services.

See Notes 12 and 15 to the District's audited financial statements in APPENDIX B – “FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2022” for more information.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Limitations on Revenues

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

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

County of Orange v. Orange County Assessment Appeals Board No. 3. Section 51 of the California Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently “recapture” such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor’s measure of the restoration of value of the damaged property. The constitutionality of this procedure was challenged in a lawsuit brought in 2001 in the Orange County Superior Court, and in similar lawsuits brought in other counties, on the basis that the decrease in assessed value creates a new “base year value” for purposes of Proposition 13 and that subsequent increases in the

assessed value of a property by more than 2% in a single year violate Article XIIIIA. On appeal, the California Court of Appeal upheld the recapture practice in 2004, and the California Supreme Court declined to review the ruling, leaving the recapture law in place.

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

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

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

Article XIIIIB of the California Constitution

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

Article XIIIIC and Article XIID of the California Constitution

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

According to the “Title and Summary” of Proposition 218 prepared by the California Attorney General, Proposition 218 limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.” Among other things, Article XIIIIC establishes that every tax is either a “general tax” (imposed for general governmental purposes) or a “special tax” (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be

limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIIA, Section 4. Article XIIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIIC or XIIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

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

Statutory Limitations

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

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

Proposition 98 and Proposition 111

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

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

the Article XIIIIB spending limit would restrain the State's ability to fund such other programs by raising taxes.

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

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

Under prior law, K-14 districts were guaranteed the greater of (a) 40.9% of general fund revenues (the "first test") or (b) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIIB by reference to per capita personal income) and enrollment (the "second test"). Under Proposition 111, school districts would receive the greater of (a) the first test, (b) the second test or (c) a third test, which would replace the second test in any year when growth in per capita general fund revenues from the prior year was less than the annual growth in State per capita personal income. Under the third test, school districts would receive the amount appropriated in the prior year adjusted for change in enrollment and per capita general fund revenues, plus an additional small adjustment factor. If the third test were used in any year, the difference between the third test and the second test would become a "credit" to be paid in future years when general fund revenue growth exceeds personal income growth.

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

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

required pursuant to the terms of an enforceable obligation, distributed to various related taxing agencies pursuant to AB1X 26.

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

Proposition 30 and Proposition 55

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

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

Applications of Constitutional and Statutory Provisions

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

Proposition 2

General. Proposition 2, which included certain constitutional amendments to the State Rainy Day Fund and, upon its approval, triggered the implementation of certain provisions which could limit the

amount of reserves that may be maintained by a school district, was approved by voters of the State in the November 2014 election.

State Rainy Day Fund. The Proposition 2 constitutional amendments related to the State Rainy Day Fund (i) require deposits into the State Rainy Day Fund whenever capital gains revenues rise to more than 8% of general fund tax revenues; (ii) set the maximum size of the State Rainy Day Fund at 10% of general fund revenues; (iii) for the next 15 years, require half of each year's deposit to be used for supplemental payments to pay down the budgetary debts or other long-term liabilities and, thereafter, require at least half of each year's deposit to be saved and the remainder used for supplemental debt payments or savings; (iv) allow the withdrawal of funds only for a disaster or if spending remains at or below the highest level of spending from the past three years; (v) require the State to provide a multi-year budget forecast; and (vi) create a Proposition 98 reserve (the "Proposition 98 Rainy Day Fund") to set aside funds in good years to minimize future cuts and smooth school spending. The State may deposit amounts into such account only after it has paid all amounts owing to school districts relating to the Proposition 98 maintenance factor for fiscal years prior to fiscal year 2014-15. The State, in addition, may not transfer funds to the Proposition 98 Rainy Day Fund unless the State is in a Test 1 year under Proposition 98 or in any year in which a maintenance factor is created.

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

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

The District, which has an A.D.A. of less than 30,000 (but greater than 1,001), is required to maintain a reserve for economic uncertainty in an amount equal to 3% of its general fund expenditures and other financing uses. For more information on the District's reserves, current projections with respect to such reserves, and related policies, see "DISTRICT FINANCIAL MATTERS – State Funding of Education; State Budget Process – *School District Reserves*."

The Series 2023 Bonds are 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 or SB 751 to adversely affect its ability to pay the principal of and interest on the Series 2023 Bonds as and when due.

Future Initiatives

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

APPENDIX B

**FINANCIAL STATEMENTS OF THE DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2022

**Panama-Buena Vista Union School
District**

Bakersfield, CA

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30, 2022

Katie Russell
Superintendent

Glenn Imke, CPA, CBO
Assistant Superintendent, Business Services

Katie Gonzalez, MBA
Director, Fiscal Services

4200 Ashe Road
Bakersfield, CA 93313
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PANAMA-BUENA VISTA UNION SCHOOL DISTRICT

A TK-8 School District

Bakersfield, California



Panama-Buena Vista Union School District, a TK-8 school district, is located in Bakersfield, California.

Panama-Buena Vista Union School District

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June 30, 2022

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INTRODUCTORY SECTION

Panama-Buena Vista Union School District

KATIE RUSSELL
District Superintendent

4200 Ashe Road
Bakersfield, CA 93313
(661) 831-8331 FAX (661) 398-2141



BOARD OF TRUSTEES
Bryan Easter
Linda Garcia
John P. Lake
Paula Van Auken
Keith C. Wolaridge

March 15, 2023

To Honorable Board of Trustees and Citizens of the Panama-Buena Vista Union School District:

We hereby submit the Annual Comprehensive Financial Report of the Panama-Buena Vista Union School District for the fiscal year ended June 30, 2022 (FY 2022). Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with district management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the district. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

This report is prepared in conformance with generally accepted accounting principles (GAAP) for governments as promulgated by the Government Accounting Standards Board (GASB). This report is consistent with legal reporting requirements of the State of California. The report also includes a "State and Federal Compliance Information" section which is designed to meet the reporting requirements of the Office of the California State Controller, the U. S. Government Accountability Office, the U. S. Office of Management and Budget, and the Single Audit Act Amendments of 2013.

The district's financial statements have been audited by Eide Bailly LLP, a certified public accounting firm. They have issued an unmodified ("clean") opinion on the district's financial statements for the fiscal year ended June 30, 2022. The independent auditor's report is located at the front of the financial section of this report.

The report also includes a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). It provides an objective and easily readable analysis of the district's financial activities on both a short and long-term basis. This transmittal letter is designed to complement the MD&A and should be read in conjunction with it. The district's MD&A can be found immediately following the report of the independent auditor.

Profile of the District

Panama-Buena Vista Union School District, one of forty-seven districts in Kern County California, is a public elementary school district serving students from transitional kindergarten to grade eight. The District covers an area of approximately 93 square miles, and is located in, and southwest of, the City of Bakersfield, California, which is the County Seat of the County. As of June 30, 2022, the District was operating 20 elementary and five junior high schools. California State University, Bakersfield, is also located within the District.

In FY 2022, the district employed 2,256 full-time equivalent workers. Of that total, 984 were certificated employees, 91,021 were classified employees, and 251 were Management, Supervisory or Confidential. Certificated employees (teachers, psychologists and counselors, nurses, principals, and certain other administrators) require a credential as a condition of employment. Classified employees are those for whom having a credential is not a condition of employment. Classified employees include, among others, instructional aides, school secretaries and other clerical staff, custodians, and nutrition workers.

The District is a public agency governed by the laws of the State of California.

The District is governed by an independent Board of Trustees, consisting of five members who are elected by trustee area to overlapping four-year terms at elections held every two years. The Board's duties and powers include establishing a long-term vision for the District; ensuring accountability to the local community; acquiring, maintaining, and disposing of property; developing a sound organizational structure and school program; adopting an annual budget; and establishing a system of accounting and budgetary controls. The District's affairs are administered by a superintendent, who is appointed by the Board of Trustees.

The superintendent runs the day-to-day operations of the District. Katie Russell began her tenure on August 4, 2020, and received a positive evaluation on July 12, 2022. Superintendent Russell's contract was approved for an additional term, ending June 30, 2026.

As of October 2021, the District has 18,785 students enrolled in 20 elementary schools (TK–6) and five junior high schools (7–8). The District has experienced steady enrollment growth over the last ten years, with a decline in enrollment in 2020 primarily due to the COVID-19 pandemic and the Distance Learning environment, but showed a recovery resulting in an increase of approximately

523 from a similar moment in time from the past fiscal year. Our demographic forecast shows the student population is projected to increase by approximately 1,246 potential TK-8 students by 2027. The area contained by District boundaries is currently under development. There are several residential development projects planned over the projection timeframe within the Panama-Buena Vista Union School District. They are located throughout the District and are expected to add many new homes to the area serviced by the District. The neighborhoods within the District are currently experiencing different demographic trends.

Core Beliefs and Values

The Panama-Buena Vista Union School District vision is to be the model of Excellence in Education.

We are focused on a set of values and beliefs that all members of the school district (parents, students, teachers, and staff) will follow in order to provide a learning environment that ensures a positive academic experience and behavioral growth for all students.

The Panama-Buena Vista Union School District mission is to partner with parents and community, committing to a high achieving, balanced academic program for all students resulting in responsible, high achieving 21st Century citizens.

District Priorities:

1. **Student Achievement:** Provide an integrated learning experience that guarantees success, achievement, and academic excellence to prepare all students for high school and beyond.
2. **Diverse Learning Organization:** Improve diversity and inclusion for students and staff through research, teaching, public service and training across campuses and community.
3. **Wellness, Safety and Equity for All:** Engage stakeholders to develop and provide support for all students and staff by creating a safe learning environment that meets the needs of the whole child.
4. **Family and Community Partnership:** Create meaningful partnerships with families, community organizations, higher education institutions and businesses to achieve the District's vision of "Excellence in Education."

Fiscal Responsibility: Align resources through a transparent process to support effective, safe, innovative educational programs and facilities to maximize success for all students.

Achievements

- **Future Ready Task Force** - The District continues to address the integration of technology in the classroom and Distance Learning environment. Every student in the District has a laptop and cellular Hot-Spot available to them as needed.
- **pbvU** – In 2018, the District launched pbvU, a teacher university model for professional staff development. This was achieved through a unique collaboration between the teachers, the teachers association and administration. The teachers have the opportunity to participate in a professional learning cycle, guided by administration, to learn and implement new skills while earning units for salary advancement.
- **SELPA** – On June 19, 2019, the California Department of Education confirmed the creation of the new single-district Panama - Buena Vista Union Special Education Local Plan Area (SELPA) effective July 1, 2019. For the school year ending of June 30, 2022, the SELPA served 2,659 students with special needs.
- **Highgate Elementary School** - Highgate Elementary School welcomed its first class of students in August 2021.

District Funding Status/Long Term Planning

Local Control Funding Formula

Most California school districts receive a significant portion of their funding from State apportionments consisting of three primary sources: a portion funded from the State's general fund, a portion funded from the State's Education Protection Account, and a local portion derived from the District's share of the 1% local ad valorem property tax authorized by the State Constitution. The District receives approximately 85% of its revenue from State funds. As a result, decreases in State revenue, or in State apportionments made to fund education, can significantly affect District operations.

State budgeting for schools and the California Community Colleges is governed largely by Proposition 98 (1988). The measure establishes a minimum funding requirement for K-14 education commonly known as the minimum guarantee. The state meets the guarantee through

a combination of General Fund and local property tax revenue. Although the state can provide more funding than required, in practice it usually funds at or near the guarantee. Since 2013-14, the Legislature has allocated most funding for schools through the Local Control Funding Formula (LCFF). A school district's allotment under this formula depends on its size (as measured by student attendance) and the share of its students who are low income or English learners. The LCFF and apportionments are the primary sources of general-purpose funding for schools and community colleges.

General Obligation Bonds

School districts in California are limited in their ability to tax the local citizenry to raise monies for schools. State law limits ad valorem taxes to 1% of assessed valuation (AV). AV is defined as 100% of the value of real property at the time of sale. The state limits annual increases in AV to no more than 2%. The only time property is reassessed is at the time of sale with the new assessment reflecting the sale price of the property. Ad valorem property tax revenues provide the base general-purpose funding for our schools. The only additional taxing authority school districts have is for general obligation bonds and parcel taxes, both of which require special elections and passage by a 2/3 majority vote. A recently enacted state measure, Proposition 39, permits passage of a local general obligation bond by a 55% majority under special circumstances.

1. **2012 General Election Bonds Series A, B, C, T1 and D** – The Bonds were issued to finance the costs of improvements within the District related to energy efficiency, rehabilitation of outdated classrooms, repair/replace deteriorated roofs, plumbing, electrical, lighting, ventilation, and acquire, construct, equip and renovate sites, technology upgrades, facilities and equipment within the District to enable the District to maintain student achievement growth, relieve overcrowding, attract and retain teachers, and protect the quality of education for all students in the District.

Series A – Issued on May 29, 2013 in the amount of \$18,405,000.

Series B – Issued on April 23, 2015 in the amount of \$28,110,000.

Series T-1- Issued on April 23, 2015 in the amount of \$3,380,000 and has been paid in full.

Series C - Issued on April 12, 2017 in the amount of \$20,000,000.

Series D - Issued on October 16, 2019 in the amount of \$18,000,000.

2. 2018 General Election Bonds Series A – The Bonds were issued to finance the costs required to improve school safety and security, construct/equip new school facilities to relieve severe overcrowding, and repair/upgrade older classrooms, labs, facilities and instructional technology supporting student achievement/college readiness in math, science, engineering, technology and arts.

Series A – Issued on March 7, 2019 in the amount of \$22,000,000.

Series B – Issued on April 28, 2022 in the amount of \$22,000,000.

Certificates of Participation

The District executed a Refunding Certificate of Participation (2006 School Construction Project), Series 2015, in April 2015 for an aggregate principal amount of \$26,920,000. This Refunding Certificate of Participation was used to refund the 2006 Certificates originally obtained for the construction of Stonecreek Junior High School and Old River Elementary School.

Qualified Zone Academy Bond

The District obtained Qualified Zone Academy Bonds (QZABs) in the amount of \$30,000,000. The QZABs were used to install solar arrays at 17 elementary school sites and five junior high school sites as well as energy efficiency strategies such as efficient lighting and energy management. The debt service for the QZABs is expected to be satisfied with the savings from utilities.

Financial Information

Internal and Budgetary Controls

The district maintains internal accounting controls designed to provide reasonable assurance that assets are safeguarded against loss from unauthorized use and disposition and to provide reliable records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes the importance of a close evaluation of costs and benefits which requires estimates and judgments by management. The objective is to secure efficient internal control, the cost of which must not exceed the benefits derived therefrom. We believe that the district's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

School districts in California are required by *Education Code* Section 41010 to follow the California School Accounting Manual in preparing reports to the State. The district, under Assembly Bill 1200 (Chapter 1213, Statutes of 1991), utilizes a single-adoption budget schedule. The district adopts a Final Budget prior to the state-mandated July 1 deadline.

Expenditures cannot legally exceed appropriations by major object classification, namely certificated salaries, classified salaries, employee benefits, books and supplies, services and other operating expenditures, capital outlay, debt service, other outgo, direct support/indirect costs, and operating transfers out. *Education Code* Section 42600 specifies that school districts may not spend more than the amounts authorized in the Final Budget as adjusted during the school year. The school board reviews and approves (or disapproves) all purchase orders and other expenditures on a regular basis, but no less frequently than once every month.

Fiscal Policies

The district has established a policy which reflects recommendations from the Government Finance Officers Association and the California School Boards Association. The policy targets a general operating reserve of 17%. The state required minimum reserves level for a district our size is 3%. Balances in excess of the minimum reserve will be committed to future projects.

Education Code Section 41020 provides that each school district shall arrange for an audit by certified public accountants of its books and accounts, including the district's income by source of funds and expenditures by object and program. The district's contract auditor for the fiscal year ended June 30, 2021, was Eide Bailly LLP.

Awards

GFOA

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Panama-Buena Vista Union School District for its annual comprehensive financial report for the fiscal year ended June 30, 2021. This was the sixth consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirement and we are submitting it to GFOA to determine its eligibility for another certificate.

Respectfully submitted,



Katie Russell
Superintendent



Glenn Imke, CPA, CBO
Assistant Superintendent, Business Services

Panama-Buena Vista Union School District

Introductory Section

June 30, 2022

AWARD

GFOA Certificate of Achievement for Excellence in Financial Reporting

For the Fiscal Year Ended June 30, 2021



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Panama-Buena Vista Union School District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

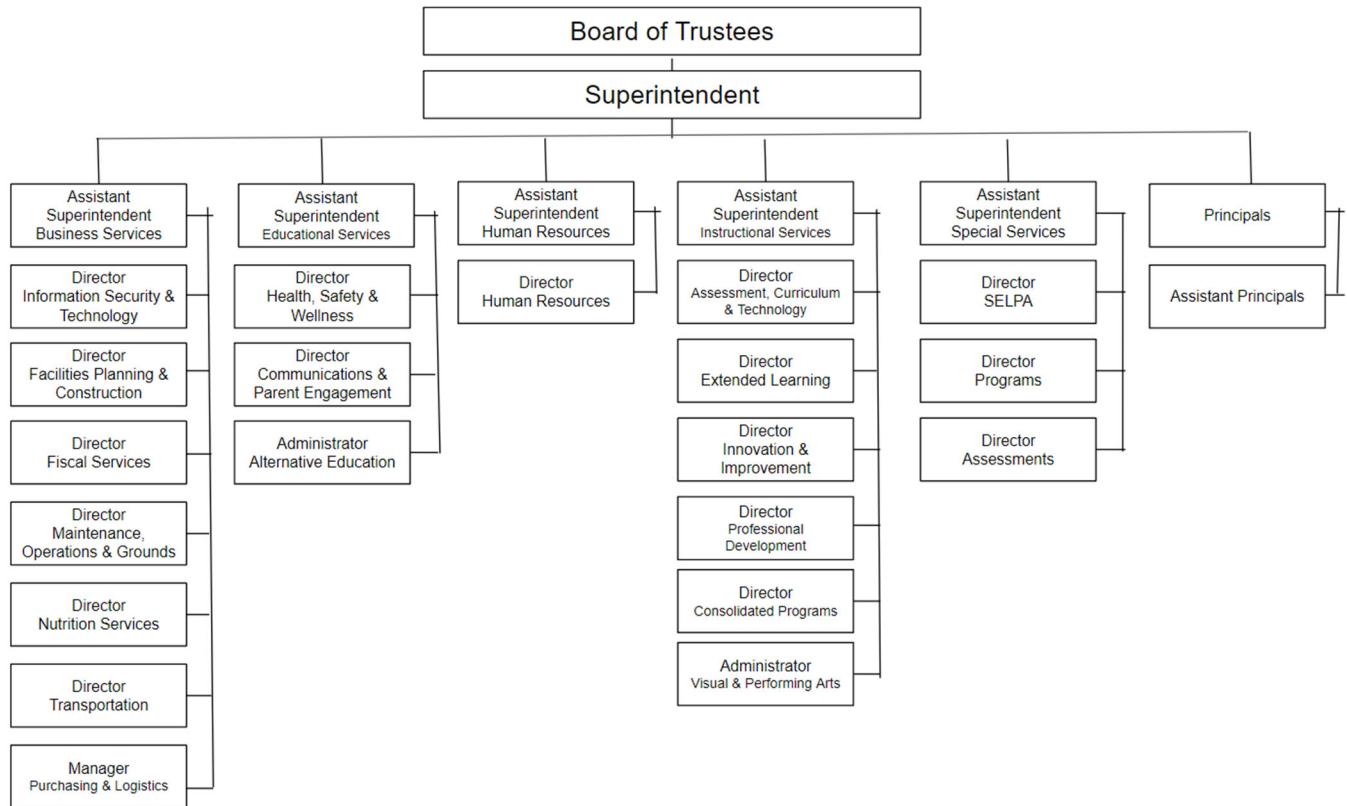
Christopher P. Morrell

Executive Director/CEO

Panama-Buena Vista Union School District

Management Organization Chart

Fiscal Year Ending June 30, 2022



Panama-Buena Vista Union School District

Introductory Section

June 30, 2022

On July 1, 1988, the Panama Union School District merged with the Buena Vista School District to form the Panama-Buena Vista Union School District (the “District”). The District is comprised of an area of approximately 90 square miles located in the rapidly growing southwest portion of Bakersfield, California. As of June 30, 2022, the District was operating 20 elementary, five junior high schools, and one TK through eighth grade school.

BOARD OF TRUSTEES AND ADMINISTRATION

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM</u>
Keith C. Wolaridge	President	November 2018 - December 2022
John P. Lake	Vice President	November 2020 - December 2024
Bryan Easter	Clerk	November 2020 - December 2024
Elynor Cherie Olgin	Trustee	November 2018 - December 2022
Paula Van Auken	Trustee	November 2020 - December 2024

ADMINISTRATION

Katie Russell	District Superintendent
Brandie Dye	Assistant Superintendent, Instructional Services
Glenn Imke, CPA	Assistant Superintendent, Business Services
Darryl Johnson	Assistant Superintendent, Human Resources
Jennifer Irvin	Assistant Superintendent, Educational Services
Dr. Denita Maughan	Assistant Superintendent, Special Services

Panama-Buena Vista Union School District

Introductory Section

June 30, 2022

SCHOOLS AND SCHOOL PRINCIPALS

ELEMENTARY (TK – 6)

Amy B. Seibert Elementary	Leo B. Hart Elementary
Becky Stambook	Daryl Newton
Berkshire Elementary	Louise Sandrini Elementary
Amy Mensing	Morgan Hicks
Bill Williams Elementary	Old River Elementary
Dion Lovio	Kathy Josephson
Buena Vista Elementary	Panama Elementary
Daniel Hansford	Brian Malavar
Charles H. Castle Elementary	Ronald Reagan Elementary
Katrina Wilson	Matt Kennedy
Christa McAuliffe Elementary	Roy W. Loudon Elementary
Jennifer Payne	Jazmine Frias
Dolores Whitley Elementary	Sing Lum Elementary
Lisa Beasley	Shawna Manning
Douglas Miller Elementary	Stine Elementary
Dan Bickham	Monica Hicks
Highgate Elementary	Stockdale Elementary
Steve Johnson	MT Merickel
Laurelglen Elementary	Wayne Van Horn Elementary
Robert Machado	Trina Lovio

INTERMEDIATE (7 – 8)

Earl Warren Junior High School	Fred L. Thompson Junior High School
Darryl Pope	Michael Brasier
O.J. Actis Junior High School	Tevis Junior High School
Patrick Spears	Paul Coon
Stonecreek Junior High School	
James Lopez	



FINANCIAL SECTION



Independent Auditor's Report

Board of Trustees
Panama-Buena Vista Union School District
Bakersfield, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Panama-Buena Vista Union School District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Correction of an Error

As discussed in Note 16 to the financial statements, certain errors were discovered by management of the District during the current year, which resulted in the identification of an overstatement of amount previously reported for receivables and understatements of amounts previously reported as interfund balances as of June 30, 2021. Accordingly, restatements have been made to the fund balances of the General Fund, Building Fund, and to the governmental activities net position as of July 1, 2021, to correct the error. Our opinions are not modified with respect to this matter.

Adoption of New Accounting Standard

As discussed in Notes 1 and 17 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Panama-Buena Vista Union School District's financial statements. The combining non-major governmental fund financial statements, Schedule of Expenditures of Federal Awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining non-major governmental fund financial statements, the Schedule of Expenditures of Federal Awards, and the other supplementary information listed in the table of contents 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 combining non-major governmental fund financial statements, the Schedule of Expenditures of Federal Awards, and the other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The accompanying unaudited statistical section 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 March 13, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is fluid and cursive, with "Eide" and "Bailly" connected at the top, and "LLP" written below them.

Rancho Cucamonga, California

March 13, 2023

Panama-Buena Vista Union School District

Management's Discussion and Analysis

June 30, 2022

This section of Panama-Buena Vista Union School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022, with comparative information for the year ending June 30, 2021. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

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

The *Fund Financial Statements* include statements for governmental activity.

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

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

The Primary unit of the government is the Panama-Buena Vista Union School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

Panama-Buena Vista Union School District

Management's Discussion and Analysis

June 30, 2022

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

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

Governmental Activities - All of the District's services are reported in this category. This includes the education of transitional kindergarten through grade eight students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, user fees, interest income, Federal, State, and local grants, as well as proceeds from the general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

FINANCIAL HIGHLIGHTS

- Overall, at the conclusion of the 2021-2022 school year, the District's General Fund unassigned reserves were \$10,307,026. These funds are required to be set aside as a Reserve for Economic Uncertainties.
- Total General Fund revenues for 2021-2022 was \$294,763,379.
- Total General Fund expenditures and other uses for 2021-2022 was \$277,946,372.
- The cost of instruction, instruction-related activities and pupil services was \$224,268,862.
- The funded Average Daily Attendance (ADA) for the District in 2020-2021 was 17,961.76. Although there is a current year audit finding related to attendance related to Independent Study tracking, California *Education Code* Section 42238.023 authorizes the California Department of Education to adjust the 2021-2022 reported ADA for school districts if the 2019-2020 ADA to enrollment ratio exceeds the 2021-2022 ADA to enrollment ratio. The effect of this regulation nullifies the questioned costs component of audit finding. The District remains committed to adhering to all regulations related to attendance tracking.

Panama-Buena Vista Union School District

Management's Discussion and Analysis

June 30, 2022

THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$69,186,384 for the fiscal year ended June 30, 2022. Of this amount, \$(94,490,966) was unrestricted deficit. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use those net positions for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities		Percentage Change
	2022	2021 as restated	
Assets			
Current and other assets	\$ 185,847,171	\$ 172,983,227	7.4%
Capital assets and right-to-use leased assets	<u>264,451,741</u>	<u>263,728,284</u>	0.3%
Total assets	<u>450,298,912</u>	<u>436,711,511</u>	3.1%
Deferred outflows of resources	<u>59,139,556</u>	<u>77,006,992</u>	(23.2%)
Liabilities			
Current liabilities	22,195,033	70,843,812	(68.7%)
Long-term liabilities	<u>320,639,343</u>	<u>412,630,801</u>	(22.3%)
Total liabilities	<u>342,834,376</u>	<u>483,474,613</u>	(29.1%)
Deferred inflows of resources	<u>97,417,708</u>	<u>9,285,542</u>	949.1%
Net Position			
Net investment in capital assets	116,420,196	113,346,158	2.7%
Restricted	47,257,154	36,154,330	30.7%
Unrestricted (deficit)	<u>(94,490,966)</u>	<u>(128,542,140)</u>	(26.5%)
Total net position	<u>\$ 69,186,384</u>	<u>\$ 20,958,348</u>	230.1%

The \$(94,490,966) in unrestricted deficit of governmental activities represents the accumulated results of all past years' operations on a "full-accrual" basis. Unrestricted deficit net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased by 26.5% as shown above.

Panama-Buena Vista Union School District

Management's Discussion and Analysis

June 30, 2022

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities on page 15. Table 2 takes the information from the Statement and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities		Percentage Change
	2022	2021*	
Revenues			
Program revenues			
Charges for services and sales	\$ 1,754,785	\$ 2,713,784	(35.3%)
Operating grants and contributions	98,916,864	94,279,674	4.9%
Capital grants and contributions	13,578,879	12,669,506	7.2%
General revenues			
Federal and State aid not restricted	180,185,716	165,868,198	8.6%
Property taxes	26,800,887	24,958,479	7.4%
Other general revenues	2,064,513	14,182,318	(85.4%)
Total revenues	<u>323,301,644</u>	<u>314,671,959</u>	<u>2.7%</u>
Expenses			
Instruction-related	184,041,354	218,312,498	(15.7%)
Pupil services	40,227,508	38,598,165	4.2%
Administration	14,932,696	12,589,606	18.6%
Plant services	28,267,883	28,700,874	(1.5%)
All other services	7,604,167	7,633,467	(0.4%)
Total expenses	<u>275,073,608</u>	<u>305,834,610</u>	<u>(10.1%)</u>
Change in net position	<u>48,228,036</u>	<u>8,837,349</u>	<u>445.7%</u>
Net Position - Beginning	20,958,348	10,459,178	100.4%
Prior Period Adjustment	-	1,661,821	0.0%
Net Position - Ending	<u>\$ 69,186,384</u>	<u>\$ 20,958,348</u>	<u>230.1%</u>

*The revenues and expenses for fiscal year 2021 were not restated to show the effects of GASB Statement No. 87 for comparative purposes.

Panama-Buena Vista Union School District

Management's Discussion and Analysis

June 30, 2022

Governmental Activities

As reported in the Statement of Activities on page 15, the cost of all of our governmental activities this year was \$275,073,608. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$26,800,887 because the cost was paid by those who benefited from the programs (\$1,754,785) or by other governments and organizations who subsidized certain programs with grants and contributions (\$112,495,743). We paid for the remaining "public benefit" portion of our governmental activities with \$182,250,229 in Federal and State unrestricted funds, and with other revenues, like interest and general entitlements.

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

Table 3

	Total Cost of Services		Net Cost of Services	
	2022	2021*	2022	2021*
Instruction-related	\$ 184,041,354	\$ 218,312,498	\$ (94,991,289)	\$ (138,084,013)
Pupil services	40,227,508	38,598,165	(21,048,957)	(18,346,807)
Administration	14,932,696	12,589,606	(11,444,070)	(9,057,498)
Plant services	28,267,883	28,700,874	(27,705,382)	(26,256,994)
All other services	7,604,167	7,633,467	(5,633,382)	(4,426,334)
Total	<u>\$ 275,073,608</u>	<u>\$ 305,834,610</u>	<u>\$ (160,823,080)</u>	<u>\$ (196,171,646)</u>

*The total and net cost of services for fiscal year 2021 were not restated to show the effects of GASB Statement No. 87 for comparative purposes.

A major factor for the change in overall expenditures is due to the decrease in expenditures related to the coordination of preparedness and response efforts of the District to the COVID-19 pandemic. While the District remains committed to ensure safe operation of schools that endeavors to reduce risk of virus transmission and exposure to environmental health hazards, and to support student mental and physical health needs, the major investments related to infrastructure updates and modifications are not ongoing expenditures and were only recognized in the years they were incurred, regardless of the ongoing benefits of those investment. Expenditures related to substitute, overtime and extra time for District staff also decreased.

Panama-Buena Vista Union School District

Management's Discussion and Analysis

June 30, 2022

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$165,433,379, which is an increase of \$61,814,826 from last year (Table 4).

Table 4

Governmental Fund	Balances and Activity			
	July 1, 2021 as restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2022
General Fund	\$ 60,903,888	\$ 294,956,981	\$ 277,946,372	\$ 77,914,497
Student Activity Fund	252,722	427,961	372,552	308,131
Child Development Fund	324,078	3,005,160	3,002,527	326,711
Cafeteria Fund	3,065,745	12,878,450	11,190,284	4,753,911
Building Fund	4,156,686	21,211,270	614,209	24,753,747
Capital Facilities Fund	10,833,179	3,359,758	5,094,411	9,098,526
County School Facilities Fund	-	13,595,577	13,595,577	-
Special Reserve Fund for Capital Outlay Projects	15,701,519	30,456,317	7,146,741	39,011,095
Bond Interest and Redemption Fund	<u>8,380,736</u>	<u>8,856,656</u>	<u>7,970,631</u>	<u>9,266,761</u>
Total	<u><u>\$ 103,618,553</u></u>	<u><u>\$ 388,748,130</u></u>	<u><u>\$ 326,933,304</u></u>	<u><u>\$ 165,433,379</u></u>

Our General Fund shows an increase in fund balance of \$17,010,609. The increase is primarily due to operational expenditures being funded with COVID-19 related restricted funds. The Child Nutrition Fund shows an increase in fund balance of \$1,688,166, due primarily to more meals being served to students due to the ability of all students to receive two meals at no cost, regardless of ability to pay. The Building Fund shows an increase in fund balance of \$20,597,061, primarily due to a Bond Series sale of \$22,000,000. Those funds will be used in future years to finance the construction, renovation, and repair of District facilities and infrastructure projects.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 28, 2022. Variances between budget to actual revenue amounts are primarily due to the corrected recognition of Emergency Connectivity Funding as Federal sources instead of Other local sources. State revenue was more than anticipated due to the allowance in *Education Code* to recognize a modified Average Daily Attendance total. Employee benefit projections in the final budget underestimated the final benefit costs for retiree and part-time employee insurance costs. Books and Supplies and Services and Other Operating expenditures were less than anticipated for the Summer School program offered District-wide for the first time in June 2022. The District also recognized more expenditures related to Capital Outlay by year end than projected, many of these costs were anticipated to be recognized in 2022-23 instead.

A schedule showing the District's General Fund original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 68.

Panama-Buena Vista Union School District

Management's Discussion and Analysis

June 30, 2022

CAPITAL ASSETS, RIGHT-TO-USE LEASED ASSETS, AND DEBT ADMINISTRATION

Capital and Right-to-Use Leased Assets

At June 30, 2022, the District had \$264,451,741 in a broad range of capital assets (net of depreciation) and right-to-use leased assets (net of amortization), including land, buildings, furniture, equipment, and right-to-use leased assets. This amount represents a net increase (including additions, deductions, depreciation, and amortization) of \$723,457 or 0.3%, from last year (Table 5). See Note 4 of the financial statements for additional details.

Table 5

	Governmental Activities		Percentage Change
	2022	2021 as restated	
Land and construction in progress	\$ 20,582,428	\$ 48,567,967	(57.6%)
Buildings and improvements	238,655,653	210,754,254	13.2%
Equipment	4,295,338	4,246,189	1.2%
Right-to-use leased assets	918,322	159,874	474.4%
Total	\$ 264,451,741	\$ 263,728,284	0.3%

The District's capital assets and right-to-use leased assets changed primarily due to the recognition of depreciation of our existing assets as well as the increased value of our Buildings and improvements as capital facility projects were completed, including the opening of Highgate Elementary school in August 2021.

Additionally, the District has increased the value of our leased Portable buildings to accommodate our student population growth.

Long-Term Liabilities

At the end of this year, the District had \$320,639,343 in long-term liabilities versus \$412,630,801 last year, a decrease of 22.3%. See Notes 9, 10 and 13 of the financial statements for additional details. All long-term liabilities consisted of the following:

Table 6

	Governmental Activities		Percentage Change
	2022	2021 as restated	
Long-Term Liabilities			
General obligation bonds - net	\$ 119,218,456	\$ 100,793,312	18.3%
Certificates of participation - net	22,642,276	23,708,887	(4.5%)
Qualified Zone Academy Bonds (QZAB)	30,000,000	30,000,000	0.0%
Leases	924,560	159,874	478.3%
Compensated absences (vacations)	1,663,098	1,849,181	(10.1%)
Net OPEB liability	20,003,200	26,820,500	(25.4%)
Aggregate net pension liability	126,187,753	229,299,047	(45.0%)
Total	\$ 320,639,343	\$ 412,630,801	(22.3%)

Panama-Buena Vista Union School District

Management's Discussion and Analysis

June 30, 2022

The District's long-term obligations increased primarily due to a bond series sale of \$22,000,000 in May 2022 and increase in lease obligations due to Portables being added at school sites to accommodate our student enrollment growth. There was a significant decrease in both the Net OPEB liability and the aggregate net pension liability.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2021-2022 ARE NOTED BELOW:

- The District completed construction on Highgate Elementary School, which welcomed its first students in August 2021.
- The District returned to in person instruction available for all students and was also able to provide a long-term Virtual Independent Study program to our students and families that felt most comfortable receiving an education via that platform.
- For the first time in District history, a Summer School program was offered to students at all of our elementary school sites. In addition, Junior High students were provided an opportunity to participate in a Music Conservatory program over the summer.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the original District Budget for the 2022-2023 year, the governing board and management used the following criteria:

Revenues:

- The original budget represented a 6.56% statutory cost-of-living adjustment (COLA) to the Local Control Funding Formula (LCFF), as well as a 6.56% COLA to special education and all other programs outside the LCFF.
- A Transitional Kindergarten funding add-on was proposed with a funding rate of \$2,813 per unit of average daily attendance (ADA) and will be subject to annual COLA increases. This proposed funding reflects an additional \$1.852 million in ongoing revenue for P-BVUSD.
- As proposed in the original state adopted budget for 2022-2023, the District will be funded on the better of current year, prior year, or the average of the three prior years' ADA. There is also a proxy measure for allowing the 2021-2022 funded ADA to equal the 2021-2022 enrollment multiplied by the District's 2019-2020 attendance rate. This increased funding calculation will then be used in the calculation of the prior three years' average ADA.

Expenditures:

- Certificated salary costs reflect a 1.74% step and column increase, plus an additional 3.33% increase for selected individuals that completed sufficient credits to qualify for Column 7.
- Classified salary costs reflect a 1.58% step increase.
- Benefits will continue to increase due to the increase in STRS, PERS, and health insurance rates. CalSTRS employer contribution rates are increasing from 8.25% in 2013-2014 to a projected 19.10% by 2022-2023. In addition, the CalPERS employer contribution rates are increasing from 11.4% in 2013-2014 to 25.37% by 2022-2023.

Panama-Buena Vista Union School District

Management's Discussion and Analysis

June 30, 2022

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, please contact Glenn Imke, Assistant Superintendent Business Services, at Panama-Buena Vista Union School District, 4200 Ashe Road, Bakersfield, California, 93313, (661) 831-8331 or via e-mail at gimke@pbvusd.k12.ca.us.

Panama-Buena Vista Union School District

Statement of Net Position

June 30, 2022

	<u>Governmental Activities</u>
Assets	
Deposits and investments	\$ 141,129,916
Receivables	41,752,158
Prepaid expense	1,503,945
Stores inventories	1,461,152
Capital assets not depreciated	20,582,428
Capital assets, net of accumulated depreciation	242,950,991
Right-to-use leased assets, net of accumulated amortization	<u>918,322</u>
 Total assets	 <u>450,298,912</u>
 Deferred Outflows of Resources	
Deferred outflows of resources related to other postemployment benefits (OPEB)	7,321,216
Deferred outflows of resources related to pensions	<u>51,818,340</u>
 Total deferred outflows of resources	 <u>59,139,556</u>
 Liabilities	
Accounts payable	18,055,576
Interest payable	1,781,241
Unearned revenue	2,358,216
Long-term liabilities	
Due within one year	
Long-term liabilities other than OPEB and pensions due within one year	5,784,928
Due in more than one year	
Long-term liabilities other than OPEB and pensions due in more than one year	168,663,462
OPEB liability due in more than one year	20,003,200
Aggregate net pension liability due in more than one year	<u>126,187,753</u>
 Total liabilities	 <u>342,834,376</u>
 Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	7,221,925
Deferred inflows of resources related to pensions	<u>90,195,783</u>
 Total deferred inflows of resources	 <u>97,417,708</u>
 Net Position	
Net investment in capital assets	116,420,196
Restricted for	
Debt service	18,082,407
Capital projects	9,098,526
Educational programs	15,897,519
Cafeteria	3,576,303
Other	602,399
Unrestricted (deficit)	<u>(94,490,966)</u>
 Total net position	 <u>\$ 69,186,384</u>

Panama-Buena Vista Union School District

Statement of Activities

Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Instruction	\$ 158,848,552	\$ 24,548	\$ 66,065,583	\$ 13,578,879	\$ (79,179,542)
Instruction-related activities					
Supervision of instruction	6,957,622	94,308	6,575,269	-	(288,045)
Instructional library, media, and technology	3,273,001	2,459	194,994	-	(3,075,548)
School site administration	14,962,179	-	2,514,025	-	(12,448,154)
Pupil services					
Home-to-school transportation	8,794,370	-	608,067	-	(8,186,303)
Food services	10,923,678	1,717	11,273,836	-	351,875
All other pupil services	20,509,460	214,660	7,080,271	-	(13,214,529)
Administration					
Data processing	2,983,212	-	15,868	-	(2,967,344)
All other administration	11,949,484	346,874	3,125,884	-	(8,476,726)
Plant services	28,267,883	125,945	436,556	-	(27,705,382)
Ancillary services	381,820	-	428,005	-	46,185
Community services	1,995,656	-	2,969	-	(1,992,687)
Interest on long-term liabilities	4,621,020	-	-	-	(4,621,020)
Other outgo	605,671	944,274	595,537	-	934,140
Total governmental activities	<u>\$ 275,073,608</u>	<u>\$ 1,754,785</u>	<u>\$ 98,916,864</u>	<u>\$ 13,578,879</u>	<u>(160,823,080)</u>
General Revenues and Subventions					
Property taxes, levied for general purposes					18,913,830
Property taxes, levied for debt service					7,866,401
Taxes levied for other specific purposes					20,656
Federal and State aid not restricted to specific purposes					180,185,716
Interest and investment earnings					(3,709,686)
Miscellaneous					<u>5,774,199</u>
Subtotal, general revenues and subventions					<u>209,051,116</u>
Change in Net Position					48,228,036
Net Position - Beginning, as restated					<u>20,958,348</u>
Net Position - Ending					<u>\$ 69,186,384</u>

Panama-Buena Vista Union School District

Governmental Funds - Balance Sheet

June 30, 2022

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	\$ 55,647,826	\$ 24,818,799	\$ 40,248,668	\$ 20,414,623	\$ 141,129,916
Receivables	38,815,819	43,932	42,260	2,850,147	41,752,158
Due from other funds	768,722	-	303,360	300,447	1,372,529
Prepaid expenditures	1,098,756	-	-	405,189	1,503,945
Stores inventories	688,733	-	-	772,419	1,461,152
Total assets	\$ 97,019,856	\$ 24,862,731	\$ 40,594,288	\$ 24,742,825	\$ 187,219,700
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 16,143,336	\$ 78,428	\$ 1,194,475	\$ 639,337	\$ 18,055,576
Due to other funds	603,807	30,556	388,718	349,448	1,372,529
Unearned revenue	2,358,216	-	-	-	2,358,216
Total liabilities	19,105,359	108,984	1,583,193	988,785	21,786,321
Fund Balances					
Nonspendable	1,855,578	-	-	1,177,608	3,033,186
Restricted	15,897,519	24,753,747	10,596,887	22,543,989	73,792,142
Committed	49,854,374	-	-	-	49,854,374
Assigned	-	-	28,414,208	32,443	28,446,651
Unassigned	10,307,026	-	-	-	10,307,026
Total fund balances	77,914,497	24,753,747	39,011,095	23,754,040	165,433,379
Total liabilities and fund balances	\$ 97,019,856	\$ 24,862,731	\$ 40,594,288	\$ 24,742,825	\$ 187,219,700

Panama-Buena Vista Union School District
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2022

Total Fund Balance - Governmental Funds	\$ 165,433,379
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	
The cost of capital assets is	\$ 429,863,747
Accumulated depreciation is	<u>(166,330,328)</u>
Net capital assets	263,533,419
Right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	
The cost of right-to-use leased assets is	1,235,420
Accumulated amortization is	<u>(317,098)</u>
Net right-to-use leased assets	918,322
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.	
	(1,781,241)
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to	
Other postemployment benefits (OPEB) liability	7,321,216
Aggregate net pension liability	<u>51,818,340</u>
Total deferred outflows of resources	59,139,556
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to	
Other postemployment benefits (OPEB) liability	(7,221,925)
Aggregate net pension liability	<u>(90,195,783)</u>
Total deferred inflows of resources	(97,417,708)
Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.	
	(126,187,753)

Panama-Buena Vista Union School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2022

The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds. \$ (20,003,200)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of

General obligation bonds	\$ (114,040,000)
Premium on issuance of general obligation bonds	(5,178,456)
Certificates of participation	(20,960,000)
Premium on issuance of certificates of participation	(1,682,276)
Qualified Zone Academy Bonds (QZAB)	(30,000,000)
Leases	(924,560)
Compensated absences (vacations)	<u>(1,663,098)</u>
 Total long-term liabilities	<u>(174,448,390)</u>
 Total net position - governmental activities	<u>\$ 69,186,384</u>

Panama-Buena Vista Union School District
Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2022

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula	\$ 195,259,382	\$ -	\$ -	\$ -	\$ 195,259,382
Federal sources	51,148,678	-	-	12,372,120	63,520,798
Other State sources	47,970,641	-	-	15,308,716	63,279,357
Other local sources	384,678	(788,730)	(903,966)	12,153,506	10,845,488
Total revenues	294,763,379	(788,730)	(903,966)	39,834,342	332,905,025
Expenditures					
Current					
Instruction	164,057,914	-	-	757,573	164,815,487
Instruction-related activities					
Supervision of instruction	7,339,654	-	-	181,912	7,521,566
Instructional library, media, and technology	3,317,215	-	-	-	3,317,215
School site administration	15,865,722	-	-	-	15,865,722
Pupil services					
Home-to-school transportation	9,048,525	-	-	-	9,048,525
Food services	108,232	-	-	10,801,394	10,909,626
All other pupil services	21,828,025	-	-	-	21,828,025
Administration					
Data processing	2,961,301	-	-	-	2,961,301
All other administration	11,827,912	-	-	374,983	12,202,895
Plant services	21,782,448	-	-	1,238,730	23,021,178
Ancillary services	9,696	-	-	372,552	382,248
Community services	150,971	-	-	1,882,976	2,033,947
Other outgo	605,671	-	-	-	605,671
Facility acquisition and construction	779,172	426,353	7,146,741	2,028,829	10,381,095
Debt service					
Principal	174,880	-	-	5,560,980	5,735,860
Interest and other	208,568	187,856	-	4,430,476	4,826,900
Total expenditures	260,065,906	614,209	7,146,741	27,630,405	295,457,261
Excess (Deficiency) of Revenues					
Over Expenditures	34,697,473	(1,402,939)	(8,050,707)	12,203,937	37,447,764
Other Financing Sources (Uses)					
Transfers in	-	-	31,360,283	115,760	31,476,043
Other sources - proceeds from issuance of general obligation bonds	-	22,000,000	-	-	22,000,000
Other sources - premium on issuance of general obligation bonds	-	-	-	1,291,516	1,291,516
Other sources - proceeds from leases	193,602	-	-	881,944	1,075,546
Transfers out	(17,880,466)	-	-	(13,595,577)	(31,476,043)
Net Financing Sources (Uses)	(17,686,864)	22,000,000	31,360,283	(11,306,357)	24,367,062
Net Change in Fund Balances	17,010,609	20,597,061	23,309,576	897,580	61,814,826
Fund Balance - Beginning, as restated	60,903,888	4,156,686	15,701,519	22,856,460	103,618,553
Fund Balance - Ending	\$ 77,914,497	\$ 24,753,747	\$ 39,011,095	\$ 23,754,040	\$ 165,433,379

Panama-Buena Vista Union School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2022

Total Net Change in Fund Balances - Governmental Funds \$ 61,814,826

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expenses in the Statement of Activities. This is the amount by which capital outlays exceed depreciation and amortization expenses in the period.

Capital outlays	\$ 12,308,833
Depreciation and amortization expenses	<u>(11,561,795)</u>

Net expense adjustment 747,038

Right-to-use assets acquired this year were financed with leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the leases are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.

(1,075,546)

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

(23,581)

In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used.

186,083

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

3,566,961

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

362,031

Panama-Buena Vista Union School District
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
 Funds to the Statement of Activities
 Year Ended June 30, 2022

Proceeds received from General obligation bonds or certificates of participation is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	\$ (22,000,000)
Governmental funds report the effect of premiums, discounts, and the deferred amount on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.	
Premium on issuance recognized	(1,291,516)
Premium amortization	507,983
Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	
General obligation bonds	4,480,000
Certificates of participation	945,000
Leases	310,860
Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.	<u>(302,103)</u>
Change in net position of governmental activities	<u>\$ 48,228,036</u>

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Panama-Buena Vista Union School District (the District) was organized in 1988 through the merging of Panama Union School District and Buena Vista School District. The District operates under a locally elected five-member Board form of government and provides educational services to grades TK-8 as mandated by the State and/or Federal agencies. The District operates 20 elementary schools and five middle schools.

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, boards, and agencies that are not legally separate from the District. For Panama-Buena Vista Union School District, this includes general operations, food service, and student related activities of the District.

Component Units

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. For financial reporting purposes, the component unit described below has a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 80, *Blending Requirements For Certain Component Units*, and thus is included in the financial statements of the District. The component unit, although a legally separate entity, is reported in the financial statements using the blended presentation method as if it were part of the District's operations because the governing board of the component unit is essentially the same as the governing board of the District and because its purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The Panama-Buena Vista Union School District Financing Corporation (the Corporation) was formed with the purpose of financing the acquisition and construction of facility improvements, together with necessary equipment of District schools and other facilities, as may be required at the determination of the District's governing board. The Corporation issued Certificates of Participation (COPs), a form of long-term debt, which the District used to finance construction of such improvements. The District also has financial and operational relationships with the Public Property Financing Corporation of California (PPFCC), as represented by the Qualified Zone Academy Bonds.

The District issued Certificates of Participation pursuant to a lease agreement between the District and the Corporation. The financial activity with respect to the Certificates of Participation is presented in the financial statements within the Capital Facilities Fund. The financial activity related to the Qualified Zone Academy Bonds is presented in the financial statements within the Special Reserve Fund for Capital Outlay Projects. The Certificates of Participation and Qualified Zone Academy Bonds are included as long-term liabilities in the government-wide financial statements.

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

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

As a result, the General Fund reflects an increase in fund balance of \$1,974,443.

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

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

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

Non-Major Governmental Funds

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

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

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

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).
- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51), authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

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

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

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

Basis of Accounting - Measurement Focus

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

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

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

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

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

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

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

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

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

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

Investments

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

Prepaid Expenditures (Expenses)

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

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

Stores Inventories

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

Capital Assets, Right-to-Use Leased Assets, Depreciation, and Amortization

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

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

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Asset Class/Subclass	Estimated Useful Life (Years)
Land	N/A
Buildings	50
Site improvements	20
Portable buildings	20
Building improvements	20
Furniture and fixtures	20
Playground equipment	20
Food services equipment	15
Transportation equipment	15
Telephone systems	10
Reprographics	10
Vehicles	8
Computer systems and equipment	5
Office equipment	5

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2022.

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

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due from other funds/due to other funds." These amounts are eliminated in the governmental activities columns of the Statement of Net Position.

Compensated Absences

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

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable.

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Issuance Costs, Premiums, and Discounts

In the government-wide financial statements long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs, are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

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

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

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 additions to/deductions from the District Plan have been determined on the same basis as they are reported by the District Plan. For this purpose, the District Plan recognizes benefit payments when due and payable in accordance with the benefit terms. The net OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Current Loans

Current loans consist of amounts outstanding at year end for Tax Revenue and Anticipation Notes. The notes were issued as short-term liabilities to provide cash flow needs. This liability is offset with cash deposits in the County Treasurer, which have been set aside to repay the notes.

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

Leases

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

Fund Balances - Governmental Funds

As of June 30, 2022, fund balances of the governmental funds are classified as follows:

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

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

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

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

Unassigned - all other spendable amounts. Unassigned fund balance includes positive amounts within the General Fund that have not been classified within the above-mentioned categories and negative fund balances in the other governmental funds. There were no negative funds balances reports in the other governmental funds.

Spending Order Policy

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

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

Minimum Fund Balance Policy

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

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$47,257,154 of restricted net position.

Interfund Activity

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

Estimates

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

Property Tax

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

Change in Accounting Principles

Implementation of GASB Statement No. 87

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. The standard requires 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. The effect of the implementation of this standard on beginning net position is disclosed in Note 17 and the additional disclosures required by this standard are included in Notes 4 and 9.

Implementation of GASB Statement No. 92

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 reporting.
- 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 Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 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 Pension 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.

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

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.

The provisions of this Statement have been implemented as of June 30, 2022.

Implementation of GASB Statement No. 93

In March 2020, the GASB issued Statement No. 93, Replacement of Interbank Offered Rates. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate). This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment.
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate.
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable.
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap.
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap.
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended.
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The provisions of this Statement have been implemented as of June 30, 2022.

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2022, are classified in the accompanying financial statements as follows:

Governmental activities	<u>\$ 141,129,916</u>
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Deposits and investments as of June 30, 2022, consist of the following:

Cash on hand and in banks	\$ 12,795,211
Cash with fiscal agent	12,070
Cash in revolving	68,089
Investments	<u>128,254,546</u>
Total deposits and investments	<u>\$ 141,129,916</u>

Policies and Practices

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

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

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

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

General Authorizations

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

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

Investment Authorized Under Debt Agreement

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Export-Import Bank	N/A	None	None
U.S. Treasury Obligations	N/A	None	None
Registered State Bonds, Notes, Warrants	N/A	None	None
Federal Housing Administration Debentures	N/A	None	None
Federal Home Loan Mortgage Corporation Obligations	N/A	None	None
Federal Home Loan Banks Obligations	N/A	None	None
Federal National Mortgage Association Obligations	N/A	None	None
Resolution Funding Corporation Obligations	N/A	None	None
General Services Administration Certificates	N/A	None	None
Government National Mortgage Association Mortgage-Backed Securities and Certificates	N/A	None	None
Small Business Administration Certificates	N/A	None	None
U.S. Department of Housing and Urban Development Bonds	N/A	None	None
U.S. Maritime Administration Financings	N/A	None	None
Washington Metropolitan Area Transit Authority Bonds	N/A	None	None
Unsecured Certificates of Deposit, Time Deposits, and Bankers' Acceptances	365 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Repurchase Agreements	N/A	None	None
Investment Agreement	N/A	None	None
State Sponsored Investment Pools (LAIF)	N/A	None	None

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the Kern County Treasury Investment Pool and LAIF. The Kern County Treasury Investment Pool and LAIF purchase a combination of shorter term and longer term investments and time cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Specific Identification

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

Investment Type	Reported Amount	Average Maturity in Days
Kern County Treasury Investment Pool	\$ 128,189,311	580
Local Agency Investment Fund	65,235	311
Total	<u>\$ 128,254,546</u>	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the Kern County Treasury Investment Pool and Local Agency Investment Fund are not required to be rated, nor have they been rated as of June 30, 2022.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2022, the District was exposed to \$12,445,767 of custodial credit risk, as these funds were uninsured and not collateralized.

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

Note 3 - Receivables

Receivables at June 30, 2022, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Federal Government					
Categorical aid	\$ 35,227,682	\$ -	\$ -	\$ 2,150,152	\$ 37,377,834
State Government					
LCFF apportionment	595,648	-	-	-	595,648
Categorical aid	1,690,780	-	-	214,377	1,905,157
Lottery	1,061,795	-	-	-	1,061,795
Local Government					
Interest	163,444	43,932	42,260	21,945	271,581
Other local sources	<u>76,470</u>	<u>-</u>	<u>-</u>	<u>463,673</u>	<u>540,143</u>
Total	<u>\$ 38,815,819</u>	<u>\$ 43,932</u>	<u>\$ 42,260</u>	<u>\$ 2,850,147</u>	<u>\$ 41,752,158</u>

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

Note 4 - Capital and Right-to-Use Leased Assets

Capital and right-to-use leased assets activity for the fiscal year ended June 30, 2022, was as follows:

	Balance July 1, 2021 as restated	Additions	Deductions	Balance June 30, 2022
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 13,510,610	\$ 1,720,632	\$ -	\$ 15,231,242
Construction in progress	35,057,357	8,580,334	(38,286,505)	5,351,186
Total capital assets not being depreciated	<u>48,567,967</u>	<u>10,300,966</u>	<u>(38,286,505)</u>	<u>20,582,428</u>
Capital assets being depreciated				
Land improvements	64,489,111	259,101	-	64,748,212
Buildings and improvements	279,777,055	37,973,034	-	317,750,089
Furniture and equipment	26,007,328	986,691	(211,001)	26,783,018
Total capital assets being depreciated	<u>370,273,494</u>	<u>39,218,826</u>	<u>(211,001)</u>	<u>409,281,319</u>
Total capital assets	<u>418,841,461</u>	<u>49,519,792</u>	<u>(38,497,506)</u>	<u>429,863,747</u>
Accumulated depreciation				
Land improvements	(25,748,736)	(3,018,339)	-	(28,767,075)
Buildings and improvements	(107,763,176)	(7,312,397)	-	(115,075,573)
Furniture and equipment	(21,761,139)	(913,961)	187,420	(22,487,680)
Total accumulated depreciation	<u>(155,273,051)</u>	<u>(11,244,697)</u>	<u>187,420</u>	<u>(166,330,328)</u>
Net depreciable capital assets	<u>215,000,443</u>	<u>27,974,129</u>	<u>(23,581)</u>	<u>242,950,991</u>
Right-to-use leased assets being amortized				
Buildings and improvements	-	1,005,264	-	1,005,264
Furniture and equipment	159,874	70,282	-	230,156
Total right-to-use leased assets being amortized	<u>159,874</u>	<u>1,075,546</u>	<u>-</u>	<u>1,235,420</u>
Accumulated amortization				
Buildings and improvements	-	(235,707)	-	(235,707)
Furniture and equipment	-	(81,391)	-	(81,391)
Total accumulated amortization	<u>-</u>	<u>(317,098)</u>	<u>-</u>	<u>(317,098)</u>
Net right-to-use leased assets	<u>159,874</u>	<u>758,448</u>	<u>-</u>	<u>918,322</u>
Governmental activities capital assets and right-to-use leased assets, net	<u>\$ 263,728,284</u>	<u>\$ 39,033,543</u>	<u>\$ (38,310,086)</u>	<u>\$ 264,451,741</u>

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

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

Governmental Activities

Instruction	\$ 4,244,521
Supervision of instruction	2,803
Instructional library, media, and technology	4,692
School site administration	2,836
Home-to-school transportation	353,633
Food services	104,902
All other pupil services	16,722
Data processing	46,614
All other administration	185,449
Plant services	6,597,248
Community services	2,375
	<hr/>
Total depreciation and amortization expenses governmental activities	<hr/> <u>\$ 11,561,795</u>

Note 5 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances at June 30, 2022, between major and non-major governmental funds, are as follows:

Due To	Due From					Total
	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds		
General Fund	\$ -	\$ 30,556	\$ 388,718	\$ 349,448	\$ 768,722	
Special Reserve Fund for Capital Outlay Projects	303,360	-	-	-	303,360	
Non-Major Governmental Funds	<u>300,447</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,447</u>	
Total	<u>\$ 603,807</u>	<u>\$ 30,556</u>	<u>\$ 388,718</u>	<u>\$ 349,448</u>	<u>\$ 1,372,529</u>	

The balance of \$52,837 is due from the Child Development Non-Major Governmental Fund to the General Fund for indirect costs and payroll expenditures.

A balance of \$194,471 is due from the Cafeteria Non-Major Governmental Fund to the General Fund for indirect costs and payroll expenditures

A balance of \$30,556 is due from the Building Fund to the General Fund for qualifying project expenditures.

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

A balance of \$102,140 is due from the Capital Facilities Non-Major Governmental Fund to the General Fund for qualifying project expenditures.

A balance of \$388,718 is due from the Special Reserve Fund for Capital Outlay Projects to the General Fund for qualifying project expenditures.

A balance of \$193,850 is due from the General Fund to the Child Development Non-Major Governmental Fund for payroll expenditures.

A balance of \$106,597 is due from the General Fund to the Cafeteria Non-Major Governmental Fund for qualifying project expenditures.

A balance of \$303,360 is due from the General Fund to the Special Reserve Fund for Capital Outlay Projects for qualifying project expenditures.

Interfund Transfers

Interfund transfers for the year ended June 30, 2022, consisted of the following:

Transfer To	Transfer From		
	General Fund	Non-Major Governmental Funds	Total
Special Reserve Fund for Capital Outlay Projects Non-Major Governmental Funds	\$ 17,764,706 <u>115,760</u>	\$ 13,595,577 <u>-</u>	\$ 31,360,283 <u>115,760</u>
Total	<u>\$ 17,880,466</u>	<u>\$ 13,595,577</u>	<u>\$ 31,476,043</u>
The General Fund transferred to the Special Reserve Fund for Capital Outlay Projects for Qualified Zone Academy Bonds (QZAB) sinking fund deposits.			\$ 17,764,706
The County School Facilities Non-Major Governmental Fund transferred to the Special Reserve Fund for Capital Outlay Projects for qualifying capital expenditures.			13,595,577
The General Fund transferred to the Cafeteria Non-Major Governmental Fund for an operating contribution for the 2022 Summer School Meal Program.			15,760
The General Fund transferred to the Child Development Non-Major Governmental Fund for an operating contribution.			<u>100,000</u>
Total			<u>\$ 31,476,043</u>

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

Note 6 - Accounts Payable

Accounts payable at June 30, 2022, consisted of the following:

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Vendor payables	\$ 11,611,750	\$ 78,428	\$ 1,194,475	\$ 383,790	\$ 13,268,443
State LCFF apportionment	1,170,430	-	-	-	1,170,430
Salaries and benefits	<u>3,361,156</u>	<u>-</u>	<u>-</u>	<u>255,547</u>	<u>3,616,703</u>
Total	<u>\$ 16,143,336</u>	<u>\$ 78,428</u>	<u>\$ 1,194,475</u>	<u>\$ 639,337</u>	<u>\$ 18,055,576</u>

Note 7 - Unearned Revenue

Unearned revenue at June 30, 2022, consisted of the following:

	General Fund
Federal financial assistance	\$ 1,027,420
State categorical aid	<u>1,330,796</u>
Total	<u>\$ 2,358,216</u>

Note 8 - Tax and Revenue Anticipation Notes (TRANs)

On June 2, 2021, the District entered into a \$24,000,000 loan agreement with the Kern County Board of Education (KCBOE) to fund cash flow shortfalls resulting from deferred state apportionment revenues. The KCBOE issued Tax and Revenue Anticipation Notes, Series A in an amount equal to the loan and KCBOE will use payments received from the loan to repay the notes. The notes mature on December 30, 2021 with an interest rate of 4.00%.

The terms and proceeds of the District's loan mirror those of the notes issued by KCBOE. These terms require the District to repay the loan balance using deferred state apportionment revenues received from July through November 2021. As of June 30, 2022, the loan balance has been paid in its entirety.

Changes in the outstanding liabilities for the Tax and Revenue Anticipation Notes are as follows:

Issue Date	Rate	Maturity Date	Outstanding July 1, 2021	Additions	Payments	Outstanding June 30, 2022
June 2, 2021	4.00%	12/30/2021	<u>\$ 24,000,000</u>	<u>\$ -</u>	<u>\$ (24,000,000)</u>	<u>\$ -</u>

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

Note 9 - Long -Term Liabilities Other than OPEB and Pensions

Summary

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

	Balance July 1, 2021 as restated	Additions	Deductions	Balance June 30, 2022	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 96,520,000	\$ 22,000,000	\$ (4,480,000)	\$ 114,040,000	\$ 4,435,000
Premium on issuance	4,273,312	1,291,516	(386,372)	5,178,456	-
Certificates of participation	21,905,000	-	(945,000)	20,960,000	985,000
Premium on issuance	1,803,887	-	(121,611)	1,682,276	-
Qualified Zone Academy Bonds	30,000,000	-	-	30,000,000	-
Leases	159,874	1,075,546	(310,860)	924,560	364,928
Compensated absences	<u>1,849,181</u>	<u>27,769</u>	<u>(213,852)</u>	<u>1,663,098</u>	<u>-</u>
Total	<u>\$ 156,511,254</u>	<u>\$ 24,394,831</u>	<u>\$ (6,457,695)</u>	<u>\$ 174,448,390</u>	<u>\$ 5,784,928</u>

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. The Capital Facilities Fund makes payments for the Certificates of Participation. The Qualified Zone Academy Bonds (QZAB) are paid by the General Fund. The leases are paid by the General Fund and the Capital Facilities Fund. The compensated absences will be paid by primarily by the General Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2021	Issued	Redeemed	Bonds Outstanding June 30, 2022
5/29/13	8/1/42	3.00-4.00%	\$ 18,405,000	\$ 14,850,000	\$ -	\$ (50,000)	\$ 14,800,000
4/23/15	8/1/44	3.00-5.00%	28,110,000	25,810,000	-	(650,000)	25,160,000
4/12/17	8/1/46	4.00-5.00%	20,000,000	19,590,000	-	-	19,590,000
3/7/19	8/1/29	2.00-3.00%	22,000,000	18,270,000	-	(3,480,000)	14,790,000
10/16/19	8/1/37	2.00-5.00%	18,000,000	18,000,000	-	(300,000)	17,700,000
4/28/22	2/1/32	3.00-4.00%	22,000,000	<u>-</u>	<u>22,000,000</u>	<u>-</u>	<u>22,000,000</u>
				<u>\$ 96,520,000</u>	<u>\$ 22,000,000</u>	<u>\$ (4,480,000)</u>	<u>\$ 114,040,000</u>

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

2012 General Obligation Bonds, Series A

On May 29, 2013, the Panama-Buena Vista Union School District issued 2012 General Obligation Bonds, Series A in the amount of \$18,405,000. The bonds were issued as current interest bonds. The bonds were issued at an aggregate price of \$18,409,562 (representing the principal amount of \$18,405,000, plus premium on issuance of \$188,592, less underwriter's discount of \$184,030). The bonds have a final maturity which occurs on August 1, 2042 with interest rates of 3.00 to 4.00%. Proceeds from the sale of the bonds are used to finance the construction, renovation, and repair of District facilities and infrastructure projects, and to pay issuance costs. As of June 30, 2022, the principal balance outstanding was \$14,800,000.

2012 General Obligation Bonds, Series B

On April 23, 2015, the Panama-Buena Vista Union School District issued 2012 General Obligation Bonds, Series B in the amount of \$28,110,000. The bonds were issued as current interest bonds. The bonds were issued at an aggregate price of \$29,171,329 (representing the principal amount of \$28,110,000, plus premium on issuance of \$1,372,248, less purchaser's discount of \$310,919). The bonds have a final maturity which occurs on August 1, 2044 with interest rates of 3.00 to 5.00%. Proceeds from the sale of the bonds are used to finance the construction, renovation, and repair of District facilities and infrastructure projects, and to pay issuance costs. As of June 30, 2022, the principal balance outstanding was \$25,160,000.

2012 General Obligation Bonds, Series C

On April 12, 2017, the Panama-Buena Vista Union School District issued 2012 General Obligation Bonds, Series C in the amount of \$20,000,000. The bonds were issued as current interest bonds. The bonds were issued at an aggregate price of \$21,265,041 (representing the principal amount of \$20,000,000, plus premium on issuance of \$1,706,303, less cost of issuance and underwriter's discount of \$441,262). The bonds have a final maturity which occurs on August 1, 2046 with interest rates of 4.00 to 5.00%. Proceeds from the sale of the bonds are used to finance the construction, renovation, and repair of District facilities and infrastructure projects, and to pay issuance costs. As of June 30, 2022, the principal balance outstanding was \$19,590,000.

2018 General Obligation Bonds, Series A

On March 7, 2019, the Panama-Buena Vista Union School District issued 2018 General Obligation Bonds, Series A in the amount of \$22,000,000. The Series 2019 represents the first of the authorized bonds not to exceed \$90,000,000 to be issued under the measure as approved by voters. The bonds were issued as current interest bonds. The bonds were issued at an aggregate price of \$22,599,809 (representing the principal amount of \$22,000,000, plus premium on issuance of \$905,150, less cost of issuance and underwriter's discount of \$305,341). The bonds have a final maturity which occurs on August 1, 2029 with interest rates of 2.00 to 3.00%. Proceeds from the sale of the bonds are used to finance the construction, renovation, and repair of District facilities and infrastructure projects, and to pay issuance costs. As of June 30, 2022, the principal balance outstanding was \$14,790,000.

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

2012 General Obligation Bonds, 2019 Series D

On October 16, 2019, the Panama-Buena Vista Union School District issued 2012 General Obligation Bonds, 2019 Series D in the amount of \$18,000,000. The bonds were issued as current interest bonds. The bonds were issued at an aggregate price of \$18,617,651 (representing the principal amount of \$18,000,000, plus premium on issuance of \$1,040,414, less cost of issuance and underwriter's discount of \$422,763). The bonds have a final maturity which occurs on August 1, 2037 with interest rates of 2.00 to 5.00%. Proceeds from the sale of the bonds are used to finance the construction, renovation, and repair of District facilities and infrastructure projects, and to pay issuance costs. As of June 30, 2022, the principal balance outstanding was \$17,700,000.

2018 General Obligation Bonds, Series 2022

On April 28, 2022, the Panama-Buena Vista Union School District issued 2018 General Obligation Bonds, Series 2022 in the amount of \$22,000,000. The bonds were issued as current interest bonds. The bonds were issued at an aggregate price of \$23,103,660 (representing the principal amount of \$22,000,000, plus premium on issuance of \$1,291,516, less cost of issuance and underwriter's discount of \$187,856). The bonds have a final maturity which occurs on February 1, 2032 with interest rates of 3.00 to 4.00%. Proceeds from the sale of the bonds are used to finance the construction, renovation, and repair of District facilities and infrastructure projects, and to pay issuance costs. As of June 30, 2022, the principal balance outstanding was \$22,000,000.

The bonds mature through 2047, as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2023	\$ 4,435,000	\$ 3,358,131	\$ 7,793,131
2024	4,780,000	3,246,381	8,026,381
2025	4,870,000	3,162,331	8,032,331
2026	5,055,000	3,064,506	8,119,506
2027	4,470,000	3,486,681	7,956,681
2028-2032	30,675,000	14,622,929	45,297,929
2033-2037	20,480,000	9,930,417	30,410,417
2038-2042	20,225,000	6,042,655	26,267,655
2043-2047	19,050,000	1,840,325	20,890,325
Total	\$ 114,040,000	\$ 48,754,356	\$ 162,794,356

Certificates of Participation

On April 23, 2015, the Panama-Buena Vista Union School District, pursuant to a lease/purchase agreement with the Panama-Buena Vista Union School District Financing Corporation, issued \$26,920,000 in Certificates of Participation. The certificates were issued to defease the remaining balance of 2006 Certificates of Participation and pay for the costs of issuance incurred in connection with the execution and delivery of the certificates. The certificates were issued at interest rates ranging from 2.00 to 5.00% and the certificates have a final maturity to occur on September 1, 2036. At June 30, 2022, the principal balance outstanding was \$20,960,000.

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

The certificates mature through 2037 as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 985,000	\$ 890,675	\$ 1,875,675
2024	1,035,000	840,175	1,875,175
2025	1,080,000	787,300	1,867,300
2026	1,140,000	731,800	1,871,800
2027	1,200,000	673,300	1,873,300
2028-2032	6,945,000	2,381,625	9,326,625
2033-2037	<u>8,575,000</u>	<u>766,331</u>	<u>9,341,331</u>
 Total	 <u>\$ 20,960,000</u>	 <u>\$ 7,071,206</u>	 <u>\$ 28,031,206</u>

Qualified Zone Academy Bonds (QZAB)

On March 17, 2016, the District, pursuant to a sublease agreement with the Public Property Financing Corporation of California (the Corporation), issued \$10,000,000 in Qualified Academy Zone Bonds (QZAB). The District has been granted authorization from the State Superintendent of Public Instruction to issue securities in an aggregate principal amount not to exceed \$30,000,000 in accordance with the qualified zone academy bonds tax credit program found in Section 1397E of the Internal Revenue Code of 1986 and State regulations, to finance certain projects at qualified zone academies within the District. The issuance represents the first series of bonds issued under the authorization. The District and the Corporation, in order to facilitate the financing of projects qualified under the QZAB Program, entered into a lease arrangement by which the District will lease to the Corporation those certain parcels of real property located within the District and pursuant to a sublease, the Corporation will sublease the property to the District, with the District required to pay base rental to the Corporation. The annual base rental payment of \$588,235 began March 17, 2017, which is deposited with New Mexico Bank into an interest generating investment to produce sufficient income to repay the \$10,000,000 bonds upon maturity on March 17, 2033. At June 30, 2022, the principal balance outstanding was \$10,000,000.

On April 27, 2016, the District, pursuant to a sublease agreement with the Public Property Financing Corporation of California (the Corporation), issued \$20,000,000 in Qualified Academy Zone Bonds (QZAB). The District has been granted authorization from the State Superintendent of Public Instruction to issue securities in an aggregate principal amount not to exceed \$30,000,000 in accordance with the qualified zone academy bonds tax credit program found in Section 1397E of the Internal Revenue Code of 1986 and State regulations, to finance certain projects at qualified zone academies within the District. The issuance represents the second and final series of bonds issued under the authorization. The District and the Corporation, in order to facilitate the financing of projects qualified under the QZAB Program, entered into a lease arrangement by which the District will lease to the Corporation those certain parcels of real property located within the District and pursuant to a sublease, the Corporation will sublease the property to the District, with the District required to pay base rental to the Corporation. The annual base rental payment of \$1,176,471 began April 27, 2017, which is deposited with New Mexico Bank into an interest generating investment to produce sufficient income to repay the \$20,000,000 bonds upon maturity on April 27, 2033. At June 30, 2022, the principal balance outstanding was \$20,000,000.

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

As of June 30, 2022, the District's remaining sinking fund deposits are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 1,764,706
2024	1,764,706
2025	1,764,706
2026	1,764,706
2027	1,764,706
2028-2032	8,823,529
2033	<u>1,764,706</u>
 Total	<u>\$ 19,411,765</u>

Leases

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

<u>Leases</u>	<u>Leases Outstanding July 1, 2021 as restated</u>	<u>Addition</u>	<u>Payments</u>	<u>Leases Outstanding June 30, 2022</u>
Portable Buildings (1)	\$ -	\$ 395,106	\$ (135,980)	\$ 259,126
Portable Buildings (2)	-	306,022	-	306,022
Portable Buildings (3)	-	180,816	-	180,816
Vehicles	101,505	-	(57,133)	44,372
Warehouse	-	123,320	(88,978)	34,342
Copiers (1)	58,369	-	(13,745)	44,624
Copiers (2)	-	70,282	(15,024)	55,258
 Total	<u>\$ 159,874</u>	<u>\$ 1,075,546</u>	<u>\$ (310,860)</u>	<u>\$ 924,560</u>

Portable Buildings (1)

The District entered an agreement to lease portable buildings for 36 months, beginning June 2022. The lease terminates June 2025. Under the terms of the lease, the District pays an annual base fee of \$136,900. At June 30, 2022, the District has recognized a right-to-use asset of \$263,404 and a lease liability of \$259,126 related to this agreement. During the fiscal year, the District recorded \$131,702 in amortization expense and \$920 in interest expense for the right to use the portable buildings. The District used a discount rate of 4.00%, which was based on a base rate established from the District's own publicly traded debt, which was then adjusted for the specific terms of the lease and the District's credit rating.

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

Portable Buildings (2)

The District entered an agreement to lease portable buildings for 36 months, beginning June 2022. The lease terminates June 2025. Under the terms of the lease, the District pays a monthly base fee of \$9,035. At June 30, 2022, the District has recognized a right-to-use asset of \$297,521 and a lease liability of \$306,022 related to this agreement. During the fiscal year, the District recorded \$8,501 in amortization expense for the right to use the portable buildings. The District used a discount rate of 4.00%, which was based on a base rate established from the District's own publicly traded debt, which was then adjusted for the specific terms of the lease and the District's credit rating.

Portable Buildings (3)

The District entered an agreement to lease portable buildings for 60 months, beginning June 2022. The lease terminates June 2027. Under the terms of the lease, the District pays a monthly base fee of \$3,330. At June 30, 2022, the District has recognized a right-to-use asset of \$177,802 and a lease liability of \$180,816 related to this agreement. During the fiscal year, the District recorded \$3,014 in amortization expense for the right to use the portable buildings. The District used a discount rate of 4.00%, which was based on a base rate established from the District's own publicly traded debt, which was then adjusted for the specific terms of the lease and the District's credit rating.

Vehicles

The District entered an agreement to lease vehicles for 60 months, beginning March 2019. The lease terminates March 2024. Under the terms of the lease, the District pays a monthly base fee of \$5,013. At June 30, 2022, the District has recognized a right-to-use asset of \$43,502 and a lease liability of \$44,372 related to this agreement. During the fiscal year, the District recorded \$58,003 in amortization expense and \$3,020 in interest expense for the right to use the vehicles. The District used a discount rate of 4.00%, which was based on a base rate established from the District's own publicly traded debt, which was then adjusted for the specific terms of the lease and the District's credit rating.

Warehouse

The District entered an agreement to lease a warehouse for 15 months, beginning July 2021. The lease terminates October 2022. Under the terms of the lease, the District pays a monthly base fee of \$5,124 for the month of July 2021, which increases to \$5,884 for the period of August 2021 through October 2021 and to \$8,657 for the period of November 2021 through October 2022. The District also pays a pro rata share of operating expenses and property taxes, which are not included in the measurement of the lease liability as they are variable in nature. The District paid \$33,110 during the year towards those variable costs, which are recorded as outflows of resources. At June 30, 2022, the District has recognized a right-to-use asset of \$30,830 and a lease liability of \$34,342 related to this agreement. During the fiscal year, the District recorded \$92,490 in amortization expense and \$3,057 in interest expense for the right to use the warehouse. The District used a discount rate of 4.00%, which was based on a base rate established from the District's own publicly traded debt, which was then adjusted for the specific terms of the lease and the District's credit rating.

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

Copiers (1)

The District entered an agreement to lease copiers for 60 months, beginning January 2021. The lease terminates January 2026. Under the terms of the lease, the District pays an annual base fee of \$16,080. At June 30, 2022, the District has recognized a right-to-use asset of \$46,695 and a lease liability of \$44,624 related to this agreement. During the fiscal year, the District recorded \$11,674 in amortization expense and \$2,335 in interest expense for the right to use the copiers. The District used a discount rate of 4.00%, which was based on a base rate established from the District's own publicly traded debt, which was then adjusted for the specific terms of the lease and the District's credit rating.

Copiers (2)

The District entered an agreement to lease copiers for 60 months, beginning February 2022. The lease terminates February 2027. Under the terms of the lease, the District pays an annual base fee of \$15,180. At June 30, 2022, the District has recognized a right-to-use asset of \$58,568 and a lease liability of \$55,258 related to this agreement. During the fiscal year, the District recorded \$11,714 in amortization expense and \$156 in interest expense for the right to use the copiers. The District used a discount rate of 4.00%, which was based on a base rate established from the District's own publicly traded debt, which was then adjusted for the specific terms of the lease and the District's credit rating.

The remaining principal and interest payment requirements for the lease obligation debt as of June 30, 2022 are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 364,928	\$ 31,355	\$ 396,283
2024	296,642	19,898	316,540
2025	171,710	7,930	179,640
2026	52,172	2,968	55,140
2027	39,108	852	39,960
Total	\$ 924,560	\$ 63,003	\$ 987,563

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2022, amounted to \$1,663,098.

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

Note 10 - Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2022, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plan:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 20,003,200	\$ 7,321,216	\$ 7,221,925	\$ 2,935,100

The details of the plan are as follows:

District Plan

Plan Administration

The Panama-Buena Vista Union School District Postemployment Benefits Plan (the Plan) is an agent multiple-employer, defined benefit healthcare plan administered by Self-Insured Schools of California (SISC). Self-Insured Schools of California (SISC) GASB 75 Trust A (Trust A) was established to provide governmental agencies in the state of California a mechanism for pre-funding Other Post- Employment Benefits (OPEB) liabilities. The purpose of the plan is to receive contributions from participating employers and establish separate employer prefunding accounts to pay for health care or other post-employment benefits in accordance with the terms of the participating employers' plans. The Plan is included in the financial report of Self-Insured Schools of California (SISC) which can be obtained by contacting Glenn A. Imke, Assistant Superintendent Business Services, Panama-Buena Vista Union School District, 4200 Ashe Road, Bakersfield, California 93313.

Contributions are voluntarily determined by the employer's own funding schedule, and there are no long-term contracts for contributions to the plan. Participating employers reserve the right at any time or times to discontinue contributions to any extent in their sole judgment. Failure to contribute to the Trust in any plan year will not discontinue the Trust. Participating employers may obtain a transfer of assets from the Trust only in accordance with the conditions set forth in the Trust document. Such a transfer cannot be effective prior to the end of any Trust year that is on or before the third anniversary of the employer's entry date into the Trust. The Trust is an agent multiple-employer plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 74 with pooled administrative and investment functions.

Participating employers may receive disbursements from the Trust not to exceed the annual premium and other costs of eligible post-employment benefits. If the employer's participation in the Trust terminates, all assets in the employer's prefunding account shall remain in the Trust except as otherwise provided. Allowable termination disbursements are to a trustee or as a trustee transfer of assets upon satisfactorily showing the Trust the transfer will satisfy applicable requirements of the Internal Revenue Code and the Trust's fiduciary duties, or the employer substantiates to the Trust that all of the employer's obligations for the payment of postemployment benefits has been satisfied.

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

Plan Membership

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

Inactive employees or beneficiaries currently receiving benefits payments	199
Active employees	<u>1,858</u>
Total	<u><u>2,057</u></u>

Benefits Provided

The Plan provides medical insurance benefits to eligible employees and their spouses (not surviving spouse). The District's Board of Trustees has the authority to establish and amend benefit provisions. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

The contribution requirements of plan members and the District are established by the District's Board of Trustees. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the District's Board of Trustees. For the measurement period ending June 30, 2021, the District contributed \$3,338,000 to the Plan, of which \$722,800 represents implicit subsidy, \$2,186,300 was used for current premiums, and \$428,900 was used to fund the OPEB Trust.

Investment Policy

State statutes and SISC Trust A's Board policies allow investments in government and domestic debt, domestic equities, mutual funds and other investments. Trust A's policy in regard to the allocation of invested assets is established and may be amended by the SISC III Board of Directors by a majority vote of its members. It is the policy of the SISC III Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. Plan assets are managed on a total return basis. The policy will be reviewed on an annual basis, and the SISC III Board of Directors must approve any modifications made thereto.

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 6.50%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

Net OPEB Liability of the District

The District's net OPEB liability of \$20,003,200 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2021.

Total OPEB liability	\$ 27,835,100
Plan fiduciary net position	<u>(7,831,900)</u>
Net OPEB liability	\$ 20,003,200
Plan fiduciary net position as a percentage of the total OPEB liability	<u>28.14%</u>

Actuarial Assumptions

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

Inflation	2.75%
Salary increases	2.75%, average, including inflation
Investment rate of return	6.50%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	5.25% for 2021

The investment rate of return of 6.50% is the expected long-term rate of return on District assets invested in the Self-Insured Schools of California (SISC) GASB 75 Trust.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the future real rates of return by the target asset allocation percentage and by adding expected inflation.

Mortality rates are from the CalSTRS experience study of the three years ending June 30, 2018 and the CalPERS school employer experience study for the eighteen years ending June 30, 2015. CalSTRS rates are customized tables that are projected generationally from 2019 with 110% of the ultimate MP-2019 project scale.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actual experience study for the period July 1, 2020 to June 30, 2021.

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, June 30, 2021	<u>\$ 32,548,200</u>	<u>\$ 5,727,700</u>	<u>\$ 26,820,500</u>
Service cost	1,589,800	-	1,589,800
Interest	2,073,400	-	2,073,400
Changes of benefit terms	-	3,338,000	(3,338,000)
Contributions - employer	-	386,136	(386,136)
Expected investment return	-	-	-
Difference between expected and actual experience	(4,839,800)	1,292,355	(6,132,155)
Changes of assumptions and other inputs	(627,400)	-	(627,400)
Benefit payments	(2,909,100)	(2,909,100)	-
Administrative expense	-	(3,191)	3,191
 Net change in total OPEB liability	 <u>(4,713,100)</u>	 <u>2,104,200</u>	 <u>(6,817,300)</u>
Balance, June 30, 2022	<u>\$ 27,835,100</u>	<u>\$ 7,831,900</u>	<u>\$ 20,003,200</u>

There were no changes to benefit terms.

The health care cost trend rates changed from 5.50% in 2020 to 5.25% in 2021.

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

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

Discount Rate	Net OPEB Liability
1% decrease (5.50%)	\$ 21,532,600
Current discount rate (6.50%)	20,003,200
1% increase (7.50%)	18,541,500

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

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

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

Healthcare Cost Trend Rates	Net OPEB Liability
1% decrease (4.25%)	\$ 18,144,000
Current healthcare cost trend rate (5.25%)	20,003,200
1% increase (6.25%)	22,131,900

OPEB Expense, 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 \$2,935,100. At June 30, 2022, 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
OPEB contributions subsequent to measurement date	\$ 3,297,094	\$ -
Differences between expected and actual experience	4,024,122	4,516,931
Changes of assumptions	-	1,733,010
Net difference between projected and actual earnings on OPEB plan investments	-	971,984
Total	\$ 7,321,216	\$ 7,221,925

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ (385,634)
2024	(356,776)
2025	(293,225)
2026	(365,845)
2027	(107,374)
Thereafter	<u>(1,688,949)</u>
Total	\$ (3,197,803)

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

Note 11 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	\$ 68,089	\$ -	\$ -	\$ -	\$ 68,089
Stores inventories	688,733	-	-	772,419	1,461,152
Prepaid expenditures	<u>1,098,756</u>	<u>-</u>	<u>-</u>	<u>405,189</u>	<u>1,503,945</u>
Total nonspendable	1,855,578	-	-	1,177,608	3,033,186
Restricted					
Legally restricted programs	15,897,519	-	-	602,399	16,499,918
Food service	-	-	-	3,576,303	3,576,303
Capital projects	-	24,753,747	-	9,098,526	33,852,273
Debt service	<u>-</u>	<u>-</u>	<u>10,596,887</u>	<u>9,266,761</u>	<u>19,863,648</u>
Total restricted	15,897,519	24,753,747	10,596,887	22,543,989	73,792,142
Committed					
Capital projects	49,854,374	-	-	-	49,854,374
Assigned					
Capital projects	-	-	28,414,208	-	28,414,208
Child development program	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,443</u>	<u>32,443</u>
Total assigned	-	-	28,414,208	32,443	28,446,651
Unassigned					
Reserve for economic uncertainties	10,307,026	-	-	-	10,307,026
Total	\$ 77,914,497	\$ 24,753,747	\$ 39,011,095	\$ 23,754,040	\$ 165,433,379

Note 12 - Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2022, the District contracted with Self-Insured Schools of California (SISC II), a joint powers authority, for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

Workers' Compensation

For fiscal year 2022, the District participated in the Self-Insured Schools of California (SISC I), a joint powers authority. The intent of SISC I is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in SISC I. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts. Each participant pays its workers' compensation premium based on its individual rate.

Employee Medical Benefits

The District has contracted with Self-Insured Schools of California (SISC III), a joint powers authority, to provide employee health and welfare benefits. SISC III is a shared risk pool comprised of several local educational agencies. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of claims flow. 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 13 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2022, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 77,190,206	\$ 36,335,475	\$ 69,851,698	\$ 8,639,532
CalPERS	<u>48,997,547</u>	<u>15,482,865</u>	<u>20,344,085</u>	<u>7,723,996</u>
Total	<u><u>\$ 126,187,753</u></u>	<u><u>\$ 51,818,340</u></u>	<u><u>\$ 90,195,783</u></u>	<u><u>\$ 16,363,528</u></u>

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at:
<http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

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

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

The STRP provisions and benefits in effect at June 30, 2022, are summarized as follows:

	STRP Defined Benefit Program	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.92%	16.92%
Required state contribution rate	10.828%	10.828%

Contributions

Required member, District, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the District's total contributions were \$11,857,046.

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

At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total Net Pension Liability, Including State Share

Proportionate share of net pension liability	\$ 77,190,206
State's proportionate share of the net pension liability	<u>38,839,118</u>
Total	<u>\$ 116,029,324</u>

The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively, was 0.1696% and 0.1657%, resulting in a net increase in the proportionate share of 0.0039%.

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

For the year ended June 30, 2022, the District recognized pension expense of \$8,639,532. In addition, the District recognized pension expense and revenue of \$1,328,832 for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 11,857,046	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	13,348,031	577,611
Differences between projected and actual earnings on pension plan investments	-	61,059,441
Differences between expected and actual experience in the measurement of the total pension liability	193,366	8,214,646
Changes of assumptions	<u>10,937,032</u>	<u>-</u>
 Total	 <u>\$ 36,335,475</u>	 <u>\$ 69,851,698</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2023	\$ (15,505,436)
2024	(14,182,409)
2025	(14,534,367)
2025	<u>(16,837,229)</u>
 Total	 <u>\$ (61,059,441)</u>

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, 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 seven years and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2023	\$ 6,312,961
2024	7,180,620
2025	2,158,783
2026	529,514
2027	66,915
Thereafter	<u>(562,621)</u>
 Total	 <u>\$ 15,686,172</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

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The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2021, are summarized in the following table:

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 157,131,632
Current discount rate (7.10%)	77,190,206
1% increase (8.10%)	10,840,349

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

California Public Employees Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at:

<https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2022, are summarized as follows:

	School Employer Pool (CalPERS)	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	22.910%	22.910%

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Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the total District contributions were \$8,073,443.

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$48,997,547. The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively, was 0.2410% and 0.2239%, resulting in a net increase in the proportionate share of 0.0171%.

For the year ended June 30, 2022, the District recognized pension expense of \$7,723,996. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 8,073,443	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	5,946,719	1,424,778
Differences between projected and actual earnings on pension plan investments	-	18,803,800
Differences between expected and actual experience in the measurement of the total pension liability	<u>1,462,703</u>	<u>115,507</u>
Total	<u><u>\$ 15,482,865</u></u>	<u><u>\$ 20,344,085</u></u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

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 and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2023	\$ (4,715,976)
2024	(4,336,763)
2025	(4,521,359)
2026	(5,229,702)
 Total	 \$ (18,803,800)

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2023	\$ 3,621,163
2024	1,025,105
2025	1,107,949
2026	114,920
 Total	 \$ 5,869,137

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% of scale MP-2016.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten 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. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	(0.92%)

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	\$ 82,616,744
Current discount rate (7.15%)	48,997,547
1% increase (8.15%)	21,086,400

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

Alternative Retirement System (SISC Defined Benefit Plan)

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 SISC Defined Benefit Plan as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 3.7% of an employee's gross earnings for employees hired prior to January 1, 2013 and 2.1% of an employee's gross earnings for employees hired after January 1, 2013. The District's contributions to SISC Defined Benefit Plan for the fiscal year ending June 30, 2022 was \$185,670.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$10,908,618 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 14 - Commitments and Contingencies

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2022.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2022.

Property Taxes

The County of Kern and its related municipal entities have been subjected to continuing taxpayer litigation suits asserting over assessments of property taxes. The Auditor-Controller of Kern County has advised the District that it would be prudent to impound funds in anticipation of possibly adverse findings by the courts. The balance in the District's impound account was \$129,901 at June 30, 2022. The pending appeals plus interest was \$233,427, which leaves an unfunded liability balance of \$103,526 as of June 30, 2022.

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

Construction Commitments

As of June 30, 2022, the District had the following commitments (contractual obligations) with respect to the unfinished capital projects:

<u>Capital Project</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Flooring	\$ 43,543	7/21/2022
Portables	770,893	8/17/2022
Warehouse II - Book Room	6,473	8/17/2022
District Office - ITS Remodel	163,160	10/12/2022
Traffic Signal - Ashe/Schirra Ct	209,180	11/2/2022
Stine - Mini Modernization	639,445	1/26/2023
Miller Special Service Center	1,616,369	1/31/2023
Whitley TK-8	3,185,195	6/30/2023
Communication Systems	902,821	6/30/2023
District Office South - New Modulars	1,101,404	9/26/2023
Hart Modernization	460,263	8/1/2025
Warren Modernization	414,375	8/1/2025
Actis - Modernization	21,608	8/1/2025
Tewis Modernization	56,831	8/1/2025
School Site #26	68,718	8/1/2025
School Site #27	65,000	8/1/2028
School Site - Grimm	450	TBD
Total	<u>\$ 9,725,728</u>	

Note 15 - Participation in Public Entity Risk Pools, Joint Powers Authorities and Other Related Party Transactions

The District is a member of the SISC I, SISC II, SISC III, and Schools Legal Services public entity risk pools. The District pays an annual premium to the applicable entities for its workers' compensation coverage, health coverage, property and liability coverage, and legal services.

The relationship between the District and the pools is such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2022, the District made payments of \$2,025,305, \$1,549,919, \$35,818,660, and \$355,330, to SISC I, SISC II, SISC III, and Schools Legal Services, respectively, for the coverages and services noted above.

Panama-Buena Vista Union School District

Notes to Financial Statements

June 30, 2022

Note 16 - Correction of an Error – Restatement of Prior Year Net Position and Fund Balances

The District's prior year governmental activities net position and fund balances of the General Fund and Building Fund have been restated as of July 1, 2021 to correct an error reported in the prior-year financial statements. The error was an overstatement of receivables and understatements of interfund balances. The effects of the restatements are as follows:

	General Fund	Building Fund	Total Governmental Funds
Beginning Fund Balance previously reported at June 30, 2021	\$ 59,195,764	\$ 4,202,989	\$ 101,956,732
Adjustment to prior year receivables	1,661,821	-	1,661,821
Adjustment to prior year balance due from other funds	46,303	-	46,303
Adjustment to prior year balance due to other funds	-	(46,303)	(46,303)
Fund Balance - Beginning as restated at July 1, 2021	<u>\$ 60,903,888</u>	<u>\$ 4,156,686</u>	<u>\$ 103,618,553</u>
 Governmental Activities			
Net Position - Beginning as of June 30, 2021			\$ 19,296,527
Adjustment to prior year receivables			1,661,821
Adjustment to prior year balance due from other funds			46,303
Adjustment to prior year balance due to other funds			(46,303)
Net Position - Beginning as restated at July 1, 2021 (before GASB 87 implementation)			<u>\$ 20,958,348</u>

Note 17 - Adoption of New Accounting Standard - Restatement of Prior Year Net Position

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. The Statement requires 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. Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 87 as follows:

Governmental Activities			
Net Position - Beginning as of June 30, 2021			
(Before GASB 87 implementation, but after correction of an error)			\$ 20,958,348
Right-to-use intangible asset, net of amortization			159,874
Lease liability			<u>(159,874)</u>
Net Position - Beginning as restated July 1, 2021 (after GASB 87 implementation and after correction of an error)			<u>\$ 20,958,348</u>



Required Supplementary Information

June 30, 2022

**Panama-Buena Vista Union School
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Panama-Buena Vista Union School District

General Fund - Budgetary Comparison Schedule

Year Ended June 30, 2022

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	
			Final to Actual	
Revenues				
Local Control Funding Formula	\$ 190,681,881	\$ 196,033,653	\$ 195,259,382	\$ (774,271)
Federal sources	48,563,390	46,844,855	51,148,678	4,303,823
Other State sources	27,591,104	44,521,517	47,970,641	3,449,124
Other local sources	1,570,155	5,103,163	384,678	(4,718,485)
Total revenues¹	268,406,530	292,503,188	294,763,379	2,260,191
Expenditures				
Current				
Certificated salaries	101,299,231	105,568,797	105,484,417	84,380
Classified salaries	41,525,986	38,519,474	38,262,768	256,706
Employee benefits	75,797,594	75,382,618	76,154,540	(771,922)
Books and supplies	13,677,203	20,873,053	19,311,010	1,562,043
Services and operating expenditures	15,153,387	19,130,647	18,276,770	853,877
Other outgo	671,728	869,865	279,165	590,700
Capital outlay	2,008,846	1,516,200	1,913,788	(397,588)
Debt service				
Debt service - principal	-	-	174,880	(174,880)
Debt service - interest and other	200,000	200,000	208,568	(8,568)
Total expenditures¹	250,333,975	262,060,654	260,065,906	1,994,748
Excess of Revenues Over Expenditures	18,072,555	30,442,534	34,697,473	4,254,939
Other Financing (Sources) Uses				
Other sources - proceeds from leases	-	-	193,602	193,602
Transfers out	(18,938,034)	(17,764,706)	(17,880,466)	(115,760)
Net Financing Sources (Uses)	(18,938,034)	(17,764,706)	(17,686,864)	77,842
Net Change in Fund Balances	(865,479)	12,677,828	17,010,609	4,332,781
Fund Balance - Beginning, as restated	60,903,888	60,903,888	60,903,888	-
Fund Balance - Ending	\$ 60,038,409	\$ 73,581,716	\$ 77,914,497	\$ 4,332,781

¹ Due to the consolidation of Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, for reporting purposes into the General Fund, additional revenues and expenditures pertaining to this fund are included in the actual revenues and expenditures, however, are not included in the original and final budgeted amounts.

Panama-Buena Vista Union School District
 Schedule of Changes in the District's Net OPEB Liability and Related Ratios
 Year Ended June 30, 2022

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 1,589,800	\$ 1,553,600	\$ 1,249,200	\$ 1,225,600	\$ 1,225,600
Interest	2,073,400	2,029,600	1,802,300	1,751,000	1,711,900
Difference between expected and actual experience	(4,839,800)	6,700	4,666,200	459,600	-
Changes of assumptions and other inputs	(627,400)	-	(1,452,100)	-	-
Benefit payments	<u>(2,909,100)</u>	<u>(2,955,500)</u>	<u>(2,882,900)</u>	<u>(2,442,700)</u>	<u>(2,231,500)</u>
Net change in total OPEB liability	(4,713,100)	634,400	3,382,700	993,500	706,000
Total OPEB Liability - Beginning	<u>32,548,200</u>	<u>31,913,800</u>	<u>28,531,100</u>	<u>27,537,600</u>	<u>26,831,600</u>
Total OPEB Liability - Ending	<u>\$ 27,835,100</u>	<u>\$ 32,548,200</u>	<u>\$ 31,913,800</u>	<u>\$ 28,531,100</u>	<u>\$ 27,537,600</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 3,338,000	\$ 3,395,300	\$ 3,343,400	\$ 2,959,700	\$ 2,730,900
Expected investment return	386,136	358,397	289,804	233,610	(1,596)
Investment experience (loss)/gain	1,292,355	(363,100)	317,751	144,291	-
Benefit payments	(2,909,100)	(2,955,500)	(2,882,900)	(2,442,700)	(2,231,500)
Administrative expense	<u>(3,191)</u>	<u>(2,597)</u>	<u>(2,255)</u>	<u>(2,001)</u>	<u>(1,604)</u>
Net change in plan fiduciary net position	2,104,200	432,500	1,065,800	892,900	496,200
Plan Fiduciary Net Position - Beginning	<u>5,727,700</u>	<u>5,295,200</u>	<u>4,229,400</u>	<u>3,336,500</u>	<u>2,840,300</u>
Plan Fiduciary Net Position - Ending	<u>\$ 7,831,900</u>	<u>\$ 5,727,700</u>	<u>\$ 5,295,200</u>	<u>\$ 4,229,400</u>	<u>\$ 3,336,500</u>
Net OPEB Liability - Ending	<u>\$ 20,003,200</u>	<u>\$ 26,820,500</u>	<u>\$ 26,618,600</u>	<u>\$ 24,301,700</u>	<u>\$ 24,201,100</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	28.14%	17.60%	16.59%	14.82%	12.12%
Covered Payroll	<u>\$ 126,130,123</u>	<u>\$ 122,495,600</u>	<u>\$ 115,656,000</u>	<u>\$ 107,662,800</u>	<u>\$ 85,881,500</u>
Total OPEB Liability as a Percentage of Covered Payroll	16%	22%	23%	23%	28%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

Panama-Buena Vista Union School District
 Schedule of the District's Contributions for OPEB
 Year Ended June 30, 2022

	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 3,948,500	\$ 3,839,200	\$ 3,290,600	\$ 3,218,000	\$ 3,164,400
Contribution in relation to the actuarially determined contribution	<u>3,338,000</u>	<u>3,395,300</u>	<u>3,343,400</u>	<u>2,959,700</u>	<u>2,730,900</u>
Contribution deficiency (excess)	<u>\$ 610,500</u>	<u>\$ 443,900</u>	<u>\$ (52,800)</u>	<u>\$ 258,300</u>	<u>\$ 433,500</u>
Covered payroll	<u>\$ 133,637,759</u>	<u>\$ 126,130,123</u>	<u>\$ 122,495,600</u>	<u>\$ 115,656,000</u>	<u>\$ 107,662,800</u>
Contributions as a percentage of Covered Payroll	<u>2.50%</u>	<u>2.69%</u>	<u>2.73%</u>	<u>2.56%</u>	<u>2.54%</u>

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

Panama-Buena Vista Union School District
 Schedule of the District's Proportionate Share of the Net Pension Liability
 Year Ended June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Proportion of the net pension liability	0.1696%	0.1657%	0.1595%	0.1514%	0.1368%	0.1360%	0.1420%	0.1250%
Proportionate share of the net pension liability	\$ 77,190,206	\$ 160,612,985	\$ 144,028,963	\$ 139,192,389	\$ 126,528,553	\$ 110,067,000	\$ 95,299,000	\$ 72,829,000
State's proportionate share of the net pension liability	38,839,118	82,796,013	78,577,415	79,694,152	74,853,223	62,659,013	50,402,846	43,977,417
Total	\$ 116,029,324	\$ 243,408,998	\$ 222,606,378	\$ 218,886,541	\$ 201,381,776	\$ 172,726,013	\$ 145,701,846	\$ 116,806,417
Covered payroll	\$ 97,652,737	\$ 88,962,164	\$ 84,325,104	\$ 80,424,955	\$ 73,081,844	\$ 68,344,520	\$ 65,189,088	\$ 17,516,061
Proportionate share of the net pension liability as a percentage of its covered payroll	79%	181%	171%	173%	173%	161%	146%	416%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS								
Proportion of the net pension liability	0.2410%	0.2239%	0.2264%	0.1875%	0.1875%	0.1850%	0.1840%	0.0185%
Proportionate share of the net pension liability	\$ 48,997,547	\$ 68,686,062	\$ 65,973,736	\$ 49,990,382	\$ 44,759,183	\$ 36,518,000	\$ 27,193,000	\$ 21,004,000
Covered payroll	\$ 34,598,097	\$ 31,705,203	\$ 30,742,309	\$ 27,757,234	\$ 23,999,978	\$ 22,641,730	\$ 20,434,545	\$ 6,239,102
Proportionate share of the net pension liability as a percentage of its covered payroll	142%	217%	215%	180%	186%	161%	133%	337%
Plan fiduciary net position as a percentage of the total pension liability	81%	70%	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

Panama-Buena Vista Union School District
Schedule of the District's Contributions
Year Ended June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Contractually required contribution	\$ 11,857,046	\$ 15,770,917	\$ 15,212,530	\$ 13,728,127	\$ 11,605,321	\$ 9,193,696	\$ 7,333,367	\$ 5,788,791
Less contributions in relation to the contractually required contribution	<u>11,857,046</u>	<u>15,770,917</u>	<u>15,212,530</u>	<u>13,728,127</u>	<u>11,605,321</u>	<u>9,193,696</u>	<u>7,333,367</u>	<u>5,788,791</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>							
Covered payroll	\$ 70,077,104	\$ 97,652,737	\$ 88,962,164	\$ 84,325,104	\$ 80,424,955	\$ 73,081,844	\$ 68,344,520	\$ 65,189,088
Contributions as a percentage of covered payroll	<u>16.92%</u>	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
CalPERS								
Contractually required contribution	\$ 8,073,443	\$ 7,161,806	\$ 6,252,266	\$ 5,552,061	\$ 4,310,976	\$ 3,333,597	\$ 2,683,045	\$ 2,405,146
Less contributions in relation to the contractually required contribution	<u>8,073,443</u>	<u>7,161,806</u>	<u>6,252,266</u>	<u>5,552,061</u>	<u>4,310,976</u>	<u>3,333,597</u>	<u>2,683,045</u>	<u>2,405,146</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>							
Covered payroll	\$ 35,239,821	\$ 34,598,097	\$ 31,705,203	\$ 30,742,309	\$ 27,757,234	\$ 23,999,978	\$ 22,641,730	\$ 20,434,545
Contributions as a percentage of covered payroll	<u>22.910%</u>	<u>20.700%</u>	<u>19.720%</u>	<u>18.060%</u>	<u>15.531%</u>	<u>13.890%</u>	<u>11.850%</u>	<u>11.770%</u>

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

Panama-Buena Vista Union School District

Notes to Required Supplementary Information

June 30, 2022

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 adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

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

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

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

This schedule presents information on the District's changes in the net OPEB liability, including beginning and ending balances, and the net 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.
- *Change of Assumptions* – The health care cost trend rates changed from 5.50% in 2020 to 5.25% in 2021.

Schedule of the District Contributions for OPEB

This schedule presents information on the District's actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution. In the future, as data becomes available, ten years of information will be presented.

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

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

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* – There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

Panama-Buena Vista Union School District

Notes to Required Supplementary Information

June 30, 2022

Schedule of the District's Contributions

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



Supplementary Information

June 30, 2022

**Panama-Buena Vista Union School
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Panama-Buena Vista Union School District

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department Of Education			
Passed through California Department of Education (CDE)			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 5,675,638
Title I, School Improvement Grant	84.377	15364	124,592
Title II, Part A, Supporting Effective Instruction	84.367	14341	897,140
Title III, English Learner Student Program	84.365	14346	476,996
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	616,054
Special Education (IDEA) Cluster			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	2,569,855
Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	1,290
Local Assistance, Part B, Sec 611, Early Intervening Services	84.027	10119	351,265
COVID-19 ARP IDEA Part B, Sec 611, Early Intervening Services	84.027	10169	338
COVID-19 ARP IDEA Part B, Sec. 611, Local Assistance Entitlement	84.027	15638	766,548
Mental Health Average Daily Attendance (ADA)			
Allocation, Part B, Sec 611	84.027A	15197	<u>209,254</u>
Subtotal			<u>3,898,550</u>
Preschool Grants, Part B, Sec 619	84.173	13430	43,921
ARP IDEA Part B, Sec. 611, Local Assistance Entitlement	84.173	15639	65,711
Preschool Staff Development, Part B, Sec 619	84.173A	13431	1,608
Alternative Dispute Resolution, Part B, Sec 611	84.173A	13007	<u>73,557</u>
Subtotal			<u>184,797</u>
Subtotal Special Education (IDEA) Cluster			<u>4,083,347</u>
Early Intervention Grants, Part C	84.181	23761	25,000
Education Stabilization Fund			
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	334
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	4,797,950
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425D	15618	669,960
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	28,112,922
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	3,068,363
COVID-19 American Rescue Plan - Homeless Children and Youth II (ARP HCY II)	84.425W	15566	<u>173,933</u>
Subtotal			<u>36,823,462</u>
Total U.S. Department of Education			<u>48,722,229</u>

Panama-Buena Vista Union School District

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department Of Health And Human Services			
Passed through CDE			
Child Care and Development Fund Cluster			
COVID-19 Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-Time Stipend	93.575	15555	<u>\$ 113,400</u>
Subtotal Child Care and Development Fund Cluster			<u>113,400</u>
Total U.S. Department of Health and Human Services			<u>113,400</u>
U.S. Department Of Agriculture			
Passed through CDE			
Child Nutrition Cluster			
Basic School Breakfast	10.553	13525	86,072
Especially Needy Breakfast	10.553	13526	<u>1,329,591</u>
Subtotal			<u>1,415,663</u>
Child Nutrition: School Programs (NSL Sec 4)	10.555	13523	874,445
Commodities	10.555	13524	884,310
COVID-19 Emergency Operational Costs Reimbursement (ECR)	10.555	15637	<u>176,008</u>
Subtotal			<u>1,934,763</u>
Child Nutrition: School Programs (NSL Sec 11)	10.556	13524	8,353,664
Meal Supplements	10.556	13755	<u>100,689</u>
Subtotal			<u>8,454,353</u>
Subtotal Child Nutrition Cluster			<u>11,804,779</u>
COVID-19 Pandemic EBT local Administrative Grant	10.649	15644	<u>5,814</u>
Total U.S. Department of Agriculture			<u>11,810,593</u>
Federal Communications Commission (FCC)			
COVID-19 Emergency Connectivity Fund Program	32.009	[1]	<u>2,426,449</u>
Total Federal Communication Commission			<u>2,426,449</u>
Total Federal Financial Assistance			<u>\$ 63,072,671</u>

Panama-Buena Vista Union School District

Local Education Agency Organization Structure

June 30, 2022

ORGANIZATION

The Panama-Buena Vista Union School District (the District) was organized in 1988 through the merging of Panama Union School District and Buena Vista School District. The District operates under a locally elected five-member Board form of government and provides educational services to grades TK-8 as mandated by the State and/or Federal agencies. The District operates 20 elementary schools and five middle schools. There were no boundary changes during the year.

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Keith C. Wolaridge	President	2022
John P. Lake	Vice President	2024
Bryan Easter	Clerk	2024
Elynor Cherie Olgin	Member	2022
Paula Van Auken	Member	2024

ADMINISTRATION

Katie Russell	District Superintendent
Brandie Dye	Assistant Superintendent, Instructional Services
Glenn Imke, CPA	Assistant Superintendent, Business Services
Darryl Johnson	Assistant Superintendent, Human Resources
Jennifer Irvin	Assistant Superintendent, Educational Services
Dr. Denita Maughan	Assistant Superintendent, Special Services

Panama-Buena Vista Union School District

Schedule of Average Daily Attendance

Year Ended June 30, 2022

	Final Report		As Adjusted per Audit	
	Second Period Report	Annual Report	Second Period Report	Annual Report
Regular ADA				
Transitional kindergarten through third	7,172.99	7,251.08	6,953.85	7,029.42
Fourth through sixth	5,671.74	5,714.90	5,490.12	5,536.26
Seventh and eighth	<u>3,838.66</u>	<u>3,856.98</u>	<u>3,752.80</u>	<u>3,770.52</u>
Total Regular ADA	<u>16,683.39</u>	<u>16,822.96</u>	<u>16,196.77</u>	<u>16,336.20</u>
Extended Year Special Education				
Transitional kindergarten through third	11.43	11.43	11.43	11.43
Fourth through sixth	3.18	3.18	3.18	3.18
Seventh and eighth	<u>14.82</u>	<u>14.82</u>	<u>14.82</u>	<u>14.82</u>
Total Extended Year Special Education	<u>29.43</u>	<u>29.43</u>	<u>29.43</u>	<u>29.43</u>
Total ADA	<u><u>16,712.82</u></u>	<u><u>16,852.39</u></u>	<u><u>16,226.20</u></u>	<u><u>16,365.63</u></u>

Panama-Buena Vista Union School District
 Schedule of Instructional Time
 Year Ended June 30, 2022

Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Kindergarten	36,000	53,865	-	53,865	180	-	180	N/A	N/A	N/A	Complied
Grades 1 - 3	50,400										
Grade 1		51,105	-	51,105	180	-	180	N/A	N/A	N/A	Complied
Grade 2		51,105	-	51,105	180	-	180	N/A	N/A	N/A	Complied
Grade 3		51,105	-	51,105	180	-	180	N/A	N/A	N/A	Complied
Grades 4 - 8	54,000										
Grade 4		56,269	-	56,269	180	-	180	N/A	N/A	N/A	Complied
Grade 5		56,269	-	56,269	180	-	180	N/A	N/A	N/A	Complied
Grade 6		56,269	-	56,269	180	-	180	N/A	N/A	N/A	Complied
Grade 7		64,492	-	64,492	180	-	180	N/A	N/A	N/A	Complied
Grade 8		64,492	-	64,492	180	-	180	N/A	N/A	N/A	Complied

Panama-Buena Vista Union School District
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2022

There were no adjustments to the Unaudited Actual Financial Report which required reconciliation to the audited financial statements at June 30, 2022.

Panama-Buena Vista Union School District

Schedule of Financial Trends and Analysis

Year Ended June 30, 2022

	(Budget)	2021 ¹		
	2023 ¹	2022	as restated	2020 ¹
General Fund ³				
Revenues	<u>\$ 297,353,317</u>	<u>\$ 294,871,248</u>	<u>\$ 270,132,686</u>	<u>\$ 222,409,606</u>
Expenditures	<u>296,295,203</u>	<u>259,872,304</u>	<u>250,049,289</u>	<u>213,142,193</u>
Other uses	<u>1,764,706</u>	<u>17,880,466</u>	<u>2,014,706</u>	<u>1,941,301</u>
Total expenditures and other uses	<u>298,059,909</u>	<u>277,752,770</u>	<u>252,063,995</u>	<u>215,083,494</u>
Increase/(Decrease) in Fund Balance	<u>(706,592)</u>	<u>17,118,478</u>	<u>18,068,691</u>	<u>7,576,668</u>
Ending Fund Balance	<u>\$ 75,233,462</u>	<u>\$ 75,940,054</u>	<u>\$ 58,821,576</u>	<u>\$ 40,752,885</u>
Available Reserves ²	<u>\$ 8,941,798</u>	<u>\$ 10,307,026</u>	<u>\$ 7,561,921</u>	<u>\$ 6,452,504</u>
Available Reserves as a Percentage of Total Outgo	<u>3.00%</u>	<u>3.71%</u>	<u>3.00%</u>	<u>3.00%</u>
Long-Term Liabilities	<u>N/A</u>	<u>\$ 320,639,343</u>	<u>\$ 412,470,927</u>	<u>\$ 398,730,299</u>
K-12 Average Daily Attendance at P-2	<u>16,912</u>	<u>16,226</u>	<u>17,892</u>	<u>17,892</u>

The General Fund balance has increased by \$35,187,169 over the past two years. However, the fiscal year 2022-2023 budget projects a decrease of \$706,592 (0.9%). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years but anticipates incurring an operating deficit during the 2022-2023 fiscal year. Total long-term liabilities have decreased by \$78,090,956 over the past two years.

Average daily attendance has decreased by 1,666 over the past two years. An increase of 686 ADA is anticipated during fiscal year 2022-2023.

¹ Financial information for 2023, 2021, and 2020 are included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.

³ General Fund amounts do not include activity related to the consolidation of Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, as required by GASB Statement No. 54.

Panama-Buena Vista Union School District
 Combining Balance Sheet – Non-Major Governmental Funds
 June 30, 2022

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Assets							
Deposits and investments	\$ 308,131	\$ 166,443	\$ 1,756,799	\$ 8,922,829	\$ -	\$ 9,260,421	\$ 20,414,623
Receivables	-	134,619	2,260,780	448,408	-	6,340	2,850,147
Due from other funds	-	193,850	106,597	-	-	-	300,447
Prepaid expenditures	-	-	405,189	-	-	-	405,189
Stores inventories	-	-	772,419	-	-	-	772,419
Total assets	\$ 308,131	\$ 494,912	\$ 5,301,784	\$ 9,371,237	\$ -	\$ 9,266,761	\$ 24,742,825
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ -	\$ 115,364	\$ 353,402	\$ 170,571	\$ -	\$ -	\$ 639,337
Due to other funds	-	52,837	194,471	102,140	-	-	349,448
Total liabilities	-	168,201	547,873	272,711	-	-	988,785
Fund Balances							
Nonspendable	-	-	1,177,608	-	-	-	1,177,608
Restricted	308,131	294,268	3,576,303	9,098,526	-	9,266,761	22,543,989
Assigned	-	32,443	-	-	-	-	32,443
Total fund balances	308,131	326,711	4,753,911	9,098,526	-	9,266,761	23,754,040
Total liabilities and fund balances	\$ 308,131	\$ 494,912	\$ 5,301,784	\$ 9,371,237	\$ -	\$ 9,266,761	\$ 24,742,825

Panama-Buena Vista Union School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds
Year Ended June 30, 2022

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues							
Federal sources	\$ -	\$ 113,400	\$ 12,258,720	\$ -	\$ -	\$ -	\$ 12,372,120
Other State sources	-	990,236	653,183	-	13,578,879	86,418	15,308,716
Other local sources	427,961	1,801,524	(49,213)	2,477,814	16,698	7,478,722	12,153,506
Total revenues	427,961	2,905,160	12,862,690	2,477,814	13,595,577	7,565,140	39,834,342
Expenditures							
Current							
Instruction	-	757,573	-	-	-	-	757,573
Instruction-related activities							
Supervision of instruction	-	181,912	-	-	-	-	181,912
Pupil services							
Food services	-	-	10,801,394	-	-	-	10,801,394
Administration							
All other administration	-	43,239	283,267	48,477	-	-	374,983
Plant services	-	136,827	105,623	996,280	-	-	1,238,730
Ancillary services	372,552	-	-	-	-	-	372,552
Community services	-	1,882,976	-	-	-	-	1,882,976
Facility acquisition and construction	-	-	-	2,028,829	-	-	2,028,829
Debt service							
Principal	-	-	-	1,080,980	-	4,480,000	5,560,980
Interest and other	-	-	-	939,845	-	3,490,631	4,430,476
Total expenditures	372,552	3,002,527	11,190,284	5,094,411	-	7,970,631	27,630,405
Excess (Deficiency) of Revenues Over Expenditures	55,409	(97,367)	1,672,406	(2,616,597)	13,595,577	(405,491)	12,203,937
Other Financing Sources (Uses)							
Transfers in	-	100,000	15,760	-	-	-	115,760
Other sources - premium on issuance of general obligation bonds	-	-	-	-	-	1,291,516	1,291,516
Other sources - proceeds from leases	-	-	-	881,944	-	-	881,944
Transfers out	-	-	-	-	(13,595,577)	-	(13,595,577)
Net Financing Sources (Uses)	-	100,000	15,760	881,944	(13,595,577)	1,291,516	(11,306,357)
Net Change in Fund Balances	55,409	2,633	1,688,166	(1,734,653)	-	886,025	897,580
Fund Balance - Beginning, as restated	252,722	324,078	3,065,745	10,833,179	-	8,380,736	22,856,460
Fund Balance - Ending	\$ 308,131	\$ 326,711	\$ 4,753,911	\$ 9,098,526	\$ -	\$ 9,266,761	\$ 23,754,040

Panama-Buena Vista Union School District
 Building Fund – Major Governmental Fund
 Year Ended June 30, 2022

	Budgeted Amounts			Variances - Positive (Negative)	
	Original ¹	Final	Actual	Final	to Actual
Revenues					
Other local sources	\$ -	\$ 24,000	\$ (788,730)	\$ (812,730)	
Expenditures					
Current					
Services and operating expenditures	-	1,711,203	478,384	1,232,819	
Capital outlay	-	5,503,320	135,825	5,367,495	
Total expenditures	-	7,214,523	614,209	6,600,314	
Deficiency of Revenues					
Over Expenditures	-	(7,190,523)	(1,402,939)	5,787,584	
Other Financing Sources					
Other sources - proceeds from issuance of general obligation bonds	-	22,000,000	22,000,000	-	
Net Change in Fund Balances	-	14,809,477	20,597,061	5,787,584	
Fund Balance - Beginning, as restated	4,156,686	4,156,686	4,156,686	-	
Fund Balance - Ending	\$ 4,156,686	\$ 18,966,163	\$ 24,753,747	\$ 5,787,584	

¹ The original budget does not reflect budgeted revenues and expenditures, as the availability of additional bond proceeds was unknown at the time of the original budget's preparation.

Panama-Buena Vista Union School District
 Special Reserve Fund for Capital Outlay Fund - Major Governmental Fund
 Year Ended June 30, 2022

	Budgeted Amounts			Variances - Positive (Negative) Final to Actual
	Original	Final	Actual	
Revenues				
Other local sources	\$ 90,000	\$ 90,000	\$ (903,966)	\$ (993,966)
Expenditures				
Current				
Books and supplies		401,610	47,682	353,928
Services and operating expenditures	540,000	2,465,441	537,801	1,927,640
Capital outlay	9,867,000	13,477,949	6,561,258	6,916,691
Total expenditures	10,407,000	16,345,000	7,146,741	9,198,259
Deficiency of Revenues Over Expenditures	(10,317,000)	(16,255,000)	(8,050,707)	8,204,293
Other Financing Sources				
Transfers in	31,343,585	31,360,585	31,360,283	(302)
Net Change in Fund Balances	21,026,585	15,105,585	23,309,576	8,203,991
Fund Balance - Beginning	15,701,519	15,701,519	15,701,519	-
Fund Balance - Ending	\$ 36,728,104	\$ 30,807,104	\$ 39,011,095	\$ 8,203,991

Panama-Buena Vista Union School District
 Student Activity Fund - Non-Major Governmental Fund
 Year Ended June 30, 2022

	Budgeted Amounts			Variances - Positive (Negative)
	Original ¹	Final ¹	Actual	Final to Actual
Revenues				
Other local sources	\$ -	\$ -	\$ 427,961	\$ 427,961
Expenditures				
Current				
Ancillary services	-	-	372,552	(372,552)
Net Change in Fund Balances	-	-	55,409	55,409
Fund Balance - Beginning	252,722	252,722	252,722	-
Fund Balance - Ending	\$ 252,722	\$ 252,722	\$ 308,131	\$ 55,409

¹ The Student Activity Fund's budgetary information was not included within the original and final budget reports approved by the District's governing board.

Panama-Buena Vista Union School District
 Child Development Fund - Non-Major Governmental Fund
 Year Ended June 30, 2022

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	
Revenues				
Federal sources	\$ -	\$ -	\$ 113,400	\$ 113,400
Other State sources	1,079,716	1,123,265	990,236	(133,029)
Other local sources	2,255,000	2,217,363	1,801,524	(415,839)
Total revenues	<u>3,334,716</u>	<u>3,340,628</u>	<u>2,905,160</u>	<u>(435,468)</u>
Expenditures				
Current				
Certificated salaries	214,112	221,464	77,746	143,718
Classified salaries	1,733,494	1,753,022	1,764,152	(11,130)
Employee benefits	847,038	906,000	871,596	34,404
Books and supplies	244,811	300,504	82,888	217,616
Services and operating expenditures	145,262	112,788	162,906	(50,118)
Other outgo	<u>149,999</u>	<u>50,301</u>	<u>43,239</u>	<u>7,062</u>
Total expenditures	<u>3,334,716</u>	<u>3,344,079</u>	<u>3,002,527</u>	<u>341,552</u>
Deficiency of Revenues				
Over Expenditures	-	(3,451)	(97,367)	(93,916)
Other Financing Sources				
Transfers in	-	-	100,000	100,000
Net Change in Fund Balances	-	(3,451)	2,633	6,084
Fund Balance - Beginning	<u>324,078</u>	<u>324,078</u>	<u>324,078</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 324,078</u>	<u>\$ 320,627</u>	<u>\$ 326,711</u>	<u>\$ 6,084</u>

Panama-Buena Vista Union School District

Cafeteria Fund - Non-Major Governmental Fund

Year Ended June 30, 2022

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	
			Final to Actual	
Revenues				
Federal sources	\$ 9,972,287	\$ 10,143,824	\$ 12,258,720	\$ 2,114,896
Other State sources	722,848	488,592	653,183	164,591
Other local sources	62,676	26,151	(49,213)	(75,364)
Total revenues	<u>10,757,811</u>	<u>10,658,567</u>	<u>12,862,690</u>	<u>2,204,123</u>
Expenditures				
Current				
Classified salaries	3,547,611	3,321,558	3,353,779	(32,221)
Employee benefits	2,198,905	2,258,569	2,225,190	33,379
Books and supplies	5,493,314	5,475,377	5,223,694	251,683
Services and operating expenditures	107,408	103,058	101,741	1,317
Other outgo	483,901	289,834	283,267	6,567
Capital outlay	<u>100,000</u>	<u>14,139</u>	<u>2,613</u>	<u>11,526</u>
Total expenditures	<u>11,931,139</u>	<u>11,462,535</u>	<u>11,190,284</u>	<u>272,251</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,173,328)</u>	<u>(803,968)</u>	<u>1,672,406</u>	<u>2,476,374</u>
Other Financing Sources				
Transfers in	-	-	15,760	15,760
Net Change in Fund Balances	(1,173,328)	(803,968)	1,688,166	2,492,134
Fund Balance - Beginning	<u>3,065,745</u>	<u>3,065,745</u>	<u>3,065,745</u>	-
Fund Balance - Ending	<u>\$ 1,892,417</u>	<u>\$ 2,261,777</u>	<u>\$ 4,753,911</u>	<u>\$ 2,492,134</u>

Panama-Buena Vista Union School District
 Capital Facilities Fund - Non-Major Governmental Fund
 Year Ended June 30, 2022

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	
			Final to Actual	
Revenues				
Other local sources	\$ 3,060,000	\$ 1,560,000	\$ 2,477,814	\$ 917,814
Expenditures				
Current				
Books and supplies	-	32,493	34,325	(1,832)
Services and operating expenditures	136,000	956,029	639,658	316,371
Capital outlay	10,500,000	9,174,658	2,399,603	6,775,055
Debt service				
Debt service - principal	945,000	945,000	1,080,980	(135,980)
Debt service - interest and other	939,119	939,119	939,845	(726)
Total expenditures	<u>12,520,119</u>	<u>12,047,299</u>	<u>5,094,411</u>	<u>6,952,888</u>
Deficiency of Revenues Over Expenditures	<u>(9,460,119)</u>	<u>(10,487,299)</u>	<u>(2,616,597)</u>	<u>7,870,702</u>
Other Financing Sources				
Other sources - proceeds from leases	-	-	881,944	881,944
Net Change in Fund Balances	(9,460,119)	(10,487,299)	(1,734,653)	8,752,646
Fund Balance - Beginning	<u>10,833,179</u>	<u>10,833,179</u>	<u>10,833,179</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 1,373,060</u>	<u>\$ 345,880</u>	<u>\$ 9,098,526</u>	<u>\$ 8,752,646</u>

Panama-Buena Vista Union School District
 County School Facilities Fund - Non-Major Governmental Fund
 Year Ended June 30, 2022

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	
Revenues				
Other State sources	\$ 13,578,879	\$ 13,578,879	\$ 13,578,879	\$ -
Other local sources	-	17,000	16,698	(302)
Total revenues	<u>13,578,879</u>	<u>13,595,879</u>	<u>13,595,577</u>	<u>(302)</u>
Other Financing Uses				
Transfers out	(13,578,879)	(13,595,879)	(13,595,577)	302
Net Change in Fund Balances	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

Panama-Buena Vista Union School District
 Bond Interest and Redemption Fund - Non-Major Governmental Fund
 Year Ended June 30, 2022

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	
Revenues				
Other State sources	\$ -	\$ -	\$ 86,418	\$ 86,418
Other local sources	<u>7,965,723</u>	<u>7,965,723</u>	<u>7,478,722</u>	<u>(487,001)</u>
Total revenues	<u>7,965,723</u>	<u>7,965,723</u>	<u>7,565,140</u>	<u>(400,583)</u>
Expenditures				
Current				
Other outgo	<u>7,965,723</u>	<u>7,965,723</u>	<u>7,970,631</u>	<u>(4,908)</u>
Net Change in Fund Balances	-	-	886,025	886,025
Fund Balance - Beginning	<u>8,380,736</u>	<u>8,380,736</u>	<u>8,380,736</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 8,380,736</u>	<u>\$ 8,380,736</u>	<u>\$ 9,266,761</u>	<u>\$ 886,025</u>

Panama-Buena Vista Union School District

Notes to Supplementary Information

June 30, 2022

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of the Panama-Buena Vista Union School District (the District) under programs of the federal government for the year ended June 30, 2022. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Panama-Buena Vista Union School District, it is not intended to and does not present the net position of the district.

Summary of Significant Accounting Policies

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

Indirect Cost Rate

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

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2022, the District did not have any commodities reported as inventory.

SEFA Reconciliation

The following schedule provides 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 amount consists of Supply Chain Assistance (SCA) Funds that were recorded as revenues in the current period but were unspent. These funds are reported as a legally restricted ending balance within the Cafeteria Fund.

	Federal Financial Assistance Listing Number	Amount
Total Federal Revenues reported on the financial statements Supply Chain Assistance (SCA) Funds	10.555	\$ 63,520,798 <u>(448,127)</u>
Total federal financial assistance		<u>\$ 63,072,671</u>

Panama-Buena Vista Union School District

Notes to Supplementary Information

June 30, 2022

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District has met its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46207.

Districts must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances

These schedules are included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance.

Governmental Fund Budgetary Comparison Schedules (Other than General Fund)

These schedules present information for the original and final budgets and actual results of operations, as well as variances from the final budget to actual result of operation.



STATISTICAL SECTION (UNAUDITED)

Panama-Buena Vista Union School District

Statistical Section (Unaudited)

June 30, 2022

Introduction

The Statistical Section presents information useful in giving the reader an overall understanding of the school district as well as a historical perspective regarding financial information in this report. Unless noted otherwise, historical data is presented for the most recent ten-year period. The information in this section helps the reader better understand the overall financial health of the district.

Financial Trends

These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the district's local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.

Economic and Demographic Information

These schedules offer economic and demographic indicators to help the reader understand the environment within which the district's financial activities take place.

Operating Information

These schedules contain service and capital asset data to help the reader understand how the information in the financial report relates to the services the district provides and the activities it performs.

Panama-Buena Vista Union School District

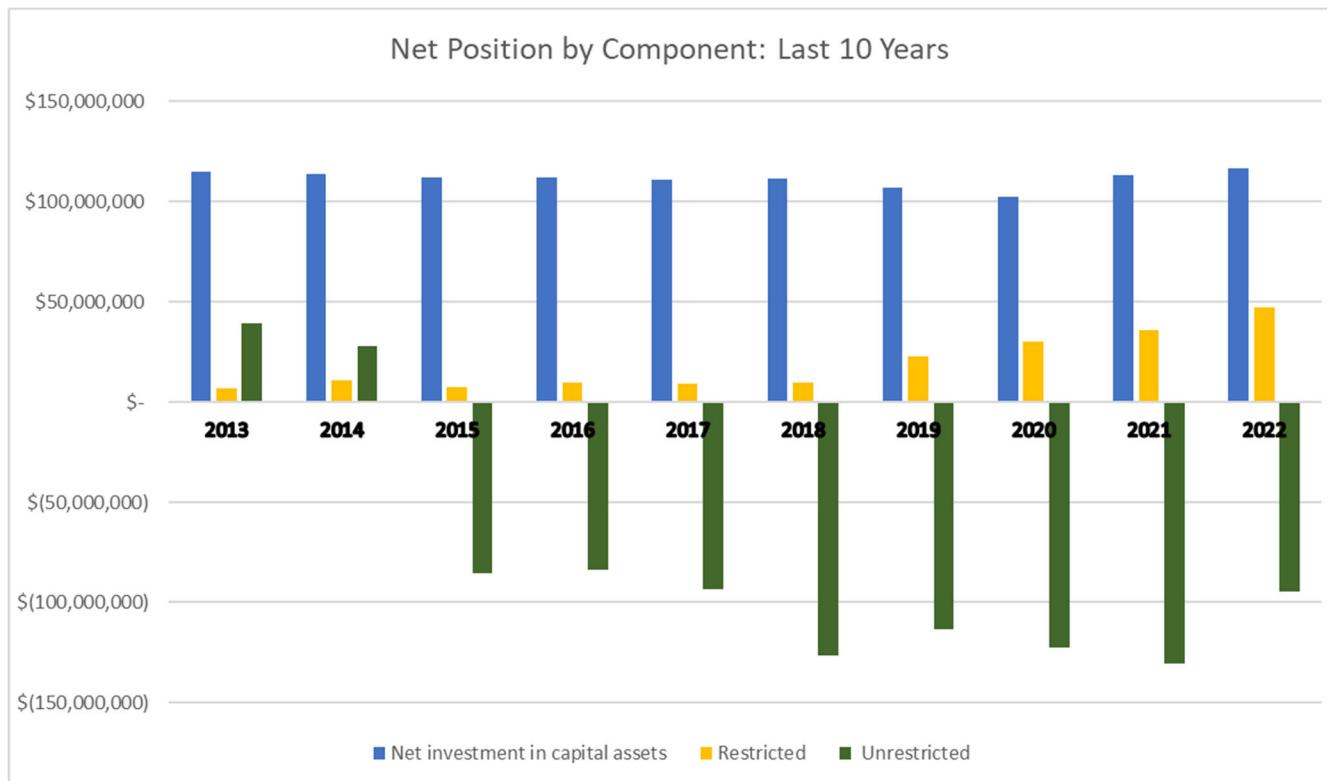
Statistical Section (Unaudited)

June 30, 2022

Net Position by Component

Fiscal Year	Net investment in			Total
	capital assets	Restricted	Unrestricted	
2013	\$ 115,054,851	\$ 7,109,504	\$ 39,515,291	\$ 161,679,646
2014	113,538,844	10,817,471	28,184,834	152,541,149
2015	112,085,534	7,659,332	(85,609,234)	34,135,632
2016	112,330,663	9,623,437	(83,843,282)	38,110,818
2017	111,067,586	9,241,554	(93,561,676)	26,747,464
2018	111,360,773	9,811,875	(126,156,426)	(4,983,778)
2019	106,784,622	22,914,325	(113,587,643)	16,111,304
2020	102,317,579	30,202,349	(122,352,715)	10,167,213
2021	113,346,158	36,154,330	(130,203,961)	19,296,527
2022	116,420,196	47,257,154	(94,490,966)	69,186,384

Source: Data extracted from District Financial Statements



Panama-Buena Vista Union School District

Statistical Section (Unaudited)

June 30, 2022

Change in Net Position

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Expenses					
Governmental Activities					
Instruction	\$ 71,775,639	\$ 76,906,982	\$ 84,126,215	\$ 117,016,233	\$ 139,361,732
Instruction-related activities	11,596,181	12,900,247	13,820,953	15,964,712	19,030,691
Pupil services	15,589,768	16,272,356	17,297,678	22,808,248	25,840,561
Administration	4,935,390	5,901,559	5,410,928	6,789,649	11,119,559
Plant services	12,476,006	12,683,989	13,866,265	18,898,027	16,465,345
Enterprise	18,313,254	23,246,864	22,798,943	7,357,492	6,448
Other educational programs	1,596,751	1,601,399	1,539,791	1,874,636	2,013,973
Interest and fiscal charges	8,631,525	9,926,804	14,026,520	14,629,855	13,464,075
Total Governmental Activities	<u>144,914,514</u>	<u>159,440,200</u>	<u>172,887,293</u>	<u>205,338,852</u>	<u>227,302,384</u>
Total Expenses	<u>144,914,514</u>	<u>159,440,200</u>	<u>172,887,293</u>	<u>205,338,852</u>	<u>227,302,384</u>
Revenues					
Program Revenues					
Charges for Services and Sales	1,765,155	1,683,058	1,700,817	1,618,322	1,292,243
Operating Grants and Contributions	24,652,394	27,253,512	26,491,557	46,244,000	46,773,146
Capital Grants and Contributions	-	-	-	-	-
Total Program Revenues	<u>26,417,549</u>	<u>28,936,570</u>	<u>28,192,374</u>	<u>47,862,322</u>	<u>48,065,389</u>
Net Revenue/Expense	<u>(118,496,965)</u>	<u>(130,503,630)</u>	<u>(144,694,919)</u>	<u>(157,476,530)</u>	<u>(179,236,995)</u>
General Revenues					
Property taxes	10,752,744	12,949,415	13,508,189	17,018,010	17,659,893
Grants and entitlements, unrestricted	94,854,766	101,757,179	115,327,185	137,145,251	141,973,130
Interest and investment earnings	243,196	262,382	265,944	451,631	708,227
Miscellaneous	5,347,326	8,406,490	7,468,970	6,836,824	7,532,391
Gain on sale of land	439,395	-	-	-	-
Total General Revenues	<u>111,637,427</u>	<u>123,375,466</u>	<u>136,570,288</u>	<u>161,451,716</u>	<u>167,873,641</u>
Total Revenues	<u>138,054,976</u>	<u>152,312,036</u>	<u>164,762,662</u>	<u>209,314,038</u>	<u>215,939,030</u>
Change in Net Position	<u>\$ (6,859,538)</u>	<u>\$ (7,128,164)</u>	<u>\$ (8,124,631)</u>	<u>\$ 3,975,186</u>	<u>\$ (11,363,354)</u>

Source: Data Extracted from District Financial Statements

Panama-Buena Vista Union School District

Statistical Section (Unaudited)

June 30, 2022

Change in Net Position (Continued)

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Expenses						
Governmental Activities						
Instruction	\$ 139,361,732	\$ 151,454,044	\$ 144,331,700	\$ 156,791,677	\$ 192,631,672	\$ 158,848,552
Instruction-related activities	19,030,691	20,475,405	21,346,777	22,664,551	25,680,826	25,192,802
Pupil services	25,840,561	30,939,515	33,566,572	34,972,755	38,598,165	40,227,508
Administration	11,119,559	8,832,934	10,091,233	10,272,226	12,589,606	14,932,696
Plant services	16,465,345	19,111,217	25,575,627	24,775,938	28,700,874	28,267,883
Enterprise	6,448	-	-	-	-	-
Other educational programs	2,013,973	2,093,843	2,085,456	2,778,689	3,542,148	2,983,147
Interest and fiscal charges	13,464,075	13,392,336	6,042,018	4,669,201	4,091,319	4,621,020
Total Governmental Activities	<u>227,302,384</u>	<u>246,299,294</u>	<u>243,039,383</u>	<u>256,925,037</u>	<u>305,834,610</u>	<u>275,073,608</u>
Total Expenses	<u>227,302,384</u>	<u>246,299,294</u>	<u>243,039,383</u>	<u>256,925,037</u>	<u>305,834,610</u>	<u>275,073,608</u>
Revenues						
Program Revenues						
Charges for Services						
and Sales	1,292,243	1,170,086	1,169,856	4,650,903	2,713,784	1,754,785
Operating Grants and Contributions	46,773,146	40,464,512	45,314,786	46,329,954	94,279,674	98,916,864
Capital Grants and Contributions	-	-	-	-	12,669,506	13,578,879
Total Program Revenues	<u>48,065,389</u>	<u>41,634,598</u>	<u>46,484,642</u>	<u>50,980,857</u>	<u>109,662,964</u>	<u>114,250,528</u>
Net Revenue/Expense	<u>(179,236,995)</u>	<u>(204,664,696)</u>	<u>(196,554,741)</u>	<u>(205,944,180)</u>	<u>(196,171,646)</u>	<u>(160,823,080)</u>
General Revenues						
Property taxes	17,659,893	19,916,810	19,997,002	23,447,805	24,958,479	26,800,887
Grants and entitlements, unrestricted	141,973,130	158,512,046	163,662,973	169,445,626	165,868,198	180,185,716
Interest and investment earnings	708,227	1,070,557	1,188,443	1,662,740	1,393,777	(3,709,686)
Miscellaneous	7,532,391	6,302,530	8,505,695	5,443,918	12,788,541	5,774,199
Gain on sale of land	-	-	-	-	-	-
Total General Revenues	<u>167,873,641</u>	<u>185,801,943</u>	<u>193,354,113</u>	<u>200,000,089</u>	<u>205,008,995</u>	<u>209,051,116</u>
Total Revenues	<u>215,939,030</u>	<u>227,436,541</u>	<u>239,838,755</u>	<u>250,980,946</u>	<u>314,671,959</u>	<u>323,301,644</u>
Change in Net Position	<u>\$ (11,363,354)</u>	<u>\$ (18,862,753)</u>	<u>\$ (3,200,628)</u>	<u>\$ (5,944,091)</u>	<u>\$ 8,837,349</u>	<u>\$ 48,228,036</u>

Source: Data Extracted from District Financial Statements

Panama-Buena Vista Union School District

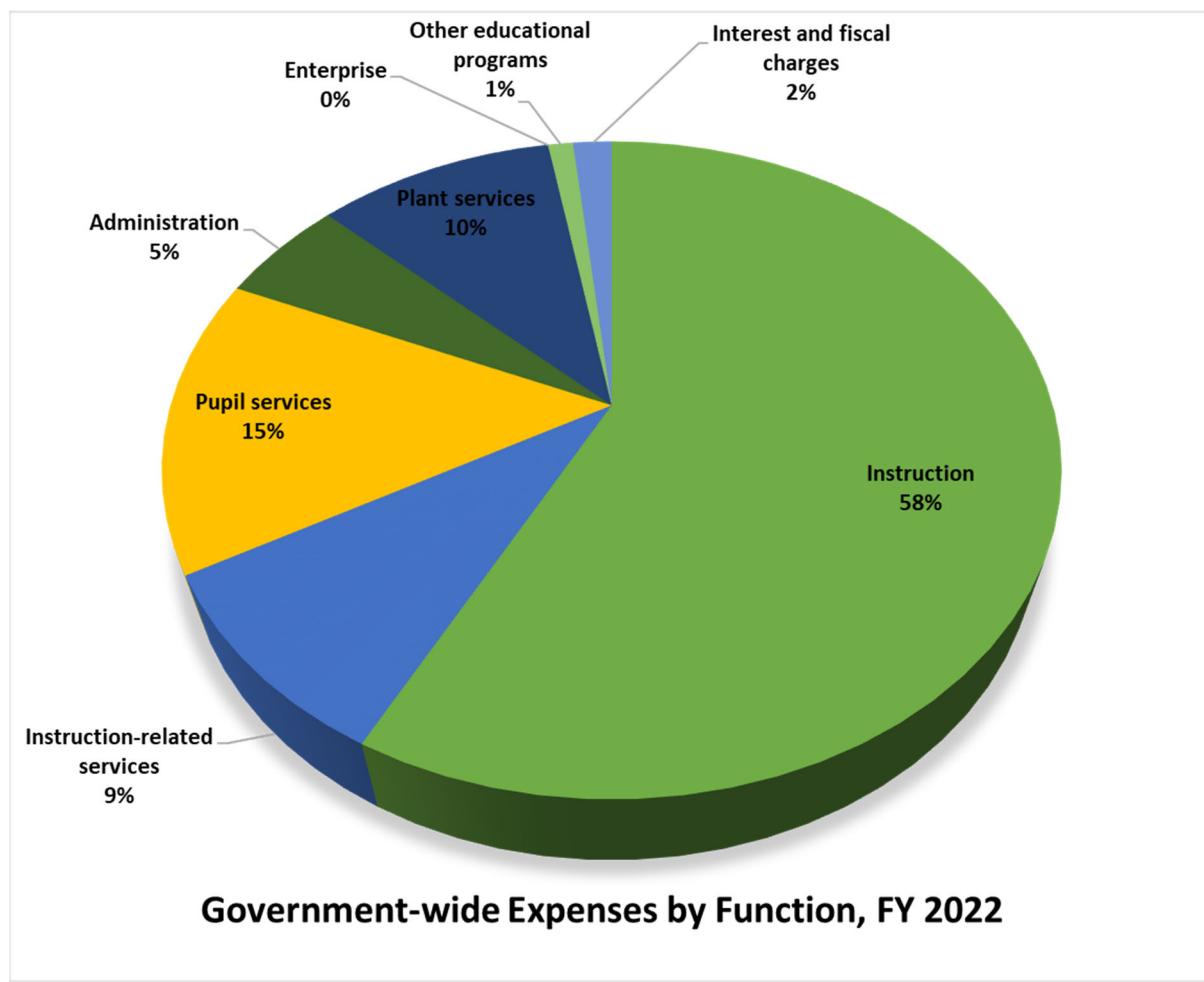
Statistical Section (Unaudited)

June 30, 2022

Government-Wide Expenses by Function, Total

Fiscal Year	Enrollment	Instruction	Instruction-related services	Pupil services	Administration	Plant services	Enterprise	Other educational programs	Interest and fiscal charges	Total
2013	17,325	\$71,775,639	\$11,596,181	\$15,589,768	\$ 4,935,390	\$12,476,006	\$18,313,254	\$1,596,751	\$ 8,631,525	\$144,914,514
2014	17,484	76,906,982	12,900,247	16,272,356	5,901,559	12,683,989	23,246,864	1,601,399	9,926,804	159,440,200
2015	17,469	84,126,215	13,820,953	17,297,678	5,410,928	13,866,265	22,798,943	1,539,791	14,026,520	172,887,293
2016	17,545	117,016,233	15,964,712	22,808,248	6,789,649	18,898,027	7,357,492	1,874,636	14,629,855	205,338,852
2017	17,900	139,361,732	19,030,691	25,840,561	11,119,559	16,465,345	6,448	2,013,973	13,464,075	227,302,384
2018	18,250	151,454,044	20,475,405	30,939,515	8,832,934	19,111,217	-	2,093,843	13,392,336	246,299,294
2019	18,619	144,331,700	21,346,777	33,566,572	10,091,233	25,575,627	-	2,085,456	6,042,018	243,039,383
2020	18,714	156,791,677	22,664,551	34,972,755	10,272,226	24,775,938	-	2,778,689	4,669,201	256,925,037
2021	18,262	192,631,672	25,680,826	38,598,165	12,589,606	28,700,874	-	3,542,148	4,091,319	305,834,610
2022	18,785	158,848,552	25,192,802	40,227,508	14,932,696	28,267,883	-	2,983,147	4,621,020	275,073,608

Source: District records



Panama-Buena Vista Union School District

Statistical Section (Unaudited)

June 30, 2022

Government-Wide Expenses by Function, Per Student

Fiscal Year	Enrollment	Instruction-				Plant			Other educational programs		Interest and fiscal charges		Total
		Instruction	related services	Pupil services	Administration	services	Enterprise						
2013	17,325	\$ 4,143	\$ 669	\$ 900	\$ 285	\$ 720	\$ 1,057	\$ 92	\$ 498	\$ 8,364			
2014	17,484	4,399	738	931	338	725	1,330	92	568		9,119		
2015	17,469	4,816	791	990	310	794	1,305	88	803		9,897		
2016	17,545	6,669	910	1,300	387	1,077	419	107	834		11,704		
2017	17,900	7,786	1,063	1,444	621	920	-	113	752		12,698		
2018	18,250	8,299	1,122	1,695	484	1,047	-	115	734		13,496		
2019	18,619	7,752	1,147	1,803	542	1,374	-	112	325		13,053		
2020	18,714	8,378	1,211	1,869	549	1,324	-	148	250		13,729		
2021	18,262	10,548	1,406	2,114	689	1,572	-	194	224		16,747		
2022	18,785	8,456	1,341	2,141	795	1,505	-	159	246		14,643		

Source: District records

Panama-Buena Vista Union School District

Statistical Section (Unaudited)

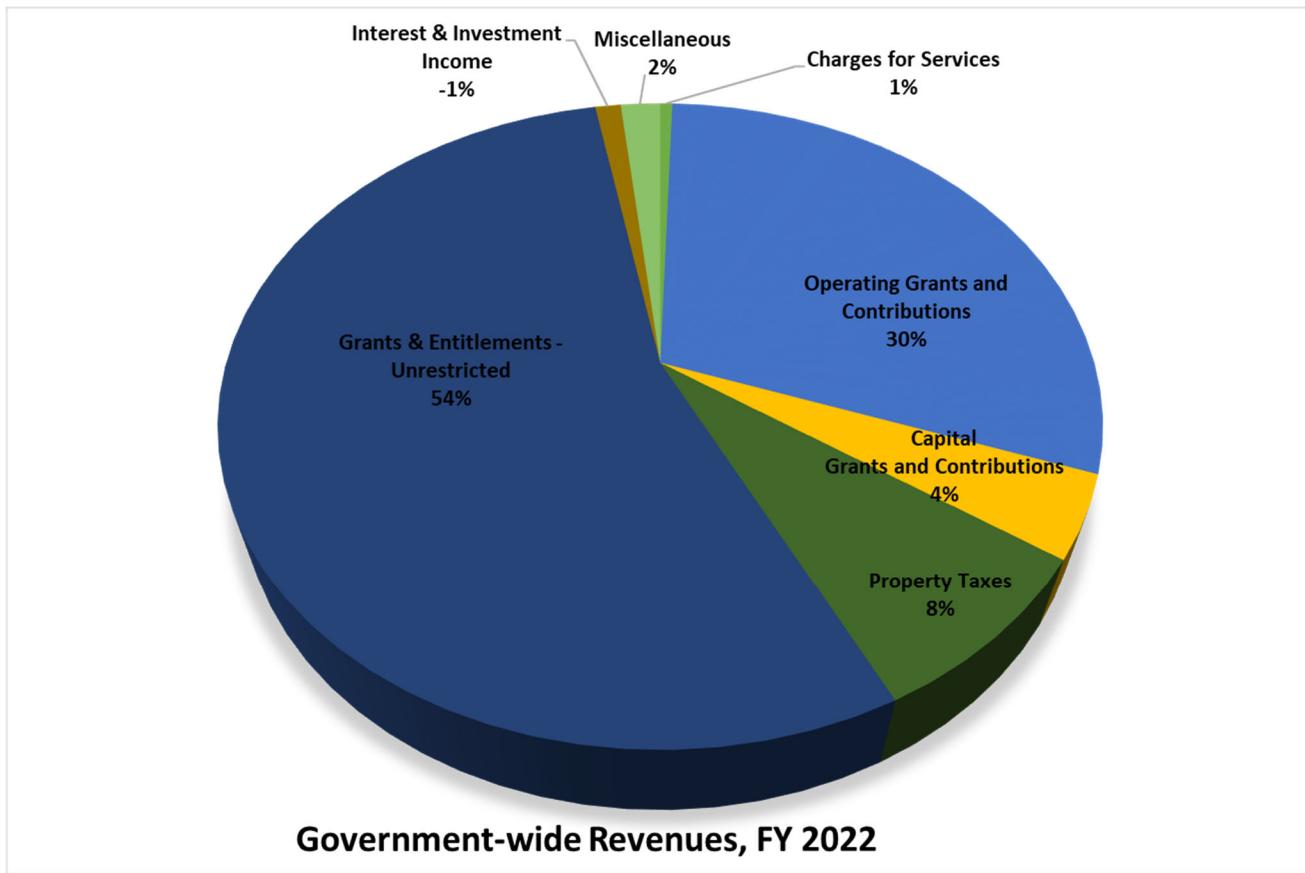
June 30, 2022

Government-Wide Revenues

Fiscal Year	Program Revenues			General Revenues					Total
	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Property Taxes	Grants & Entitlements - Unrestricted	Interest & Investment Income	Investment	Miscellaneous ⁽¹⁾	
2013	\$ 1,765,155	\$ 24,652,394	\$ -	\$ 10,752,744	\$ 94,854,766	\$ 243,196	\$ 5,786,721		\$ 138,054,976
2014	1,683,058	27,253,512	-	12,949,415	101,757,179	262,382	8,406,490		152,312,036
2015	1,700,817	26,491,557	-	13,508,189	115,327,185	265,944	7,468,970		164,762,662
2016	1,618,322	46,244,000	-	17,018,010	137,145,251	451,631	6,836,824		209,314,038
2017	1,292,243	46,773,146	-	17,659,893	141,973,130	708,227	7,532,391		215,939,030
2018	1,170,086	40,464,512	-	19,916,810	158,512,046	1,070,557	6,302,530		227,436,541
2019	1,169,856	45,314,786	-	19,997,002	163,662,973	1,188,443	8,505,695		239,838,755
2020	4,650,903	46,329,954	-	23,447,805	169,445,626	1,662,740	5,443,918		250,980,946
2021	2,713,784	94,279,674	12,669,506	24,958,479	165,868,198	1,393,777	12,788,541		314,671,959
2022	1,754,785	98,916,864	13,578,879	26,800,887	180,185,716	(3,709,686)	5,774,199		323,301,644

⁽¹⁾ FY2013 includes a \$439,395 special item (Gain on sale of land)

Source: District records



Panama-Buena Vista Union School District

Statistical Section (Unaudited)

June 30, 2022

General District Revenues by Source

Fiscal Year	Local Control			Other			Total Revenues
	Funding Formula	Federal sources	Other State sources	Other local sources	Financing Sources	Transfers in	
2013	\$ 94,131,671	\$ 11,676,346	\$ 23,354,036	\$ 8,304,429	\$ 1,140,000	\$ 2,900,379	\$ 141,506,861
2014	110,478,479	12,300,977	17,114,868	6,292,007	-	288,592	146,474,923
2015	122,483,268	14,327,001	14,537,364	7,369,803	-	15,124,260	173,841,696
2016	138,616,680	14,035,426	30,744,336	13,265,921	30,000,000	1,851,309	228,513,672
2017	149,861,267	15,289,461	24,489,778	13,807,471	21,606,303	403,754	225,458,034
2018	156,639,724	18,051,120	28,180,632	11,714,065	-	569,716	215,155,257
2019	172,487,060	19,227,275	36,650,823	15,185,488	22,905,150	2,286,338	268,742,134
2020	179,563,726	17,868,863	33,188,621	19,620,655	19,040,414	1,941,301	271,223,580
2021	178,233,447	49,680,454	59,776,979	15,382,170	-	15,235,505	318,308,555
2022	195,259,382	63,520,798	63,279,357	10,845,488	24,367,062	31,476,043	388,748,130

Funds included are General Fund and Other Non-Major Governmental Funds

Source: District records

General District Expenditures and Other Uses by Object

Fiscal Year	Services and other operating expenditures							Other outgo	Transfers out	Total Expenditures & Other Uses
	Certificated salaries	Classified salaries	Employee benefits	Books and supplies	Capital outlay	Other				
2013	\$ 59,416,899	\$ 21,893,741	\$ 30,100,998	\$ 8,771,111	\$ 9,978,506	\$ 1,605,638	\$ 9,951,633	\$ 2,900,379	\$ 144,618,906	
2014	63,871,808	23,544,140	32,301,098	9,305,187	10,793,689	2,440,325	7,513,857	2,626,401	152,396,505	
2015	68,245,585	24,922,760	34,154,052	11,998,712	12,383,385	1,230,041	8,797,755	6,937,352	168,669,641	
2016	70,524,706	26,966,973	42,475,118	10,016,792	16,757,805	33,603,899	17,225,790	154,957	217,726,040	
2017	75,842,447	29,101,061	47,967,628	12,295,022	14,852,405	20,456,536	18,554,520	403,754	219,473,373	
2018	83,839,426	32,736,231	55,076,537	11,495,227	13,770,339	24,553,598	13,035,728	569,716	235,076,802	
2019	88,963,602	36,136,639	66,508,542	13,879,873	15,275,614	14,939,872	10,213,027	2,286,338	248,203,507	
2020	92,118,768	37,585,492	68,627,878	13,937,751	14,464,485	26,328,435	7,573,907	1,941,301	262,578,017	
2021	101,533,984	40,595,253	72,121,049	30,981,267	15,635,405	31,394,319	11,900,958	15,235,505	319,397,740	
2022	105,562,163	43,380,699	79,251,326	24,699,599	20,197,260	11,013,087	11,353,127	31,476,043	326,933,304	

Funds included are General Fund and Other Non-Major Governmental Funds

Source: District records

Panama-Buena Vista Union School District

Statistical Section (Unaudited)

June 30, 2022

Government-Wide Expenditures by Function

Fiscal Year	Instruction-				Other educational programs			Total
	Instruction	related services	Pupil services	Administration	Plant services			
2013	\$ 78,498,071	\$ 13,434,691	\$ 17,708,900	\$ 5,624,463	\$ 17,251,832	\$ 8,870,349		\$ 141,388,306
2014	84,635,316	14,946,432	18,361,589	5,681,959	16,759,314	9,234,489		149,619,099
2015	91,950,375	16,266,867	20,023,559	6,114,098	16,210,790	13,381,700		163,947,389
2016	117,016,233	15,964,712	22,808,248	6,789,649	18,898,027	16,504,491		197,981,360
2017	139,361,732	19,030,691	25,840,561	11,119,559	16,465,345	2,013,973		213,831,861
2018	151,454,044	20,475,405	30,939,515	8,832,934	19,111,217	2,093,843		232,906,958
2019	144,331,700	21,346,777	33,566,572	10,091,233	25,575,627	2,085,456		236,997,365
2020	156,791,677	22,664,551	34,972,755	10,272,226	24,775,938	2,180,856		251,658,003
2021	192,631,672	25,680,826	38,598,165	12,589,606	28,700,874	2,114,397		300,315,540
2022	158,848,552	25,192,802	40,227,508	14,932,696	28,267,883	2,983,147		270,452,588

Funds included are General Fund and Other Non-Major Governmental Funds

Source: District records

Panama-Buena Vista Union School District

Statistical Section (Unaudited)

June 30, 2022

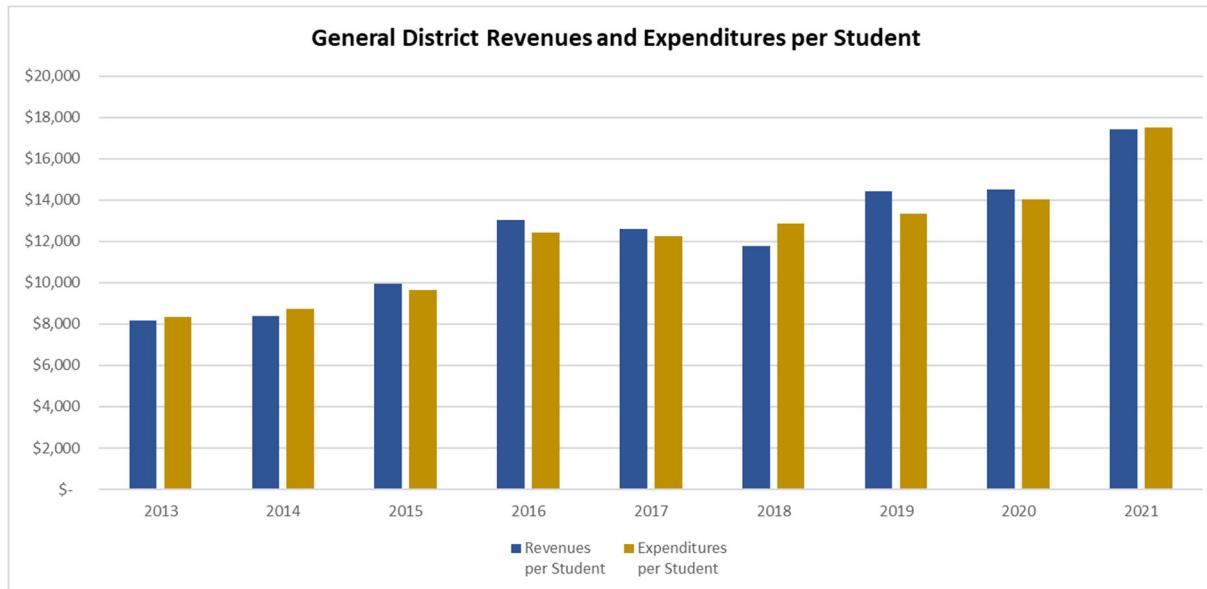
General District Revenues and Expenditures, per Student

Fiscal Year	Total Revenues	Total Expenditures	Enrollment	Revenues per Student	Expenditures per Student
2013	\$ 141,506,861	\$ 144,618,906	17,325	\$ 8,168	\$ 8,347
2014	146,474,923	152,396,505	17,484	8,378	8,716
2015	173,841,696	168,669,641	17,469	9,951	9,655
2016	228,513,672	217,726,040	17,545	13,024	12,410
2017	225,458,034	219,473,373	17,900	12,595	12,261
2018	215,155,257	235,076,802	18,250	11,789	12,881
2019	268,742,134	248,203,507	18,619	14,434	13,331
2020	271,223,580	262,578,017	18,714	14,493	14,031
2021	318,308,555	319,397,740	18,262	17,430	17,490
2021	388,748,130	326,933,304	18,785	20,695	17,404

Funds included are General Fund and Other Non-Major Governmental Funds

Expenditures include Transfers Out

Source: District records



Panama-Buena Vista Union School District

Statistical Section (Unaudited)

June 30, 2022

Fund Balances, Governmental Funds

General Fund

Fiscal		General Fund						
Year	Reserved	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total	
2013	\$ -	\$ 2,651,350	\$ 1,541,803	\$ -	\$ -	\$ 12,727,465	\$ 16,920,618	
2014	-	2,623,121	4,091,220	-	-	4,844,843	11,559,184	
2015	-	453,041	1,112,948	-	-	8,444,479	10,010,468	
2016	-	451,855	2,360,697	14,808,526	-	5,009,587	22,630,665	
2017	-	355,710	764,641	14,015,551	-	11,693,549	26,829,451	
2018	-	363,907	1,712,233	17,880,354	-	5,893,611	25,850,105	
2019	-	565,806	2,100,638	24,707,466	-	8,012,863	35,386,773	
2020	-	825,556	2,327,939	33,143,699	-	6,452,504	42,749,698	
2021	-	729,253	6,950,725	43,953,865	-	7,561,921	59,195,764	
2022	-	1,855,578	15,897,519	49,854,374	-	10,307,026	77,914,497	

All Other Governmental Funds

Fiscal		All Other Governmental Funds						
Year	Reserved	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total	
2013	\$ -	\$ 171,799	\$ 2,501,916	\$ -	\$ 47,288,499	\$ 2,007,745	\$ 51,969,959	
2014	-	505,799	2,261,565	-	45,105,435	2,377,594	50,250,393	
2015	-	454,132	5,639,211	-	54,048,975	-	60,142,318	
2016	-	474,240	6,336,645	-	51,498,868	-	58,309,753	
2017	-	649,101	7,472,103	-	51,974,424	-	60,095,628	
2018	-	658,735	7,077,000	-	33,024,842	-	40,760,577	
2019	-	344,494	50,382,247	-	7,994,875	-	58,721,616	
2020	-	953,067	51,215,264	-	7,835,923	-	60,004,254	
2021	-	856,100	34,885,732	-	7,019,136	-	42,760,968	
2022	-	1,177,608	57,894,623	-	28,446,651	-	87,518,882	

Total, All Governmental Funds

Fiscal		Total, All Governmental Funds						
Year	Reserved	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total	
2013	\$ -	\$ 2,823,149	\$ 4,043,719	\$ -	\$ 47,288,499	\$ 14,735,210	\$ 68,890,577	
2014	-	3,128,920	6,352,785	-	45,105,435	7,222,437	61,809,577	
2015	-	907,173	6,752,159	-	54,048,975	8,444,479	70,152,786	
2016	-	926,095	8,697,342	14,808,526	51,498,868	5,009,587	80,940,418	
2017	-	1,004,811	8,236,744	14,015,551	51,974,424	11,693,549	86,925,079	
2018	-	1,022,642	8,789,233	17,880,354	33,024,842	5,893,611	66,610,682	
2019	-	910,300	52,482,885	24,707,466	7,994,875	8,012,863	94,108,389	
2020	-	1,778,623	53,543,203	33,143,699	7,835,923	6,452,504	102,753,952	
2021	-	1,585,353	41,836,457	43,953,865	7,019,136	7,561,921	101,956,732	
2022	-	3,033,186	73,792,142	49,854,374	28,446,651	10,307,026	165,433,379	

Source: District records

Panama-Buena Vista Union School District
Statistical Section (Unaudited)
June 30, 2022

Changes in Fund Balances, Governmental Funds

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Revenues										
Local Control Funding Formula	\$94,131,671	\$110,478,479	\$155,730,302	\$138,616,680	\$149,861,267	\$156,639,724	\$172,487,060	\$179,563,726	\$178,233,447	\$195,259,382
Federal sources	11,676,346	12,300,977	14,327,001	14,035,426	15,289,461	18,051,120	19,227,275	17,868,863	49,680,454	63,520,798
Other State sources	23,354,036	17,114,868	14,537,364	30,744,336	24,489,778	28,180,632	36,650,823	33,188,621	59,776,979	63,279,357
Other local sources	8,460,434	12,417,712	12,353,673	13,265,921	13,807,471	11,714,065	15,185,488	19,620,655	15,382,170	10,845,488
Total Revenues	<u>137,622,487</u>	<u>152,312,036</u>	<u>196,948,340</u>	<u>196,662,363</u>	<u>203,447,977</u>	<u>214,585,541</u>	<u>243,550,646</u>	<u>250,241,865</u>	<u>303,073,050</u>	<u>332,905,025</u>
Expenditures										
Instruction	78,498,071	84,635,316	91,950,375	101,136,976	112,100,928	123,190,442	136,568,286	140,942,621	166,769,584	164,815,487
Instruction-related services										
Supervision of instruction	4,443,463	5,487,632	6,669,041	4,168,827	5,103,490	5,025,388	6,088,930	6,442,051	7,130,961	7,521,566
Instructional library, media and technology	1,490,321	1,565,904	1,570,245	1,687,126	1,800,807	1,877,953	2,237,217	2,322,933	2,668,136	3,317,215
School site administration	7,500,907	7,892,896	8,027,581	8,989,371	9,616,103	10,651,013	12,196,892	12,161,574	12,910,167	15,865,722
Pupil services:										
Home-to-school transportation	2,659,519	2,757,925	2,990,356	3,439,428	3,844,140	5,533,885	4,892,602	4,905,690	5,558,696	9,048,525
Food services	6,813,670	7,102,692	7,939,915	7,978,997	7,676,686	7,993,328	9,701,631	10,132,254	9,191,680	10,909,626
All other pupil services	7,935,711	8,500,972	9,093,288	10,707,721	12,493,226	15,421,101	17,671,179	17,503,641	20,154,836	21,828,025
Administration										
Data processing	769,311	895,918	831,006	1,100,069	1,490,464	1,622,356	1,801,940	1,586,105	2,759,538	2,961,301
All other administration	4,855,152	4,905,790	5,380,851	5,579,205	5,961,766	6,571,228	7,883,053	8,018,039	9,285,407	12,202,895
Plant services	13,588,103	14,390,136	14,877,296	16,813,302	16,051,809	18,031,839	19,181,686	18,980,985	21,951,149	23,021,178
Facility acquisition and construction	4,077,830	7,221,060	16,238,882	36,922,560	22,439,045	23,418,717	17,116,119	27,605,009	31,811,163	10,381,095
Other educational programs	1,822,981	1,816,338	1,839,169	1,821,710	1,899,126	1,934,257	2,032,671	2,068,034	2,009,480	2,416,195
Transfers between agencies	7,047,368	7,418,151	7,625,711	11,003,019	9,872,062	5,475,906	-	-	-	-
Other outgo	391,535	3,442	-	-	-	-	2,272,766	597,833	1,427,751	605,671
Debt service:										
Principal	1,693,231	817,806	1,100,000	2,415,000	4,934,706	3,799,706	2,286,000	2,480,000	5,675,000	5,735,860
Interest, fees and issuance costs	1,552,230	1,977,796	2,654,320	2,807,251	3,343,999	3,959,967	3,986,197	4,889,947	4,858,687	4,826,900
All Other Financing Uses	-	-	2,899,868	1,000,521	441,262	-	-	-	-	-
Total Expenditures	<u>145,139,403</u>	<u>157,389,774</u>	<u>181,687,904</u>	<u>217,571,083</u>	<u>219,069,619</u>	<u>234,507,086</u>	<u>245,917,169</u>	<u>260,636,716</u>	<u>304,162,235</u>	<u>295,457,261</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(7,516,916)</u>	<u>(5,077,738)</u>	<u>15,260,436</u>	<u>(20,908,720)</u>	<u>(15,621,642)</u>	<u>(19,921,545)</u>	<u>(2,366,523)</u>	<u>(10,394,851)</u>	<u>(1,089,185)</u>	<u>37,447,764</u>
Other Financing Sources (Uses)										
Transfers in	2,900,379	288,592	16,881,294	1,851,309	403,754	569,716	2,286,338	1,941,301	15,235,505	31,476,043
Transfers out	(2,900,379)	(2,626,401)	(22,318,645)	(154,957)	(403,754)	(569,716)	(2,286,338)	(1,941,301)	(15,235,505)	(31,476,043)
Other sources - Sale of land	1,140,000	-	-	-	-	-	-	-	-	-
Other sources - GO Bonds & premium on issuance	18,593,592	-	-	30,000,000	21,606,303	-	22,905,150	19,040,414	-	23,291,516
All other financing sources (uses)	-	-	-	-	-	-	-	-	-	1,075,546
Net Financing Sources (Uses)	<u>19,733,592</u>	<u>(2,337,809)</u>	<u>(5,437,351)</u>	<u>31,696,352</u>	<u>21,606,303</u>	<u>-</u>	<u>22,905,150</u>	<u>19,040,414</u>	<u>-</u>	<u>24,367,062</u>
Net Change in Fund Balances	<u>12,216,676</u>	<u>(7,415,547)</u>	<u>9,823,085</u>	<u>10,787,632</u>	<u>5,984,661</u>	<u>(19,921,545)</u>	<u>20,538,627</u>	<u>8,645,563</u>	<u>(1,089,185)</u>	<u>61,814,826</u>
Fund Balance - Beginning	<u>54,666,157</u>	<u>66,882,833</u>	<u>59,920,107</u>	<u>70,152,786</u>	<u>80,940,418</u>	<u>86,925,079</u>	<u>66,610,682</u>	<u>94,108,389</u>	<u>102,753,952</u>	<u>101,956,732</u>
Prior Period Adjustments	-	452,821	409,594	-	-	(392,852)	6,959,080	-	291,965	1,661,821
Fund Balance - Ending	<u>\$66,882,833</u>	<u>\$59,920,107</u>	<u>\$70,152,786</u>	<u>\$80,940,418</u>	<u>\$86,925,079</u>	<u>\$66,610,682</u>	<u>\$94,108,389</u>	<u>\$102,753,952</u>	<u>\$101,956,732</u>	<u>\$165,433,379</u>
Debt Service as a % of non-capital expenditures	2.3%	1.9%	4.0%	3.5%	4.5%	3.7%	2.7%	3.2%	3.9%	3.7%

Source: Data extracted from District Financial Statements

Total Debt Service (from above)	3,245,461	2,795,602	6,654,188	6,222,772	8,719,967	7,759,673	6,272,197	7,369,947	10,533,687	10,562,760
Total Expenditures (from above)	145,139,403	157,389,774	181,687,904	217,571,083	219,069,619	234,507,086	245,917,169	260,636,716	304,162,235	295,457,261
less, Capital Expenditures ⁽¹⁾	4,402,567	7,408,396	16,375,105	37,583,368	23,293,095	25,665,306	17,641,089	28,374,002	32,311,079	12,308,833
Total Non-capital Expenditures	140,736,836	149,981,378	165,312,799	179,987,715	195,776,524	208,841,780	228,276,080	232,262,714	271,851,156	283,148,428

⁽¹⁾ Capital Expenditures reflect "Capital outlays" as shown in the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Fund to the Statement of Activities.

Panama-Buena Vista Union School District

Statistical Section (Unaudited)

June 30, 2022

Revenue Base: Assessed Valuation (AV) and Property Tax Collections

Fiscal						Weighted Average
Year	Local Secured	Utility	Unsecured	Total Net (Taxable) AV	Tax Rate per \$100 AV	
2013	\$ 8,529,583,220	\$ 612,976	\$ 267,646,262	\$ 8,797,842,458	0.0142	
2014	9,027,012,108	612,160	262,964,536	9,290,588,804	0.0145	
2015	9,737,213,234	609,494	264,772,067	10,002,594,795	0.0168	
2016	10,308,992,898	608,010	268,314,248	10,577,915,156	0.0188	
2017	10,972,747,246	503,232	266,402,297	11,239,652,775	0.0186	
2018	11,475,964,043	500,146	261,332,938	11,737,797,127	0.0185	
2019	11,983,651,289	496,258	272,390,246	12,256,537,793	0.0187	
2020	12,590,047,338	426,709	293,609,485	12,884,083,532	0.0190	
2021	13,208,760,888	462,294	294,889,233	13,504,112,415	0.0197	
2022	13,833,704,637	461,129	291,584,956	14,125,750,722	0.0197	

Source: California Municipal Statistics, Inc.

Panama-Buena Vista Union School District

Statistical Section (Unaudited)

June 30, 2022

Revenue Base: Property Tax Rates, All Direct and Overlapping Governments

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
County-wide Rate (a)	1.0000%									
Kern County Water Agency Zone 7 Debt	0.0271%	0.0299%	0.0248%	0.0240%	0.0270%	0.0395%	0.0346%	0.0403%	0.0399%	0.0418%
Kern County Water Agency Zone 17 Debt	0.0103%	0.0107%	0.0113%	0.0136%	0.0153%	0.0178%	0.0166%	0.0189%	0.0177%	0.0173%
Kern County Water Agency Zone 19 Debt	0.0166%	0.0164%	0.0165%	0.0162%	0.0162%	0.0212%	0.0195%	0.0219%	0.0215%	0.0199%
Panama-Buena Vista Union School District Bond Series 2012A	-	0.0194%	0.0294%	0.0202%	0.0030%	0.0014%	0.0042%	0.0039%	0.0037%	0.0039%
Panama-Buena Vista Union School District Bond Series 2012B	-	-	-	0.0060%	0.0147%	0.0131%	0.0125%	0.0118%	0.0112%	0.0110%
Panama-Buena Vista Union School District Bond Series 2012C	-	-	-	0.0068%	0.0065%	0.0079%	0.0083%	-	-	-
Panama-Buena Vista Union School District Bond Series 2012D	-	-	-	-	-	-	0.0038%	0.0100%	0.0046%	0.0057%
Panama-Buena Vista Union School District Bond Series 2018A	-	-	-	-	-	-	-	0.0300%	0.0289%	0.0270%
Panama-Buena Vista Union School District Bond Series 2012E	-	-	-	-	-	-	-	-	0.0037%	0.0037%
Kern High School District Bond 2004A	0.0011%	-	-	-	-	-	-	-	-	-
Kern High School District Bond 2004B	0.0094%	0.0016%	0.0016%	-	-	-	-	-	-	-
Kern High School District Bond 2004C	0.0059%	0.0061%	0.0054%	0.0057%	-	-	-	-	-	-
Kern High School District Bond 2004D	0.0015%	0.0017%	0.0018%	0.0049%	-	0.0018%	0.0019%	0.0032%	0.0027%	0.0021%
Kern High School District Bond 2011	0.0160%	0.0172%	0.0115%	0.0083%	0.0050%	-	-	-	-	-
Kern High School District Bond 2012	0.0097%	0.0014%	0.0077%	0.0070%	0.0067%	0.0066%	0.0057%	0.0056%	0.0050%	0.0051%
Kern High School District Bond 2013	-	0.0112%	0.0080%	0.0066%	0.0084%	0.0079%	0.0072%	0.0069%	0.0063%	0.0064%
Kern High School District RF 2004C	-	-	-	-	0.0025%	0.0049%	0.0042%	0.0039%	0.0036%	0.0036%
Kern High School District 2004E	-	-	-	-	0.0033%	0.0065%	0.0053%	0.0062%	0.0049%	0.0036%
Kern High School District 2016A	-	-	-	-	-	0.0257%	0.0136%	0.0119%	0.0112%	0.0111%
Kern High School District 2016B	-	-	-	-	-	-	0.0132%	0.0155%	0.0131%	0.0029%
Kern High School District 2016C	-	-	-	-	-	-	-	-	0.0017%	0.0070%
Kern Community College District SRID 2002A	0.0032%	0.0026%	-	-	-	-	-	-	-	-
Kern Community College District SRID 2002A Refunding	0.0053%	0.0084%	0.0059%	-	-	-	-	-	-	-
Kern Community College District SRID 2002B	-	-	-	0.0020%	0.0032%	0.0036%	0.0037%	-	-	0.0117%
Kern Community College District SRID 2002C	-	-	0.0035%	0.0033%	0.0062%	0.0032%	0.0023%	0.0034%	0.0024%	0.0023%
Kern Community College District SRID 2005A Refunding	-	0.0016%	0.0011%	0.0083%	0.0038%	0.0077%	0.0063%	0.0071%	0.0067%	0.0000%
Kern Community College District SRID 2002B Refunding	-	-	-	-	-	-	-	0.0037%	0.0040%	0.0000%
Kern Community College District SFID 2016A	-	-	-	-	-	0.0218%	0.0199%	0.0024%	-	-
Kern Community College District SFID 2016B	-	-	-	-	-	-	0.0015%	0.0164%	0.0196%	0.0186%
Kern Community College District SFID 2016C	-	-	-	-	-	-	-	-	0.0011%	0.0060%
TOTAL	1.1062%	1.1281%	1.1284%	1.1327%	1.1219%	1.1904%	1.1842%	1.2232%	1.2137%	1.2106%

(a) Maximum rate for purposes other than paying debt service in accordance with Article XIIIa of the State Constitution. Only a portion of this rate applies to the District.

Data Extracted from Above

Panama-Buena Vista Union School District's share of the county-wide general purpose 1% secured tax rate is based on historical formulas and can vary slightly from year to year. For purposes of this table, we show the weighted average tax rate for all tax rates within the district. Tax rates for the ten year period directly applicable to Panama-Buena Vista Union School District include its share of the general purpose tax rate and the special purpose bond rate.

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Panama-Buena Vista Union School District, General Purpose	0.0142%	0.0145%	0.0168%	0.0188%	0.0186%	0.0185%	0.0187%	0.0190%	0.0197%	0.0197%
Panama-Buena Vista Union School District Bond Series 2002	-	-	-	-	-	-	-	-	-	-
Panama-Buena Vista Union School District Bond Series 2012A	-	0.0194%	0.0294%	0.0202%	0.0030%	0.0014%	0.0042%	0.0039%	0.0037%	0.0039%
Panama-Buena Vista Union School District Bond Series 2012B	-	-	-	0.0060%	0.0147%	0.0131%	0.0125%	0.0118%	0.0112%	0.0110%
Panama-Buena Vista Union School District Bond Series 2012C	-	-	-	0.0068%	0.0065%	0.0079%	0.0083%	-	-	-
Panama-Buena Vista Union School District Bond Series 2012D	-	-	-	-	-	-	0.0038%	0.0100%	0.0046%	0.0057%
Panama-Buena Vista Union School District Bond Series 2018A	-	-	-	-	-	-	-	0.0100%	0.0289%	0.0270%
Panama-Buena Vista Union School District Bond Series 2012E	-	-	-	-	-	-	-	0.00	0.0037%	0.0037%
Total	0.0142%	0.0339%	0.0462%	0.0518%	0.0428%	0.0409%	0.0474%	0.0848%	0.0718%	0.0709%

Source: County of Kern Auditor-Controller's Office

Panama-Buena Vista Union School District

Statistical Section (Unaudited)

June 30, 2022

Principal Local Secured Taxpayers: 2021-22 compared to ten years earlier

Rank	Property Owner	Primary Land Use	2021-22		2011-12		
			Assessed Valuation	% of Total ⁽¹⁾	Assessed Valuation	Rank	% of Total ⁽²⁾
1	Nestle Dreyers Ice Cream Company	Industrial	\$ 169,972,148	1.23%	\$ 217,750,894	1	2.59%
2	Castle & Cooke Commercial CA Inc.	Shopping Center	142,862,956	1.03%			
3	Valley Plaza Mall LP	Shopping Center	142,671,363	1.03%			
4	DS Prop 18 LP	Shopping Center	90,800,068	0.66%			
5	Bolthouse Land Co. LLC	Commercial Properties	63,278,449	0.46%			
6	Chevron USA Inc.	Office Building	57,881,352	0.42%	42,537,900	7	0.51%
7	Cal Resources Real Estate Ventures LLC	Office Building	50,888,580	0.37%			
8	Old River Ranch LLC	Agricultural	45,388,671	0.33%			
9	GSF Springs I Investors LP	Apartments	42,740,033	0.31%	36,713,295	9	0.44%
10	Bakersfield Mall LLC	Movie Theater	42,341,398	0.31%	146,294,597	2	1.74%
11	Ming Prop LLC	Shopping Center	42,327,834	0.31%			
12	DP Tower I & II LP	Office Building	36,816,218	0.27%			
13	Laurelglen Properties LLC	Agricultural	32,480,116	0.23%			
14	GSF Edgewater Investors LP	Agricultural	29,067,018	0.21%	25,044,204	12	0.30%
15	United States Cold Storage of CA	Industrial	28,485,755	0.21%	30,266,949	10	0.36%
16	Kern Schools Federal Credit Union	Credit Union	27,299,525	0.20%	53,314,406	5	0.63%
17	Urban Land Advisors LLC	Apartments	27,034,850	0.20%			
18	3401 Parkwood Investments LP	Apartments	26,064,262	0.19%			
19	Brandon Grimm	Apartments	23,187,543	0.17%			
20	2224 Casa Real Invs LP	Apartments	22,545,247	0.16%			
	Castle & Cooke Inc.	Commercial & Residential			134,099,501	3	1.59%
	Donahue Schriber Realty Group LP	Shopping Center			56,095,000	4	0.67%
	State Farm Insurance Co.	Office Building			44,853,000	6	0.53%
	LBREP L Suncal McAllister Ranch LLC	Residential Development			37,603,218	8	0.45%
	Foothill Energy Partners LP	Industrial			26,652,853	11	0.32%
	Healthsouth Bak Rehabilitation Hosp LP	Hospital			21,760,910	13	0.26%
	Bolthouse Properties LLC	Commercial			21,345,975	14	0.25%
	Costco Wholesale Corp.	Commercial			21,101,933	15	0.25%
	New Albertsons Inc	Commercial			20,733,155	16	0.25%
	Target Corporation	Commercial			18,349,811	17	0.22%
	Stockdale Village LP	Shopping Center			17,484,833	18	0.21%
	Sears Holdings Corp	Commercial			16,748,474	19	0.20%
	TGM Cambridge Village Inc	Apartments			16,122,556	20	0.19%
			<u>\$ 1,144,133,386</u>	<u>8.30%</u>	<u>\$ 1,004,873,464</u>		<u>11.96%</u>

⁽¹⁾ 2021-22 Local Secured Assessed Valuation: \$13,833,704,637

⁽²⁾ 2011-12 Local Secured AV: \$8,410,879,164

Source: California Municipal Statistics, Inc.

Panama-Buena Vista Union School District

Statistical Section (Unaudited)

June 30, 2022

Property Tax Levies and Collections

General Purpose Levy

Fiscal Year	Taxes Levied ^(a)	Amount Collected as of June 30	% Collected as of June 30	Amount Collected in Subsequent Years	Total Amount Collected	Total Collected as % of Total Levy
2013	\$ 11,249,724	\$ 11,098,471	98.66%	-	\$ 11,098,471	98.66%
2014	11,552,503	11,402,494	98.70%	-	11,402,494	98.70%
2015	12,403,958	12,241,979	98.69%	-	12,241,979	98.69%
2016	12,848,199	12,685,227	98.73%	-	12,685,227	98.73%
2017	13,745,001	13,553,274	98.61%	-	13,553,274	98.61%
2018	14,411,695	14,236,898	98.79%	-	14,236,898	98.79%
2019	15,108,157	14,912,457	98.70%	-	14,912,457	98.70%
2020	15,384,549	15,128,909	98.34%	-	15,128,909	98.34%
2021	16,651,398	16,436,236	98.71%	-	16,436,236	98.71%
2022	17,181,869	16,953,231	98.67%	-	16,953,231	98.67%

^(a) Under the Teeter Plan (an alternative method of apportioning tax revenues to school districts), Kern County distributes 100% of the general purpose taxes levied to its districts each year.

Debt Service Levy

Fiscal Year	Taxes Levied	Amount Collected as of June 30	% Collected as of June 30	Amount Collected in Subsequent Years	Total Amount Collected	Total Collected as % of Total Levy
2013	\$ -	\$ -	0.00%	-	\$ -	0.00%
2014	1,321,996	1,308,812	99.00%	-	1,308,812	99.00%
2015	2,126,038	2,106,941	99.10%	-	2,106,941	99.10%
2016	3,432,919	3,403,677	99.15%	-	3,403,677	99.15%
2017	2,733,025	2,704,726	98.96%	-	2,704,726	98.96%
2018	2,644,010	2,621,008	99.13%	-	2,621,008	99.13%
2019	3,118,524	3,095,658	99.27%	-	3,095,658	99.27%
2020	7,208,437	7,110,900	98.65%	-	7,110,900	98.65%
2021	7,156,009	7,100,104	99.22%	-	7,100,104	99.22%
2022	7,387,923	7,331,115	99.23%	-	7,331,115	99.23%

Total, All Levies

Fiscal Year	Taxes Levied	Amount Collected as of June 30	% Collected as of June 30	Amount Collected in Subsequent Years	Total Amount Collected	Total Collected as % of Total Levy
2012	\$ 12,417,881	\$ 12,415,314	99.98%	-	\$ 12,415,314	99.98%
2013	11,249,724	11,098,471	98.66%	-	11,098,471	98.66%
2014	12,874,499	12,711,306	98.73%	-	12,711,306	98.73%
2015	14,529,996	14,348,920	98.75%	-	14,348,920	98.75%
2016	16,281,118	16,088,904	98.82%	-	16,088,904	98.82%
2017	16,478,025	16,258,001	98.66%	-	16,258,001	98.66%
2018	17,055,705	16,857,906	98.84%	-	16,857,906	98.84%
2019	18,226,681	18,008,115	98.80%	-	18,008,115	98.80%
2020	22,592,986	22,239,810	98.44%	-	22,239,810	98.44%
2021	23,807,407	23,536,340	98.86%	-	23,536,340	98.86%

Source: Kern County Auditor Controller

Panama-Buena Vista Union School District

Statistical Section (Unaudited)

June 30, 2022

Computation of Legal Debt Margin

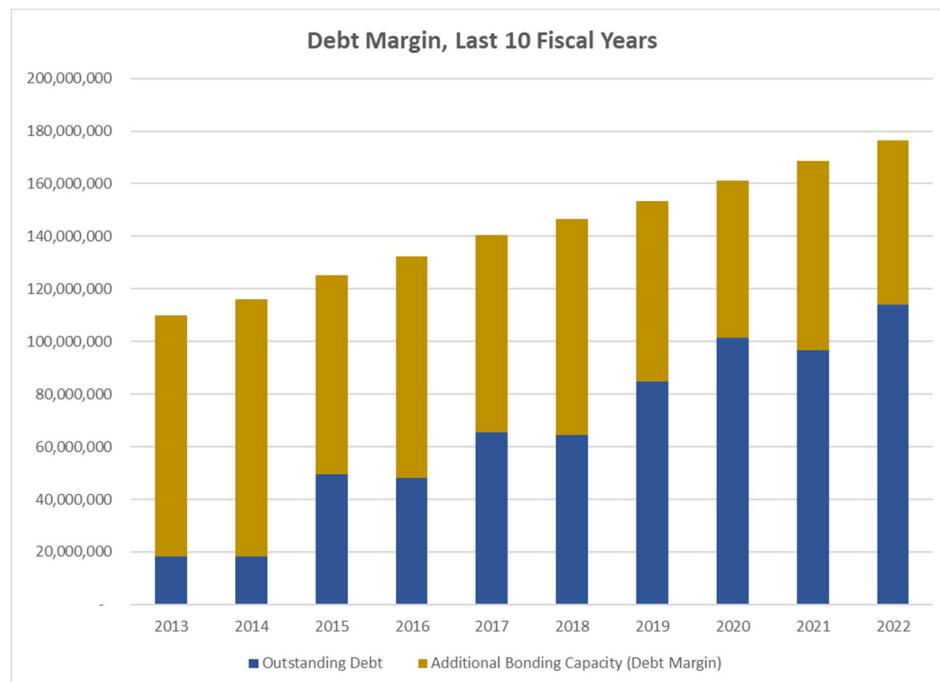
Fiscal Year	Assessed Valuation	Statutory Bonding Capacity ⁽¹⁾	Outstanding Debt	Additional Bonding Capacity (Debt Margin)	Ratio of Debt Margin to Debt Limit
2013	\$ 8,797,842,458	\$ 109,973,031	\$ 18,405,000	\$ 91,568,031	83.3%
2014	9,290,588,804	116,132,360	18,405,000	97,727,360	84.2%
2015	10,002,594,795	125,032,435	49,545,000	75,487,435	60.4%
2016	10,577,915,156	132,223,939	48,010,000	84,213,939	63.7%
2017	11,239,652,775	140,495,660	65,615,000	74,880,660	53.3%
2018	11,737,797,127	146,722,464	64,375,000	82,347,464	56.1%
2019	12,256,537,793	153,206,722	84,925,000	68,281,722	44.6%
2020	12,884,083,532	161,051,044	101,295,000	59,756,044	37.1%
2021	13,504,112,415	168,801,405	96,520,000	72,281,405	42.8%
2022	14,125,750,722	176,571,884	114,040,000	62,531,884	35.4%

Source California Municipal Statistics, Inc. and Kern County

⁽¹⁾ Statutory Bonding Capacity is equal to 1.25% of the District's total assessed valuation

The district's debt margin is calculated by subtracting outstanding debt principal (net) general bonded debt from the statutory bonding capacity. See table below for the net bonded debt for FY2022:

General Bonded Debt, gross	\$ 119,218,456
<u>Less, Unamortized Bond Premium</u>	<u>5,178,456</u>
General Bonded Debt (net)	\$ 114,040,000



Panama-Buena Vista Union School District

Statistical Section (Unaudited)

June 30, 2022

Ratio of Total Debt to Assessed Value

Fiscal Year	General Bonded Debt, Gross ⁽¹⁾	Certificates of Participation, Gross ⁽¹⁾	Qualified Zone Academy Bond Debt ⁽¹⁾	Capital Lease ⁽¹⁾	Total Debt	Assessed Value	Debt / AV
2013	\$ 18,593,041	\$ 31,153,340	\$ -	\$ 218,807	\$ 49,965,188	\$ 8,797,842,458	0.568%
2014	18,586,755	30,411,846	-	105,000	49,103,601	9,290,588,804	0.529%
2015	51,466,592	29,640,220	-	84,000	81,190,812	10,002,594,795	0.812%
2016	49,866,738	28,644,137	30,000,000	63,000	108,573,875	10,577,915,156	1.026%
2017	69,000,876	27,753,054	30,000,000	42,000	126,795,930	11,239,652,775	1.128%
2018	67,570,524	26,638,720	30,000,000	21,000	124,230,244	11,737,797,127	1.058%
2019	88,749,296	25,702,109	30,000,000	-	144,451,405	12,256,537,793	1.179%
2020	105,825,532	24,730,498	30,000,000	-	160,556,030	12,884,083,532	1.246%
2021	100,793,312	23,708,887	30,000,000	-	154,502,199	13,504,112,415	1.144%
2022	119,218,456	22,642,276	30,000,000	-	171,860,732	14,125,750,722	1.217%

⁽¹⁾ As of June 30th

Ratio of Total Debt to Capita

Fiscal Year	Total Debt	Bakersfield	
		Estimated Population ⁽²⁾	Debt / Capita
2013	\$ 49,965,188	358,106	\$ 140
2014	49,103,601	363,956	135
2015	81,190,812	368,694	220
2016	108,573,875	358,700	303
2017	126,795,930	363,612	349
2018	124,230,244	367,555	338
2019	144,451,405	383,601	377
2020	160,556,030	384,159	418
2021	154,502,199	403,455	383
2022	171,860,732	407,581	422

⁽²⁾ Estimated Population Source: U.S. Census Bureau (<http://data.census.gov>)

Panama-Buena Vista Union School District

Statistical Section (Unaudited)

June 30, 2022

Direct and Overlapping Debt

2021-22 Assessed Valuation: \$ 14,125,750,722 (secured, utility, and unsecured)

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Debt	
	% Applicable	03/01/2022
Kern Community College District Safety, Repair and Improvement District	14.403%	\$ 13,641,237
Kern Community College District School Facilities Improvement District No. 1	14.313	13,261,450
Kern High School District	22.472	78,638,788
Panama-Buena Vista Union School District	100.000	92,040,000 ⁽¹⁾
City of Bakersfield 1915 Act Bonds	22.175-57.226	<u>3,065,092</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		<u>200,646,567</u>

DIRECT AND OVERLAPPING GENERAL FUND DEBT

Kern County Certificates of Participation	14.223%	12,027,034
Kern County Pension Obligation Bonds	14.223	17,332,442
Kern County Board of Education Certificates of Participation	14.223	4,812,352
Kern Community College District Certificates of Participation	12.897	3,366,504
Kern Community College District Post Employment Benefit Obligation Bonds	12.897	9,602,461
Panama-Buena Vista Union School District Certificates of Participation	100.000	50,960,000 ⁽²⁾
City of Bakersfield General Fund Obligations	40.139	<u>1,204,170</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		<u>99,304,963</u>

COMBINED TOTAL DEBT 299,951,530 ⁽³⁾

⁽¹⁾ Excludes issuance of the Series 2022 Bonds

⁽²⁾ Includes the principal amount due upon the final payment of certain outstanding lease obligations of the District.

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

District Direct Debt

General Bonded Debt, Gross	119,218,456
Certificates of Participation, Gross	22,642,276
Qualified Zone Academy Bond Debt	<u>30,000,000</u>
Total, District Direct Debt	<u>171,860,732</u>

Ratios to 2021-22 Assessed Valuation:

Total District Direct Debt (\$171,860,732)	1.22%
Total Direct and Overlapping Tax and Assessment Debt	1.42%
Combined Total Debt	2.12%

Source: California Municipal Statistics

Panama-Buena Vista Union School District

Statistical Section (Unaudited)

June 30, 2022

Ratio of Annual Debt Service Expenditures to General Expenditures

Fiscal Year	Annual Debt Service	Total General Expenditures ⁽¹⁾	Debt / Expenditures
2013	\$ 3,245,461	\$ 129,000,209	2.52%
2014	2,795,602	138,175,282	2.02%
2015	3,754,320	150,594,178	2.49%
2016	5,222,251	166,986,219	3.13%
2017	8,278,705	180,474,267	4.59%
2018	7,759,673	195,947,471	3.96%
2019	6,272,197	211,622,003	2.96%
2020	7,369,947	213,142,193	3.46%
2021	10,533,687	250,049,289	4.21%
2022	10,562,760	260,065,906	4.06%

⁽¹⁾ General Fund expenditures only

Annual debt service is bond debt due in the upcoming fiscal year as of June 30 of the prior year and excludes bonds issued during the fiscal year

Source: District records, Annual Budget Documents

Enrollment and Attendance History

Fiscal Year	Average Daily Attendance (ADA) 2nd Period	Enrollment (October)	Ratio, ADA to Enrollment	Enrollment Growth: %
2013	16,530	17,325	0.95	3.1%
2014	16,713	17,484	0.96	0.9%
2015	16,693	17,469	0.96	-0.1%
2016	16,856	17,545	0.96	0.4%
2017	17,224	17,900	0.96	2.0%
2018	17,528	18,250	0.96	2.0%
2019	17,846	18,619	0.96	2.0%
2020	17,892	18,714	0.96	2.5%
2021	* Not Calculated	18,262	N/A	0.1%
2022	16,713	18,785	0.89	0.9%

Source: District records

**Average Daily Attendance was not calculated or reported in Fiscal Year 2021 due to the COVID-19 pandemic*

Panama-Buena Vista Union School District

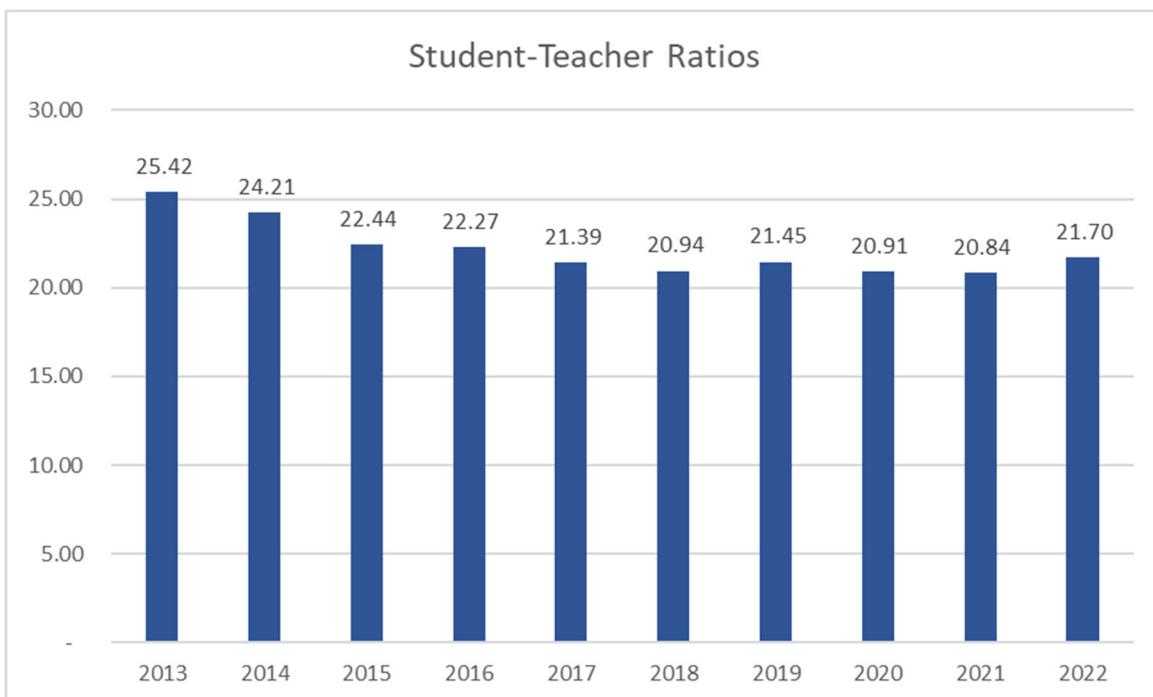
Statistical Section (Unaudited)

June 30, 2022

Student – Teacher Ratios

Fiscal Year	Student Enrollment	No. of Classroom Teachers	Student-Teacher Ratio
2013	17,325	681.61	25.42
2014	17,484	722.09	24.21
2015	17,469	778.42	22.44
2016	17,545	787.73	22.27
2017	17,900	836.65	21.39
2018	18,250	871.37	20.94
2019	18,619	868.10	21.45
2020	18,714	895.08	20.91
2021	18,262	876.28	20.84
2022	18,785	865.70	21.70

Source: District records



Panama-Buena Vista Union School District

Statistical Section (Unaudited)

June 30, 2022

Total Taxable Transactions for Bakersfield and Kern County

Year ⁽¹⁾	Bakersfield	Kern County
2012	\$ 5,954,794,000	\$ 14,666,473,000
2013	8,134,147,000	15,199,124,000
2014	6,284,932,000	15,722,694,000
2015	5,916,757,000	14,322,101,000
2016	5,737,514,000	13,885,643,000
2017	6,037,168,108	13,883,734,262
2018	6,378,357,987	15,130,972,391
2019	6,507,087,973	15,711,099,382
2020	6,536,165,806	16,145,355,463
2021	7,833,568,239	19,397,379,126

⁽¹⁾ Information available only through calendar year 2021

Source: California Department of Tax & Fee Administration (<https://www.cdtfa.ca.gov>)

Bank Deposits for Kern County

Fiscal Year	Deposits (in millions)
2013	\$ 6,804,683
2014	7,304,427
2015	7,769,366
2016	8,109,356
2017	8,634,987
2018	8,960,023
2019	9,319,941
2020	10,548,470
2021	12,035,155
2022	12,435,097

Data unavailable for the District

Source: Federal Deposit Insurance Corporation
(<https://www7.fdic.gov/sod>)

Panama-Buena Vista Union School District

Statistical Section (Unaudited)

June 30, 2022

Principal Employers, Kern County

Most recent (FY 2021) compared to nine years earlier

2021 Rank	Employer	Industry	Employees	Percentage of Total County Employment	Fiscal Year 2012		
					Employees	Rank	Percentage of Total County Employment
1	Edwards Air Force Base	Federal Government	10,420	3.06%	11,000	1	3.80%
2	County of Kern	County Government	6,658	1.95%	8,868	2	3.07%
3	China Lake Naval Air Weapons Station	Federal Government	3,305	0.97%	6,000	3	2.07%
4	Wasco State Prison Reception Center	State Government	2,200	0.65%			
5	Adventist Health Bakersfield	Health Care	1,928	0.57%			
6	Amazon	Private Industry	2,200	0.65%			
7	City of Bakersfield	Government	1,682	0.49%	1,477	9	0.51%
8	Aera Energy, LLC	Oil & Gas	1,091	0.32%			
9	William Bolthouse Farms, Inc.	Agriculture	1,000	0.29%	2,350	6	0.81%
10	Sun Pacific	Agriculture	990	0.29%			
	Grimmway Farms	Agriculture			4,600	4	1.59%
	Giumarra Vineyards	Agriculture			3,500	5	1.21%
	San Joaquin Community Hospital	Health Care			1,600	7	0.55%
	Sun World	Agriculture			1,600	8	0.55%
	Mercy and Memorial Hospitals	Health Care			1,474	10	0.51%
			<u>31,474</u>	<u>9.24%</u>	<u>42,469</u>		<u>14.67%</u>

Source: County of Kern annual financial report

Panama-Buena Vista Union School District

Statistical Section (Unaudited)

June 30, 2022

Staffing by FTE by Function

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Instruction					
Teachers	681.61	722.09	778.42	787.73	836.65
Paraprofessionals	195.54	200.51	220.62	230.88	275.58
Sub-total, Instruction	<u>877.15</u>	<u>922.60</u>	<u>999.04</u>	<u>1,018.61</u>	<u>1,112.23</u>
Instruction-related services	222.72	233.65	239.87	237.31	258.30
Pupil services	208.55	200.90	222.66	241.82	251.83
General administration	58.00	56.00	62.00	68.00	68.00
Plant services	99.25	103.25	112.00	112.50	126.50
Total, all staffing	<u>1,465.67</u>	<u>1,516.40</u>	<u>1,635.57</u>	<u>1,678.24</u>	<u>1,816.86</u>
Teachers (FTE)	681.61	722.09	778.42	787.73	836.65
% of total staffing	47%	48%	48%	47%	46%

Source: District records

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Instruction					
Teachers	871.37	868.10	895.08	876.28	887.70
Paraprofessionals	326.12	353.26	447.02	458.14	476.89
Sub-total, Instruction	<u>1,197.49</u>	<u>1,221.36</u>	<u>1,342.10</u>	<u>1,334.42</u>	<u>1,364.59</u>
Instruction-related services	265.31	314.77	313.08	314.43	328.92
Pupil services	297.33	318.41	273.77	271.66	294.34
General administration	66.00	74.50	94.95	96.95	102.68
Plant services	144.88	157.63	164.00	162.25	136.50
Total, all staffing	<u>1,971.01</u>	<u>2,086.67</u>	<u>2,187.90</u>	<u>2,179.71</u>	<u>2,227.03</u>
Teachers (FTE)	871.37	868.10	895.08	876.28	887.70
% of total staffing	44%	42%	41%	40%	40%

Source: District records

Panama-Buena Vista Union School District

Statistical Section (Unaudited)

June 30, 2022

Capital Assets by Function and Activity

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Instruction	\$ 132,461,128	\$ 138,456,099	\$ 129,758,082	\$ 124,721,834	\$ 119,695,273
Supervision of instruction	11,286	9,767	8,248	6,729	5,210
Instruction library, media and technology	244,805	198,510	159,889	113,503	67,976
School site administration	83,874	69,059	56,065	51,229	40,722
Home-to-school transportation	803,588	638,447	476,737	582,769	955,017
Food services	492,030	498,749	447,578	559,896	484,805
All other pupil services	61,104	71,814	85,698	90,307	81,235
Data processing	46,745	33,887	34,374	143,380	170,975
All other general administration	669,283	1,993,754	1,463,531	1,316,691	1,139,153
Plant services	10,390,458	1,404,310	20,389,444	19,876,396	68,440,203
Work in progress	1,967,783	4,558,055	4,474,856	39,706,287	10,479,911
Total Capital Assets	<u>\$ 147,232,083</u>	<u>\$ 147,932,450</u>	<u>\$ 157,354,501</u>	<u>\$ 187,169,021</u>	<u>\$ 201,560,480</u>

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Instruction	\$ 114,770,339	\$ 88,124,345	\$ 84,379,886	\$ 81,960,047	\$ 79,893,894
Supervision of instruction	18,841	16,507	14,173	23,294	21,141
Instruction library, media and technology	28,956	24,305	19,654	15,422	24,405
School site administration	30,491	20,284	13,502	10,944	6,979
Home-to-school transportation	2,168,629	1,864,513	1,729,198	1,440,543	1,556,635
Food services	484,059	519,782	958,665	896,765	815,412
All other pupil services	66,300	62,241	49,598	86,196	105,102
Data processing	17,587	108,607	62,842	235,647	202,623
All other general administration	1,340,089	646,605	591,140	541,252	647,805
Plant services	68,104,304	118,842,650	118,091,934	143,300,943	174,908,237
Work in progress	29,953,824	13,070,260	35,489,837	35,057,357	5,351,186
Total Capital Assets	<u>\$ 216,983,420</u>	<u>\$ 223,300,099</u>	<u>\$ 241,400,430</u>	<u>\$ 263,568,410</u>	<u>\$ 263,533,419</u>

Source: Data extracted from District Financial Statements

Panama-Buena Vista Union School District
Statistical Section (Unaudited)
June 30, 2022

School Building Information

	Year Built	Year Renovated	Fiscal Year Data									
			FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	
Panama Elementary	1875	2021										
Square Feet			35,424	35,424	38,304	38,304	38,304	38,304	38,304	38,304	44,627	44,627
Capacity			854	854	938	938	938	938	938	938	1,137	1,137
Enrollment			670	742	799	817	843	860	669	677	676	672
Percentage of Capacity in Use			78.5%	86.9%	85.2%	87.1%	89.9%	91.7%	71.3%	72.2%	59.5%	59.1%
Stine Elementary	1900	1991										
Square Feet			35,787	35,787	37,227	37,227	37,227	37,227	37,227	37,227	43,476	43,476
Capacity			899	899	941	941	941	941	941	941	1,053	1,053
Enrollment			774	756	716	674	684	661	693	697	610	620
Percentage of Capacity in Use			86.1%	84.1%	76.1%	71.6%	72.7%	70.3%	73.7%	74.1%	57.9%	58.9%
Amy B. Seibert Elementary	1963	2013										
Square Feet			37,920	37,920	39,360	39,360	39,360	39,360	39,360	39,360	42,720	42,720
Capacity			854	854	896	896	896	896	896	896	1,022	1,022
Enrollment			717	733	764	744	717	712	684	657	628	610
Percentage of Capacity in Use			84.0%	85.8%	85.3%	83.0%	80.0%	79.5%	76.3%	73.3%	61.4%	59.7%
Wayne Van Horn Elementary	1969	1988										
Square Feet			35,298	35,298	35,298	35,298	35,298	35,298	35,298	35,298	40,342	40,342
Capacity			840	840	840	840	840	840	840	840	990	990
Enrollment			558	571	575	528	556	583	625	619	575	625
Percentage of Capacity in Use			66.4%	68.0%	68.5%	62.9%	66.2%	69.4%	74.4%	73.7%	58.1%	63.1%
Charles H. Castle Elementary	1976	1989										
Square Feet			34,943	34,943	34,943	34,943	34,943	34,943	34,943	34,943	45,523	45,523
Capacity			924	924	924	924	924	924	924	924	1,229	1,229
Enrollment			714	677	704	723	696	843	853	823	789	797
Percentage of Capacity in Use			77.3%	73.3%	76.2%	78.2%	75.3%	91.2%	92.3%	89.1%	64.2%	64.9%
Stockdale Elementary	1977	1988										
Square Feet			29,323	29,323	33,643	33,643	33,643	33,643	33,643	33,643	35,563	35,563
Capacity			616	616	742	742	742	742	742	742	882	882
Enrollment			570	542	628	629	631	648	638	627	602	576
Percentage of Capacity in Use			92.5%	88.0%	84.6%	84.8%	85.0%	87.3%	86.0%	84.5%	68.3%	65.3%
Louise Sandrini Elementary	1979	1988										
Square Feet			32,690	32,690	34,610	34,610	34,610	34,610	34,610	34,610	40,270	40,270
Capacity			798	798	854	854	854	854	854	854	980	980
Enrollment			605	610	582	636	647	663	633	662	591	603
Percentage of Capacity in Use			75.8%	76.4%	68.1%	74.5%	75.8%	77.6%	74.1%	77.5%	60.3%	61.5%
Sing Lum Elementary	1984	2017										
Square Feet			33,278	33,278	33,278	33,278	32,790	32,790	32,790	32,790	30,770	30,770
Capacity			784	784	784	784	956	956	956	956	753	753
Enrollment			800	783	711	703	734	733	776	776	758	740
Percentage of Capacity in Use			102.0%	99.9%	90.7%	89.7%	76.7%	76.6%	81.1%	81.1%	100.7%	98.3%

Panama-Buena Vista Union School District

Statistical Section (Unaudited)

June 30, 2022

School Building Information (Continued)

	Year Built	Year Renovated	Fiscal Year Data									
			FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Laurelglen Elementary	1985	2011										
Square Feet			30,398	30,398	30,398	30,398	30,398	30,398	30,398	30,398	36,570	36,570
Capacity			616	616	616	616	616	616	616	616	833	833
Enrollment			570	603	606	610	619	581	580	578	563	580
Percentage of Capacity in Use			92.5%	97.9%	98.4%	99.0%	100.5%	94.3%	94.2%	93.8%	67.6%	69.6%
Leo B. Hart Elementary	1988	n/a										
Square Feet			30,878	30,878	35,198	35,198	35,198	35,198	35,198	35,198	37,200	37,200
Capacity			672	672	798	798	798	798	798	798	936	936
Enrollment			571	571	700	726	729	723	767	779	709	702
Percentage of Capacity in Use			85.0%	85.0%	87.7%	91.0%	91.4%	90.6%	96.1%	97.6%	75.8%	75.0%
Roy W. Loudon Elementary	1989	2008										
Square Feet			38,094	38,094	42,414	42,414	42,414	42,414	42,414	42,414	44,814	44,814
Capacity			924	924	1,050	1,050	1,050	1,050	1,050	1,050	1,148	1,148
Enrollment			835	799	807	767	781	791	741	752	681	685
Percentage of Capacity in Use			90.4%	86.5%	76.9%	73.0%	74.4%	75.3%	70.6%	71.6%	59.3%	59.7%
Buena Vista Elementary	1875	2013										
Square Feet			38,266	38,266	39,706	39,706	39,706	39,706	39,706	39,706	45,594	45,594
Capacity			980	980	1,022	1,022	1,022	1,022	1,022	1,022	1,117	1,117
Enrollment			907	934	917	893	924	945	939	935	916	717
Percentage of Capacity in Use			92.6%	95.3%	89.7%	87.4%	90.4%	92.5%	91.9%	91.5%	82.0%	64.2%
Christa McAuliffe Elementary	1991	n/a										
Square Feet			31,991	31,991	32,951	32,951	32,951	32,951	32,951	32,951	34,916	34,916
Capacity			700	700	700	700	700	700	700	700	888	888
Enrollment			619	618	549	584	537	533	529	582	521	693
Percentage of Capacity in Use			88.4%	88.3%	78.4%	83.4%	76.7%	76.1%	75.6%	83.1%	58.7%	78.1%
Bill L. Williams Elementary	1996	2013										
Square Feet			35,302	35,302	38,662	38,662	41,542	41,542	41,542	41,542	44,340	44,340
Capacity			868	868	966	966	1,134	1,134	1,134	1,134	1,132	1,132
Enrollment			695	701	820	854	908	967	961	991	992	989
Percentage of Capacity in Use			80.1%	80.8%	84.9%	88.4%	80.1%	85.3%	84.7%	87.4%	87.7%	87.4%
Ronald Reagan Elementary	1998	n/a										
Square Feet			41,726	41,726	42,686	42,686	42,686	42,686	42,686	42,686	44,126	44,126
Capacity			1,008	1,008	1,036	1,036	1,036	1,036	1,036	1,036	1,115	1,115
Enrollment			958	919	942	936	971	935	942	978	951	861
Percentage of Capacity in Use			95.0%	91.2%	90.9%	90.3%	93.7%	90.3%	90.9%	94.4%	85.3%	77.2%
Berkshire Elementary	2002	2012										
Square Feet			41,259	41,259	41,259	41,259	41,259	41,259	41,259	41,259	45,839	45,839
Capacity			1,019	1,019	1,036	1,036	1,036	1,036	1,036	1,036	1,153	1,153
Enrollment			1,021	1,074	1,003	1,044	1,000	990	995	993	981	920
Percentage of Capacity in Use			100.2%	105.4%	96.8%	100.8%	96.5%	95.6%	96.0%	95.8%	85.1%	79.8%

Panama-Buena Vista Union School District
Statistical Section (Unaudited)
June 30, 2022

School Building Information (Continued)

	Year Built	Year Renovated	Fiscal Year Data									
			FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Old River Elementary	2007	n/a										
Square Feet			41,835	41,835	44,715	44,715	44,715	44,715	44,715	44,715	40,275	40,275
Capacity			1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,019	1,019
Enrollment			1,006	1,000	890	883	877	860	865	861	842	839
Percentage of Capacity in Use			97.1%	96.5%	85.9%	85.2%	84.7%	83.0%	83.5%	83.1%	82.7%	82.4%
Douglas J. Miller Elementary	2009	n/a										
Square Feet			36,460	36,460	36,460	36,460	39,820	39,820	39,820	39,820	53,356	53,356
Capacity			896	896	896	896	1,092	1,092	1,092	1,092	910	910
Enrollment			807	892	858	941	1,063	1,147	795	877	906	965
Percentage of Capacity in Use			90.1%	99.6%	95.8%	105.0%	97.3%	105.0%	72.8%	80.3%	99.6%	106.0%
Dolores S. Whitley Elementary	2018	n/a										
Square Feet			-	-	-	-	-	-	55,133	55,133	49,005	49,005
Capacity			-	-	-	-	-	-	1,161	1,161	1,217	1,217
Enrollment			-	-	-	-	-	-	761	798	822	872
Percentage of Capacity in Use			-	-	-	-	-	-	65.5%	68.7%	67.5%	71.6%
Highgate Elementary	2020	n/a										
Square Feet			-	-	-	-	-	-	-	-	-	41,827
Capacity			-	-	-	-	-	-	-	-	-	1,190
Enrollment			-	-	-	-	-	-	-	-	-	422
Percentage of Capacity in Use			-	-	-	-	-	-	-	-	-	35.5%
Fred L. Thompson Junior High School	1967	2009										
Square Feet			38,885	38,885	38,885	38,885	38,885	38,885	38,885	38,885	49,516	49,516
Capacity			981	981	981	981	981	981	981	981	1,347	1,347
Enrollment			774	798	741	679	753	768	768	726	741	786
Percentage of Capacity in Use			78.9%	81.3%	75.5%	69.2%	76.7%	78.3%	78.3%	74.0%	55.0%	58.3%
O.J. Actis Junior High School	1979	1992										
Square Feet			38,336	38,336	38,336	38,336	38,336	38,336	38,336	38,336	46,320	46,320
Capacity			924	924	924	924	924	924	924	924	1,213	1,213
Enrollment			657	634	676	666	683	669	666	640	678	698
Percentage of Capacity in Use			71.1%	68.6%	73.2%	72.1%	73.9%	72.4%	72.1%	69.3%	55.9%	57.5%
Tewis Junior High School	1988	1992										
Square Feet			41,872	41,872	41,872	41,872	41,872	41,872	41,872	41,872	43,301	43,301
Capacity			1,028	1,028	1,028	1,028	1,028	1,028	1,028	1,028	1,140	1,140
Enrollment			757	738	733	782	797	775	792	770	755	781
Percentage of Capacity in Use			73.7%	71.8%	71.3%	76.1%	77.5%	75.4%	77.1%	74.9%	66.3%	68.5%
Earl Warren Junior High School	1995	n/a										
Square Feet			44,529	44,529	44,529	44,529	44,529	44,529	44,529	44,529	40,988	40,988
Capacity			1,148	1,148	1,148	1,148	1,148	1,148	1,148	1,148	1,138	1,138
Enrollment			921	929	858	846	887	892	925	890	906	907
Percentage of Capacity in Use			80.2%	80.9%	74.7%	73.7%	77.3%	77.7%	80.6%	77.5%	79.6%	79.7%

Panama-Buena Vista Union School District

Statistical Section (Unaudited)

June 30, 2022

School Building Information (Continued)

	<u>Year Built</u>	<u>Year Renovated</u>		FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Stonecreek Junior High School	2006	n/a		42,609	42,609	42,609	42,609	42,609	42,609	42,609	42,609	50,252	50,252
Square Feet				1,092	1,092	1,092	1,092	1,092	1,092	1,092	1,092	1,380	1,380
Capacity				819	860	890	880	863	971	1,022	1,026	1,069	1,125
Enrollment				75.0%	78.8%	81.5%	80.6%	79.0%	88.9%	93.6%	94.0%	77.4%	81.5%
Percentage of Capacity in Use													
District Office	1983	2015		33,792	33,792	33,792	33,792	33,792	33,792	33,792	33,792	31,764	31,764
Square Feet				21,658	21,658	21,658	21,658	21,658	21,658	21,658	21,658	27,576	27,576
District Office East	1991	2011		-	17,040	17,040	17,040	17,040	17,040	17,040	17,040	15,582	15,582
Square Feet				10,732	10,732	10,732	10,732	10,732	10,732	10,732	10,732	10,836	10,836
District Office South	2014	n/a											
Square Feet													
Special Services	2010	n/a											
Square Feet													

Square footage includes permanent buildings and portable units

School Site square footage includes classrooms, Day Care buildings and Cafeteria/MPR buildings

Capacity based on average of 28 students per classroom, including portable buildings

Source: District records

Panama-Buena Vista Union School District

Statistical Section (Unaudited)

June 30, 2022

History of Investment Income by Fund Type (Interest Earnings)

Fiscal Year		Bond Interest &				Total, All Funds
		General	Special Revenue	Capital Projects	Redemption	
2013	\$	84,645	\$ 40,323	\$ 127,049	\$ 5,181	\$ 257,198
2014		77,711	53,353	88,817	64,527	284,408
2015		55,352	30,481	159,581	20,530	265,944
2016		72,503	76,225	272,735	18,971	440,434
2017		231,991	36,627	411,716	27,893	708,227
2018		404,662	149,750	505,629	54,525	1,114,566
2019		445,936	185,467	542,123	63,686	1,237,212
2020		728,816	192,667	809,393	127,461	1,858,337
2021		414,736	164,117	238,133	54,663	871,649
2022		563,327	163,975	183,982	54,043	965,328

Source: District records

Panama-Buena Vista Union School District

Statistical Section (Unaudited)

June 30, 2022

New Construction for Kern County

Year ⁽¹⁾	Number of New Units		
	Single Unit	Multi-Units	Total
2012	1,238	348	1,586
2013	885	253	1,138
2014	1,885	412	2,297
2015	2,098	102	2,200
2016	2,141	115	2,256
2017	1,138	167	1,305
2018	1,935	191	2,126
2019	2,182	71	2,253
2020	1,337	262	1,599
2021	2,117	141	2,258

Year ⁽¹⁾	Valuation		
	Single Unit	Multi-Units	Total
2012	255,535,560	28,145,477	283,681,037
2013	153,963,458	22,073,619	176,037,077
2014	371,661,751	37,477,156	409,138,907
2015	465,175,856	8,754,220	473,930,076
2016	475,649,494	12,850,552	488,500,046
2017	211,877,395	19,423,671	231,301,066
2018	431,488,488	29,958,821	461,447,309
2019	524,303,212	12,557,446	536,860,658
2020	290,909,898	33,311,160	324,221,058
2021	445,807,199	8,410,357	454,217,556

*Source: Employment Development Department - California
(<https://www.labormarketinfo.edd.ca.gov/>)*

⁽¹⁾ Information available only through calendar year 2021

Panama-Buena Vista Union School District

Statistical Section (Unaudited)

June 30, 2022

Miscellaneous Statistics

District Name: Panama-Buena Vista Union School District

Type of District: Elementary (TK-8)

Year Founded: 1875

Area (square miles): 93 (est.)

Number of schools:

Elementary (TK-6) 20

Intermediate (7-8) 5

Total 25

Enrollment:

Elementary (TK-6) 14,488 (Fall 2021)

Intermediate (7-8) 4,297 (Fall 2021)

Total 18,785

% of students eligible for
free or reduced lunches 77.01%

Number of employees:

Certificated: 984 full-time equivalents

Classified 1,021 full-time equivalents

Management/Confidential 251 full-time equivalents

Total 2,256

Teacher per Pupil Ratio: 21.70

Source: District records



Independent Auditor's Reports

June 30, 2022

**Panama-Buena Vista Union School
District**



**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

To the Board of Trustees
Panama-Buena Vista Union School District
Bakersfield, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Panama-Buena Vista Union School District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 13, 2023.

Correction of an Error

As discussed in Note 16 to the financial statements, certain errors were discovered by management of the District during the current year, which resulted in the identification of an overstatement of amount previously reported for receivables and understatements of amounts previously reported as interfund balances as of June 30, 2021. Accordingly, restatements have been made to the fund balances of the General Fund, Building Fund, and to the governmental activities net position as of July 1, 2021, to correct the error. Our opinions are not modified with respect to this matter.

Adoption of New Accounting Standard

As discussed in Notes 1 and 17 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the District in a separate letter dated March 13, 2023.

Panama-Buena Vista Union School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



Rancho Cucamonga, California

March 13, 2023



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Governing Board
Panama-Buena Vista Union School District
Bakersfield, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Panama-Buena Vista Union School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 13, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-002 and 2022-003. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-002 and 2022-003 to be material weaknesses.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Rancho Cucamonga, California

March 13, 2023



Independent Auditor's Report on State Compliance

To the Board of Trustees
Panama-Buena Vista Union School District
Bakersfield, California

Report on Compliance

Qualified and Unmodified Opinions on State Compliance

We have audited Panama-Buena Vista Union School District's (the District) compliance with the requirements specified in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the District's state program requirements identified below for the year ended June 30, 2022.

Qualified Opinion on Attendance/Independent Study

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022.

Qualified Opinion on After School Education and Safety

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022.

Qualified Opinion on School Accountability Report Card

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022, except as described in the accompanying Schedule of Findings and Questioned Costs.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Matters Giving Rise to Qualified Opinion on Attendance/ Independent Study

As described in the accompanying Schedule of Findings and Questioned Costs as item 2022-004, the District did not comply with requirements regarding Independent Study.

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Matters Giving Rise to Qualified Opinion on After School Education and Safety

As described in the accompanying Schedule of Findings and Questioned Costs as item 2022-005, the District did not comply with requirements regarding After School Education and Safety.

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Matters Giving Rise to Qualified Opinion on School Accountability Report Card

As described in the accompanying Schedule of Findings and Questioned Costs as item 2022-006, the District did not comply with requirements regarding School Accountability Report Card.

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and

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

2021-2022 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	No, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	No, see below
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	No, see below
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	No, see below
In Person Instruction Grant	Yes
Charter Schools	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes - Classroom Based	No, see below
Charter School Facility Grant Program	No, see below

We did not perform Continuation Education procedures because the program is not offered by the District.

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

The District does not have any Juvenile Court Schools; therefore, we did not perform procedures related to Juvenile Court Schools.

The District does not have any Middle or Early College High Schools; therefore, we did not perform procedures related to Middle or Early College High Schools.

We did not perform Apprenticeship: Related and Supplemental Instruction procedures because the program is not offered by the District.

We did not perform District of Choice procedures because the program is not offered by the District.

We did not perform California Clean Energy Jobs Act procedures because the related procedures were performed in a previous year.

The District does not offer an Independent Study - Course Based program; therefore, we did not perform any procedures related to the Independent Study - Course Based Program.

We did not perform Career Technical Education Incentive Grant procedures because the District did not receive funding for this grant.

The District does not operate any Charter Schools; therefore, we did not perform procedures for Charter School Programs.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2022-004, 2022-005, and 2022-006 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is fluid and cursive, with "Eide" and "Bailly" connected at the top, and "LLP" written below them to the right.

Rancho Cucamonga, California

March 13, 2023



Schedule of Findings and Questioned Costs
June 30, 2022

**Panama-Buena Vista Union School
District**

Panama-Buena Vista Union School District

Summary of Auditor's Results

Year Ended June 30, 2022

Financial Statements

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

Federal Awards

Internal control over major programs	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	Yes

Identification of major programs

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing Number</u>
Special Education Cluster	84.027, 84.027A, 84.173, 84.173A
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425D
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U
COVID-19 American Rescue Plan - Homeless Children and Youth II (ARP HCY II)	84.425W
COVID-19 Emergency Connectivity Fund Program	32.009
Dollar threshold used to distinguish between Type A and Type B programs	\$1,892,180
Auditee qualified as low-risk auditee?	No

Panama-Buena Vista Union School District

Summary of Auditor's Results

Year Ended June 30, 2022

State Compliance

Internal control over state compliance programs

Material weaknesses identified

No

Significant deficiencies identified not
considered to be material weaknesses

Yes

Type of auditor's report issued on compliance for programs

Unmodified*

*Unmodified for all programs except for the following
programs which were qualified:

Name of Program

Attendance

Independent Study

After School Education and Safety Program

School Accountability Report Card

Panama-Buena Vista Union School District

Financial Statement Findings

Year Ended June 30, 2022

The following finding represents a material weakness related to the financial statements that is required to be reported in accordance with *Government Auditing Standards*. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
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30000	Internal Control
-------	------------------

2022-001 30000 – Prior Period Restatement

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure that financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of the year-end closing entries to ensure the financial statements are fairly stated.

Condition

During our review of the District's clearing of prior year receivable balances, we noted that the District identified an amount of \$1,661,821 in the General Fund that had been accrued in error in the prior year. Additionally, the District identified a \$46,303 understatement of an interfund receivable (due from other funds) balance in the General Fund and a \$46,303 understatement of an interfund payable (due to other funds) balance in the Building Fund.

Questioned Costs

There were no questioned costs associated with the condition.

Context

The condition was identified as a result of our review of the clearing of prior year accruals and interfund balances, and of the beginning fund balance of the General Fund and the Building Fund.

Effect

The effect of the error was a restatement of the beginning fund balance in the General Fund in the amount of \$1,708,124 and a restatement of the beginning fund balance in the Building Fund in the amount of \$46,303.

Cause

The cause of the condition identified appears to be due to inadequate review processes related to the District's recording of receivables and interfund balances in the prior year.

Panama-Buena Vista Union School District

Financial Statement Findings

Year Ended June 30, 2022

Repeat Finding

No.

Recommendation

Management should review financial account balances to ensure that they have been correctly reported. Balances should be traced to supporting records to verify the accuracy and completeness of reported information.

Corrective Action Plan and Views of Responsible Officials

Management recognizes the responsibility for the design, implementation, and maintenance of internal controls to ensure that financial statements are free from material misstatement, whether due to error or fraud. The District is committed to regular and timely implementation of internal controls, including a review of the year-end closing entries to ensure the financial statements are fairly stated. Balances will continue to be traced to supporting records to verify the accuracy and completeness of reported information.

Panama-Buena Vista Union School District

Federal Awards Findings and Questioned Costs

Year Ended June 30, 2022

The following findings represent material weaknesses and instances of noncompliance that are required to be reported by the Uniform Guidance. The findings have been coded as follows:

Five Digit Code	AB 3627 Finding Type
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50000	Federal Compliance
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2022-002 50000 – Federal Programs – Inventory Control (Noncompliance and Material Weakness in Internal Controls over Compliance)

Federal Programs Affected

COVID-19 Emergency Connectivity Fund Program

Assistance Listing Number: 32.009

Pass-Through Entity: N/A – Direct Award

Federal Agency: Federal Communications Commission

Criteria or Specific Requirements

In accordance with Federal Communications Commission (FCC) Report and Order 21-58, paragraphs 116-118, Emergency Connectivity Fund (ECF) Program participants are required to maintain asset and service inventories of the devices and services purchased with ECF Program support.

Asset inventories are required to contain the following elements: (a) device type, (b) device make/model, (c) equipment serial number, (d) the name of the person to whom the device was provided, and (e) the dates the device was loaned out and returned to the school.

Service records must include the following elements: (a) type of service provided, (b) broadband plan details, including: upload and download speeds and monthly data cap, (c) the name(s) of the person(s) to whom the service was provided, and for fixed broadband service; (d) the service address, and (e) the installation date of service, and (f) the last date of service (as applicable).

Condition

The District did not maintain adequate inventory records for assets and services purchased with ECF funds. The inventory records were not adequately updated to reflect when and to whom the purchased items and services were provided and the total number of inventoried items could not be reconciled to the number of items purchased with ECF funds.

Questioned Costs

There were no questioned costs associated with this finding.

Panama-Buena Vista Union School District

Federal Awards Findings and Questioned Costs

Year Ended June 30, 2022

Context

The condition was identified through inquiries with District management and review of program records.

Effect

The District is not in compliance with the device and service inventory requirements of the program.

Cause

Due to the time-sensitive need to maintain connectivity for student learning, the District did not prioritize adequate record-keeping in accordance with program requirements.

Repeat Finding

No.

Recommendation

The District should ensure that program requirements are reviewed and adequate controls over compliance are in place prior to commencing program activities under federal programs.

Corrective Action Plan and Views of Responsible Officials

The District strives to maintain adequate and accurate inventory records for assets and services purchased with all funds, regardless of source. Staff works hard to ensure that inventory records are regularly updated to reflect when and to whom all purchased items and services are provided, reflecting compliance with all program requirements. For the fiscal year under review, the District prioritized providing students and staff with Chromebooks and other technology needed to access instruction and recognizes the need for improved inventory tracking practices by all staff.

Panama-Buena Vista Union School District

Federal Awards Findings and Questioned Costs

Year Ended June 30, 2022

2022-003 50000 – Federal Programs – Program Implementation (Noncompliance and Material Weakness in Internal Controls over Compliance)

Federal Programs Affected

COVID-19 Emergency Connectivity Fund Program

Assistance Listing Number: 32.009

Pass-Through Entity: N/A – Direct Award

Federal Agency: Federal Communications Commission

Criteria or Specific Requirements

In accordance with FCC Report and Order 21-58, paragraph 5, Emergency Connectivity Funds (ECF) Program support shall be used by schools to meet the otherwise unmet connectivity needs of students and school staff during the COVID-19 pandemic. Additionally, FCC Report and Order 21-58, paragraph 54 states that ECF Program support shall not be used to fund more than one connected device and more than one Wi-Fi hotspot per students or school staff member during the COVID-19 emergency period.

Condition

As the District's asset and service inventories were not complete and did not contain all required elements, a determination could not be made regarding the total number of students and staff members who were provided with assets or services purchased with ECF support. We were therefore unable to verify the District's compliance with program requirements related to unmet connectivity needs and per-user limitations.

Questioned Costs

This finding represents a material weakness in internal control over federal compliance. However, there were no questioned costs associated with this finding as we did not identify any unallowable expenditures as a result of the finding.

Context

The condition was identified through inquiries with District management and review of program records.

Effect

The District is not in compliance with program requirements related to unmet connectivity needs and per-user limitations.

Panama-Buena Vista Union School District

Federal Awards Findings and Questioned Costs

Year Ended June 30, 2022

Cause

Due to the time-sensitive need to maintain connectivity for student learning, the District did not prioritize adequate record-keeping in accordance with program requirements.

Repeat Finding

No.

Recommendation

The District should ensure that program requirements are reviewed and adequate controls over compliance are in place prior to commencing program activities under federal programs.

Corrective Action Plan and Views of Responsible Officials

The District strives to maintain adequate and accurate inventory records for assets and services purchased with all funds, regardless of source. Staff works hard to ensure that inventory records are regularly updated to reflect when and to whom all purchased items and services are provided, reflecting compliance with all program requirements. For the fiscal year under review, the District prioritized providing students and staff with technology needed to meet the otherwise unmet connectivity needs of students and school staff during the COVID-19 pandemic and recognizes the need for improved inventory tracking practices by all staff. The District believes that ECF Program support was not used to fund more than one connected device and more than one Wi-Fi hotspot per student or school staff member during the COVID-19 emergency period.

Panama-Buena Vista Union School District

State Compliance Findings and Questioned Costs

Year Ended June 30, 2022

The following findings represent instances of noncompliance or questioned costs and significant deficiencies that are required to be reported by the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. The findings have been coded as follows:

Five Digit Code	AB 3627 Finding Type
10000	Attendance
40000	State Compliance
72000	School Accountability Report Card

2022-004 10000 and 40000 – Attendance and Independent Study

Criteria or Specific Requirements

California *Education Code* Section 51747.5(c) states that for pupils enrolled in independent study for 15 or more cumulative schooldays in a school year, a local education agency shall document each pupil's participation in live interaction and synchronous instruction in accordance with California *Education Code* Section 51747(e).

California *Education Code* Section 51749.6 states that a local education agency shall not be eligible to receive apportionments for independent study by pupils, unless it has provided each pupil with a written learning agreement that contains the required elements identified in California *Education Code* Section 51749.6.

Condition

The Panama-Buena Vista Union School District (the District) tracks and monitors independent study through two separate programs. One program consists of independent study that is tracked and documented at the site level, which generally consists of pupils who are enrolled in short-term independent study (14 days or less). The site-level independent study program may also include students who are enrolled for 15 days or more, at which point they are considered to be enrolled in long-term independent study. The second program consists of a district-wide program containing students who are enrolled entirely in long-term independent study. We noted instances of noncompliance related to both programs, which have been described in further detail below:

1. Based on our testing of the District's site-level independent study program, we identified instances of noncompliance related to sampled sites' documentation of pupil participation in live interaction and synchronous instruction. Based on our review of available documentation for 10 independent study agreements, five did not contain documentation to support the pupil's participation in live interaction and synchronous instruction (each of these pupils were enrolled in independent study for 15 days or more). To determine the effect on the total ADA claimed in relation to the District's site-level independent study agreements, the District elected to extrapolate and reduce the site-level independent study ADA by the identified 50% error rate.

Panama-Buena Vista Union School District

State Compliance Findings and Questioned Costs

Year Ended June 30, 2022

2. Based on our testing of the District's long-term independent study program, we identified pervasive issues related to incomplete independent study agreements and missing documentation of pupil participation in live interaction and synchronous instruction. Based on our review of available documentation for 25 independent study agreements, all agreements were either incomplete or were not supported by documentation of pupil participation in live interaction and synchronous instruction. Due to the pervasiveness of the identified condition, the entire population of the long-term independent study program's agreements, as well as the corresponding Average Daily Attendance (ADA) claimed in relation to those agreements, have been deemed to be unallowable.

Questioned Costs

The District has overclaimed 486.62 units of Independent Study Average Daily Attendance (ADA) for apportionment on its Second Period Attendance Report. The penalty results in a decrease of approximately \$5,279,546.22. The estimated penalty was calculated using the CDE's LCFF Derived Value of ADA by Grade Span. However, there is no current year fiscal impact since the District was funded on ADA from fiscal year 2019-2020. Additionally, California *Education Code* Section 42238.023 authorizes the California Department of Education to adjust the 2021-2022 reported ADA for school districts if the 2019-2020 ADA to enrollment ratio exceeds the 2021-2022 ADA to enrollment ratio. The effect of this regulation nullifies the questioned costs component of the condition identified.

Context

The condition was identified through review of Independent Study records, including written agreements.

Effect

The District overclaimed 486.62 ADA on its Second Period Report of Attendance, resulting in an estimated penalty as follows:

Grade Span	Independent Study ADA Disallowed	Derived Value of ADA by Grade Span	Penalty
TK-3	219.14	\$ 11,295.54	\$ 2,475,304.64
4-6	181.62	10,385.32	1,886,181.82
7-8	85.86	10,692.52	918,059.77
Total	<u>486.62</u>		<u>\$ 5,279,546.23</u>

Panama-Buena Vista Union School District

State Compliance Findings and Questioned Costs

Year Ended June 30, 2022

Cause

It appears that the condition has materialized as a result of school sites not updating independent study agreements and not maintaining documentation related to pupil participation in live interaction and synchronous instruction.

Repeat Finding

No.

Recommendation

The District should implement a process to confirm all sites are aware of independent study requirements and are in compliance with those requirements.

Corrective Action Plan and Views of Responsible Officials

As noted above in the calculation methodology, the District worked with the auditors to attempt to provide adequate documentation of all requirements related to distance learning and Independent Study. Due to the new and changing nature of these requirements, the District was unable to provide all necessary documentation to comply with the requirements for the 2021-2022 school year. The District feels strongly that all student records and quality of instruction was provided and maintained to the best of our ability given the circumstances of the school year but agrees that adequate documentation was not retained. The District is committed to continue providing instruction to students in the environment that best meets the needs of our families, and will continue to work with the auditors to ensure document retention compliance for those students who prefer to access their education via Independent Study.

2022-005

40000 – After School Education and Safety Program (ASES)

Criteria or Specific Requirements

According to the California *Education Code* Section 8483a(2), it is the intent of the Legislature that elementary and middle school or junior high school pupils participate in the full day of the program every day during which pupils participate, except as allowed by the early release policy. Pupil attendance records must be maintained to verify and support the program's compliance with this requirement.

Condition

During our review of O.J. Actis Junior High School's sign in/sign out sheets for a selected week of December 2021, it was noted that the audited weekly total did not agree to the weekly total indicated on the attendance summary for that month. Due to this variance, the attendance summary was overstated by 12 students.

Panama-Buena Vista Union School District

State Compliance Findings and Questioned Costs

Year Ended June 30, 2022

Questioned Costs

Under the provisions of the program, there are no questioned costs associated with this condition.

Context

The condition identified resulted from our review of O.J. Actis Junior High School's attendance records for the month of December 2021. The auditor selected two out of 13 schools for the first semi-annual reporting period dated July to December 2021. The auditor then reviewed sign out sheets and monthly attendance reports for the month of December 2021 to determine the accuracy of reported attendance.

Effect

As a result of our testing, the District was not in compliance with *Education Code* Section 8483a(2) for the 2021-2022 fiscal year since the District's attendance totals were overstated for O.J. Actis Junior High School.

Cause

The condition was caused by an error in reconciling sign out sheets to monthly attendance information.

Repeat Finding

No.

Recommendation

Prior to submission of attendance information to the State, the District should ensure the monthly summaries agree to supporting sign-out sheets. An individual from the District should review and re-compute monthly attendance numbers per school site in order to verify that accurate information is being sent to the State for reporting.

Corrective Action Plan and Views of Responsible Officials

Like many entities in California, the District faced staffing shortages during the school year, including in our After School Education and Safety Program. An error was made in the recording of December's attendance and was not detected and corrected in a timely manner. Going forward, additional training will be provided to those responsible for recording and calculating attendance records for this program. In addition, prior to submission of attendance information to the State, management will ensure that the monthly summaries of all sites agree to supporting sign-out sheets.

Panama-Buena Vista Union School District

State Compliance Findings and Questioned Costs

Year Ended June 30, 2022

2022-006 72000 – School Accountability Report Card

Criteria or Specific Requirements

As required by California *Education Code* Section 33126(b) (8), the School Accountability Report Card (SARC) shall include, but is not limited to, assessment of the safety, cleanliness, and adequacy of school facilities, including any need for maintenance.

Condition

The SARC includes, among other information, a report on adequacy of school facilities which is derived from the Facilities Inspection Tool (FIT). For Douglas J. Miler Elementary School and Stonecreek Junior High School, the District was unable to provide the FITs that were performed on the dates indicated on the SARCs. Without being able to compare the information, we could not determine whether the facility status information in the SARCs was accurately reported.

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

The condition was identified as a result of our inquiry with the District's Business Services Department personnel and through review of supporting documents.

Effect

The District has not complied with requirements identified in California *Education Code* Section 33126 (a) which states that the SARC shall provide data including adequacy of school facilities by which a parent can make meaningful comparisons between public schools. The adequacy of school facilities reported on the SARCs could not be verified.

Cause

The condition identified appears to have materialized primarily due to the lack of adequate review processes.

Repeat Finding

No.

Panama-Buena Vista Union School District

State Compliance Findings and Questioned Costs

Year Ended June 30, 2022

Recommendation

The District should become familiar with all the requirements identified in California *Education Code* Section 33126. The Facility Inspection Tools should be kept on file to substantiate the condition of the District's facilities as reported on the SARC. Additionally, the District should provide management oversight to employees responsible for performing key compliance requirements.

Corrective Action Plan and Views of Responsible Officials

While inspections were completed accurately and timely, the District acknowledges that copies of two reports performed during the 2020-2021 school year during the COVID-19 pandemic and reported in the 2021-2022 SARCs were not able to be produced. Going forward, the District will maintain all Facility Inspection Tools on file to substantiate the condition of the District's facilities as reported on the SARC. Additionally, the District will continue to provide management oversight to employees responsible for performing key compliance requirements, including document retention.

Panama-Buena Vista Union School District

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2022

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Financial Statements Finding

2021-001 30000 – Internal Control

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of account balances to ensure that they have been reported completely, accurately, and in accordance with applicable accounting principles.

Condition

During the course of our engagement, we identified significant misstatements of balances within the District's 2020-2021 unaudited financial statements. The causes of these misstatements have been detailed below:

1. The District did not record Local Control Funding Formula (LCFF) and interest receivables correctly, resulting in a \$958,559 overstatement of the General Fund.
2. The District did not effectively reconcile health benefit premium payables, resulting in a \$2,386,271 overstatement of the General Fund.
3. The District incorrectly recorded a current loan balance at the net amount of proceeds, premium, and costs of issuance, resulting in a \$455,520 understatement of the General Fund.

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

The conditions were identified through inquiry with District personnel and through review of available District records related to balances reported in the District's 2020-2021 unaudited financial statements.

Effect

The effect of these errors resulted in misstatements that were not detected or prevented by the District's internal accounting control and review process. As reported on 2020-2021 unaudited financial statements, the District's General Fund balance was overstated by \$2,889,310 due to the net effect of the described errors.

Panama-Buena Vista Union School District
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022

Cause

The cause of the conditions identified appears to be due to inadequate review processes related to the District's financial information.

Repeat Finding

No.

Recommendation

Management should review financial account balances to ensure that they have been correctly reported. Balances should be traced to supporting records to verify the accuracy and completeness of reported information. Additionally, management should ensure that all applicable accounting principles are adhered to when recording financial information.

Current Status

Implemented.

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APPENDIX C

PROPOSED FORMS OF OPINIONS OF BOND COUNSEL

Upon issuance and delivery of the New Money Bonds, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, proposes to render its final approving opinion with respect to the New Money Bonds in substantially the following form:

[Date of Delivery]

Panama-Buena Vista Union School District
Bakersfield, California

Panama-Buena Vista Union School District
(Kern County, California)
General Obligation Bonds, Election of 2022, Series 2023
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Panama-Buena Vista Union School District (the “District”), which is located in the County of Kern (the “County”), in connection with the issuance by the District of \$23,000,000 aggregate principal amount of bonds designated as “Panama-Buena Vista Union School District (Kern County, California) General Obligation Bonds, Election of 2022, Series 2023” (the “Series 2023 Bonds”), representing part of an issue in the aggregate principal amount of \$99,000,000 authorized at an election held in the District on November 8, 2022. The Series 2023 Bonds are issued under and pursuant to a resolution of the Board of Trustees of the District adopted on February 28, 2023 (the “Resolution”). Capitalized undefined terms used herein have the meanings ascribed thereto in the Resolution.

In such connection, we have reviewed the Resolution, the Tax Certificate of the District, dated the date hereof (the “Tax Certificate”), certificates of the District, the County and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Series 2023 Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Series 2023 Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Series 2023 Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution and the Tax Certificate, including, without limitation, covenants and agreements compliance with which is necessary to ensure that future actions, omissions or events will not cause interest on the Series 2023 Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights

and obligations under the Series 2023 Bonds, the Resolution and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities such as the District or the County in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or to have the effect of a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Resolution, or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, dated April 5, 2023, or other offering material relating to the Series 2023 Bonds and express no opinion or view with respect thereto.

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

1. The Series 2023 Bonds constitute valid and binding obligations of the District.
2. The Resolution has been duly and legally adopted and constitutes a valid and binding obligation of the District.
3. The Board of Supervisors of the County has power and is obligated to levy *ad valorem* taxes without limitation as to rate or amount upon all property within the District's boundaries subject to taxation by the District (except certain personal property which is taxable at limited rates) for the payment of the Series 2023 Bonds and the interest thereon.
4. Interest on the Series 2023 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Series 2023 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that, for tax years beginning after December 31, 2022, interest on the Series 2023 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2023 Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

Upon issuance and delivery of the Refunding Bonds, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, proposes to render its final approving opinion with respect to the Refunding Bonds in substantially the following form:

[Date of Delivery]

Panama-Buena Vista Union School District
Bakersfield, California

Panama-Buena Vista Union School District
(Kern County, California)
General Obligation Refunding Bonds, Series 2023
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Panama-Buena Vista Union School District (the “District”), which is located in the County of Kern (the “County”), in connection with the issuance by the District of \$12,965,000 aggregate principal amount of Panama-Buena Vista Union School District (Kern County, California) General Obligation Refunding Bonds, Series 2023 (the “Refunding Bonds”), pursuant to a resolution of the Board of Trustees of the District adopted on February 28, 2023 (the “Resolution”). Capitalized undefined terms used herein have the meanings ascribed thereto in the Resolution.

In such connection, we have reviewed the Resolution, the Tax Certificate of the District, dated the date hereof (the “Tax Certificate”), certificates of the District, the County and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Refunding Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Refunding Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Refunding Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution and the Tax Certificate, including, without limitation, covenants and agreements compliance with which is necessary to ensure that future actions, omissions or events will not cause interest on the Refunding Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Refunding Bonds, the Resolution and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal

remedies against governmental entities such as the District or the County in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or to have the effect of a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Resolution, or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, dated April 5, 2023, or other offering material relating to the Refunding Bonds and express no opinion or view with respect thereto.

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

1. The Refunding Bonds constitute valid and binding obligations of the District.
2. The Resolution has been duly and legally adopted and constitutes a valid and binding obligation of the District.
3. The Board of Supervisors of the County has power and is obligated to levy ad valorem taxes without limitation as to rate or amount upon all property within the District's boundaries subject to taxation by the District (except certain personal property which is taxable at limited rates) for the payment of the Refunding Bonds and the interest thereon.
4. Interest on the Refunding Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Refunding Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that, for tax years beginning after December 31, 2022, interest on the Refunding Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Refunding Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX D

FORMS OF CONTINUING DISCLOSURE CERTIFICATES

CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (this “Disclosure Certificate”) is executed and delivered by the Panama-Buena Vista Union School District (the “District”) in connection with the issuance of \$23,000,000 aggregate principal amount of Panama-Buena Vista Union School District (Kern County, California) General Obligation Bonds, Election of 2022, Series 2023 (the “Bonds”). The Bonds are being issued pursuant to a resolution adopted by the Board of Trustees of the District on February 28, 2023 (the “Resolution”). The District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 hereof.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Dissemination Agent” shall mean Fieldman, Rolapp & Associates, Inc., doing business as Applied Best Practices, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

“Financial Obligation” shall mean, for the purposes of the Listed Events set out in Section 5(a)(x) and 5(b)(viii), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Holder” shall mean the person in whose name any Bond shall be registered.

“Listed Events” shall mean any of the events listed in Section 5(a) or (b) hereof.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the Official Statement, dated April 5, 2023 (including all exhibits or appendices thereto), relating to the offer and sale of Bonds.

“Participating Underwriter” shall mean the original underwriter(s) of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports. (a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District’s fiscal year (which due date shall be March 31 of each year, so long as the District’s fiscal year ends on June 30), commencing with the report for the 2022-23 Fiscal Year (which is due not later than March 31, 2024), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 hereof. The Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 hereof; provided, however, that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District’s fiscal year changes, it shall give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Bonds by name and CUSIP number.

(b) Not later than 15 business days prior to the date specified in subsection (a), the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the District shall, in a timely manner, send or cause to be sent to the MSRB a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) (if the Dissemination Agent is other than the District), provide any Annual Report received by it to the MSRB as provided herein; and

(ii) (if the Dissemination Agent is other than the District), file a report with the District certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

Section 4. Content of Annual Reports. The District’s Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the District’s audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a) hereof, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statements of the District, the Annual Report shall also include the following:

- (i) The average daily attendance in District schools on an aggregate basis for the preceding fiscal year;
- (ii) Pension plan contributions made by the District for the preceding fiscal year;
- (iii) The adopted budget of the District for the then-current fiscal year;
- (iv) Assessed value of taxable property in the District for the then-current fiscal year as shown on the most recent equalized assessment role;
- (v) If the County of Kern (the “County”) no longer includes the tax levy for payment of the Bonds in its Teeter Plan, the property tax levies, collections, and delinquencies for the District for the most recently completed fiscal year; and
- (vi) Top ten property owners in the District for the then-current fiscal year, as measured by secured assessed valuation, the amount of their respective taxable value, and their percentage of total secured assessed value, if provided by the County.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been made available to the public on the MSRB’s website. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events. (a) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers or their failure to perform;
- (v) adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
- (vi) tender offers;
- (vii) defeasances;
- (viii) rating changes;
- (ix) bankruptcy, insolvency, receivership or similar event of the District; or

(x) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

For the purposes of the event identified in subparagraph (ix), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

(i) unless described in paragraph 5(a)(v), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

(ii) modifications to rights of Bond Holders;

(iii) Bond calls;

(iv) release, substitution, or sale of property securing repayment of the Bonds;

(v) non-payment related defaults;

(vi) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

(vii) appointment of a successor or additional paying agent or the change of name of a paying agent; or

(viii) incurrence of a Financial Obligation of the District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect Bond holders.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3 hereof, as provided in Section 3(b) hereof.

(d) Upon the occurrence of a Listed Event described in Section 5(a), or upon the occurrence of a Listed Event described in Section 5(b) which the District determines would be material under applicable federal securities laws, the District shall within ten business days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in

subsection (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

(e) The District intends to comply with the Listed Events described in subsection (a)(x) and subsection (b)(viii), and the definition of “Financial Obligation” in Section 1, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Securities and Exchange Commission in Release No. 34-83885, dated August 20, 2018 (the “2018 Release”), and any further amendments or written guidance provided by the Securities and Exchange Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

Section 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in a filing with the MSRB.

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be Fieldman, Rolapp & Associates, Inc., doing business as Applied Best Practices.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Section 3(a) hereof, Section 4 hereof, or Section 5(a) or (b) hereof, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the District with respect to the Bonds, or the type of business conducted;

(b) the undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by the Holders in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

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 a filing with the MSRB, and (ii) the Annual

Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice required to be filed pursuant to this Disclosure Certificate, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

Section 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate; provided, that any such action may be instituted only in Superior Court of the State of California in and for the County or in U.S. District Court in or nearest to the County. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and (if the Dissemination Agent is other than the District), the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Electronic Signature. Each of the parties hereto agrees that the transaction consisting of this Disclosure Certificate may be conducted by electronic means. Each party agrees and acknowledges that it is such party's intent that, by signing of this Disclosure Certificate using an electronic signature, it is signing, adopting and accepting this Disclosure Certificate, and that signing this Disclosure Certificate using an electronic signature is the legal equivalent of having placed the undersigned officer's handwritten signature on this Disclosure Certificate on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Disclosure Certificate in a usable format.

Dated: May 3, 2023

**PANAMA-BUENA VISTA UNION
SCHOOL DISTRICT**

By: _____

ACCEPTED AND AGREED TO:

**FIELDMAN, ROLAPP & ASSOCIATES,
INC., DOING BUSINESS AS APPLIED
BEST PRACTICES, as Dissemination Agent**

By: _____
Authorized Signatory

EXHIBIT A

**NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: **PANAMA-BUENA VISTA UNION SCHOOL DISTRICT**

Name of Issue: Panama-Buena Vista Union School District
(Kern County, California) General Obligation Bonds,
Election of 2022, Series 2023

Date of Issuance: May 3, 2023

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the District, dated May 3, 2023. [The District anticipates that the Annual Report will be filed by _____.]

Dated: _____

**PANAMA-BUENA VISTA UNION
SCHOOL DISTRICT**

CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (this “Disclosure Certificate”) is executed and delivered by the Panama-Buena Vista Union School District (the “District”) in connection with the issuance of \$12,965,000 aggregate principal amount of Panama-Buena Vista Union School District (Kern County, California) General Obligation Refunding Bonds, Series 2023 (the “Bonds”). The Bonds are being issued pursuant to a resolution adopted by the Board of Trustees of the District on February 28, 2023 (the “Resolution”). The District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 hereof.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Dissemination Agent” shall mean Fieldman, Rolapp & Associates, Inc., doing business as Applied Best Practices, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

“Financial Obligation” shall mean, for the purposes of the Listed Events set out in Section 5(a)(x) and 5(b)(viii), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Holder” shall mean the person in whose name any Bond shall be registered.

“Listed Events” shall mean any of the events listed in Section 5(a) or (b) hereof.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the Official Statement, dated April 5, 2023 (including all exhibits or appendices thereto), relating to the offer and sale of Bonds.

“Participating Underwriter” shall mean the original underwriter(s) of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports. (a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District’s fiscal year (which due date shall be March 31 of each year, so long as the District’s fiscal year ends on June 30), commencing with the report for the 2022-23 Fiscal Year (which is due not later than March 31, 2024), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 hereof. The Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 hereof; provided, however, that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District’s fiscal year changes, it shall give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Bonds by name and CUSIP number.

(b) Not later than 15 business days prior to the date specified in subsection (a), the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the District shall, in a timely manner, send or cause to be sent to the MSRB a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

- (i) (if the Dissemination Agent is other than the District), provide any Annual Report received by it to the MSRB as provided herein; and
- (ii) (if the Dissemination Agent is other than the District), file a report with the District certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

Section 4. Content of Annual Reports. The District’s Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the District’s audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a) hereof, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statements of the District, the Annual Report shall also include the following:

- (i) The average daily attendance in District schools on an aggregate basis for the preceding fiscal year;
- (ii) Pension plan contributions made by the District for the preceding fiscal year;

- (iii) The adopted budget of the District for the then-current fiscal year;
- (iv) Assessed value of taxable property in the District for the then-current fiscal year as shown on the most recent equalized assessment role;
- (v) If the County of Kern (the “County”) no longer includes the tax levy for payment of the Bonds in its Teeter Plan, the property tax levies, collections, and delinquencies for the District for the most recently completed fiscal year; and
- (vi) Top ten property owners in the District for the then-current fiscal year, as measured by secured assessed valuation, the amount of their respective taxable value, and their percentage of total secured assessed value, if provided by the County.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been made available to the public on the MSRB’s website. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events. (a) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers or their failure to perform;
- (v) adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
- (vi) tender offers;
- (vii) defeasances;
- (viii) rating changes;
- (ix) bankruptcy, insolvency, receivership or similar event of the District; or
- (x) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

For the purposes of the event identified in subparagraph (ix), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business

of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

- (i) unless described in paragraph 5(a)(v), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (ii) modifications to rights of Bond Holders;
- (iii) Bond calls;
- (iv) release, substitution, or sale of property securing repayment of the Bonds;
- (v) non-payment related defaults;
- (vi) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
- (vii) appointment of a successor or additional paying agent or the change of name of a paying agent; or
- (viii) incurrence of a Financial Obligation of the District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect Bond holders.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3 hereof, as provided in Section 3(b) hereof.

(d) Upon the occurrence of a Listed Event described in Section 5(a), or upon the occurrence of a Listed Event described in Section 5(b) which the District determines would be material under applicable federal securities laws, the District shall within ten business days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

(e) The District intends to comply with the Listed Events described in subsection (a)(x) and subsection (b)(viii), and the definition of “Financial Obligation” in Section 1, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Securities and Exchange Commission in Release No. 34-83885, dated August 20, 2018 (the “2018 Release”), and any further

amendments or written guidance provided by the Securities and Exchange Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

Section 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in a filing with the MSRB.

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be Fieldman, Rolapp & Associates, Inc., doing business as Applied Best Practices.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Section 3(a) hereof, Section 4 hereof, or Section 5(a) or (b) hereof, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the District with respect to the Bonds, or the type of business conducted;

(b) the undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by the Holders in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

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 a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in

any Annual Report or notice required to be filed pursuant to this Disclosure Certificate, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

Section 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate; provided, that any such action may be instituted only in Superior Court of the State of California in and for the County or in U.S. District Court in or nearest to the County. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and (if the Dissemination Agent is other than the District), the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Electronic Signature. Each of the parties hereto agrees that the transaction consisting of this Disclosure Certificate may be conducted by electronic means. Each party agrees and acknowledges that it is such party's intent that, by signing of this Disclosure Certificate using an electronic signature, it is signing, adopting and accepting this Disclosure Certificate, and that signing this Disclosure Certificate using an electronic signature is the legal equivalent of having placed the undersigned officer's handwritten signature on this Disclosure Certificate on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Disclosure Certificate in a usable format.

Dated: May 3, 2023

**PANAMA-BUENA VISTA UNION
SCHOOL DISTRICT**

By: _____

ACCEPTED AND AGREED TO:

**FIELDMAN, ROLAPP & ASSOCIATES,
INC., DOING BUSINESS AS APPLIED
BEST PRACTICES, as Dissemination Agent**

By: _____
Authorized Signatory

EXHIBIT A

**NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: **PANAMA-BUENA VISTA UNION SCHOOL DISTRICT**

Name of Issue: Panama-Buena Vista Union School District
(Kern County, California) General Obligation Refunding Bonds, Series
2023

Date of Issuance: May 3, 2023

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the District, dated May 3, 2023. [The District anticipates that the Annual Report will be filed by _____.]

Dated: _____

**PANAMA-BUENA VISTA UNION
SCHOOL DISTRICT**

APPENDIX E

COUNTY OF KERN INVESTMENT POLICY; DESCRIPTION OF INVESTMENT POOL

In accordance with Education Code Section 41001, substantially all District operating funds are required to be held by the Treasurer-Tax Collector of the County of Kern (the “Treasurer-Tax Collector”). The Investment Policy describes (i) the policies applicable to investment of District funds, including bond proceeds and tax levies, and funds of other agencies held by the Treasurer-Tax Collector and (ii) the composition, carrying amount, market value and other information relating to the investment pool. Further information may be obtained directly from the Treasurer-Tax Collector, 1115 Truxtun Avenue, 2nd Floor, Bakersfield, California 93301.

The District and the Initial Purchasers have not made an independent investigation of the investments in the Pool and have made no assessment of the current Investment Policy. The value of the various investments in the Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer-Tax Collector, with the consent of the Treasury Oversight Committee and the County Board of Supervisors, may change the Investment Policy at any time. Therefore, there can be no assurance that the values of the various investments in the Pool will not vary significantly from the values described herein.

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County of Kern

Investment Policy

Effective 12/6/2022



OFFICE OF THE TREASURER-TAX COLLECTOR COUNTY OF KERN

TREASURER'S STATEMENT OF INVESTMENT POLICY *Approved By the Board of Supervisors December 6, 2022*

INTRODUCTION AND OVERVIEW:

The County of Kern is a political subdivision of the State of California organized in 1866, with Bakersfield as the county seat. The County covers an area of approximately 8,160 square miles in the southern end of the California's Central Valley. The County's economy is heavily linked to agriculture and to petroleum extraction. There is also a strong aviation, space, and military presence, such as Edwards Air Force Base, the China Lake Naval Air Weapons Station, and the Mojave Air and Space Port. The County is overseen by the five members of the Board of Supervisors.

FIDUCIARY RESPONSIBILITY, GOVERNING AUTHORITY, AND PRUDENCE:

CGC Section 27000.3, declares each Treasurer, or governing body authorized to make investment decisions on behalf of local agencies, to be a fiduciary subject to the prudent investor standard as stated in CGC Section 53600.3:

"When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall investment strategy, investments may be acquired as authorized by law."

INVESTMENT PROGRAM OVERSIGHT:

In accordance with the CGC Section 27131, the Board of Supervisors has established a Treasury Oversight Committee. The Treasury Oversight Committee will render unbiased and objective opinions on matters involving the Treasurer's investment of public funds. Specifically, the law requires that the Treasury Oversight Committee meet to:

1. Review the Treasurer's annual Investment Policy Statement and any subsequent changes thereto, prior to its submission to the Board of Supervisors for review and adoption,
2. Review the Treasurer's investment portfolio reports and the portfolio's compliance with law and this Investment Policy,
3. Cause an external annual audit to be conducted on the Treasurer's Pooled Investment portfolio.

All meetings of the Oversight Committee are to be open to the public and subject to the Ralph M. Brown Act. By law, the Treasury Oversight Committee is not allowed to direct individual

investment decisions, nor select individual investment advisors, brokers, or dealers, or impinge on the day-to-day operations of the County Treasury.

This Policy shall be reviewed annually by the County's Treasury Oversight Committee and approved by the County Board of Supervisors. The purpose of this Policy is to establish cash management and investment guidelines for the County Treasurer, who is responsible for the management and investment of the County Treasurer's Pool, which consists of pooled monies held on behalf of the County, school districts, community college districts and certain special districts within the County.

SCOPE:

The County of Kern's Investment Policy has been prepared in accordance with California Government Code (CGC) sections 53630 et seq. The complete text of California Government Code Section 53630 is set forth on the Internet at www.leginfo.ca.gov.

This Policy shall apply to all investments held within the County Treasurer's Pool and made on behalf of the County and member agencies of the Pool with the exception of certain bond funds for which the Board of Supervisors may specifically authorize other allowable investments, consistent with State law. Also exempt from this Policy are retirement funds and other post employment benefit (OPEB) funds managed through an external trust. The Treasurer and Treasurer's staff are responsible for the full-time management of the Pool. All investments and activities of the Treasurer and staff are conducted with the understanding that the Treasurer holds a public trust with the citizens of the County, which cannot be compromised.

POLICY STATEMENT:

The purpose of this Investment Policy is to establish investment guidelines for the County Treasurer, who is responsible for the stewardship of the County's Investment Program. Each transaction and the entire portfolio must comply with applicable CGC, and this Policy. All investment program activities will be judged by the standards of the Policy and ranking of Primary Investment Objectives. Those activities that violate its spirit and intent will be deemed to be contrary to the Policy. This Policy conforms to customary standards of prudent investment management.

PRIMARY INVESTMENT OBJECTIVES:

It is the Policy of the Treasurer to invest public funds in a manner which will preserve the safety and liquidity of all investments within the County Investment Pool while obtaining a reasonable return within established investment guidelines. The portfolio should be actively managed in a manner that is responsive to the public trust and consistent with State law. Accordingly, the County Treasurer's Pool will be guided by the following principles, in order of importance:

- A. Safety of Principal:** Safety of principal is the foremost objective of the County's investment program. Investments by the County Treasurer shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification of security types, sectors, issuers, and maturities is necessary in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

- B. Liquidity:** The investment portfolio shall be structured to timely meet expected cash flow needs and associated obligations which might be reasonably anticipated. This objective shall be achieved by matching investment maturities with forecasted cash outflows and maintaining an additional liquidity buffer for unexpected liabilities.
- C. Investment Income:** The investment portfolio shall be designed to earn a market rate of investment income in relation to prevailing budgetary and economic cycles, while taking into account investment risk constraints and liquidity needs of the portfolio.

PRIMARY INVESTMENT PHILOSOPHY:

The primary investment philosophy of the County is to match investment maturities with expected cash outflows. Securities shall generally be held until maturity, with the following exceptions:

- A security with declining credit may be sold early to minimize loss of principal.
- Liquidity needs of the portfolio require that the security be sold.
- A security rebalance would improve the quality, yield, or target duration in the portfolio.

AUTHORIZED INVESTMENTS:

Investments shall be restricted to those authorized in the CGC and as further restricted by this policy statement, with the exception of certain bond funds in which the Board of Supervisors has specifically authorized other allowable investments. All investments shall be further governed by the restrictions shown in Schedule I which defines the type of investments authorized, maturity limitations, portfolio diversification (maximum percent of portfolio), credit quality standards, and purchase restrictions that apply. Whenever a maximum allowable percentage of the portfolio is stipulated for any type of security or structural maturity range, the limit or maximum allowable is determined by the portfolio size at the close of the date on which the security is settled.

In conjunction with these restrictions, County Treasurer staff shall diversify its investments by security type, issuer and maturity. The purpose of this diversification is to reduce portfolio risk by avoiding an over concentration in any particular maturity sector, asset class or specific issuer. As Agency security holdings are the largest portion of the Pool, diversification among the Agency issuers should be considered to the extent practical when making investments.

PROHIBITED INVESTMENTS:

No investment shall be made that is prohibited by 53601.6 as may be from time to time amended.

STAFF AUTHORIZED TO MAKE INVESTMENTS:

Only the Treasurer, Assistant Treasurer, and Principal Treasury Investment Officer, when acting as the Investment Officer, are authorized to purchase and order the receipt and delivery of investment securities among custodial security clearance accounts.

AUTHORIZED BROKER/DEALERS:

The County Treasurer shall maintain an 'Eligible Broker/Dealer List'. Firms eligible to do business with the County are:

- Primary Broker/Dealers eligible to trade with the New York branch of the Federal Reserve Bank
- Regional Broker/Dealers meeting the minimum capital requirements of the Securities Exchange Commission
- Introducing Brokers meeting the minimum capital requirements of the Securities Exchange Commission
- National or State banks, domestic branches of properly licensed foreign banks, credit unions, savings and loan institutions, thrift associations
- Direct Issuers meeting the appropriate credit criteria for the securities being offered
- Other institutions as authorized by law

All firms with whom the County does business shall comply with the requirements set forth in Schedule IV.

Further, in compliance with CGC Section 27133(c) & (d), no dealer and/or securities firm shall be eligible if they have made a political contribution in excess of the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board or exceeded the limit on honoraria, gifts, and gratuities set by State law, or by the Fair Political Practices Commission, by County Ordinance or Departmental Policy.

AUTHORIZED INVESTMENT ADVISORS:

The County may enter into an agreement with an investment advisor for investment advisory services, and the investment advisor will operate under the direction of the County Treasurer. The investment advisor shall be registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. The investment advisor shall offer to send on an annual basis to the County Treasurer form ADV Part 1 and form ADV Part 2.

DUE DILIGENCE:

County Treasurer staff shall conduct a thorough review and perform due diligence of all firms seeking to do business with the County prior to conducting transactions with those parties and on a continuing basis. This due diligence may include a periodic review of recent news, financial statements and SEC filings related to each entity.

INTERNAL CONTROL:

The County Treasurer has established a system of internal control to provide reasonable assurance that the investment objectives are met and to ensure that the assets of the County Treasury Pool are protected from loss, theft or misuse. The concept of reasonable assurance recognizes that the cost of control shall not exceed the benefits likely to be derived and that the valuation of costs and benefits require estimates and judgments by management. The County Treasurer shall develop and maintain written procedures for the operation of the investment

program, which are consistent with this policy. These procedures shall include reference to separation of duties, safekeeping, collateralization, wire transfers and banking related activities.

Except for declared emergencies, the County Treasurer's Office shall observe the following procedures on a daily basis:

1. All investment transactions conducted by the County Treasurer's Office shall be immediately confirmed and entered into the Treasurer's Portfolio Accounting System.
2. A copy of each day's investment transactions shall be filed with the County Auditor-Controller.
3. County investments shall be executed, confirmed, accounted for, and audited by different people.

SECURITY CUSTODY & DELIVERIES:

All securities purchased shall be deposited for safekeeping with the Custodial Bank that has contracted to provide the County Treasurer with custodial security clearance services or with a tri-party custodian bank under a written tri-party custody agreement. These third party trust department arrangements provide the County with a perfected interest in, ownership of and control over the securities held by the bank custodian on the County's behalf, and are intended to protect the County from the bank's own creditors in the event of a bank default and filing for bankruptcy. Securities are not to be held in investment firm/broker dealer accounts. All security holdings shall be reconciled monthly by the County Treasurer and audited at least quarterly by the County Auditor.

All security transactions are to be conducted on a "delivery-versus-payment basis". All trades will be immediately confirmed with the Broker/Dealer and reconfirmed through the Custodian Bank.

COMPETITIVE PRICING:

Investment transactions are to be made at current market prices. Wherever possible, competitive prices should be obtained through obtaining multiple bids or offers. When possible, bids and offers for any investment security shall be taken from a minimum of three security dealers/brokers or banks and awards shall be made to the best bid or offer. The primary source of pricing information and guidance will be that information available through Bloomberg LLP, a world-wide financial news service to which the County subscribes.

LIQUIDITY AND MATURITY PARAMETERS:

The portfolio will maintain a weighted-average maturity of no greater than 2.5 years. To provide sufficient liquidity to meet daily expenditure requirements, the portfolio will maintain at least 30% of its total book value in securities having a maturity of one (1) year or less.

PORFTOLIO EVALUATION AND PERFORMANCE:

The portfolio is monitored and evaluated daily, monthly, and quarterly by the County Treasurer's Office. Monthly market value pricing is provided by a third party. Earned yield is calculated each month. Benchmarks for earned yield and investment performance will be commensurate with the Pool's investment goals, credit limits, and target weighted average maturity and duration.

MITIGATING MARKET & CREDIT RISKS:

Safety of principal is the primary objective of the portfolio. Each investment transaction shall seek to minimize the County's exposure to market and credit risks by giving careful and ongoing attention to the: (1) credit quality standards issued by Standard & Poor's, Moody's and Fitch's rating services on the credit worthiness of each issuer of securities, (2) limiting the duration of investments to the time frames noted in Schedule I, and (3) by maintaining the diversification and liquidity standards expressed within this policy.

In the event of a downgrade of a security held in the portfolio, the Principal Treasury Investment Officer shall report the downgrade to the Treasurer within a maximum of 3 days. In the event of a downgrade below the minimum credit ratings authorized by this policy, the security shall be evaluated on a case-by-case basis to determine whether the security shall be sold or held. Every effort will be made to sell such a security without a book loss. In the event of a potential loss upon sale, the Treasurer will evaluate whether to hold or sell the security based on the amount of loss, remaining maturity and any other relevant factors including the issuer's default risk, headline risk, and short term vs. long term financial metrics.

TRADING & EARLY SALE OF SECURITIES:

Securities should be purchased with the intent of holding them until maturity. However, in an effort to minimize market risks, credit risks, and increase the return of the portfolio, securities may be sold prior to maturity either at a profit or loss when economic circumstances or a deterioration in credit worthiness of the issuer warrant a sale of the securities to either enhance overall portfolio return or to minimize loss of investment principal. In measuring a profit or loss, the sale proceeds shall be compared to the original cost of the security plus accrued interest earned and/or any accretion or amortization of principal on the security from the date of purchase or the last coupon date, to the date of sale.

PORFOLIO REPORTS/AUDITING:

On a monthly basis, the County Treasurer shall prepare and file with the Board of Supervisors, the County Administrative Officer, and County Auditor-Controller, a report consisting of, but not limited to, the following:

1. Monthly investment transactions, investments detailing each by type, issuer, date of maturity, par value and stating the book vs. current market value together with all other portfolio information required by law.
2. Compliance of investments to the existing County Investment Policy.
3. A statement confirming the ability of the Pool to meet anticipated cash requirements for the Pool for the next six months.

CALCULATION PARAMETERS:

Calculations of percentage allocations shall be done at the time of purchase and formulated on book value. Weighted average maturity is calculated using a security's stated final maturity and using the settlement date.

QUARTERLY DISTRIBUTION OF INVESTMENT EARNINGS:

All moneys deposited in this Pool by the participants represent an individual interest in all assets and investments in the Pool based upon the amount deposited. Portfolio income shall be reconciled daily against cash receipts, and quarterly prior to the distribution of earnings among those entities sharing in pooled fund investment income. Nonetheless, actual portfolio income and/or losses, net of any reserves, will be distributed quarterly using the accrual basis of accounting, in compliance with the CGC Section 53684, among those participants sharing in pooled investment income. Except for specific investments in which the interest income is to be credited directly to the fund from which the investment was made, all investment income is to be distributed pro-rata based upon each participant's average daily cash balance for the calendar quarter.

QUARTERLY APPORTIONMENT OF ADMINISTRATIVE COSTS:

Prior to the quarterly apportionment of pooled fund investment income, the County Treasurer is permitted by CGC Section 53684 to deduct from investment income before the distribution thereof, the actual cost of the investments, auditing, depositing, handling and distribution of such income. Accordingly, the Treasurer shall deduct from pooled fund investment earnings the actual cost incurred for banking and investment related services including but not limited to: wire transfers, custodial safekeeping charges, necessary capital outlays, the costs of investment advisory services, credit ratings, the pro-rata annual cost of the salaries including fringe benefits for the personnel in the Treasurer-Tax Collector's Office engaged in the administration, investment, auditing, cashiering, accounting, reporting, remittance processing and depositing of public funds for investment, together with the related computer and office expenses associated with the performance of these functions.

WITHDRAWAL OF FUNDS:

The Treasurer's Investment Policy establishes guidelines for unusual or unexpected withdrawal of cash and provides for adequate liquidity to cover day-to-day operations of Pool depositors. On occasion, depositors have need of withdrawals that exceed those normally associated with operations. To accommodate such withdrawals, the Treasurer-Tax Collector's Office has established written notification requirements as set forth below to allow for adjustments to the liquidity position of the Portfolio. The notification required is as follows:

Withdrawals of up to \$10,000,000	24 hours
Withdrawals of \$10,000,001 and more	72 hours

Notification should be by email to TTC@kerncounty.com. Failure to adhere to these requirements may result in payment being delayed by the Treasurer-Tax Collector's office.

Pursuant to CGC Section 27136, any local agency, public agency, public entity, or public official that has funds on deposit in the County Treasury Pool and that seeks to withdraw funds for the purpose of investing or depositing those funds outside the County Treasury Pool is required to first submit a request for the withdrawal to the County Treasurer-Tax Collector before withdrawing funds from the County Treasury Pool. Prior to approving such a request, the County Treasurer will find that the withdrawal will not adversely affect other depositors in the County Treasury Pool. Approval of the withdrawal does not constitute approval or endorsement of the investment.

POLICY CRITERIA FOR AGENCIES SEEKING VOLUNTARY ENTRY INTO COUNTY INVESTMENT POOL:

The County Treasurer is not soliciting nor accepting any new agency's voluntary entry into the County Treasurer's Pool.

ETHICS & CONFLICTS OF INTEREST:

Officers and staff members involved in the investment process shall refrain from any personal business activity that compromises the security and integrity of the County's investment program or impairs their ability to make impartial and prudent investment decisions. The County Treasurer-Tax Collector, Assistant Treasurer-Tax Collector, and Principal Treasury Investment Officer are required to file annually the applicable financial disclosure statements as mandated by the Fair Political Practices Commission (FPPC) and/or by County Ordinance. In addition, the Principal Treasury Investment Officer is required to sign and abide by an Ethics Policy instituted by the Treasurer.

LIMIT ON RECEIPT OF HONORARIA, GIFTS, AND GRATUITIES:

Employees responsible for the management of the County's Investment Pool shall not accept honoraria, gifts or gratuities from any advisor, broker, dealer, banker or other person with whom the County Treasurer conducts business, in excess of specifications of CGC in any fiscal year.

BUSINESS CONTINUTY:

The County Treasurer has developed a Business Continuity Plan (Plan) describing the County's anticipated response to a range of events that could significantly disrupt its business. Because the timing and impact of disasters, emergencies and other events is unpredictable, flexibility is necessary when responding to actual disruptions as they occur. With that in mind, the goal of the Plan is to resume operations as quickly and smoothly as possible.

The County Treasurer's Plan for responding to a significant business disruption addresses safeguarding of employees' lives and County's property, making a financial and operational assessment, quickly recovering and resuming operations, protecting all of the County's books and records, and allowing the continued ability to manage the investment program and transact business.

ONGOING TRAINING AND EDUCATION:

The County strives for professionalism and accountability in the investment of its funds. In order to assure the highest possible professional standards, the personnel involved in the investment function shall complete at least 16 hours per year of continuing education programs or other training in cash and investment management.

POLICY ADOPTION & AMENDMENTS:

This policy statement will become effective immediately following adoption by the Board of Supervisors, and will remain in force as long as the delegation of authority to the Treasurer to invest is in effect and until subsequently amended in writing by the County Treasurer, reviewed by the Treasury Oversight Committee and approved by the Board of Supervisors.

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**OFFICE OF THE TREASURER
COUNTY OF KERN
STATEMENT OF INVESTMENT POLICY**

Schedule I

Authorized Investments

AUTHORIZED INVESTMENTS	MAXIMUM HOLDINGS	PURCHASE RESTRICTIONS	MAXIMUM MATURITY	CREDIT QUALITY (S&P/MOODY'S/FITCH)
Inactive Accounts aka Money Market Accounts	\$50,000,000 per account	Limited to depository's described in CGC 53630.5	Daily	Collateralization requirements per Govt Code section 53652.
U.S. Treasury Obligations	100%	None	5 years	Not Applicable
Notes, participation's or obligations issued by an agency of the Federal Government or U.S. government-sponsored enterprises	75%	Maximum per issuer limit of 40%	5 years	Not Applicable
Bonds, notes, warrants or certificates of indebtedness issued by the State of California	10%	None	5 years	AA by at least 2 of the 3 rating agencies
Cash substitutes issued by the State of California	25%	Applies only to cash substitutes issued by the State during periods of fiscal emergency	5 years	Not Applicable
Bonds, notes, warrants or certificates of indebtedness issued by agencies within the State of California	10%	None	5 years	AAA by at least 2 of the 3 rating agencies
Bonds, notes, warrants or certificates of indebtedness issued by any of the other 49 states	10%	See Note 1	5 years	AAA by at least 2 of the 3 rating agencies
Bankers Acceptances	30%	See Note 1	180 Days	Minimum A-1, P-1 or F1

Commercial paper of U.S. Corps with total assets in excess of \$500 MM	40% total for all Commercial Paper	Max 10% of outstanding paper of any one issuer & max. See Note 1	270 Days	Minimum A-1, P-1 or F1
Asset-backed Commercial Paper	Included in Commercial Paper Requirements	Issuer must have program-wide credit enhancements	270 Days	Minimum A-1, P-1 or F1
Local Agency Investment Fund (LAIF)	Maximum amount permitted by LAIF	LAIF Policies	Daily	Not Applicable
Negotiable CD's issued by US National or State chartered banks or a savings association or a federal association, a state or federal credit union, or by a federally licensed or state licensed branch of a foreign bank	30%	See Note 1	5 years	Minimum A-1, P-1 or F1 for CDs issued with a maturity of one year or less. AA for CDs issued with a maturity of more than one year (must be rated by 2 of the 3 rating agencies)
Collateralized Certificates of Deposit/Deposits	10%	As stipulated in Article 2, Section 53630 et al of the Calif. Government Code	1 year	See Section 53630 et al of the California Government Code
Repurchase Agreements with 102% collateral	40%	Repurchase Agreements(contracts) must be on file	180 days	Restricted to Primary Dealers on Eligible Dealer list
Reverse Repurchase Agreements	10%	See Schedule II	92 days (See Schedule III)	Restricted to Primary Dealers on Eligible Dealer list
Medium Term Notes of corporations organized and operating within the U.S. or by depository institutions licensed by the U.S. or any state and operating within the U.S.	30%	See Note 1	5 years	Minimum rating of AA for maturities exceeding 1 year. A for maturities of one year or less. (must be rated by 2 of the 3 rating agencies)
Money Market Mutual Funds that meet requirements of Calif. Gov't. Code	20%	Registered with SEC. No NAV adjustments. No Front-end loads. No more than 10% per MMF.	Daily	AAAm or equivalent by at least 2 of the 3 rating agencies or advisor requirements

Shares of beneficial interest issued by a JPA aka Local Government Investment Pools (LGIPs)	10%	Max 20% of a JPA pool at time of purchase	Daily	Advisor requirements
Asset-Backed Securities	10%	See Note 1	5 years	AAA by at least 2 of the 3 ratings agencies
Supranationals	10%	International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB) only. Permitted by CGC 53601 (q) and this policy effective January 1, 2015.	5 years	AAA by at least 2 of the 3 rating agencies

Note 1: Maximum investment per issuer across all investment types will not exceed 6% of the total book value of the Pool as of date of settlement.

Note 2: Consistent with the Government Code, rating criteria in this policy do not specify any modifier (+/- or 1/2/3) and it is implied that ratings with a modifier still meet the rating requirements of this policy regardless of modifier.

Note 3: While references to ratings of AAA, AA, A are in S&P's nomenclature, they imply the equivalent ratings by all other rating agencies.

MATURITY STRUCTURE		
Maturity Range	No less Than	No more than
0-366 Days - 0 to 12months	30%	n/a
367- 1097 Days - 1 to 3 years	n/a	70%
1097-1827 Days - 3 to 5 years	n/a	30%

The weighted-average maturity of the portfolio will not exceed 2.5 years.

Some securities purchased by the Pool will be callable securities. Callable securities are subject to redemption prior to the final maturity date. For accounting purposes, premiums will be amortized to the next applicable call date, whereas discounts will be accreted to the final maturity date. Callable securities will not exceed 20% of the portfolio.

Some callable securities have coupons that increase at specified periods if the security is not called (step-up notes). Step-up notes will be included in the 20% allocation of callable notes, but will not exceed 10% of the total portfolio.

REPURCHASE AGREEMENTS

Repurchase agreements are restricted to primary dealers of the Federal Reserve Bank of New York. All counterparties must sign a PSA Master Repurchase Agreement and for tri-party repurchase agreements a Tri-Party Repurchase Agreement as well before engaging in any repurchase agreement transactions. Collateral for repurchase agreements shall have a market value of at least 102% of the amount invested and must be marked to market by staff or by an independent third-party or custodial bank acting under contract to the County. Collateral for term repurchase agreements should be marked to market on a regular basis. Repurchase agreements are required to be collateralized by securities authorized under Section 53601 et. seq. of the

California Government Code. Confirmations resulting from securities purchased under repurchase agreements should clearly state (A) the exact and complete nomenclature of the underlying securities purchased; (B) that these securities have been sold to the County under a repurchase agreement; and (C) the stipulated date and amount of the resale by the County back to the seller of the securities.

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**OFFICE OF THE TREASURER
COUNTY OF KERN
STATEMENT OF INVESTMENT POLICY**

SCHEDULE II

POLICY STATEMENT ON REVERSE REPURCHASE AGREEMENTS

The Treasurer hereby institutes the following policies as further safeguards governing investments in Reverse Repurchase Agreements.

The total of Reverse Repurchase Agreement transactions shall not exceed 10 percent of the base value of the portfolio. The term of such agreements shall not exceed 92 calendar days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using such an agreement and the final maturity date of the same security.

1. All loaned securities subject to Reverse Repurchase Agreements shall be properly flagged and immediately accounted for in the Treasurer's financial system.
2. Investments purchased from the loaned proceeds of the Reverse Repurchase Agreement shall have maturities not exceeding the due date for repayment of the Reverse Repurchase Agreement transaction.
3. Only U.S. Treasury Notes and Federal Agency securities owned, fully paid for, and held in the Treasurer's portfolio for a minimum of 30 days can be subject to Reverse Repurchase Agreements.
4. Reverse Repurchase Agreements shall only be placed on portfolio securities:
 - (a) intended to be held to maturity
 - (b) fully paid for and held in the portfolio for a minimum of 30 days
5. Reverse Repurchase Agreements shall only be made with the authorized primary dealers of the Federal Reserve.
6. A contractual agreement must be in place prior to entering into a Reverse Repurchase Agreement with any authorized primary dealer.
7. Reverse Repurchase Agreement transactions shall have the approval of the County Treasurer.

**OFFICE OF THE TREASURER
COUNTY OF KERN
STATEMENT OF INVESTMENT POLICY**

SCHEDULE III

POLICY CRITERIA FOR COLLATERALIZED CERTIFICATE OF DEPOSITS

1. The issuing bank must provide us with an executed copy of the authorization for deposit of moneys.
2. The money-market yield on the certificate of deposit must be competitive to negotiable CD's offered by banks on the County's pre-approved list in the maturities desired by the County. The County Treasurer's Office reserves the right to negotiate higher yields based on market conditions at the time.
3. Collateral Requirements – The County will only accept municipal government securities ("muni bonds") or U.S. Treasury and Agency securities as collateral. The collateral must be held by a separate custodial bank in an account in the name of Kern County. The County must have a perfected interest in the collateral.
 - a. For municipal government securities, the following requirements are listed:
 - i. Securities must be issued by governmental agencies located within the State of California (generally general obligation bonds and revenue bonds only)
 - ii. Securities must be "AAA" rated
 - iii. Maximum maturity of securities is 5 years
 - iv. Collateral must be priced at 110% of the face value of the CD on a daily basis
 - v. Minimum face value of \$5 million per pledged security
 - b. For U.S. Treasuries and Agency securities, the following requirements are listed:
 - i. Maximum maturity of securities is 5 years
 - ii. Collateral must be priced at 110% of the face value of the CD on a daily basis
 - iii. Minimum face value of \$5 million per pledged security

The County Treasury must receive written confirmation that these securities have been pledged in repayment of the time deposit. Additionally, a statement of the collateral shall be provided on a monthly basis from the custodial bank.

4. The County Treasurer must be given a current audited financial statement for the financial year just ended. The financial reports must both include a statement of financial condition as well as an income statement depicting current and prior year operations.
5. The County Treasurer must receive a certificate of deposit which specifically expresses the terms governing the transaction, deposit amount, issue date, maturity date, name of depositor, interest rate, interest payment terms (monthly, quarterly, etc.)
6. Deposits will only be made with banks and savings and loans having branch office locations within Kern County.

**OFFICE OF THE TREASURER
COUNTY OF KERN
STATEMENT OF INVESTMENT POLICY**

SCHEDULE IV

POLICY CRITERIA FOR SELECTION OF BROKER/DEALERS

1. All financial institutions wishing to be considered for the County of Kern's Broker/Dealer List must confirm that they are a member of the Financial Industry Regulatory Authority (FINRA), registered with the Securities & Exchange Commission (SEC), and possess all other required licenses.
2. The County Treasurer's intent is to enter into a long-term relationship. Therefore, the integrity of the firm and the personnel assigned to our account is of primary importance.
3. The assigned staff members must complete a Brokers Certificate stating in writing their acceptance and understanding of the County Treasurer's written Investment Policy guidelines. *Such Certificate must be renewed annually.* This is critical for the establishment of a stable, long-term relationship.
4. It is important that the firm provide related services that will enhance the account relationship which could include:
 - (a) An active secondary market for its securities.
 - (b) Internal credit research analysis on the securities offered for sale.
 - (c) Be willing to purchase securities from our portfolio.
 - (d) Be capable of providing market analysis, economic projections, newsletters.
5. The firm must provide the County with annual financial statements. All firms with whom the County does business must have a stable financial condition.
6. The County Treasury is prohibited from the establishment of a broker/dealer account for the purpose of holding the County's securities. All securities must be subject to delivery at the County's Custodial Bank.
7. Without exception, all transactions are to be conducted on a delivery vs. payment (DVP) basis or for repurchase agreements, on a tri-party basis.
8. The broker/dealer must have been in operation for more than five (5) years.
9. Firms must have adequate financial strength and capital to support the level of trading that is approved. Adequate financial strength will be assessed by a review of the balance sheet and income statement of the dealer.
10. Repurchase Agreement Counterparty Minimum Requirements:
Repurchase agreement counterparties will be limited to (i) primary government securities dealers who report daily to the Federal Reserve Bank of New York, or (ii) banks, savings

and loan associations or diversified securities broker-dealers subject to regulation of capital standards by any State or federal regulatory agency.

Counterparties must have:

- (a) short-term credit ratings of at least A-1/P-1; and
- (b) a minimum asset and capital size of \$25 billion in assets and \$350 million in capital for primary dealers

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GLOSSARY OF TERMS

ACCRUED INTEREST – Interest that has accumulated but has not yet been received.

AGENCY ISSUES – Securities issued by federal agencies, those chartered by the federal government or Government Sponsored Enterprises that are considered to be backed by the federal government. See also Government Sponsored Enterprises.

AMORTIZED COST – The original cost of the principal adjusted for the periodic reduction of any discount or premium from the settlement date until a specific future date (also called “Book Value”).

BANKERS ACCEPTANCE – Money market instrument created from transactions involving foreign trade. Payment is guaranteed by a shipping manifest and a bank Letter of Credit accepted by the seller’s bank.

BASIS POINT – A unit of measurement equal to 1/100 of 1 percent. As an example, the difference between a security yielding 3.25% and one yielding 3.20% is five basis points.

BENCHMARK – An index or security used to compare the performance of a portfolio.

BOND – A long-term debt instrument of a government or corporation promising payment of the original investment plus periodic interest payments by a specified future date.

BOOK RETURN – The sum of all investment income plus changes in the realized gains or losses of a portfolio for a given period.

BULLET – A colloquial term for a bond that cannot be redeemed, or called, prior to maturity.

CALLABLE BOND – A bond in which all or a portion of its outstanding principal may be redeemed prior to maturity by the issuer under specified conditions.

COLLATERALIZATION – Process by which a borrower pledges securities, property or other deposits for the purpose of securing the repayment of a loan and/or security.

COLLATERALIZED CERTIFICATE OF DEPOSIT – A non-negotiable instrument representing a deposit into a bank. The interest rate and maturity are specified on the receipt. It is collateralized by the bank with securities at a minimum of 110% of the deposit amount.

COMMERCIAL PAPER – An unsecured short-term promissory note of a corporation or special purpose entity issued at a specified rate of return for a specified period of time.

COUPON – The stated interest rate on a debt security that an issuer promises to pay.

CREDIT QUALITY – An indication of the risk that an issuer of a security will fulfill its obligation.

CREDIT RATING – A standardized assessment, expressed in alphanumeric characters, of a company’s credit quality.

CREDIT RISK – The risk to an investor that an issuer will default in the payment of interest and/or

principal on a security.

CUSIP – A unique identifier for a security developed by the Committee on Uniform Security Identification Procedures (CUSIP). The identifier is a nine-digit alphanumeric character *string*. The first six characters identify the issuer, the following two identify the issue, and the final character is a Check-digit.

DERIVATIVES – Securities which derive their value from that of another security or an underlying index, currency or other measure. Floating rate notes (also “floaters”) are not considered derivatives.

DISCOUNT INSTRUMENTS – Securities that are sold at a discount to face value.

DIVERSIFICATION – The practice or concept of investing in a range of securities by sector, maturity, asset class or credit quality in order to reduce and spread financial risk.

DOLLAR WEIGHTED AVERAGE MATURITY – The sum of the cost of each security investment multiplied by the number of days to maturity, divided by the total cost of security investments.

EFFECTIVE DURATION – Is a measure of the price volatility of a portfolio that provides an estimate of the projected increase or decrease in the value of that portfolio based upon a decrease or increase in market interest rates. An effective duration of 1.0 means that for every one percent increase in interest rates, the market value of the Portfolio would be expected to decrease by 1.0 percent.

EARNINGS APPORTIONMENT – Is the quarterly interest distribution to the Pool Participants. The actual investment costs incurred by the Treasurer are deducted from the interest earnings of the Pool prior to apportionment.

GOVERNMENT OBLIGATIONS – Securities issued by the U.S. Treasury and Federal Agencies. U.S. Treasuries are direct obligations of the Federal Government. Agencies are not direct obligations of the Federal Government, but involve federal sponsorship or guarantees.

GOVERNMENT SPONSORED ENTERPRISES (GSE'S) – Private, shareholder-owned companies with a relationship with government agencies. These agencies generally are viewed to have an implied guarantee of the U.S. government. These include:

- Federal National Mortgage Association (FNMA)
- Federal Home Loan Bank (FHLB)
- Federal Farm Credit Bank (FFCB)
- Federal Home Loan Mortgage Corporation (FHLMC)

LIQUID – A security that is easily converted to cash because there are many interested buyers and sellers to trade large quantities at a reasonable price.

ILLIQUID – A security that is difficult to buy or sell or has a wide spread between the bid price and offer price in the secondary market. There are few buyers and sellers willing to trade large quantities at a reasonable price.

INTEREST RATE RISK – The risk associated with declines or rises in interest rates which cause an investment in a fixed-income security to increase or decrease in value. It is also called “Market

Risk".

INVERSE FLOATERS – Floating rate notes which pay interest in inverse relationship to an underlying index.

LOCAL AGENCY OBLIGATION – An indebtedness issued by a local agency, department, board, or authority within the State of California.

LONG-TERM – The term used to describe a security when the maturity is greater than one year.

MARKET VALUE – The value of a security at which the principal could be sold from a willing seller to a willing buyer at the date of pricing.

MEDIUM TERM NOTES – These are Corporate Notes and Bank Notes that are debt obligations of banks, corporations, and insurance companies. They are issued at a specific rate of return for a specific period of time.

MONEY MARKET MUTUAL FUND – A mutual fund with investments directed in short-term money market instruments only, which can be withdrawn daily without penalty.

NEGOTIABLE CERTIFICATE OF DEPOSIT – A Money Market instrument representing a receipt from a bank for a deposit at a specified rate of interest for a specified period of time, that is traded in secondary markets.

PAR – The stated maturity value, or face value, of a security.

PASS-THROUGH SECURITIES – A debt instrument that reflects an interest in a mortgage pool, consumer receivables pool and equipment lease-backed pool that serves as collateral for a bond. Principal and interest are ‘passed through’ to investors at specified intervals.

POOL – The pooled monies of different government agencies administered by the County Treasurer. Each pool member owns a fractional interest in the securities held in the Pool.

PORTFOLIO VALUE – The total book value amount of all the securities held in the Treasurer’s Pooled Money Fund.

PRIMARY DEALER – A dealer or bank that can buy and sell securities directly with the Federal Reserve Bank of New York.

PRIVATE PLACEMENTS – Securities that do not have to be registered with the Securities and Exchange Commission because they are offered to a limited number of sophisticated investors. Effective December 8, 2020, Rule 501(a) and Rule 144A of the Securities Act were amended to include government bodies in the definitions of “accredited investor” and “qualified institutional buyer” thereby allowing broker/dealers to sell private placement securities to government entities.

RANGE NOTES – Notes which pay interest only if the underlying index upon which it is benchmarked, falls within a certain range.

REPURCHASE AGREEMENT – A repurchase agreement consists of two simultaneous transactions. One is the purchase of securities by an investor (i.e., the County), the other is the commitment by the seller (i.e. a broker/dealer) to repurchase the securities at the same price,

plus interest, at some mutually agreed future date.

REVERSE REPURCHASE AGREEMENT – The mirror image of Repurchase Agreements. In this instance the County Pool is the seller of securities to an investor (i.e. brokers).

SAFEKEEPING – A Custodian Bank's action to store and protect an investor's securities by segregating and identifying the securities.

SETTLEMENT DATE – The date on which cash and securities are exchanged and the transaction completed.

SHORT-TERM – The term used to describe a security when the maturity is one year or less.

SUPRANATIONAL SECURITIES – A supranational organization is formed by a group of countries through an international treaty with specific objectives such as promoting economic development. Supranational organizations also issue debt in the United States. The most commonly recognized supranational debt is issued by the International Bank for Reconstruction and Development (IBRD or World Bank).

TOTAL RETURN – The sum of all investment income plus changes in the capital value of a portfolio for a given period.

VOLUNTARY PARTICIPANTS – Local agencies that are not required to deposit their funds with the County Treasurer.

WEIGHTED AVERAGE MATURITY – The remaining average maturity of all securities held in a portfolio. See Dollar Weighted Average Maturity.

WHEN-ISSUED SECURITIES – A security traded before it is actually *issued*. All Treasury bills, notes and bonds trade in the when-issued market before they are auctioned by the Treasury Department. Agencies and GSE's also use this method of trading. It serves to establish the initial offering price of the securities.

YIELD – The percentage return that an investor derives from a financial asset.

YIELD TO MATURITY – The percentage rate of return paid if the security is held to its maturity date. The calculation is based on the coupon rate, length of time to maturity, and market price. It assumes that coupon interest paid over the life of the security is reinvested at the same rate.

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Jordan Kaufman
Treasurer and Tax Collector
Chase Nunneley
Assistant Treasurer and Tax Collector

BROKER/DIRECT ISSUER RECEIPT FOR INVESTMENT POLICY AND CERTIFICATE OF COMPLIANCE

TO:

Jordan Kaufman, Kern County Treasurer-Tax Collector
Aimee Espinoza, Kern County Auditor-Controller-County Clerk
1115 Truxtun Avenue
Bakersfield, CA 93301

By signing below, I _____ of _____
(Name) (Company)

hereby certify that:

- 1) I have reviewed the Investment Policy governing the Kern County Treasurer's Pooled Cash Portfolio, and that I understand its content. I am not expected to enforce provisions concerning Average Maturity, Category Limits or Issuer Limits. I am expected to offer only those investments that qualify under the County's credit requirement as directed in the Policy. The responsibility for overall portfolio structure and composition remains with the County.
- 2) I further certify that I have not made, nor do I intend to make, political contributions to any candidate for any Kern County elective office.

Signed:

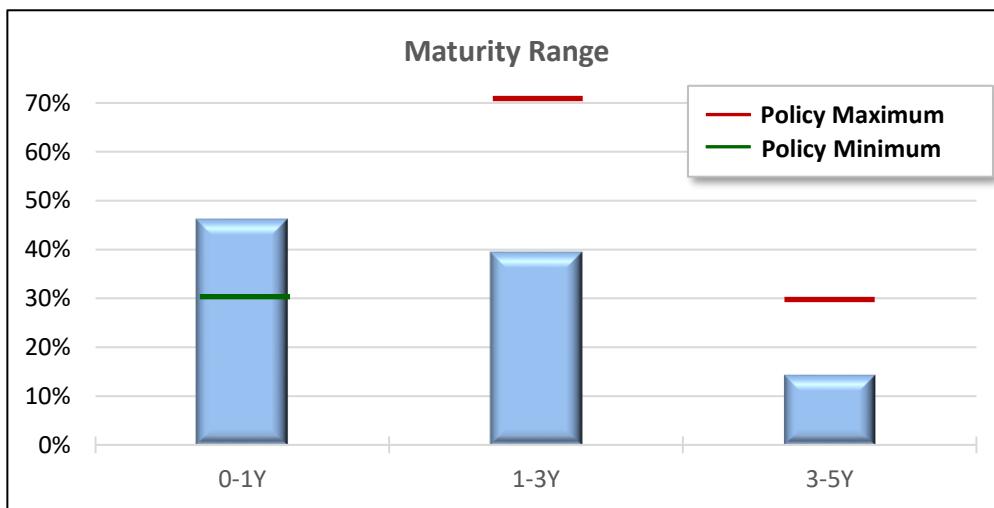
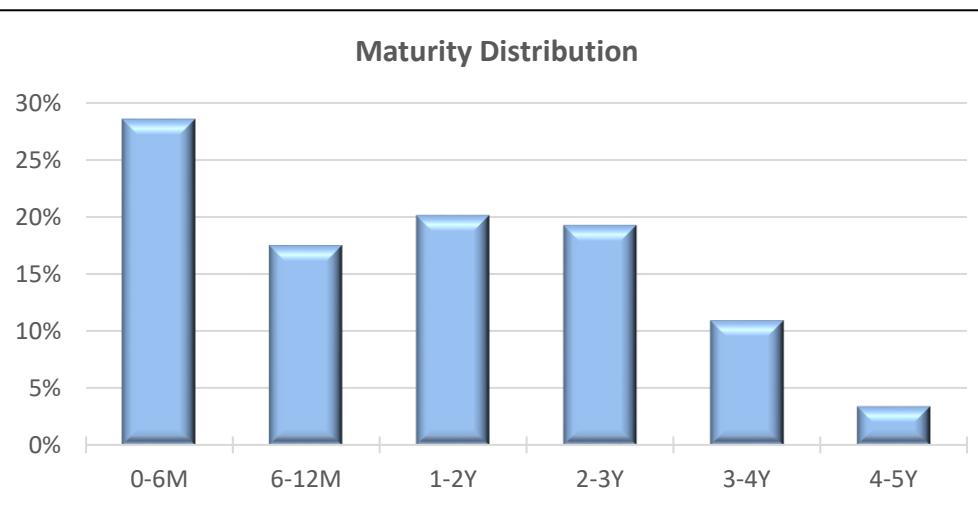
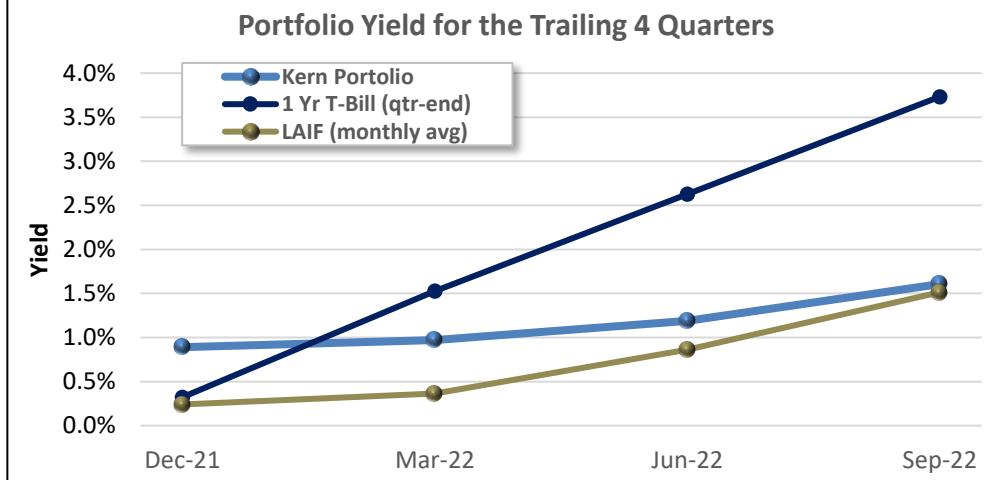
Date: _____



Kern County Treasurer's Pooled Cash Portfolio Summary

11/30/2022

Total Market Value	\$ 5,279,445,763
Yield to Maturity at Cost	2.12%
Yield to Maturity at Market	4.07%
Effective Duration	1.43
Weighted Average Years to Maturity	1.55



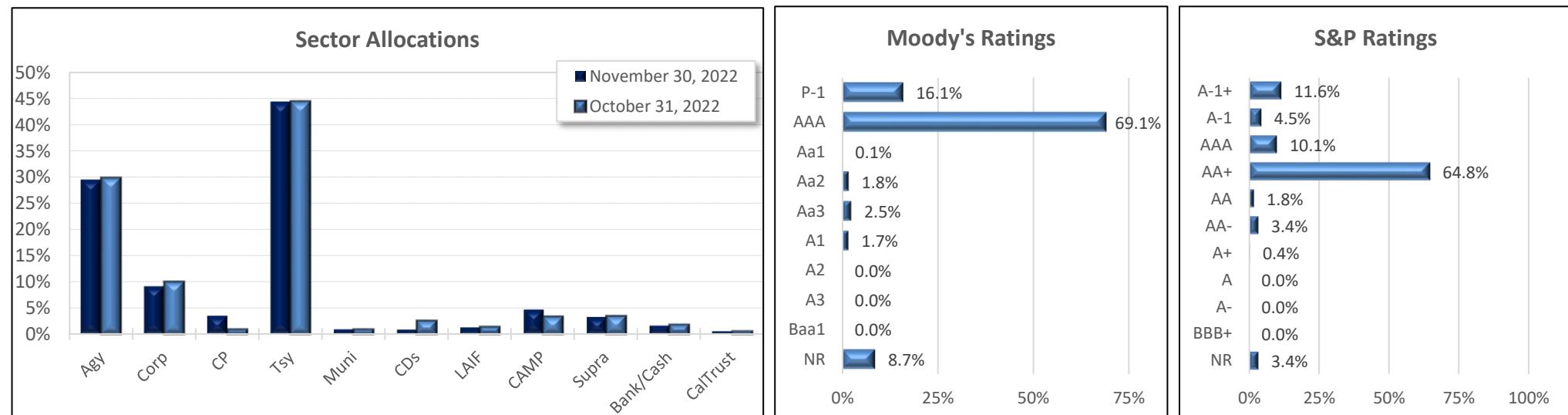
*The County Treasurer believes the Treasury Investment Pool contains sufficient cash flow from liquid and maturing securities, bank deposits, and incoming cash to meet the next six months of expected expenditures.



Kern County Treasurer's Pooled Cash Portfolio Summary

11/30/2022

Sector	Par Amount	Original Cost	Market Value	Original Yield	% of Total Assets	Policy Limit Rating	Days to Maturity
Local Agency Investment Fund	73,380,959	73,380,959	73,380,959	2.00%	1.39%	\$75 Million	1
California Asset Management Program	258,683,809	258,683,809	258,683,809	3.90%	4.90%	10%	1
CalTRUST	31,841,638	31,841,638	31,841,638	3.67%	0.60%	10%	1
Money Markets	25,229,666	25,229,666	25,229,666	3.56%	0.48%	10%	1
Bank Sweep (ICS)	15,263,519	15,263,519	15,263,519	3.89%	0.29%	10%	1
U.S. Treasuries	2,428,000,000	2,439,746,972	2,303,423,029	1.49%	43.63%	100%	738
Federal Agencies	1,628,119,000	1,623,086,776	1,576,866,780	2.49%	29.87%	75%	491
Municipal Bonds	51,000,000	51,329,700	48,509,910	1.72%	0.92%	10%	617
Supranationals	176,203,000	180,887,811	169,349,264	1.11%	3.21%	10%	492
Negotiable CDs	50,000,000	50,000,000	49,674,725	3.50%	0.94%	30%	152
Commercial Paper	200,000,000	195,875,083	196,077,106	5.05%	3.71%	40%	145
Corporate Notes	507,900,000	504,776,716	480,980,963	2.00%	9.11%	30%	636
Total Securities	5,445,621,591	5,450,102,650	5,229,281,367	2.12%	99.05%		564
Total Cash	50,164,395	50,164,395	50,164,395		0.95%		
Total Assets	5,495,785,986	5,500,267,045	5,279,445,763		100.00%		



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Pooled Funds											
00499KTX1	8940	JPM Short Term Inv Fund			334,253.79	334,253.79	334,253.79	0.001	AAA	Aaa	0.001
539995217	419	Local Agency Investment Fund			73,046,705.49	73,046,705.49	73,046,705.49	2.007			2.007
		Subtotal and Average	75,279,034.34		73,380,959.28	73,380,959.28	73,380,959.28				1.998
Negotiable CD's											
06367CW94	16064	Bank of Montreal Chicago		06/27/2022	50,000,000.00	49,674,724.50	50,000,000.00	3.450	A-1	P-1	3.498 05/02/2023
		Subtotal and Average	71,156,921.60		50,000,000.00	49,674,724.50	50,000,000.00				3.498
Commercial Paper - Discount											
22533US12	16151	Credit Agricole NY		11/22/2022	50,000,000.00	48,991,100.00	48,928,888.89	4.820	A-1	P-1	5.063 05/01/2023
22533USK0	16152	Credit Agricole NY		11/22/2022	50,000,000.00	48,837,861.00	48,768,833.33	4.980	A-1	P-1	5.249 05/19/2023
62479MR39	16149	MUFG BANK LTD/NY		11/22/2022	50,000,000.00	49,170,061.00	49,136,500.00	4.710	A-1	P-1	4.927 04/03/2023
62479MRH8	16150	MUFG BANK LTD/NY		11/22/2022	50,000,000.00	49,078,083.50	49,040,861.11	4.730	A-1	P-1	4.957 04/17/2023
		Subtotal and Average	69,489,270.37		200,000,000.00	196,077,105.50	195,875,083.33				5.049
Treasury Securities - Discount											
912796YJ2	16132	U S Treasury Bills		10/27/2022	25,000,000.00	24,040,708.25	23,980,527.78	4.280	AA	Aaa	4.539 10/05/2023
912796ZH5	16142	U S Treasury Bills		11/15/2022	27,000,000.00	26,903,099.70	26,860,350.00	3.800	AA	Aaa	3.927 01/03/2023
912796YH6	16154	U S Treasury Bills		11/28/2022	34,000,000.00	32,830,262.98	32,853,378.33	4.290	AA	Aaa	4.528 09/07/2023
		Subtotal and Average	41,591,385.61		86,000,000.00	83,774,070.93	83,694,256.11				4.338
Federal Agency Issues - Coupon											
31422XJ45	16113	Farmer Mac		10/04/2022	25,000,000.00	25,267,510.25	25,000,000.00	4.150	AA	Aaa	4.150 10/04/2027
31422XJ37	16114	Farmer Mac		10/03/2022	25,000,000.00	25,161,200.25	25,000,000.00	4.400	AA	Aaa	4.400 10/03/2025
3133EJV63	15439	Federal Farm Credit Bank		11/28/2018	11,311,000.00	11,165,285.02	11,324,573.20	3.050	AA	Aaa	3.023 08/23/2023
3133EJVW7	15454	Federal Farm Credit Bank		12/12/2018	10,589,000.00	10,443,294.83	10,622,355.35	2.900	AA	Aaa	2.827 08/14/2023
3133EJP60	15463	Federal Farm Credit Bank		12/20/2018	15,000,000.00	14,905,463.85	15,140,100.00	3.000	AA	Aaa	2.771 05/02/2023
3133EJQX0	15466	Federal Farm Credit Bank		01/04/2019	15,000,000.00	14,875,680.00	15,249,900.00	2.900	AA	Aaa	2.498 05/30/2023
3133EJQX0	15478	Federal Farm Credit Bank		01/15/2019	10,000,000.00	9,917,120.00	10,106,600.00	2.900	AA	Aaa	2.640 05/30/2023
3133EJ5G0	15479	Federal Farm Credit Bank		01/16/2019	20,000,000.00	19,572,099.80	20,006,600.00	2.700	AA	Aaa	2.693 01/16/2024
3133EJ7C7	15485	Federal Farm Credit Bank		02/06/2019	10,000,000.00	9,779,132.20	9,994,500.00	2.700	AA	Aaa	2.712 02/06/2024
3133EKSN7	15535	Federal Farm Credit Bank		06/28/2019	5,500,000.00	5,408,148.13	5,481,960.00	1.770	AA	Aaa	1.856 06/26/2023
3133EKUA2	15537	Federal Farm Credit Bank		07/01/2019	10,000,000.00	9,957,130.80	10,007,200.00	1.850	AA	Aaa	1.829 02/01/2023
3133EKT8	15538	Federal Farm Credit Bank		07/01/2019	12,650,000.00	12,157,730.31	12,650,253.00	1.900	AA	Aaa	1.900 07/01/2024
3133ELJH8	15633	Federal Farm Credit Bank		03/16/2020	10,000,000.00	9,957,823.50	10,240,163.80	1.600	AA	Aaa	0.747 01/23/2023
3133EJBP3	15647	Federal Farm Credit Bank		04/01/2020	10,000,000.00	9,963,671.30	10,580,500.00	2.500	AA	Aaa	0.438 02/02/2023
3133EGAM7	15662	Federal Farm Credit Bank		04/28/2020	10,160,000.00	9,757,901.95	10,653,064.80	1.800	AA	Aaa	0.586 05/16/2024
3133EET67	15665	Federal Farm Credit Bank		04/28/2020	7,174,000.00	7,088,723.02	7,576,891.84	2.300	AA	Aaa	0.474 06/05/2023

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Federal Agency Issues - Coupon											
3133ELGV0	15669	Federal Farm Credit Bank	04/30/2020	25,000,000.00	24,163,226.75	26,063,500.00	1.550	AA	Aaa	0.389	01/10/2024
3133EMNG3	15829	Federal Farm Credit Bank	01/20/2021	15,000,000.00	14,231,669.10	15,006,300.00	0.230	AA	Aaa	0.216	01/19/2024
3133EMNG3	15830	Federal Farm Credit Bank	01/20/2021	15,000,000.00	14,231,669.10	15,006,150.00	0.230	AA	Aaa	0.216	01/19/2024
3133ENKD1	16040	Federal Farm Credit Bank	04/29/2022	18,000,000.00	16,407,465.66	17,063,460.00	1.400	AA	Aaa	2.890	01/13/2026
3133END80	16088	Federal Farm Credit Bank	08/03/2022	10,000,000.00	9,610,982.60	10,060,000.00	3.000	AA	Aaa	2.840	08/03/2026
3130ADRG9	15376	Federal Home Loan Bank	04/12/2018	15,000,000.00	14,934,306.15	15,030,300.00	2.750	AA	Aaa	2.705	03/10/2023
313383QR5	15469	Federal Home Loan Bank	01/08/2019	20,000,000.00	19,859,882.20	20,502,000.00	3.250	AA	Aaa	2.644	06/09/2023
3130AFWX1	15496	Federal Home Loan Bank	03/28/2019	10,000,000.00	9,899,693.00	10,132,300.00	2.550	AA	Aaa	2.248	05/30/2023
3130AJ7E3	15630	Federal Home Loan Bank	02/21/2020	15,000,000.00	14,904,274.50	14,972,400.00	1.375	AA	Aaa	1.438	02/17/2023
3130A2UW4	15663	Federal Home Loan Bank	04/28/2020	13,140,000.00	12,759,768.21	14,412,740.40	2.875	AA	Aaa	0.627	09/13/2024
3133834G3	15668	Federal Home Loan Bank	04/30/2020	11,570,000.00	11,422,568.70	12,196,862.60	2.125	AA	Aaa	0.370	06/09/2023
3133834G3	15674	Federal Home Loan Bank	05/05/2020	15,000,000.00	14,808,861.75	15,814,424.40	2.125	AA	Aaa	0.359	06/09/2023
3130AKWV4	15838	Federal Home Loan Bank	01/29/2021	10,000,000.00	8,854,705.40	10,000,000.00	0.500	AA	Aaa	0.500	01/29/2026
3130AKVV5	15842	Federal Home Loan Bank	02/18/2021	20,000,000.00	17,676,209.00	20,000,000.00	0.500	AA	Aaa	0.500	02/18/2026
3130AL7M0	15844	Federal Home Loan Bank	02/25/2021	15,000,000.00	13,305,850.05	15,000,000.00	0.625	AA	Aaa	0.625	02/24/2026
3130ALDB7	15845	Federal Home Loan Bank	02/25/2021	10,000,000.00	8,880,145.40	10,000,000.00	0.660	AA	Aaa	0.660	02/25/2026
3130AM4H2	15888	Federal Home Loan Bank	04/29/2021	9,000,000.00	8,324,845.92	9,000,000.00	0.600	AA	Aaa	0.600	10/29/2024
3130AM4H2	15889	Federal Home Loan Bank	04/29/2021	15,000,000.00	13,874,743.20	15,000,000.00	0.600	AA	Aaa	0.600	10/29/2024
3130AMFE7	15902	Federal Home Loan Bank	05/26/2021	16,650,000.00	14,950,059.64	16,650,000.00	0.500	AA	Aaa	1.005	05/26/2026
3130AN3A6	15929	Federal Home Loan Bank	07/08/2021	15,000,000.00	13,314,161.10	15,000,000.00	0.960	AA	Aaa	0.960	07/08/2026
3130ANNA4	15948	Federal Home Loan Bank	08/30/2021	15,000,000.00	13,541,210.70	15,322,200.00	1.500	AA	Aaa	1.057	08/28/2026
3130ANWD8	15951	Federal Home Loan Bank	09/16/2021	15,000,000.00	13,308,145.95	15,000,000.00	0.900	AA	Aaa	0.951	06/16/2026
3130AQ6D0	15974	Federal Home Loan Bank	12/08/2021	15,000,000.00	13,510,821.30	15,000,000.00	1.310	AA	Aaa	1.310	06/08/2026
3130AQ7E7	15997	Federal Home Loan Bank	12/30/2021	9,320,000.00	8,436,359.62	9,320,000.00	1.500	AA	Aaa	1.473	06/30/2026
3130AQR70	16002	Federal Home Loan Bank	02/07/2022	40,000,000.00	36,380,324.80	40,000,000.00	1.250	AA	Aaa	1.631	08/07/2026
3130ARSU6	16041	Federal Home Loan Bank	05/11/2022	20,000,000.00	19,027,497.60	20,000,000.00	3.140	AA	Aaa	3.141	08/11/2026
3130ARTR2	16042	Federal Home Loan Bank	05/16/2022	15,000,000.00	14,415,697.35	15,000,000.00	3.030	AA	Aaa	3.030	05/16/2025
3130AR6U0	16046	Federal Home Loan Bank	05/26/2022	10,000,000.00	9,242,298.60	9,700,163.08	2.500	AA	Aaa	3.175	03/22/2027
3130ASG52	16068	Federal Home Loan Bank	06/30/2022	10,000,000.00	9,659,262.60	10,000,000.00	4.100	AA	Aaa	4.100	06/30/2027
3130ALGJ7	16089	Federal Home Loan Bank	07/29/2022	9,750,000.00	8,707,092.52	9,043,905.00	1.000	AA	Aaa	3.114	03/23/2026
3133XVDG3	16109	Federal Home Loan Bank	09/20/2022	30,000,000.00	29,909,747.10	30,172,800.00	4.375	AA	Aaa	4.069	09/13/2024
3130ATQ91	16128	Federal Home Loan Bank	10/20/2022	15,000,000.00	14,965,857.30	15,000,000.00	4.625	AA	Aaa	4.625	10/20/2023
3130ATT31	16138	Federal Home Loan Bank	11/04/2022	25,000,000.00	25,000,322.25	24,937,500.00	4.500	AA	Aaa	4.639	10/03/2024
3130ATUQ8	16155	Federal Home Loan Bank	11/28/2022	30,000,000.00	30,002,426.70	29,983,800.00	4.750	AA	Aaa	4.796	03/08/2024
3137EAER6	15678	Federal Home Loan Mort Corp	05/07/2020	30,000,000.00	29,462,283.00	29,987,400.00	0.375	AA	Aaa	0.112	05/05/2023
3137EAEV7	15807	Federal Home Loan Mort Corp	12/11/2020	10,000,000.00	9,671,769.10	10,009,900.00	0.250	AA	Aaa	0.213	08/24/2023
3137EAEV7	15810	Federal Home Loan Mort Corp	12/14/2020	10,000,000.00	9,671,769.10	10,015,600.00	0.250	AA	Aaa	0.192	08/24/2023
3137EAEZ8	15812	Federal Home Loan Mort Corp	12/15/2020	25,000,000.00	23,945,682.75	25,034,500.00	0.250	AA	Aaa	0.202	11/06/2023

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Federal Agency Issues - Coupon											
3137EAEZ8	15817	Federal Home Loan Mort Corp	12/17/2020	10,000,000.00	9,578,273.10	10,013,000.00	0.250	AA	Aaa	0.205	11/06/2023
3134GXJK1	15823	Federal Home Loan Mort Corp	12/30/2020	20,000,000.00	18,482,091.60	20,000,000.00	0.360	AA	Aaa	0.360	09/30/2024
3134GW6C5	16039	Federal Home Loan Mort Corp	04/28/2022	25,000,000.00	21,871,178.00	22,769,075.00	0.800	AA	Aaa	2.931	10/28/2026
3134GXSH8	16043	Federal Home Loan Mort Corp	05/17/2022	15,000,000.00	14,739,060.15	15,000,000.00	4.000	AA	Aaa	4.000	05/17/2027
3134GXZN7	16072	Federal Home Loan Mort Corp	07/12/2022	15,000,000.00	14,791,015.50	15,000,000.00	4.250	AA	Aaa	4.250	07/12/2027
3135G0U43	15440	Federal National Mortgage Assn	11/28/2018	10,000,000.00	9,851,018.90	9,942,300.00	2.875	AA	Aaa	3.005	09/12/2023
3135G04Q3	15682	Federal National Mortgage Assn	05/22/2020	10,000,000.00	9,791,257.10	9,969,900.00	0.250	AA	Aaa	0.351	05/22/2023
3135G05G4	15802	Federal National Mortgage Assn	12/10/2020	25,000,000.00	24,330,124.25	25,020,250.00	0.250	AA	Aaa	0.219	07/10/2023
3135G05G4	15809	Federal National Mortgage Assn	12/14/2020	10,000,000.00	9,732,049.70	10,016,200.00	0.250	AA	Aaa	0.187	07/10/2023
3135G05G4	15813	Federal National Mortgage Assn	12/15/2020	25,000,000.00	24,330,124.25	25,045,250.00	0.250	AA	Aaa	0.179	07/10/2023
3135G05G4	15816	Federal National Mortgage Assn	12/17/2020	20,000,000.00	19,464,099.40	20,038,200.00	0.250	AA	Aaa	0.175	07/10/2023
3135G06H1	15818	Federal National Mortgage Assn	12/17/2020	20,000,000.00	19,109,740.60	20,022,000.00	0.250	AA	Aaa	0.213	11/27/2023
3135GACA7	15837	Federal National Mortgage Assn	01/29/2021	15,305,000.00	13,880,837.61	15,297,347.50	0.375	AA	Aaa	0.387	04/15/2025
880591ER9	15654	Tennessee Valley Authority	04/15/2020	10,000,000.00	9,712,596.40	10,927,800.00	2.875	AA	Aaa	0.736	09/15/2024
Subtotal and Average			1,039,655,019.97		1,065,119,000.00	1,020,315,037.54	1,069,134,189.97			1.813	
Federal Agency Issues - Discount											
313384CD9	16090	Federal Home Loan Bank	08/10/2022	20,000,000.00	19,797,526.20	19,689,083.33	2.870	A-1	P-1	3.017	02/21/2023
313384DK2	16098	Federal Home Loan Bank	08/23/2022	10,000,000.00	9,862,880.00	9,817,444.44	3.100	A-1	P-1	3.261	03/23/2023
313384CM9	16101	Federal Home Loan Bank	08/23/2022	13,000,000.00	12,855,577.02	12,790,736.11	3.050	A-1	P-1	3.210	03/01/2023
313385U38	16102	Federal Home Loan Bank	08/24/2022	15,000,000.00	14,963,299.65	14,855,808.33	2.860	A-1	P-1	2.928	12/23/2022
313385S23	16104	Federal Home Loan Bank	08/26/2022	50,000,000.00	49,972,170.50	49,599,083.33	2.830	A-1	P-1	2.892	12/06/2022
313385T30	16105	Federal Home Loan Bank	08/26/2022	35,000,000.00	34,945,481.55	34,690,279.17	2.870	A-1	P-1	2.936	12/15/2022
313384AD1	16107	Federal Home Loan Bank	09/02/2022	25,000,000.00	24,898,538.25	24,735,638.89	3.070	A-1	P-1	3.146	01/04/2023
313384CP2	16108	Federal Home Loan Bank	09/06/2022	14,000,000.00	13,841,030.98	13,771,566.67	3.300	A-1	P-1	3.401	03/03/2023
313384BH1	16110	Federal Home Loan Bank	09/21/2022	25,000,000.00	24,808,164.00	24,667,038.19	3.605	A-1	P-1	3.704	02/01/2023
313384DB2	16111	Federal Home Loan Bank	09/21/2022	28,000,000.00	27,640,858.84	27,493,666.67	3.720	A-1	P-1	3.841	03/15/2023
313384AD1	16117	Federal Home Loan Bank	09/28/2022	25,000,000.00	24,898,538.25	24,764,527.78	3.460	A-1	P-1	3.541	01/04/2023
313384AV1	16118	Federal Home Loan Bank	09/28/2022	50,000,000.00	49,696,300.50	49,439,500.00	3.540	A-1	P-1	3.630	01/20/2023
313384CV9	16123	Federal Home Loan Bank	09/28/2022	14,000,000.00	13,830,726.42	13,760,600.00	3.800	A-1	P-1	3.920	03/09/2023
313384CM9	16125	Federal Home Loan Bank	10/05/2022	9,000,000.00	8,900,014.86	8,859,063.75	3.835	A-1	P-1	3.950	03/01/2023
313384BK4	16130	Federal Home Loan Bank	10/26/2022	14,000,000.00	13,891,110.66	13,843,277.78	4.030	A-1	P-1	4.132	02/03/2023
313384CE7	16131	Federal Home Loan Bank	10/26/2022	14,000,000.00	13,858,947.48	13,808,178.61	4.145	A-1	P-1	4.261	02/22/2023
313384LH0	16135	Federal Home Loan Bank	10/28/2022	22,000,000.00	21,248,807.80	21,161,066.67	4.400	A-1	P-1	4.662	09/05/2023
313384LK3	16136	Federal Home Loan Bank	10/28/2022	42,000,000.00	40,553,709.84	40,388,133.33	4.400	A-1	P-1	4.663	09/07/2023
313384LX5	16137	Federal Home Loan Bank	10/28/2022	20,000,000.00	19,282,413.20	19,203,111.11	4.400	A-1	P-1	4.667	09/19/2023
313384BN8	16139	Federal Home Loan Bank	11/01/2022	30,000,000.00	29,755,773.00	29,670,604.17	4.075	A-1	P-1	4.177	02/06/2023
313384CN7	16140	Federal Home Loan Bank	11/01/2022	10,000,000.00	9,887,678.00	9,859,001.39	4.195	A-1	P-1	4.314	03/02/2023

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Federal Agency Issues - Discount											
313384BV0	16144	Federal Home Loan Bank		11/16/2022	28,000,000.00	27,748,346.92	27,711,343.33	4.170	A-1	P-1	4.272 02/13/2023
313384CS6	16148	Federal Home Loan Bank		11/22/2022	50,000,000.00	49,413,849.00	49,373,833.33	4.335	A-1	P-1	4.451 03/06/2023
		Subtotal and Average	520,631,195.83		563,000,000.00	556,551,742.92	553,952,586.38				3.784
Medium Term Notes 30/360											
023135BW5	15911	Amazon		06/14/2021	10,000,000.00	9,439,351.60	10,031,600.00	0.450	AA	A	0.341 05/12/2024
023135BW5	15973	Amazon		12/03/2021	5,000,000.00	4,719,675.80	4,942,950.00	0.450	AA	A	0.924 05/12/2024
023135BX3	16045	Amazon		05/25/2022	10,000,000.00	8,913,690.80	9,163,500.00	1.000	AA	A	3.267 05/12/2026
037833DE7	15356	Apple		04/03/2018	10,000,000.00	9,972,721.80	9,724,200.00	2.400	AA	Aa	3.023 01/13/2023
037833DE7	15399	Apple		06/28/2018	14,000,000.00	13,961,810.52	13,519,520.00	2.400	AA	Aa	3.218 01/13/2023
084670BJ6	15402	Berkshire Hathaway		06/29/2018	13,094,000.00	13,057,547.74	13,006,663.02	3.000	AA	Aa	3.156 02/11/2023
084670BJ6	15446	Berkshire Hathaway		12/04/2018	8,460,000.00	8,436,448.29	8,324,809.20	3.000	AA	Aa	3.412 02/11/2023
084670BR8	15579	Berkshire Hathaway		10/30/2019	11,339,000.00	11,286,569.94	11,650,142.16	2.750	AA	Aa	1.906 03/15/2023
40139LBD4	15895	Guardian Life Global Funding		05/19/2021	6,800,000.00	6,014,344.86	6,800,000.00	1.250	AA	Aa	1.250 05/13/2026
57629WCG3	15977	MassMutual Global Funding		12/15/2021	5,000,000.00	4,807,830.05	5,264,650.00	2.950	AA	Aa	1.548 01/11/2025
57629WCG3	15989	MassMutual Global Funding		12/17/2021	13,396,000.00	12,881,138.27	14,071,426.32	2.950	AA	Aa	1.611 01/11/2025
59217GEK1	15853	Metropolitan Life Global Fundi		03/19/2021	21,568,000.00	20,854,899.37	21,579,431.04	0.450	AA	Aa	0.428 09/01/2023
59217GEH8	15854	Metropolitan Life Global Fundi		03/19/2021	10,000,000.00	9,783,815.70	10,109,200.00	0.900	AA	Aa	0.405 06/08/2023
59217GEJ4	15873	Metropolitan Life Global Fundi		04/15/2021	5,160,000.00	4,664,503.00	5,135,335.20	0.950	AA	Aa	1.066 07/02/2025
59217GEJ4	15900	Metropolitan Life Global Fundi		05/24/2021	13,590,000.00	12,284,999.19	13,622,751.90	0.950	AA	Aa	0.890 07/02/2025
59217GEN5	15908	Metropolitan Life Global Fundi		06/08/2021	3,000,000.00	2,800,878.66	3,000,000.00	0.550	AA	Aa	0.550 06/07/2024
59217GEN5	15909	Metropolitan Life Global Fundi		06/08/2021	7,000,000.00	6,535,383.54	6,999,860.00	0.550	AA	Aa	0.551 06/07/2024
59217GEJ4	15990	Metropolitan Life Global Fundi		12/17/2021	15,050,000.00	13,604,800.42	14,868,196.00	0.950	AA	Aa	1.300 07/02/2025
59217GER6	16000	Metropolitan Life Global Fundi		01/11/2022	20,000,000.00	17,743,837.80	20,047,600.00	1.875	AA	Aa	1.824 01/11/2027
59217GFB0	16066	Metropolitan Life Global Fundi		06/30/2022	6,250,000.00	6,105,681.25	6,245,250.00	4.400	AA	Aa	4.417 06/30/2027
594918BQ6	15483	Microsoft Corp		01/29/2019	11,683,000.00	11,480,527.65	11,296,526.36	2.000	AAA	Aaa	2.783 08/08/2023
594918BQ6	15527	Microsoft Corp		06/21/2019	5,000,000.00	4,913,347.45	4,970,700.00	2.000	AAA	Aaa	2.149 08/08/2023
594918BX1	15621	Microsoft Corp		01/27/2020	10,000,000.00	9,819,668.10	10,436,200.00	2.875	AAA	Aaa	1.748 02/06/2024
66815L2A6	15901	Northwestern Mutual Life		05/24/2021	10,000,000.00	8,869,509.00	9,888,600.00	0.800	AA	Aaa	1.047 01/14/2026
66815L2B4	16019	Northwestern Mutual Life		04/04/2022	17,232,000.00	16,250,385.32	16,524,971.04	0.600	AA	Aaa	2.749 03/25/2024
66815L2A6	16027	Northwestern Mutual Life		04/20/2022	28,860,000.00	25,597,402.97	26,473,566.60	0.800	AA	Aaa	3.166 01/14/2026
66815L2A6	16087	Northwestern Mutual Life		07/29/2022	10,000,000.00	8,869,509.00	9,095,300.00	0.800	AA	Aaa	3.606 01/14/2026
64952WCN1	15874	New York Life		04/15/2021	13,520,000.00	13,213,652.62	14,404,478.40	2.900	AA	Aaa	0.506 01/17/2024
64952WDQ3	15886	New York Life		04/26/2021	5,000,000.00	4,525,829.85	4,998,050.00	0.950	AA	Aaa	0.960 06/24/2025
64952WDQ3	15928	New York Life		06/28/2021	13,105,000.00	11,862,200.04	13,131,603.15	0.950	AA	Aaa	0.898 06/24/2025
64952WED1	15947	New York Life		08/30/2021	9,860,000.00	8,752,001.23	9,912,159.40	1.150	AA	Aaa	1.036 06/09/2026
64952WED1	15960	New York Life		10/08/2021	10,383,000.00	9,216,230.10	10,368,879.12	1.150	AA	Aaa	1.180 06/09/2026
64952WEH2	15976	New York Life		12/15/2021	7,300,000.00	6,788,710.26	7,212,400.00	0.600	AA	Aaa	1.052 08/27/2024

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Medium Term Notes 30/360											
64952WCH4	16018	New York Life		03/31/2022	20,000,000.00	18,488,026.00	19,456,800.00	2.350	AA	Aaa	3.030 07/14/2026
742718FL8	15978	Proctor & Gamble		12/15/2021	15,000,000.00	13,475,367.00	14,615,100.00	0.550	AA	Aa	1.231 10/29/2025
89236TGM1	15569	Toyota Motors Credit Corp		10/15/2019	10,000,000.00	9,513,469.60	10,000,000.00	1.875	A	A	1.963 07/31/2024
89233P7F7	15610	Toyota Motors Credit Corp		01/09/2020	10,000,000.00	9,978,605.20	10,233,000.00	2.625	A	A	1.824 01/10/2023
90331HNL3	15333	US Bank		01/25/2018	7,500,000.00	7,483,668.98	7,499,625.00	2.850	AA	A	2.851 01/23/2023
90331HNL3	15334	US Bank		01/25/2018	10,000,000.00	9,978,225.30	9,998,100.00	2.850	AA	A	2.854 01/23/2023
90331HNV1	15481	US Bank		01/22/2019	10,000,000.00	9,903,670.00	10,034,700.00	3.400	AA	A	3.316 07/24/2023
90331HNV1	15482	US Bank		01/22/2019	10,000,000.00	9,903,670.00	10,034,700.00	3.400	AA	A	3.316 07/24/2023
90331HPF4	15591	US Bank		12/10/2019	3,000,000.00	2,992,626.18	3,001,860.00	1.950	AA	A	1.929 01/09/2023
90331HPF4	15595	US Bank		12/12/2019	10,250,000.00	10,224,806.12	10,245,900.00	1.950	AA	A	1.964 01/09/2023
931142EK5	15486	Wal-Mart Stores		03/05/2019	11,500,000.00	11,412,475.00	11,722,812.50	3.400	AA	Aa	2.917 06/26/2023
931142EK5	15487	Wal-Mart Stores		03/05/2019	10,000,000.00	9,923,891.30	10,197,700.00	3.400	AA	Aa	2.908 06/26/2023
931142EL3	15581	Wal-Mart Stores		10/30/2019	10,000,000.00	9,749,668.40	10,404,900.00	2.850	AA	Aa	1.942 07/08/2024
931142EK5	15600	Wal-Mart Stores		12/18/2019	10,000,000.00	9,923,891.30	10,511,000.00	3.400	AA	Aa	1.893 06/26/2023
		Subtotal and Average	508,715,381.49		507,900,000.00	480,980,962.57	504,776,716.41				2.001
FDIC Insured Cash Sweep											
ICS	15628	ICS			15,263,518.70	15,263,518.70	15,263,518.70	3.890			3.890
		Subtotal and Average	15,262,138.71		15,263,518.70	15,263,518.70	15,263,518.70				3.890
CAMP											
CAMP	14800	CAMP			258,683,809.42	258,683,809.42	258,683,809.42	3.900	AAA		3.900
		Subtotal and Average	256,883,809.42		258,683,809.42	258,683,809.42	258,683,809.42				3.900
CALTRUST											
CALTRUST	15476	CalTRUST			31,841,637.81	31,841,637.81	31,841,637.81	3.670	AAA		3.670
		Subtotal and Average	31,841,637.81		31,841,637.81	31,841,637.81	31,841,637.81				3.670
Money Market Mutual Funds											
3255565	16034	SSGA Government MMF - OPP			25,229,666.09	25,229,666.09	25,229,666.09	3.560			3.560
		Subtotal and Average	25,227,569.03		25,229,666.09	25,229,666.09	25,229,666.09				3.560
Treasury Securities - Coupon											
9128284S6	15393	U S Treasury Note		06/15/2018	10,000,000.00	9,908,984.40	9,986,718.75	2.750	AA	Aaa	2.779 05/31/2023
912828U57	15491	U S Treasury Note		03/26/2019	10,000,000.00	9,743,359.40	9,955,468.75	2.125	AA	Aaa	2.225 11/30/2023
9128285K2	15564	U S Treasury Note		09/30/2019	10,000,000.00	9,835,937.50	10,509,765.63	2.875	AA	Aaa	1.581 10/31/2023
9128285K2	15565	U S Treasury Note		09/30/2019	10,000,000.00	9,835,937.50	10,509,375.00	2.875	AA	Aaa	1.582 10/31/2023
912828S92	15566	U S Treasury Note		10/09/2019	10,000,000.00	9,773,437.50	9,951,171.88	1.250	AA	Aaa	1.382 07/31/2023

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Treasury Securities - Coupon											
912828UN8	15603	U S Treasury Note		12/19/2019	20,000,000.00	19,903,491.40	20,201,562.50	2.000	AA	Aaa	1.671 02/15/2023
912828Z29	15616	U S Treasury Note		01/23/2020	10,000,000.00	9,967,655.60	9,991,406.25	1.500	AA	Aaa	1.530 01/15/2023
912828UN8	15617	U S Treasury Note		01/23/2020	20,000,000.00	19,903,491.40	20,307,812.50	2.000	AA	Aaa	1.484 02/15/2023
912828T26	15623	U S Treasury Note		01/30/2020	10,000,000.00	9,724,609.40	10,003,906.25	1.375	AA	Aaa	1.364 09/30/2023
912828WJ5	15827	U S Treasury Note		01/13/2021	20,000,000.00	19,408,593.80	21,485,156.25	2.500	AA	Aaa	0.263 05/15/2024
912828D56	15828	U S Treasury Note		01/13/2021	15,000,000.00	14,472,656.25	16,115,625.00	2.375	AA	Aaa	0.291 08/15/2024
912822CAP6	15836	U S Treasury Note		01/27/2021	5,000,000.00	4,802,343.75	4,997,265.63	0.125	AA	Aaa	0.162 10/15/2023
912828M56	15839	U S Treasury Note		02/11/2021	5,000,000.00	4,745,703.10	5,433,007.81	2.250	AA	Aaa	0.410 11/15/2025
912828K74	15840	U S Treasury Note		02/12/2021	10,000,000.00	9,453,125.00	10,719,531.25	2.000	AA	Aaa	0.388 08/15/2025
912828K74	15841	U S Treasury Note		02/17/2021	10,000,000.00	9,453,125.00	10,687,890.63	2.000	AA	Aaa	0.452 08/15/2025
912822CAJ0	15846	U S Treasury Note		02/26/2021	50,000,000.00	44,992,187.50	49,003,906.25	0.250	AA	Aaa	0.700 08/31/2025
912828XB1	15847	U S Treasury Note		02/26/2021	48,000,000.00	45,671,250.24	51,007,500.00	2.125	AA	Aaa	0.617 05/15/2025
912828XB1	15849	U S Treasury Note		03/10/2021	5,000,000.00	4,757,421.90	5,309,375.00	2.125	AA	Aaa	0.624 05/15/2025
912828D56	15850	U S Treasury Note		03/12/2021	17,000,000.00	16,402,343.75	18,115,625.00	2.375	AA	Aaa	0.445 08/15/2024
912828D56	15852	U S Treasury Note		03/16/2021	5,000,000.00	4,824,218.75	5,330,859.38	2.375	AA	Aaa	0.424 08/15/2024
912828G38	15855	U S Treasury Note		03/18/2021	22,000,000.00	21,127,734.32	23,361,250.00	2.250	AA	Aaa	0.540 11/15/2024
912828K74	15856	U S Treasury Note		03/31/2021	50,000,000.00	47,265,625.00	52,738,281.25	2.000	AA	Aaa	0.727 08/15/2025
912828XB1	15863	U S Treasury Note		04/09/2021	50,000,000.00	47,574,219.00	53,007,812.50	2.125	AA	Aaa	0.636 05/15/2025
912828D56	15864	U S Treasury Note		04/09/2021	15,000,000.00	14,472,656.25	15,970,312.50	2.375	AA	Aaa	0.430 08/15/2024
912828J27	15868	U S Treasury Note		04/13/2021	40,000,000.00	38,073,437.60	42,178,125.00	2.000	AA	Aaa	0.565 02/15/2025
91282CBR1	15872	U S Treasury Note		04/14/2021	10,000,000.00	9,455,859.40	9,974,218.75	0.250	AA	Aaa	0.339 03/15/2024
912828K74	15876	U S Treasury Note		02/25/2021	15,000,000.00	14,179,687.50	15,930,468.75	2.000	AA	Aaa	0.592 08/15/2025
912828D56	15877	U S Treasury Note		04/15/2021	20,000,000.00	19,296,875.00	21,304,687.50	2.375	AA	Aaa	0.405 08/15/2024
91282CBM2	15880	U S Treasury Note		04/19/2021	25,000,000.00	23,681,640.50	24,884,765.63	0.125	AA	Aaa	0.289 02/15/2024
912828XB1	15881	U S Treasury Note		04/19/2021	25,000,000.00	23,787,109.50	26,539,062.50	2.125	AA	Aaa	0.592 05/15/2025
912828G38	15885	U S Treasury Note		04/22/2021	23,000,000.00	22,088,085.88	24,459,960.94	2.250	AA	Aaa	0.452 11/15/2024
912828D56	15892	U S Treasury Note		05/12/2021	10,000,000.00	9,648,437.50	10,640,625.00	2.375	AA	Aaa	0.397 08/15/2024
9128286Z8	15894	U S Treasury Note		05/18/2021	6,000,000.00	5,747,812.50	6,261,796.88	1.750	AA	Aaa	0.342 06/30/2024
91282CBM2	15897	U S Treasury Note		05/19/2021	20,000,000.00	18,945,312.40	19,932,031.25	0.125	AA	Aaa	0.249 02/15/2024
91282CCC3	15898	U S Treasury Note		05/19/2021	25,000,000.00	23,479,492.25	24,951,171.88	0.250	AA	Aaa	0.316 05/15/2024
91282CCC3	15899	U S Treasury Note		05/20/2021	16,000,000.00	15,026,875.04	15,961,250.00	0.250	AA	Aaa	0.332 05/15/2024
912828M56	15903	U S Treasury Note		05/26/2021	5,000,000.00	4,745,703.10	5,352,343.75	2.250	AA	Aaa	0.648 11/15/2025
91282CCC3	15906	U S Treasury Note		06/01/2021	34,000,000.00	31,932,109.46	33,946,875.00	0.250	AA	Aaa	0.303 05/15/2024
912828J27	15907	U S Treasury Note		06/01/2021	21,000,000.00	19,988,554.74	22,170,585.94	2.000	AA	Aaa	0.481 02/15/2025
912828K74	15912	U S Treasury Note		06/15/2021	30,000,000.00	28,359,375.00	31,734,375.00	2.000	AA	Aaa	0.594 08/15/2025
912828ZT0	15913	U S Treasury Note		06/16/2021	12,000,000.00	10,888,125.00	11,855,625.00	0.250	AA	Aaa	0.558 05/31/2025
912828P46	15914	U S Treasury Note		06/16/2021	16,000,000.00	14,831,249.92	16,671,875.00	1.625	AA	Aaa	0.708 02/15/2026
91282YY0	15915	U S Treasury Note		06/17/2021	21,500,000.00	20,414,082.09	22,407,871.09	1.750	AA	Aaa	0.543 12/31/2024

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Treasury Securities - Coupon											
91282CAJ0	15917	U S Treasury Note		06/22/2021	27,000,000.00	24,295,781.25	26,469,492.19	0.250	AA	Aaa	0.727 08/31/2025
91282BM56	15921	U S Treasury Note		06/24/2021	20,000,000.00	18,982,812.40	21,279,687.50	2.250	AA	Aaa	0.765 11/15/2025
91282BXB1	15923	U S Treasury Note		06/24/2021	40,000,000.00	38,059,375.20	42,234,375.00	2.125	AA	Aaa	0.668 05/15/2025
91282BZ86	15924	U S Treasury Note		06/24/2021	15,000,000.00	14,908,672.80	15,289,453.13	1.375	AA	Aaa	0.198 02/15/2023
91282BP8	15925	U S Treasury Note		06/24/2021	15,000,000.00	14,700,585.90	14,968,945.31	0.125	AA	Aaa	0.235 05/15/2023
91282BZ8	15926	U S Treasury Note		06/24/2021	43,000,000.00	41,192,656.25	44,657,851.56	1.750	AA	Aaa	0.462 06/30/2024
91282CAK7	15939	U S Treasury Note		08/26/2021	9,000,000.00	8,681,835.96	8,977,500.00	0.125	AA	Aaa	0.247 09/15/2023
91282CCG4	15941	U S Treasury Note		08/26/2021	7,000,000.00	6,553,750.00	6,967,187.50	0.250	AA	Aaa	0.418 06/15/2024
91282BWE6	15942	U S Treasury Note		08/26/2021	11,000,000.00	10,791,171.82	11,602,421.88	2.750	AA	Aaa	0.274 11/15/2023
91282CAJ0	15943	U S Treasury Note		08/26/2021	25,000,000.00	22,496,093.75	24,575,195.31	0.250	AA	Aaa	0.680 08/31/2025
91282CCL3	15944	U S Treasury Note		08/27/2021	50,000,000.00	46,796,875.00	49,951,171.88	0.375	AA	Aaa	0.409 07/15/2024
91282ZW3	15945	U S Treasury Note		08/27/2021	50,000,000.00	45,324,219.00	49,281,250.00	0.250	AA	Aaa	0.629 06/30/2025
91282G38	15946	U S Treasury Note		08/27/2021	40,000,000.00	38,414,062.40	42,289,062.50	2.250	AA	Aaa	0.456 11/15/2024
91282BZ7	15957	U S Treasury Note		09/28/2021	35,000,000.00	32,011,328.30	35,864,062.50	1.500	AA	Aaa	0.981 08/15/2026
91282R36	15958	U S Treasury Note		09/29/2021	9,000,000.00	8,306,718.75	9,284,062.50	1.625	AA	Aaa	0.927 05/15/2026
91282R36	15959	U S Treasury Note		10/05/2021	11,000,000.00	10,152,656.25	11,354,062.50	1.625	AA	Aaa	0.911 05/15/2026
91282CBQ3	15961	U S Treasury Note		10/20/2021	10,000,000.00	8,928,515.60	9,767,187.50	0.500	AA	Aaa	1.047 02/28/2026
91282BK74	15962	U S Treasury Note		10/25/2021	12,000,000.00	11,343,750.00	12,479,062.50	2.000	AA	Aaa	0.930 08/15/2025
91282CCX7	15965	U S Treasury Note		10/27/2021	31,000,000.00	28,853,007.89	30,658,515.63	0.375	AA	Aaa	0.762 09/15/2024
91282YH7	15966	U S Treasury Note		10/27/2021	30,000,000.00	28,458,984.30	30,628,125.00	1.500	AA	Aaa	0.775 09/30/2024
91282CCL3	15967	U S Treasury Note		10/28/2021	22,000,000.00	20,590,625.00	21,799,765.63	0.375	AA	Aaa	0.714 07/15/2024
91282ZW3	15979	U S Treasury Note		12/10/2021	50,000,000.00	45,324,219.00	48,575,000.00	0.250	AA	Aaa	1.069 06/30/2025
91282CCL3	15982	U S Treasury Note		12/15/2021	50,000,000.00	46,796,875.00	49,374,000.00	0.375	AA	Aaa	0.866 07/15/2024
91282CBM2	15986	U S Treasury Note		12/15/2021	50,000,000.00	47,363,281.00	49,366,000.00	0.125	AA	Aaa	0.715 02/15/2024
91282BM56	15991	U S Treasury Note		12/21/2021	30,000,000.00	28,474,218.60	31,299,609.38	2.250	AA	Aaa	1.112 11/15/2025
91282BZ7	15992	U S Treasury Note		12/21/2021	17,000,000.00	15,690,468.75	17,315,860.00	1.625	AA	Aaa	1.190 05/15/2026
91282BJ27	15994	U S Treasury Note		12/27/2021	25,000,000.00	23,795,898.50	25,750,000.00	2.000	AA	Aaa	1.025 02/15/2025
91282BU24	15995	U S Treasury Note		12/28/2021	10,000,000.00	9,287,890.60	10,359,765.63	2.000	AA	Aaa	1.238 11/15/2026
91282P46	15996	U S Treasury Note		12/29/2021	10,000,000.00	9,269,531.20	10,169,140.63	1.625	AA	Aaa	1.204 02/15/2026
91282YY0	15998	U S Treasury Note		12/31/2021	37,000,000.00	35,131,211.03	37,870,078.13	1.750	AA	Aaa	0.953 12/31/2024
91282CDS7	16001	U S Treasury Note		01/27/2022	35,000,000.00	32,742,773.35	34,730,664.06	1.125	AA	Aaa	1.391 01/15/2025
91282ZY9	16005	U S Treasury Note		03/10/2022	6,000,000.00	5,831,953.14	5,890,078.13	0.125	AA	Aaa	1.500 07/15/2023
91282CCF6	16006	U S Treasury Note		03/10/2022	7,500,000.00	6,704,296.88	7,134,375.00	0.750	AA	Aaa	1.958 05/31/2026
91282BZ7	16007	U S Treasury Note		03/14/2022	10,000,000.00	9,229,687.50	9,859,765.63	1.625	AA	Aaa	1.977 05/15/2026
91282ZY9	16008	U S Treasury Note		03/11/2022	10,000,000.00	9,719,921.90	9,817,968.75	0.125	AA	Aaa	1.494 07/15/2023
91282ZY9	16009	U S Treasury Note		03/17/2022	22,000,000.00	21,383,828.18	21,563,437.50	0.125	AA	Aaa	1.638 07/15/2023
91282BZ7	16010	U S Treasury Note		03/17/2022	22,000,000.00	20,121,406.36	21,400,060.00	1.500	AA	Aaa	2.150 08/15/2026
91282ZY9	16013	U S Treasury Note		03/21/2022	24,000,000.00	23,327,812.56	23,496,562.50	0.125	AA	Aaa	1.739 07/15/2023

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P Moody's	YTM 365	Maturity Date
Treasury Securities - Coupon											
912828U24	16014	U S Treasury Note		03/21/2022	24,000,000.00	22,290,937.44	23,712,187.50	2.000	AA	Aaa	2.273 11/15/2026
912828ZY9	16015	U S Treasury Note		03/30/2022	31,000,000.00	30,131,757.89	30,269,804.69	0.125	AA	Aaa	1.975 07/15/2023
912828ZY9	16023	U S Treasury Note		04/13/2022	36,000,000.00	34,991,718.84	35,195,625.00	0.125	AA	Aaa	1.933 07/15/2023
91282CAF8	16026	U S Treasury Note		04/18/2022	20,000,000.00	19,358,593.80	19,468,400.00	0.125	AA	Aaa	2.165 08/15/2023
912828D56	16035	U S Treasury Note		04/22/2022	15,000,000.00	14,472,656.25	14,851,171.88	2.375	AA	Aaa	2.819 08/15/2024
91282CAF8	16038	U S Treasury Note		04/27/2022	40,000,000.00	38,717,187.60	38,940,625.00	0.125	AA	Aaa	2.197 08/15/2023
91282CAF8	16044	U S Treasury Note		05/24/2022	10,000,000.00	9,679,296.90	9,760,546.88	0.125	AA	Aaa	2.108 08/15/2023
91282CAF8	16047	U S Treasury Note		05/25/2022	35,000,000.00	33,877,539.15	34,168,750.00	0.125	AA	Aaa	2.096 08/15/2023
91282CAF8	16062	U S Treasury Note		06/24/2022	50,000,000.00	48,396,484.50	48,474,771.50	0.125	AA	Aaa	2.855 08/15/2023
91282CAF8	16063	U S Treasury Note		06/24/2022	10,000,000.00	9,679,296.90	9,694,954.30	0.125	AA	Aaa	2.855 08/15/2023
912828A7	16071	U S Treasury Note		07/12/2022	1,000,000.00	914,609.38	939,140.63	1.500	AA	Aaa	3.094 08/15/2026
91282CCJ8	16074	U S Treasury Note		07/14/2022	5,000,000.00	4,482,226.55	4,590,625.00	0.875	AA	Aaa	3.086 06/30/2026
912828ZB9	16083	U S Treasury Note		07/26/2022	1,000,000.00	892,617.19	925,781.25	1.125	AA	Aaa	2.859 02/28/2027
912828X88	16084	U S Treasury Note		07/26/2022	5,000,000.00	4,691,210.95	4,890,625.00	2.375	AA	Aaa	2.865 05/15/2027
91282CDH1	16086	U S Treasury Note		07/27/2022	1,000,000.00	932,304.69	949,609.38	0.750	AA	Aaa	3.033 11/15/2024
91282CCG4	16093	U S Treasury Note		08/18/2022	18,000,000.00	16,852,500.00	17,069,062.50	0.250	AA	Aaa	3.189 06/15/2024
91282CER8	16097	U S Treasury Note		08/18/2022	18,000,000.00	17,457,890.58	17,780,625.00	2.500	AA	Aaa	3.207 05/31/2024
91282CFA4	16115	U S Treasury Note		09/27/2022	12,000,000.00	11,716,406.28	11,716,406.25	3.000	AA	Aaa	4.347 07/31/2024
91282CFG1	16116	U S Treasury Note		09/27/2022	12,000,000.00	11,757,656.28	11,772,187.50	3.250	AA	Aaa	4.287 08/31/2024
91282CEY3	16124	U S Treasury Note		10/04/2022	20,000,000.00	19,421,875.00	19,417,187.50	3.000	AA	Aaa	4.119 07/15/2025
91282CFP1	16129	U S Treasury Note		10/25/2022	35,000,000.00	35,128,515.80	34,864,200.00	4.250	AA	Aaa	4.390 10/15/2025
91282CDB4	16133	U S Treasury Note		10/27/2022	25,000,000.00	23,319,336.00	23,269,531.25	0.625	AA	Aaa	4.334 10/15/2024
91282CFP1	16134	U S Treasury Note		10/27/2022	35,000,000.00	35,128,515.80	34,943,945.31	4.250	AA	Aaa	4.308 10/15/2025
912828YG9	16153	U S Treasury Note		11/23/2022	34,000,000.00	31,214,921.96	31,030,312.50	1.625	AA	Aaa	4.099 09/30/2026
91282CCP4	16156	U S Treasury Note		11/28/2022	27,000,000.00	23,919,257.88	23,842,265.63	0.625	AA	Aaa	4.085 07/31/2026
912828R0	16157	U S Treasury Note		11/28/2022	28,000,000.00	26,077,187.36	25,998,437.50	2.250	AA	Aaa	3.925 08/15/2027
912828V98	16158	U S Treasury Note		11/29/2022	30,000,000.00	28,061,718.60	27,949,411.20	2.250	AA	Aaa	4.030 02/15/2027
912828X88	16159	U S Treasury Note		11/29/2022	25,000,000.00	23,456,054.75	23,357,421.88	2.375	AA	Aaa	3.997 05/15/2027
Subtotal and Average			2,245,230,470.98		2,342,000,000.00	2,219,648,957.78	2,356,052,715.71			1.385	
Municipal Bonds											
13063DGN2	15416	State of California		09/18/2018	21,000,000.00	20,866,860.00	21,329,700.00	3.400	AA	Aa	3.051 08/01/2023
880541F28	15930	State of Tennessee		07/13/2021	15,000,000.00	14,020,500.00	15,000,000.00	0.645	AAA	Aaa	0.645 11/01/2024
880541F36	15931	State of Tennessee		07/13/2021	15,000,000.00	13,622,550.00	15,000,000.00	0.859	AAA	Aaa	0.902 11/01/2025
Subtotal and Average			51,329,700.00		51,000,000.00	48,509,910.00	51,329,700.00			1.720	

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P Moody's	YTM 365	Maturity Date
Supranationals											
4581X0DA3	15490	INTER AMERICAN DEV BANK		03/27/2019	10,000,000.00	9,958,014.00	10,077,000.00	2.500	AAA	Aaa	2.287 01/18/2023
4581X0CC0	15507	INTER AMERICAN DEV BANK		04/05/2019	6,175,000.00	6,084,126.23	6,331,227.50	3.000	AAA	Aaa	2.403 10/04/2023
4581X0CC0	15534	INTER AMERICAN DEV BANK		06/28/2019	15,000,000.00	14,779,254.00	15,706,200.00	3.000	AAA	Aaa	1.847 10/04/2023
4581X0DA3	15805	INTER AMERICAN DEV BANK		12/11/2020	20,000,000.00	19,916,028.00	20,949,800.00	2.500	AAA	Aaa	0.235 01/18/2023
4581X0DK1	15848	INTER AMERICAN DEV BANK		03/04/2021	10,000,000.00	9,418,213.00	10,454,000.00	1.750	AAA	Aaa	0.607 03/14/2025
459058GL1	15448	International Bank for Reconst		12/05/2018	15,000,000.00	14,769,754.50	15,022,200.00	3.000	AAA	Aaa	2.966 09/27/2023
459058GL1	15504	International Bank for Reconst		04/02/2019	10,000,000.00	9,846,503.00	10,321,700.00	3.000	AAA	Aaa	2.242 09/27/2023
459058JM6	15806	International Bank for Reconst		12/11/2020	15,000,000.00	14,344,776.00	14,992,500.00	0.250	AAA	Aaa	0.267 11/24/2023
459058JA2	15831	International Bank for Reconst		01/27/2021	20,000,000.00	18,380,030.00	20,298,000.00	0.750	AAA	Aaa	0.385 03/11/2025
459058JL8	15843	International Bank for Reconst		02/23/2021	15,000,000.00	13,406,562.00	14,930,850.00	0.500	AAA	Aaa	0.600 10/28/2025
459058KJ1	16077	International Bank for Reconst		07/19/2022	5,000,000.00	4,791,234.50	4,985,450.00	3.125	AAA	Aaa	3.190 06/15/2027
45950KCP3	15671	International Finance Corp		05/01/2020	15,028,000.00	14,836,767.20	16,226,483.00	2.875	AAA	Aaa	0.400 07/31/2023
45950KCR9	15878	International Finance Corp		04/16/2021	20,000,000.00	18,818,002.00	20,592,400.00	1.375	AAA	Aaa	0.520 10/16/2024
Subtotal and Average			180,887,810.50		176,203,000.00	169,349,264.43	180,887,810.50				1.106
Total and Average			5,161,341,545.20		5,445,621,591.30	5,229,281,367.47	5,450,102,649.71				2.118

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APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information in this appendix has been provided by DTC for use in securities offering documents, and the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the Series 2023 Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the Series 2023 Bonds, or that they will so do on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this Official Statement.

1. The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2023 Bonds (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com, which is not incorporated herein by reference.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant

through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this appendix concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

