PRELIMINARY OFFICIAL STATEMENT DATED JUNE 23, 2022

NEW ISSUE - FULL BOOK-ENTRY | **RATING: Moody's: "Aa3"**
See "RATING" herein.

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described in this Official Statement, under existing law, interest on the Refunding Bonds is excluded from gross income for federal income tax purposes, and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, interest on the Refunding Bonds is exempt from California personal income taxes. See "TAX MATTERS."

$25,000,000*
POMONA UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)
2022 Refunding General Obligation Bonds

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

Authority and Purpose. The Pomona Unified School District (Los Angeles County, California) 2022 Refunding General Obligation Bonds (the "Refunding Bonds") are being issued by the Pomona Unified School District (the "District") pursuant to the laws of the State of California and a resolution of the Board of Education of the District adopted on April 20, 2022 (the "Bond Resolution"). The Refunding Bonds are being issued to refund certain bonds previously issued by the District as more particularly identified herein. See "THE REFINANCING PLAN" and "THE REFUNDING BONDS – Authority for Issuance".

Security for the Refunding Bonds. The Refunding Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied and collected by the County of Los Angeles (the "County"). The County Board of Supervisors is empowered and obligated to annually levy *ad valorem* taxes for the payment of the Refunding Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates). See "SECURITY FOR THE REFUNDING BONDS."

Payments. Interest on the Refunding Bonds accrues from the date of delivery and is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2022. Payments of principal and interest on the Refunding Bonds will be paid by U.S. Bank Trust Company, National Association, Los Angeles, California, as agent for the Los Angeles County Treasurer-Tax Collector, the designated paying agent, registrar and transfer agent for the Refunding Bonds as paying agent (the "Paying Agent") to The Depository Trust Company ("DTC") for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Refunding Bonds. See "THE REFUNDING BONDS - Description of the Refunding Bonds."

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

Bond Insurance. The District, at the time of pricing the Refunding Bonds, may determine to acquire a municipal bond insurance policy insuring some or all maturities of the Refunding Bonds.

Book-Entry Only. The Refunding Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co. as nominee of DTC. Purchasers will not receive physical certificates representing their interests in the Refunding Bonds. See "THE REFUNDING BONDS – Description of the Refunding Bonds - Book-Entry Form" and "APPENDIX F - Book-Entry Only System."

MATURITY SCHEDULE

(See inside cover)

Cover Page. This cover page contains information for quick reference only. It is not a summary of all the provisions of the Refunding Bonds. Investors must read the entire official statement to obtain information essential in making an informed investment decision.

The Refunding Bonds are offered when, as and if issued, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters also will be passed upon for the District by Jones Hall, A Professional Law Corporation, San Francisco, California, as Disclosure Counsel. Kutak Rock LLP, Denver, Colorado, will act as counsel to the Underwriter. It is anticipated that the Refunding Bonds in definitive form will be available for delivery to Cede & Co., as nominee of The Depository Trust Company, on or about July 19, 2022.*

STIFEL

The date of this Official Statement is: _______, 2022

**Preliminary, subject to change.*

MATURITY SCHEDULE*

POMONA UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)
2022 Refunding General Obligation Bonds

Base CUSIP(†): _______

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

**Preliminary; subject to change.*

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GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

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

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

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

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

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

Involvement of Underwriter. The following statement has been included in this Official Statement on behalf of the Underwriter: THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT AS PART OF AND IN ACCORDANCE WITH ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

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

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

In connection with the offering of the Refunding Bonds, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of such Refunding Bonds at levels above those which might otherwise prevail in the open market. Such stabilization, if commenced, may be discontinued at any time. The Underwriter may offer and sell Refunding Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed by the Underwriter.

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

POMONA UNIFIED SCHOOL DISTRICT
(LOS ANGELES COUNTY)
STATE OF CALIFORNIA

BOARD OF EDUCATION

Dr. Roberta A. Perlman, *President*
Lorena Gonzalez, *Vice President*
Arturo Jimenez, *Member*
Adrienne Konigar-Macklin, *Member*
Andrew S. Wong, *Member*

DISTRICT ADMINISTRATIVE STAFF

Richard Martinez, *Superintendent**
Sandra Garcia, *Assistant Superintendent, Chief Business Officer*
Fernando Meza, *Assistant Superintendent, Facilities, Maintenance and Operations*

FINANCIAL ADVISOR

Dale Scott & Company, Inc.
San Francisco, California

BOND COUNSEL and DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

BOND REGISTRAR, TRANSFER AGENT and PAYING AGENT

Los Angeles County Treasurer-Tax Collector through its agent
U.S. Bank Trust Company, National Association
Los Angeles, California

ESCROW AGENT

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

ESCROW VERIFICATION

Causey Demgen & Moore P.C.
Denver, Colorado

**Superintendent Martinez has announced his retirement as of June 30, 2022. Darren Knowles has been appointed as Interim Superintendent as of July 1, 2022.*

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OFFICIAL STATEMENT

$25,000,000*
POMONA UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)
2022 Refunding General Obligation Bonds

The purpose of this Official Statement, which includes the cover page, inside cover page and attached appendices, is to set forth certain information concerning the sale and delivery of the Pomona Unified School District (Los Angeles County, California) 2022 Refunding General Obligation Bonds (the **"Refunding Bonds")** by the Pomona Unified School District (the "**District**").

INTRODUCTION

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

The District. The District consists of an area of approximately thirty-two square miles in the County of Los Angeles (the **"County"**), located thirty miles east of the City of Los Angeles, with its eastern boundary along the San Bernardino County border. The District consists primarily of the City of Pomona (the **"City"**), and small portions of the Cities of Industry and Diamond Bar. The District maintains 21 elementary schools, five K-8 and magnet schools, four middle schools, eight high schools/academies, as well as two dependent charter schools and one alternative school. Average daily attendance in the District for fiscal year 2021-22 is approximately 21,157 students. For fiscal year 2021-22, taxable property in the District has a total assessed value of over $16 billion. For more information regarding the District and its finances, see Appendix A and Appendix B hereto. See also Appendix C for demographic and other statistical information regarding the City and the County.

Purposes. The Refunding Bonds are being issued by the District to refund on a current basis certain maturities of outstanding general obligation bonds of the District, and to pay costs of issuance. See "THE REFINANCING PLAN" herein.

Authority for Issuance of the Refunding Bonds. The Refunding Bonds will be issued under the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California and a resolution adopted by the Board of Education of the District on April 20, 2022 (the **"Bond Resolution**"). The Los Angeles County Treasurer-Tax Collector has been designated as the paying agent for the Refunding Bonds, through its agent U.S. Bank Trust Company, National Association, Los Angeles, California (the **"Paying Agent"**). See "THE REFUNDING BONDS - Authority for Issuance" herein.

**Preliminary; subject to change.*

Payment and Registration of the Refunding Bonds. The Refunding Bonds are being issued as current interest bonds. The Refunding Bonds will be dated their date of original issuance and delivery (the "**Dated Date**") and will be issued as fully registered bonds, without coupons, in the denominations of $5,000 or any integral multiple of $5,000, registered in the name of Cede & Co. as nominee of The Depository Trust Company ("**DTC**"), and will be available under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described below. Beneficial Owners will not be entitled to receive physical delivery of the Refunding Bonds. See "THE REFUNDING BONDS" and "APPENDIX F –Book-Entry Only System."

Interest on the Refunding Bonds accrues from the Dated Date and is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2022. See "THE REFUNDING BONDS - Description of the Refunding Bonds."

Redemption. The Refunding Bonds are subject to redemption prior to their maturity as described in "THE REFUNDING BONDS - Redemption."

Security and Sources of Payment for the Refunding Bonds. The Refunding Bonds are general obligation bonds of the District payable solely from *ad valorem* property taxes levied and collected by the County. The County is empowered and obligated to annually levy *ad valorem* taxes for the payment of interest on, and principal of, the Refunding Bonds upon all property subject to taxation by the District, without limitation of rate or amount (except with respect to certain personal property which is taxable at limited rates). See "SECURITY FOR THE REFUNDING BONDS."

The District has other series of general obligation bonds that are payable from *ad valorem* taxes levied on taxable property in the District. For a schedule of the general obligation bonds issued by the District, see "DEBT SERVICE SCHEDULES." See also "APPENDIX A - GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT - DISTRICT FINANCIAL INFORMATION - Existing Debt Obligations."

Bond Insurance. In connection with the sale of the Refunding Bonds, at the time of pricing, the District may determine to acquire a municipal bond insurance policy which guarantees the scheduled payment of principal of and interest on some or all maturities of the Refunding Bonds.

Tax Matters. In the opinion of Bond Counsel, interest on the Refunding Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" and Appendix D hereto for the form of Bond Counsel's opinion to be delivered concurrently with the Refunding Bonds.

COVID-19 Statement. The COVID-19 pandemic commenced in approximately March 2020 and resulted in a public health crisis that has been fluid and unpredictable with unknown financial and economic impacts. Notwithstanding that several vaccines have been developed for COVID-19 and are generally widely available, investors continue to be cautioned that the District cannot predict the full impacts that the COVID-19 pandemic may have had or will continue to have, either directly or indirectly, on its operations, including its finances, property values and other matters. For more disclosure regarding the COVID-19 pandemic, see "SECURITY FOR THE REFUNDING BONDS – Disclosure Regarding COVID-19 Pandemic" herein. See also references to COVID-19 in APPENDIX A under the heading "GENERAL DISTRICT INFORMATION" and "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS."

Other Information. This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this Official Statement and information concerning the Refunding Bonds are available from the District from the Superintendent's Office at Pomona Unified School District, 800 South Garey Avenue, Pomona, California 91766; telephone (909) 397-4800. The District may impose a charge for copying, mailing and handling.

END OF INTRODUCTION

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THE REFINANCING PLAN

The net proceeds of the Refunding Bonds will be used to refund certain maturities of the following bonds (together the **"Prior Bonds"**):

- Pomona Unified School District (Los Angeles County, California) 2012 General Obligation Refunding Bonds, Series B, in the aggregate principal amount of $29,940,000 (the **"2012 Bonds"**), and

- Pomona Unified School District (Los Angeles County, California) General Obligation Bonds, 2008 Election, Series E in the aggregate principal amount of $14,000,000 (the **"2008 Series E Bonds"**).

The Refunded Bonds

The following tables identify the maturities of the Prior Bonds expected to be refinanced with the proceeds of the Refunding Bonds (the **"Refunded Bonds"**).

POMONA UNIFIED SCHOOL DISTRICT
Identification of Refunded 2012 Bonds*

Maturities Payable from Escrow	CUSIP†	Principal Amount	Redemption Date	Redemption Price
8/1/23	732098 EW4	$2,080,000	8/1/22	100%
8/1/23	732098 EX2	125,000	8/1/22	100
8/1/24	732098 EY0	1,500,000	8/1/22	100
8/1/24	732098 EZ7	775,000	8/1/22	100
8/1/25	732098 FA1	1,260,000	8/1/22	100
8/1/25	732098 FB9	1,100,000	8/1/22	100
8/1/26	732098 FC7	2,460,000	8/1/22	100
8/1/27	732098 FD5	1,890,000	8/1/22	100
8/1/28	732098 FE3	975,000	8/1/22	100
Total:		$12,165,000		

POMONA UNIFIED SCHOOL DISTRICT
Identification of Refunded 2008 Series E Bonds*

Maturities Payable from Escrow	CUSIP†	Principal Amount	Redemption Date	Redemption Price
8/1/23	732098 FP8	$130,000	8/1/22	100%
8/1/28	732098 FQ6	530,000	8/1/22	100
8/1/30	732098 FR4	7,715,000	8/1/22	100
8/1/31	732098 FS2	4,385,000	8/1/22	100
Total:		$12,760,000		

**Preliminary; subject to change.*
† CUSIP Copyright American Bankers Association. CUSIP data herein is provided by FactSet Research Systems Inc. Neither the District nor the Underwriter is responsible for the accuracy of such data.

Deposit in Escrow Fund

The net proceeds of the Refunding Bonds will be deposited with U.S. Bank Trust Company, National Association, as escrow agent (the **"Escrow Agent"**), for deposit into an Escrow Fund (the **"Escrow Fund"**) which will be established under an Escrow Agreement between the District and the Escrow Agent (the **"Escrow Agreement"**). Pursuant to the Escrow Agreement, amounts deposited in the Escrow Fund will be used to purchase certain United States governmental obligations and/or other obligations the timely payment of which is directly or indirectly guaranteed by the full faith and credit of the United States of America.

The funds and investments in the Escrow Fund will be applied to the payment and redemption price of the applicable Refunded Bonds. Upon delivery of the Refunding Bonds, the Verification Agent will deliver a report of the mathematical accuracy of certain computations relating to the sufficiency of the anticipated amount of proceeds of the Refunding Bonds and other funds which will be deposited into the Escrow Fund for said purposes. See "VERIFICATION OF MATHEMATICAL ACCURACY" herein.

The amounts held by the Escrow Agent under the Escrow Agreement are pledged by the District solely to the District's payment and redemption of the Refunded Bonds. The funds deposited in the Escrow Fund will not be available for the payment of debt service on the Refunding Bonds.

The Unrefunded Prior Bonds

The Prior Bonds which will not be refunded with the proceeds of the Refunding Bonds (the **"Unrefunded Prior Bonds"**) are described more fully in the following tables.

POMONA UNIFIED SCHOOL DISTRICT
Identification of Unrefunded 2012 Bonds*

Maturities	CUSIP†	Principal Amount	Coupon
8/1/22	732098 EV6	$2,100,000	5.000%
Total:		$2,100,000	

**Preliminary; subject to change.*
† CUSIP numbers are provided for convenience of reference only. Neither the District nor the Underwriter take any responsibility for the accuracy of such CUSIP numbers.

POMONA UNIFIED SCHOOL DISTRICT
Identification of Unrefunded 2008 Series E Bonds*

Maturities	CUSIP†	Principal Amount	Coupon
8/1/22	732098 FN3	$150,000	2.375%
Total:		$150,000	

**Preliminary; subject to change.*
†CUSIP numbers are provided for convenience of reference only. Neither the District nor the Underwriter take any responsibility for the accuracy of such CUSIP numbers.

SOURCES AND USES OF FUNDS

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

POMONA UNIFIED SCHOOL DISTRICT
Sources and Uses of Funds

Sources of Funds	
Principal Amount of Refunding Bonds	
Net Original Issue Premium (Discount)	
Total Sources	
Uses of Funds	
Deposit to Escrow Fund	
Costs of Issuance*	
Total Uses	

**All estimated costs of issuance including, but not limited to, printing costs, and fees of Bond Counsel, Disclosure Counsel, the Financial Advisor, Escrow Agent, Underwriter's discount, bond insurance premium (if any), verification agent and the rating agency.*

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THE REFUNDING BONDS

Authority for Issuance

The Refunding Bonds will be issued under the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the **"Bond Law"**) and the Bond Resolution.

Description of the Refunding Bonds

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

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

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

Principal and Interest Payments. The Refunding Bonds will be dated the Dated Date and will bear interest payable semiannually each February 1 and August 1 (each, an "**Interest Payment Date**"), commencing August 1, 2022, at the interest rates shown on the inside front cover page of this Official Statement. The Refunding Bonds will mature on August 1 in each of the years and in the principal amounts shown on the inside front cover page of this Official Statement. Interest on the Refunding Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Refunding Bonds is payable semiannually on each Interest Payment Date. Each Refunding Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it will bear interest from such date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date (defined in the Bond Resolution as the 15th day of the month preceding an Interest Payment Date, whether or not such day is a business day) preceding such Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to the first Record Date (being January 15, 2023), in which event it will bear interest from the Closing Date. If at the time of authentication of a Refunding Bond interest is in default thereon, such Refunding Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. The Refunding Bonds will be issued in the denomination of $5,000 principal amount each or any integral multiple thereof. See the maturity schedule on the inside cover page of this Official Statement and "DEBT SERVICE SCHEDULES" herein.

Redemption

***Optional Redemption**.** The Refunding Bonds maturing on or before August 1, 20__ are not subject to redemption prior to their respective maturity dates. Refunding Bonds maturing on or after August 1, 20__, shall be subject to redemption at the option of the District on any date prior to their respective maturity dates as a whole or in part, in a manner designated by the District and, absent any such designation, pro rata among maturities and by lot within a maturity, from moneys provided by the District, in each case on and after August 1, 20__, at a redemption price equal to the principal amount of the Refunding Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

Mandatory Sinking Fund Redemption*. The Refunding Bonds maturing on August 1, 20___ (the **"Term Bonds"**) are subject to mandatory sinking fund redemption on August 1, 20___ and each August 1 thereafter in accordance with the schedule set forth below. The Term Bonds so called for mandatory sinking fund redemption shall be redeemed in the sinking fund payments amounts and on the dates set forth below, without premium, together with interest accrued thereon to the redemption date. If any Term Bonds are redeemed under the foregoing optional redemption provisions, the total amount of all future sinking fund payments with respect to such Term Bonds will be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among such payments on a pro rata basis in integral multiples of $5,000.

Term Bonds Maturing August 1, 20___

Redemption Date (August 1)	Sinking Fund Redemption

Selection of Bonds for Redemption. Whenever less than all of the 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 which the Paying Agent in its sole discretion deems appropriate. For purposes of such selection, each Refunding Bond will be deemed to consist of individual Refunding Bonds of $5,000 denominations each, which may be separately redeemed.

Notice of Redemption. The Paying Agent shall cause notice of any redemption to be mailed, first class mail, postage prepaid, at least 20 days but not more than 60 days prior to the date fixed for redemption, to the respective owners of any Refunding Bonds designated for redemption, at their addresses appearing on the Registration Books. Such mailing shall not be a condition precedent to such redemption and failure to mail or to receive any such notice shall not affect the validity of the proceedings for the redemption of such Refunding Bonds.

Such notice shall (i) state the redemption date and the redemption price, (ii) if less than all of the then outstanding Refunding Bonds are to be called for redemption, designate the serial numbers of the Refunding Bonds to be redeemed by giving the individual number of each Refunding Bond or by stating that all Refunding Bonds between two stated numbers, both inclusive, or by stating that all of the Refunding Bonds of one or more maturities have been called for redemption, (iii) require that such Refunding Bonds be then surrendered at the Principal Office of the Paying Agent for redemption at the said redemption price, and (iv) state

* *Preliminary, subject to change.*

that further interest on such Refunding Bonds will not accrue from and after the redemption date.

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

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

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

Registration, Transfer and Exchange of Refunding Bonds

If the book-entry system as described above and in Appendix F is no longer used with respect to the Refunding Bonds, the following provisions will govern the registration, transfer, and exchange of the Refunding Bonds.

Registration Books. The Paying Agent will keep or cause to be kept sufficient books for the registration and transfer of the Refunding Bonds (the "**Registration Books**"), which will at all times be open to inspection by the District upon reasonable notice; and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, the Refunding Bonds.

Transfer. Any Refunding Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Refunding Bond for cancellation at the principal office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed.

Whenever any Refunding Bond or Bonds are surrendered for transfer, the District will execute and the Paying Agent will authenticate and deliver a new Refunding Bond or Bonds, for like aggregate principal amount. No transfers will be required to be made (a) 15 days prior to a date established for selection of Refunding Bonds for redemption and (b) with respect to a Refunding Bond that has been selected for redemption.

Exchange. The Refunding Bonds may be exchanged at the principal office of the Paying Agent for a like aggregate principal amount of Refunding Bonds of authorized denominations and of the same maturity. The District may charge a reasonable sum for each new Refunding Bond issued upon any exchange. No exchanges will be required to be made (a) 15 days prior to a date established for selection of Refunding Bonds for redemption and (b) with respect to a Refunding Bond that has been selected for redemption.

Defeasance and Discharge of Refunding Bonds

Any or all of the Refunding Bonds may be paid by the District in any one or more of the following ways:

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

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

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

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

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

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

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

As used in the foregoing provisions, the term **"Federal Securities"** means: (a) any direct general non-callable obligations of the United States of America, including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America; (b) any obligations the timely payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America or which are secured by obligations described in the preceding clause (a); (c) the interest component of Resolution Funding Corporation strips which have been stripped by request to the Federal Reserve Bank of New York in book-entry form; and (d) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies: (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) participation certificates of the General Services Administration; (iv) Federal Financing Bank bonds and debentures; (v) guaranteed Title XI financings of the U.S. Maritime Administration; (vi) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development; and (vi) obligations of the Federal Home Loan Bank (FHLB).

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DEBT SERVICE SCHEDULES

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

POMONA UNIFIED SCHOOL DISTRICT
2022 Refunding General Obligation Bonds

Bond Year Ending (August 1)	Principal	Interest	Total Debt Service
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
Total			

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Combined General Obligation Bond Indebtedness. The following table shows the combined debt service schedule with respect to all outstanding general obligation bonds of the District, including the Refunding Bonds. See "APPENDIX A - GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT– DISTRICT FINANCIAL INFORMATION - Existing Debt Obligations" for additional information.

POMONA UNIFIED SCHOOL DISTRICT
Combined General Obligation Bond Debt Service Schedule

Bond Year Ending (Aug. 1)	Outstanding Refunding Bonds*	2008 Election Bonds*	2016 Election Bonds	The Refunding Bonds	Total Combined Annual Debt Service
2022	$12,270,924.61	$7,146,378.99	$15,137,932.80		
2023	12,263,868.36	6,727,294.19	12,433,950.00		
2024	12,243,456.26	6,969,259.95	11,270,150.00		
2025	12,264,280.76	6,462,883.19	9,796,150.00		
2026	12,288,281.76	6,248,966.49	9,419,700.00		
2027	11,660,372.76	6,467,412.99	10,120,200.00		
2028	10,677,344.51	6,652,535.49	10,308,350.00		
2029	9,005,032.01	7,279,425.00	10,240,800.00		
2030	7,014,995.76	7,667,625.00	10,549,150.00		
2031	6,117,079.50	8,097,475.00	10,375,600.00		
2032	5,476,492.00	8,534,325.00	10,737,200.00		
2033	5,499,410.76	8,958,606.26	11,116,350.00		
2034	3,149,815.76	11,745,775.00	11,502,325.00		
2035	3,161,365.76	12,195,000.00	11,906,250.00		
2036	2,508,812.00	11,294,450.00	12,321,087.50		
2037	2,518,860.80	8,015,100.00	12,752,762.50		
2038	2,531,654.36	8,174,750.00	13,198,425.00		
2039	2,547,042.30	8,096,050.00	13,662,325.00		
2040	2,564,874.30	4,004,000.00	14,139,875.00		
2041	--	--	14,633,062.50		
2042	--	--	15,148,187.50		
4043	--	--	15,676,162.50		
2044	--	--	16,226,737.50		
2045	--	--	16,796,737.50		
2046	--	--	17,384,850.00		
2047	--	--	14,601,700.00		
2048	--	--	14,271,600.00		
Total	$135,763,964.33	$150,737,312.55	$345,727,620.30		

*Certain maturities of 2012 Bonds and 2008 Series E Bonds are expected to be refinanced with the proceeds of the Refunding Bonds described herein. See "THE REFINANCING PLAN."

SECURITY FOR THE REFUNDING BONDS

Ad Valorem Taxes

Bonds Payable from* Ad Valorem *Property Taxes. The Refunding Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied and collected by the County. In accordance with California Education Code 15250 and following, the County Board of Supervisors is empowered and obligated to annually levy *ad valorem* taxes for the payment of the Refunding Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates).

In no event is the District obligated to pay principal of and interest and redemption premium, if any, on the Refunding Bonds out of any funds or properties of the District other than from *ad valorem* taxes levied upon all taxable property in the District; provided, however, nothing in the Bond Resolution prevents the District from making advances of its own moneys howsoever derived to any of the uses or purposes permitted by law.

Other Bonds Payable from* Ad Valorem *Property Taxes. The District has previously issued other general obligation bonds, which are payable from *ad valorem* taxes on a parity basis. In addition to the general obligation bonds issued by the District, there is other debt issued by entities with jurisdiction in the District that is payable from *ad valorem* taxes levied on parcels in the District. See "PROPERTY TAXATION – Direct and Overlapping Debt Obligations" below.

Levy and Collection. The County will levy and collect such *ad valorem* taxes in such amounts and at such times as is necessary to ensure the timely payment of debt service. Such taxes, when collected, will be deposited into the debt service fund for the Refunding Bonds, which is maintained by the Los Angeles County Treasurer in accordance with California Education Code Section 15251 and the Bond Resolution, and which is irrevocably pledged for the payment of principal of and interest on the Refunding Bonds when due.

District property taxes are assessed and collected by the County in the same manner and at the same time, and in the same installments as other *ad valorem* taxes on real property, and will have the same priority, become delinquent at the same times and in the same proportionate amounts, and bear the same proportionate penalties and interest after delinquency, as do the other *ad valorem* taxes on real property. See "PROPERTY TAXATION" below.

Statutory Lien on* Ad Valorem *Tax Revenues. Pursuant to Senate Bill 222 effective January 1, 2016, voter-approved general obligation bonds which are secured by *ad valorem* tax collections, including the Refunding Bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds. Said lien attaches automatically and is valid and binding from the time the Refunding Bonds are executed and delivered. The lien is enforceable against the school district or community college district, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any further act.

Annual Tax Rates. The amount of the annual *ad valorem* tax levied by the County to repay the Refunding Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Refunding Bonds. Fluctuations in the annual debt service on the Refunding Bonds and the assessed value of taxable property in the District may cause the annual tax rate to fluctuate.

Economic and other factors beyond the District's control, such as economic recession, pandemic or other infectious diseases, deflation of property values, a relocation out of the District or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire, drought or other natural disaster, could cause a reduction in the assessed value within the District and necessitate a corresponding increase in the annual tax rate. See "PROPERTY TAXATION – Assessed Valuations – Factors Relating to Increases/Decreases in Assessed Value." See also below under the heading "--Disclosure Regarding COVID-19 Pandemic."

Debt Service Fund

The County will establish a "**Debt Service Fund**" for the Refunding Bonds, as a separate fund to be maintained distinct from all other funds of the County. All taxes levied by the County for the payment of the principal of and interest and premium (if any) on the Refunding Bonds will be deposited in the Debt Service Fund by the County promptly upon receipt. The Debt Service Fund is pledged for the payment of the principal of and interest and premium (if any) on the Refunding Bonds when and as the same become due. The County will transfer amounts in the Debt Service Fund to the Paying Agent to the extent necessary to pay the principal of and interest and premium (if any) on the Refunding Bonds as the same become due and payable. Funds on deposit in the Debt Service Fund are subject to a statutory lien pursuant to the provisions of Section 15251 of the California Education Code.

If, after payment in full of the Refunding Bonds, any amounts remain on deposit in the Debt Service Fund, the District shall transfer such amounts to other debt service funds of the District with respect to outstanding general obligation bonds of the District, if any, and if none, then to its general fund, to be applied solely in a manner which is consistent with the requirements of applicable state and federal tax law.

Not a County Obligation

No part of any fund or account of the County is pledged or obligated to the payment of the Refunding Bonds. The Refunding Bonds are payable solely from the proceeds of an *ad valorem* tax levied and collected by the County, for the payment by the District of principal of and interest on the Refunding Bonds. Although the County is obligated to collect the *ad valorem* tax for the payment of the Refunding Bonds and deliver to the Paying Agent the debt service due on the Refunding Bonds, the Refunding Bonds are not a debt (or a pledge of the full faith and credit) of the County.

Disclosure Regarding COVID-19 Pandemic

Background. Coronavirus disease (**"COVID-19"**) is an infectious disease caused by a virus generally causing respiratory illness and other symptoms which range from mild to fatal. The United States Secretary of Health and Human Services declared a public health emergency on January 31, 2020. In response to COVID-19, then-President Trump proclaimed that as of March 1, 2020 the COVID-19 outbreak constituted a national emergency, and the World Health Organization declared the outbreak of COVID-19 a pandemic on March 11, 2020. Subsequent thereto, actions to slow transmission of COVID-19 were taken by governmental bodies and authorities, including stay-at-home orders, mask mandates, quarantine requirements and travel restrictions, among others. Healthcare systems experienced periods of strain. As of this date, several vaccines have been provided approval by federal health authorities for use in the United States, as well as by authorities in other nations, and are generally widely available.

Federal Responses to COVID-19 Pandemic. To address the challenges that have arisen due to the COVID-19 pandemic, the federal government adopted several aid packages including:

<u>Coronavirus Preparedness and Response Supplemental Appropriations Act (March 6, 2020)</u>: A $8.3 billion emergency supplemental appropriations package to enhance the national response to COVID-19, including public health funds for preparedness and response and for research.

<u>Families First Coronavirus Response Act (March 18, 2020)</u>: A federal relief package ($100 billion) responding to the COVID-19 outbreak by providing paid sick leave, tax credits, and free COVID-19 testing, expanding food assistance and unemployment benefits, and increasing Medicaid funding.

<u>CARES Act (March 27, 2020)</u>: The Coronavirus Aid, Relief, and Economic Security Act (the **"CARES Act"**) provided $2 trillion in federal spending and loans toward coronavirus relief efforts, representing the largest rescue package in U.S. history. Along with funding a wide range of emergency appropriations, the legislation also allocated hundreds of billions in loans and grants to major industries and small businesses, direct cash payments to taxpayers and significantly expanded unemployment benefits. This funding allocation included approximately $13.5 billion in formula funding to make grants available to each state's educational agency in order to facilitate K-12 schools' responses to the COVID-19 pandemic.

<u>Federal Reserve Programs Implemented (April 9, 2020)</u>: The Federal Reserve took actions aimed at providing up to $2.3 trillion in loans to support the national economy, including supplying liquidity to participating financial institutions in the Small Business Administration's (**"SBA"**) Paycheck Protection Program (**"PPP"**), purchasing up to $600 billion in loans through the Main Street Lending Program and offering up to $500 billion in lending to states and municipalities.

<u>Paycheck Protection Program (April 24, 2020)</u>: $484 billion federal aid package which primarily renewed funding for the Paycheck Protection Program (**"PPP"**), the SBA disaster assistance loans and grant program, hospital grants and funding for a COVID-19 testing program.

<u>Consolidated Appropriations Act (December 27, 2020)</u>: The Coronavirus Response and Consolidated Appropriations Act continued many of the programs implemented with the CARES Act as part of a $900 billion federal relief package. It provided additional direct stimulus payments to individuals and families, extended unemployment benefits, expanded the PPP, and provided approximately $82 billion in supplemental aid to support the educational needs of states, school districts, and institutions of higher education, among other stimulus measures.

American Rescue Plan (March 11, 2021): The American Rescue Plan Act of 2021 (the **"ARP Act"**), a $1.9 trillion economic stimulus plan providing additional stimulus checks to individuals and families, extending federal supplemental unemployment benefits, providing more funding for state and local governments, expanding subsidies for healthcare insurance, and provide additional funding for COVID-19 testing, vaccination, and treatment, among several other provisions. With respect to relief for educational agencies, it included grants of $125.8 billion for states to support statewide and local funding for elementary and secondary schools and public postsecondary institutions. It provides that states that receive the grants cannot reduce their spending levels on education as a proportion of their budgets during fiscal 2022 or 2023, compared with the average level from fiscal 2017 through 2019.

State Responses to COVID-19 Pandemic. At the State level, to address some of the challenges that have arisen due to the COVID-19 pandemic, legislative actions include:

$1.1 Billion in Emergency Coronavirus funding (March 16, 2020): The State legislature passed $1.1 billion in general purpose spending authority providing emergency funds to respond to the pandemic, which was signed by the Governor on March 17, 2020.

$7.6 Billion Coronavirus Relief Package (February 23, 2021): The Governor signed legislation providing $7.6 billion in State funding aimed at helping individuals and businesses that were not included in federal aid packages, which included sending rebates to low-income, disabled and undocumented persons when 2020 taxes were filed, $2 billion in grants for small business, $35 million for food and diaper banks and $400 million in subsidies for childcare providers.

Educational Agencies and the COVID-19 Pandemic. Impacts on school districts from the COVID-19 pandemic include:

Remote Learning; Attendance and Enrollment. In-person classroom instruction throughout State schools was generally suspended from March 2020 through the end of the 2019-20 academic year. The 2020-21 academic year included significant amounts of distance learning as opposed to in-person instruction due to State and local restrictions and recommendations. The 2021-22 academic year generally commenced with in-person learning with an independent study option. Impacts of remote learning include difficulty in tracking and maintaining average daily attendance figures. Several school districts also experienced unplanned declines in enrollment, due to home schooling and families moving out of the State, among other reasons.

Senate Bill 117 (March 17, 2020): Legislation which effectively held school districts harmless from funding losses that could result from attendance issues under the State's education funding formula. See Appendix A under the heading "DISTRICT FINANCIAL INFORMATION – Education Funding Generally."

Safe Schools for All Plan (December 30, 2020): The Governor announced a plan aimed at incentivizing schools to offer in-person learning, also implemented with Senate and Assembly Bill 86. The plan provided schools with financial incentives totaling $2 billion to offer in-person instruction beginning April 1, 2021, and after

May 15, eligibility ceased. Funds obtained were primarily to be spent on purposes consistent with providing in-person instruction, including COVID-19 testing, cleaning, personal protective equipment, facility needs, staffing costs, and social and mental health supports provided in conjunction with in-person instruction. Districts were required to continue to offer distance learning options.

State's Fiscal Year 2021-22 Budget and Related Legislation: The budget provided historic levels of funding available for educational purposes, including funding the expansion of transitional kindergarten, funding of community wellness and student health hubs on campuses, expanded learning programs and increased special education funding, among others.

For more information on the District's response to the COVID-19 pandemic, see Appendix A under the heading "DISTRICT GENERAL INFORMATION - District's Response to COVID-19 Pandemic."

Disclaimer Regarding COVID-19 Pandemic. Notwithstanding that several vaccines have been developed for COVID-19 and are generally widely available, investors continue to be cautioned that the District cannot predict the full impacts that the COVID-19 pandemic may have had or will continue to have, either directly or indirectly, on its operations, including its finances, property values and other matters.

General Obligation Bonds Secured by* Ad Valorem *Property Tax Revenues. Notwithstanding the foregoing information regarding the COVID-19 pandemic, the Bonds described herein are voter-approved general obligations of the District payable solely from the levy and collection of *ad valorem* property taxes, unlimited as to rate or amount, levied in the District. The Refunding Bonds are not payable from the general fund of the District. The District cannot predict the direct or indirect impacts that the COVID-19 pandemic might have on local property values or tax collections. See "SECURITY FOR THE REFUNDING BONDS – *Ad Valorem* Property Taxes" and "PROPERTY TAXATION –Tax Levies and Delinquencies" herein.

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PROPERTY TAXATION

Property Tax Collection Procedures

Generally. In California, property which is subject to *ad valorem* taxes is classified as "secured" or "unsecured." The "secured roll" is that part of the assessment roll containing (1) state assessed public utilities' property and (2) property the taxes on which are a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. A tax levied on unsecured property does not become a lien against such unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens arising pursuant to State law on such secured property, regardless of the time of the creation of the other liens. Secured and unsecured property are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1-1/2% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the county in which the property is located.

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

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

Disclaimer Regarding Property Tax Collection Procedures. The property tax collection procedures described above are subject to amendment based on legislation or executive order which may be enacted by the State legislature or declared by the Governor from time to time. The District cannot predict whether future amendments or orders will occur, and what impact, if any, said future amendments or orders could have on the procedures relating to the levy and collection of property taxes, and related interest and penalties.

Taxation of State-Assessed Utility Property

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

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Historic Assessed Valuations

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

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

The following table sets forth historical assessed value in the District.

POMONA UNIFIED SCHOOL DISTRICT
Assessed Valuations of All Taxable Property
Fiscal Years 2005-06 to 2021-22

Fiscal Year	Local Secured	Utility	Unsecured	Total Before Redevelopment Increment	% Change
2005-06	$8,549,423,891	$9,008,178	$423,693,332	$8,982,125,401	--
2006-07	9,715,388,270	7,510,509	426,870,767	10,149,769,546	13.0%
2007-08	10,599,079,635	1,029,798	446,050,658	11,046,160,091	8.8
2008-09	11,250,783,731	1,029,783	453,665,202	11,705,478,716	6.0
2009-10	10,600,717,047	1,027,245	470,676,626	11,072,420,918	(5.4)
2010-11	10,340,408,059	1,027,350	432,442,856	10,773,878,265	(2.7)
2011-12	10,360,475,978	894,632	440,094,855	10,801,465,465	0.3
2012-13	10,424,679,936	894,642	433,503,770	10,859,078,348	0.5
2013-14	10,888,178,346	613,890	440,878,246	11,329,670,482	4.3
2014-15	11,502,229,253	613,833	443,677,845	11,946,520,931	5.4
2015-16	12,105,070,051	613,802	451,448,050	12,557,131,903	5.1
2016-17	12,944,772,750	558,702	442,664,628	13,387,996,080	6.6
2017-18	13,500,837,293	558,663	479,431,205	13,980,827,161	4.4
2018-19	14,280,344,304	557,765	497,368,399	14,778,270,468	5.7
2019-20	15,109,414,778	760,052	518,703,031	15,628,877,861	5.8
2020-21	16,103,259,615	760,052	562,965,128	16,666,984,795	6.6
2021-22	16,365,868,766	760,052	615,546,143	16,982,174,961	1.9

Source: California Municipal Statistics, Inc.

Factors Relating to Increases/Decreases in Assessed Value. Economic Conditions; Disasters. As indicated in the previous table, assessed valuations are subject to change in each year. Increases or decreases in assessed valuation result from a variety of factors including but not limited to general economic conditions, supply and demand for real property in the area, government regulations such as zoning, and man-made or natural disasters such as earthquakes, fires, floods and drought. Seismic activity is also a risk in the region where the District is located.

The State has experienced drought conditions in recent years, including a period of drought followed by record-level precipitation in late 2016 and early 2017 which resulted in related severe flooding and mudslides in certain regions. As of June 9, 2022, the U.S. Drought Monitor indicates that the State is classified as experiencing mostly severe to extreme drought conditions, with the County in the severe drought category. During 2021, Governor Newsom proclaimed a drought state of emergency for all counties in the State, culminating with his October 19, 2021 proclamation, urging Californians to step up their water conservation efforts. In January 2022, the State Water Board adopted emergency regulations aimed at saving water and raising drought awareness, with prohibitions focused on reducing outdoor water use, enforceable by local agencies and the State Water Board, generally with warning letters, mandatory water use audits, and fines. Local agencies can impose and enforce their own drought conservation rules.

In addition, the State has had several severe wildfires in recent years, which have burned thousands of acres and destroyed thousands of homes and structures. Several of the wildfires in recent years have originated in wildlands adjacent to urban areas.

Global Pandemic/Disease. As described herein, COVID-19 continues to be a global pandemic, all of the consequences of which are not known, including any direct or indirect impacts on property values in the District. For disclosure relating to the COVID-19 pandemic, see also "SECURITY FOR THE REFUNDING BONDS – Disclosure Regarding COVID-19 Global Pandemic."

Future Conditions Unknown. The District cannot predict or make any representations regarding the effects that prolonged droughts or wildfires or any other type of natural or manmade disasters, including the COVID-19 pandemic, and related conditions have or may have on the value of taxable property within the District, or to what extent the effects said disasters might have on economic activity in the District or throughout the State.

Assessed Valuation By Jurisdiction. The following table sets forth assessed valuation in the District by jurisdiction.

POMONA UNIFIED SCHOOL DISTRICT
Assessed Valuation by Jurisdiction
Fiscal Year 2021-22

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Diamond Bar	$3,190,510,999	18.79%	$11,071,239,114	28.82%
City of Industry	628,547,889	3.70	10,395,078,175	6.05%
City of La Verne	38,625	0.00	5,522,443,981	0.00%
City of Pomona	13,142,175,838	77.39	13,551,740,833	96.98%
City of San Dimas	16,000	0.00	6,104,208,187	0.00%
City of Walnut	18,875,511	0.11	6,117,140,418	0.31%
Unincorporated Los Angeles Co.	2,010,099	0.01	121,819,974,931	0.00%
Total District	$16,982,174,961	100.00%		
Los Angeles County	$16,982,174,961	100.00%	$1,771,741,382,469	0.96%

Source: California Municipal Statistics, Inc.

Parcels by Land Use

The following table shows a recent breakdown of local secured property assessed value and parcels within the District by land use.

POMONA UNIFIED SCHOOL DISTRICT
Assessed Valuation and Parcels by Land Use
Fiscal Year 2021-22

Non-Residential:	2021-22 Assessed Valuation (1)	% of Total	No. of Parcels	% of Total
Commercial	$1,558,947,602	9.53%	1,711	4.28%
Vacant Commercial	35,833,810	0.22	258	0.65
Industrial	2,326,578,783	14.22	1,030	2.58
Vacant Industrial	26,015,894	0.16	211	0.53
Recreational	28,953,950	0.18	89	0.22
Government/Social/Institutional	28,541,749	0.17	240	0.60
Miscellaneous	51,811,833	0.32	495	1.24
Subtotal Non-Residential	$4,056,683,621	24.79%	4,034	10.10%
Residential:				
Single Family Residence	$9,388,471,748	57.37%	28,459	71.22%
Condominium/Townhouse	1,395,120,152	8.52	3,936	9.85
Mobile Home	55,896,152	0.34	191	0.48
Mobile Home Park	35,159,895	0.21	18	0.05
2-4 Residential Units	588,103,888	3.59	1,807	4.52
5+ Residential Units/Apartments	735,265,551	4.49	511	1.28
Vacant Residential	111,167,759	0.68	1,004	2.51
Subtotal Residential	$12,309,185,145	75.21%	35,926	89.90%
Total	$16,365,868,766	100.00%	39,960	100.00%

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

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Per Parcel Assessed Valuation of Single-Family Homes

The following table shows the recent number of improved single-family residential parcels by assessed valuation in the District.

POMONA UNIFIED SCHOOL DISTRICT
Per Parcel 2021-22 Assessed Valuation of Single-Family Homes

	No. of Parcels	2021-22 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	28,459	$9,388,471,748	$329,895	$294,444

2021-22 Assessed Valuation	No. of Parcels [(1)]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	112	0.394%	0.394%	$2,304,772	0.025%	0.025%
$25,000 -$49,999	1,055	3.707	4.101	41,048,918	0.437	0.462
$50,000 - $74,999	591	2.077	6.177	35,967,620	0.383	0.845
$75,000 - $99,999	652	2.291	8.468	58,002,504	0.618	1.463
$100,000 - $124,999	826	2.902	11.371	93,413,486	0.995	2.458
$125,000 - $149,999	1,204	4.231	15.601	166,761,454	1.776	4.234
$150,000 - $174,999	1,590	5.587	21.188	259,561,003	2.765	6.999
$175,000 - $199,999	1,845	6.483	27.671	346,061,670	3.686	10.685
$200,000 - $224,999	1,866	6.557	34.228	395,545,491	4.213	14.898
$225,000 - $249,999	1,692	5.945	40.174	401,541,768	4.277	19.175
$250,000 - $274,999	1,634	5.742	45.915	429,207,685	4.572	23.746
$275,000 - $299,999	1,497	5.260	51.175	429,834,945	4.578	28.325
$300,000 - $324,999	1,309	4.600	55.775	408,155,641	4.347	32.672
$325,000 - $349,999	1,307	4.593	60.368	441,126,570	4.699	37.371
$350,000 - $374,999	1,184	4.160	64.528	429,402,476	4.574	41.944
$375,000 - $399,999	1,182	4.153	68.681	458,144,452	4.880	46.824
$400,000 - $424,999	1,126	3.957	72.638	464,835,634	4.951	51.775
$425,000 - $449,999	1,099	3.862	76.500	480,903,320	5.122	56.898
$450,000 - $474,999	1,001	3.517	80.017	463,054,753	4.932	61.830
$475,000 - $499,999	780	2.741	82.758	380,022,787	4.048	65.878
$500,000 and greater	4,907	17.242	100.000	3,203,574,799	34.122	100.000
	28,459	100.000%		$9,388,471,748	100.000%	

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

Reassessments and Appeals of Assessed Value

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

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

Under California law, property owners may apply for a Proposition 8 reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the County board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value.

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

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

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

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Tax Levies and Delinquencies

The following table shows historical tax charges, collections and delinquencies for County-wide secured property in the District.

POMONA UNIFIED SCHOOL DISTRICT
Secured Tax Charges and Delinquencies
Fiscal Years 2011-12 through 2020-21

Year	Secured Tax Charge(1)	Amt. Del. 30-Jun	% Del. 30-Jun
2011-12	$18,292,913	$380,578	2.08%
2012-13	18,490,826	331,457	1.79
2013-14	19,331,009	284,314	1.47
2014-15	20,434,600	293,934	1.44
2015-16	21,531,601	304,986	1.42
2016-17	22,889,622	271,638	1.19
2017-18	24,049,307	298,535	1.24
2018-19	25,377,737	346,439	1.37
2019-20	26,926,731	606,771	2.25
2020-21	28,714,983	489,137	1.15

(1) 1% General Fund Apportionment. Excludes redevelopment agency impounds. Reflects County-wide delinquency rate.
Source: California Municipal Statistics, Inc.

Property tax delinquencies may be impacted by economic and other factors beyond the District's or the County's control, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression could be caused by many factors outside the control of the District, including high interest rates, reduced consumer confidence, reduced real wages or reduced economic activity as a result of the spread of COVID-19 or other outbreak of disease or natural or manmade disaster. See "SECURITY FOR THE REFUNDING BONDS – Disclosure Regarding COVID-19 Pandemic."

Furthermore, the District cannot predict the impact, if any, that changes or modifications to property tax collection procedures might have on the District's property tax revenues. See "PROPERTY TAXATION – Property Tax Collection Procedures" herein.

Tax Rates

The table below summarizes the recent historical total *ad valorem* tax rates levied by all taxing entities in Tax Rate Area 7790 (a typical tax rate area in the District).

POMONA UNIFIED SCHOOL DISTRICT
Summary of *Ad Valorem* Tax Rates
\$1 per \$100 of Assessed Valuation
Fiscal Years 2017-18 through 2021-22
(Tax Rate Area 7790*)

	2017-18	2018-19	2019-20	2020-21	2021-22
General	$1.000000	$1.000000	$1.000000	$1.000000	$1.000000
Mt. San Antonio Community College District	0.023709	0.024354	0.047814	0.044588	0.047814
Pomona Unified School District	**0.172921**	**0.169418**	**0.206706**	**0.150807**	**0.206706**
Metropolitan Water District	0.003500	0.003500	0.003500	0.003500	0.003500
Total	$1.200130	$1.197272	$1.258020	$1.198895	$1.258020

*2021-22 assessed valuation of TRA 7790 is $6,371,756,294 which is 37.52% of the District's total assessed valuation.
Source: California Municipal Statistics, Inc.

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Top 20 Property Owners

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

POMONA UNIFIED SCHOOL DISTRICT
Largest 2021-22 Local Secured Tax Payers

	Property Owner	Primary Land Use	2021-22 Assessed Valuation	% of Total (1)
1.	Industry East Land LLC – Lessee	Industrial	$225,412,251	1.38%
2.	Crest Financing LP	Residential Development	93,135,595	0.57
3.	1271 W. Sunset LLC	Apartments	91,276,078	0.56
4.	Rexford Industrial 1601 Mission	Industrial	88,689,400	0.54
5.	SRG Libbey LLC, Lessor	Industrial	49,463,206	0.30
6.	PI Properties No. 97	Apartments	47,401,980	0.29
7.	Sybron Dental Specialties Inc.	Industrial	36,578,940	0.22
8.	Grand Avenue Venture LLC	Industrial	35,112,305	0.21
9.	BPP Pacific Industrial CA REIT	Industrial	34,818,687	0.21
10.	DCT PSA Pomona LLC	Industrial	34,225,132	0.21
11.	CMC Dragon LP	Industrial	33,016,726	0.20
12.	Steelcase Inc., Lessee	Industrial	32,104,577	0.20
13.	Pomona II LLC	Industrial	32,063,920	0.20
14.	Diamond Springs LLC	Shopping Center	31,694,211	0.19
15.	Rexford Industrial Realty LP	Industrial	30,804,214	0.19
16.	Sybron Dental Specialties Inc.	Industrial	30,411,834	0.19
17.	CRP III 4200 W Valley Blvd. LLC	Industrial	30,000,000	0.18
18.	Investel One LLC	Hotel	29,222,609	0.18
19.	PRBC 7 LP	Office Building	27,998,544	0.17
20.	CPUS Pomona LP	Industrial	27,778,609	0.17
			$1,041,208,818	6.36%

(1) 2021-22 Local Secured Assessed Valuation: $16,365,868,766.
Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt Obligations

Set forth below is a direct and overlapping debt report (the "**Debt Report**") prepared by California Municipal Statistics, Inc. for debt issued as of March 1, 2022. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

POMONA UNIFIED SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt
(Debt Issued as of March 1, 2022)

2021-22 Assessed Valuation: $16,982,174,961

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	**% Applicable**	**Debt 3/1/22**
Metropolitan Water District	0.501%	$101,077
Mt. San Antonio Community College District	16.285	149,351,350
Pomona Unified School District	**100.000**	**420,249,505**(1)
City of Industry	6.047	2,256,136
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$571,958,068
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Los Angeles County General Fund Obligations	0.959%	$26,708,650
Los Angeles County Superintendent of Schools Certificates of Participation	0.959	38,094
Los Angeles County Sanitation District No. 21 Authority	27.468	251,558
Pomona Unified School District General Fund Obligations	**100.000**	**8,250,000**
City of Diamond Bar General Fund Obligations	28.818	1,940,892
City of La Verne Pension Obligation Bonds	0.001	495
City of Pomona General Fund Obligations	96.978	67,108,776
City of Pomona Pension Obligation Bonds	96.978	216,065,600
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$320,364,065
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):		$103,837,875
COMBINED TOTAL DEBT		$996,160,008(2)

Ratios to 2021-22 Assessed Valuation:
DIRECT DEBT ($420,249,505) **2.47%**
Total Direct and Overlapping Tax and Assessment Debt 3.37%
Combined Direct Debt ($428,499,505) **2.52%**
Combined Total Debt 5.87%

Ratios to Redevelopment Incremental Valuation ($5,660,561,983):
Total Overlapping Tax Increment Debt 1.83%

(1) Excludes the Refunding Bonds but includes the Refunded Bonds.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

CONTINUING DISCLOSURE

The District will execute a Continuing Disclosure Certificate in connection with the issuance of the Refunding Bonds in the form attached hereto as Appendix E. The District has covenanted therein, for the benefit of holders and beneficial owners of the Refunding Bonds to provide certain financial information and operating data relating to the District (an **"Annual Report"**) to the Municipal Securities Rulemaking Board (the **"MSRB"**) not later than nine months after the end of the District's fiscal year (which currently is June 30), commencing by March 31, 2023 with the report for the 2021-22 Fiscal Year, and to provide notices of the occurrence of certain enumerated events. Such items will be filed by the District with the MSRB. The specific nature of the information to be contained in an Annual Report or the notices of enumerated events is set forth in "APPENDIX E – FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter of the Refunding Bonds in complying with S.E.C. Rule 15c2-12(b)(5) (the **"Rule"**).

The District has existing disclosure undertakings that have been made pursuant to the Rule in connection with the issuance of prior indebtedness. In the previous five years, specific instances of non-compliance are that with respect to one maturity and its related CUSIP of the 2013 Lease Revenue Bonds issued by the Pomona Valley Educational Joint Powers Authority, the District did not link its annual report including its audited financial statement for fiscal year 2017-18. Such filing discrepancy has been remedied.

The District has retained a dissemination agent, Dale Scott & Company, Inc., to assist it in complying with its disclosure undertakings for its outstanding bonds and the Refunding Bonds.

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

VERIFICATION OF MATHEMATICAL ACCURACY

The Verification Agent, upon delivery of the Refunding Bonds, will deliver a report of the mathematical accuracy of certain computations, contained in schedules provided to them on behalf of the District, relating to the sufficiency of the anticipated amount of proceeds of the Refunding Bonds and other funds available to pay, when due, the principal and interest requirements of the Refunded Bonds and the "yields" on the amount of proceeds held and invested prior to redemption of the Refunded Bonds with the proceeds of the Refunding Bonds considered by Bond Counsel in connection with the opinion rendered by Bond Counsel that the Refunding Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended.

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

CERTAIN LEGAL MATTERS

Legality for Investment

Under provisions of the California Financial Code, the Refunding Bonds are legal investments for commercial banks in California to the extent that the Refunding 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 Refunding Bonds are eligible to secure deposits of public moneys in California.

Absence of Material Litigation

The Refunding Bonds. No litigation is pending or threatened concerning the validity of the Refunding Bonds, and a certificate to that effect will be furnished to Underwriter at the time of the original delivery of the Refunding Bonds. The District is not aware of any litigation pending or threatened that (i) questions the political existence of the District, (ii) contests the District's ability to receive *ad valorem* taxes or to collect other revenues or (iii) contests the District's ability to issue and retire the Refunding Bonds.

Other Possible Lawsuits. The District is subject to lawsuits and claims which arise in the regular course of administering the affairs and operations of the District. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the financial position or operations of the District. The District cannot anticipate what types of claims may be made against the District in the future, including claims which may arise due to the COVID-19 pandemic.

Disclaimer Regarding Cyber Risks

The District, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the District may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. The District has never had a major cyber breach that resulted in a financial loss. No assurance can be given that the District's current efforts to manage cyber threats and security will, in all cases, be successful. The District cannot predict what future cyber security events may occur and what impact said events could have on its operations or finances.

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

Compensation of Certain Professionals

Payment of the fees and expenses of Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel to the District, Dale Scott & Company Inc., San Francisco, California, as financial advisor to the District, and Kutak Rock LLP, Denver, Colorado, as Underwriter's Counsel, is contingent upon issuance of the Refunding Bonds.

BOND INSURANCE

In connection with the sale of the Refunding Bonds, at the time of pricing, the District may determine to acquire a municipal bond insurance policy which guarantees the scheduled payment of principal of and interest on some or all maturities of the Refunding Bonds. In such event, the selected bond insurer will provide its disclosure for inclusion in the final Official Statement.

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Refunding Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Refunding Bonds. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Refunding Bonds.

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

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

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

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

***Form of Opinion**.* A copy of the proposed form of the opinion of Bond Counsel is attached hereto as Appendix D.

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

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

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

RATING

Moody's Investors Services (**"Moody's"**) has assigned a rating of "Aa3" to the Refunding Bonds. The District has provided certain additional information and materials to Moody's (some of which does not appear in this Official Statement). Such rating reflects only the view of Moody's and an explanation of the significance of such rating and outlook may be obtained only from Moody's. There is no assurance that any credit ratings given to the Refunding Bonds will be maintained for any period of time or that the rating may not be lowered or withdrawn entirely by Moody's if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Refunding Bonds.

UNDERWRITING

The Refunding Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "**Underwriter**"). The Underwriter has agreed to purchase the Refunding Bonds at a price of $_________ which is equal to the initial principal amount of the Refunding Bonds of $_______, plus original issue premium of $________, less an Underwriter's discount of $_______.

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

The Underwriter may offer and sell Refunding Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed by the Underwriter.

ADDITIONAL INFORMATION

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

References are also made herein to certain documents and reports relating to the District; such references are brief summaries and do not purport to be complete or definitive. Copies of such documents are available upon written request to the District. The District may impose charges for copying, mailing and handling.

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 Refunding Bonds.

EXECUTION

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

POMONA UNIFIED SCHOOL DISTRICT

By: ____
Superintendent

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APPENDIX A

GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT

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

GENERAL DISTRICT INFORMATION

General Information

The District consists of an area of approximately thirty-two square miles, located thirty miles east of the City of Los Angeles. The District includes primarily the City of Pomona (the **"City"**), and small portions of the Cities of Industry and Diamond Bar. The District maintains 21 elementary schools, five K-8 and magnet schools, four middle schools, eight high schools/academies, as well as two dependent charter schools and one alternative school. Average daily attendance in the District for fiscal year 2021-22 is approximately 21,157 students.

For demographic information regarding the City of Pomona and the County, see Appendix C hereto.

Administration

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

BOARD OF EDUCATION
Pomona Unified School District

Name	Position	Term Expires
Dr. Roberta A. Perlman	President	December 2022
Mrs. Lorena Gonzales	Vice President	December 2024
Mr. Arturo Jimenez	Member	December 2024
Mrs. Adrienne Konigar-Macklin	Member	December 2022
Mr. Andrew S. Wong	Member	December 2022

Superintendent and Administrative Personnel. The Superintendent of the District, appointed by the Board of Education, is responsible for management of the day-to-day operations and supervises the work of other District administrators. Richard Martinez is the

District Superintendent and Sandra Garcia is the Assistant Superintendent, Chief Business Officer. Superintendent Martinez has announced his retirement as of June 30, 2022. As of July 1, 2022 Darren Knowles will serves as Interim Superintendent.

Recent Enrollment and ADA Trends

The following table shows recent enrollment and average daily attendance ("**ADA**") history for the District.

ANNUAL ENROLLMENT AND ADA
Fiscal Years 2014-15 through 2022-23 (Projected)
Pomona Unified School District

School Year	Enrollment	Percent Change	ADA	Percent Change
2014-15	25,311	--%	23,947	--%
2015-16	24,716	(2.4)	23,418	(2.2)
2016-17	24,314	(1.6)	22,908	(2.2)
2017-18	23,741	(2.4)	21,133	(7.7)
2018-19	23,185	(2.3)	21,576	2.1
2019-20(1)	22,766	(1.8)	21,123	(2.1)
2020-21(1)	22,401	(1.6)	21,065	(0.3)
2021-22(1)(2)	21,915	(2.2)	18,519	(12.1)
2022-23	21,215	(3.2)	20,297	9.6

(1) The COVID-19 pandemic commenced in approximately March 2020 and has continued into the 2021-22 academic year. See the following section regarding the District's response to the COVID-19 pandemic. ADA was held harmless in the 2020-21 fiscal year due to the COVID-19 pandemic.
(2) Projected.
Source: California Department of Education; Pomona Unified School District.

In order the address declining enrollment, the District Board has been examining facilities needs, including identifying certain schools and campuses for closure and consolidation.

District's Response to COVID-19 Pandemic

To reduce the potential for community transmission of COVID-19 and in accordance with all official recommendations, guidelines and mandates, the District closed its facilities with respect to in-person instruction in March 2020. Thereafter, distance learning was implemented, which extended through the end of the 2019-20 academic year. The 2020-21 academic year commenced in distance learning mode but a portion of the academic year was a hybrid of in-person and remote learning. The 2021-22 academic year commenced in person with an independent study option in accordance with legal requirements, and the same is expected for the academic year 2022-23.

The District has received and/or been allocated a total combined amount of over $150 million from combined State and federal programs to address expenses arising from the COVID pandemic. These funds will be spent in accordance with applicable guidelines, generally by no later than September 30, 2024.

The COVID-19 pandemic is continuing at this time and the District will make adjustments as needed to its programs to respond to mandates and directions from governing authorities. The District cannot predict the full impacts that the COVID-19 pandemic may have had or will continue to have, either directly or indirectly, on its operations, including its finances, property values and other matters. See also information herein under the heading "SECURITY FOR THE REFUNDING BONDS - Disclosure Regarding COVID-19 Pandemic."

Employee Relations

The District currently employs 1,466.5 certificated, full-time equivalent ("**FTE**") employees, 1,185.5 classified, non-management employees, and 269.0 management, supervisor, and confidential FTE employees.

The certificated, classified and other employees of the District are represented by two bargaining units under existing contracts, as set forth in the following table.

BARGAINING UNITS
Pomona Unified School District

Bargaining Unit	Current Contract Expiration Date
Associated Pomona Teachers	June 30, 2022(1)
California School Employees Assn.	June 30, 2021(2)

(1) Includes annual salary re-opener which is currently under negotiation. Negotiations for fiscal year 2022-23 have not yet commenced.
(2) Parties continue to perform pursuant to expired terms pending settlement.
Source: Pomona Unified School District.

Insurance Coverage

The District is a member of the Alliance of Schools for Cooperative Insurance Programs (**"ASCIP"**) and Schools Excess Liability Fund (**"SELF"**) public entity risk pools. The District pays an annual premium to the applicable risk pool for its property liability and excess workers' compensation insurance coverage. The relationship between the District and the pools are such that they are not component units of the District for financial reporting purposes. ASCIP and SELF have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in the District's financial statements. Audited financial statements are generally available from the respective entities. During the year ended June 30, 2021, the District made payments of $3,012,744 and $163,440 to ASCIP and SELF.

DISTRICT FINANCIAL INFORMATION

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

Education Funding Generally

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

From 1973-74 to 2012-13, California school districts operated under general purpose revenue limits established by the State Legislature. In general, revenue limits were calculated for each school district by multiplying (1) the average daily attendance ("**ADA**") for such district by (2) a base revenue limit per unit of ADA. The revenue limit calculations were adjusted annually in accordance with a number of factors designated primarily to provide cost of living increases and to equalize revenues among all California school districts of the same type. Funding of the District's revenue limit was provided by a mix of local property taxes and State apportionments of basic and equalization aid. Generally, the State apportionments amounted to the difference between the District's revenue limit and its local property tax revenues. Districts which had local property tax revenues which exceeded its revenue limit entitlement were deemed "**Basic Aid District**" or a "**Community Funded District,"** and received full funding from local property tax revenues, and were entitled to keep those tax revenues which exceeded its revenue limit funding entitlement.

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

- A base grant for each local education agency per unit of ADA, which varies with respect to different grade spans. The base grant is $2,375 more than the average revenue limit provided prior to LCFF implementation. The base grants will be adjusted upward each year to reflect cost-of-living increases. In addition, grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in grades K-3 and the provision of career technical education in grades 9-12.

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

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

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

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

Full implementation of LCFF occurred in fiscal year 2018-19 in connection with adoption of the State Budget for said fiscal year. Funding levels used in the LCFF target entitlement calculations, not including any supplemental or concentration grant funding entitlements, for fiscal year 2021-22 are set forth in the following table.

Fiscal Year 2021-22 Base Grant* Under LCFF by Grade Span
(Targeted Base Grant)

Entitlement Factors per ADA	K-3	4-6	7-8	9-12
2019-20 Base Grants	$7,702	$7,818	$8,050	$9,329
Statutory COLA (2.31%)	$178	$181	$186	$215
2020-21 Base Grant Per ADA	$7,880	$7,999	$8,236	$9,544
2021-22 Funded COLA for LCFF (2.70%)	$213	$216	$222	$258
2021-22 Base Grant per ADA before Grade Span Adjustments	$8,093	$8,215	$8,458	$9,802
Grade Span Adjustment Factors	10.4%	--	--	2.6%
Grade Span Adjustment Amounts	$842	--	--	$255
2021-22 Adjusted Base Grants	$8,935	$8,215	$8,458	$10,057

*Does not include supplemental and concentration grant funding entitlements.
Source: California Department of Education.

The legislation implementing LCFF included a "hold harmless" provision which provided that a district or charter school would maintain total revenue limit and categorical funding at least equal to its 2012-13 level, unadjusted for changes in ADA or cost of living adjustments.

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

County superintendents review and provide support to the districts under their jurisdiction, and the Superintendent of Public Instruction performs a corresponding role for county offices of education. In addition, the Budget for fiscal year 2013-14 created the California Collaborative for Education Excellence to advise and assist school districts, county offices of education, and charter schools in achieving the goals identified in their plans. Under the LCFF and related legislation, the State will continue to measure student achievement through statewide assessments, produce an Academic Performance Index for schools and subgroups of students, determine the contents of the school accountability report card, and establish policies to implement the federal accountability system.

Basic Aid or Community Supported districts are school districts which have local property tax revenues which exceed such district's funding entitlement under LCFF. As such, in lieu of State funding under LCFF, Basic Aid districts are entitled to keep the full share of local property tax revenues, even the amount which exceeds its funding entitlement under LCFF. The District's funding formula is currently determined pursuant to LCFF, and <u>not</u> as a Basic Aid district.

District Accounting Practices

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

District accounting is organized on the basis of funds, with each group consisting of a separate accounting entity. The major fund classification is the general fund which accounts for all financial resources not requiring a special fund placement. The District's fiscal year begins on July 1 and ends on June 30. For more information on the District's basis of accounting and fund accounting, see "APPENDIX B – Audited Financial Statements of the District for Fiscal Year Ending June 30, 2021 – Note 1 – Summary of Significant Accounting Policies" herein.

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

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

Financial Statements

General. The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. The District's June 30, 2021 Audited Financial Statements were prepared by Eide Bailly, Certified Public Accountants, Rancho Cucamonga, California and are attached hereto as Appendix B. Audited financial statements for the District for prior fiscal years are on file with the District and available for public inspection at the Office of the Assistant Superintendent, Business and Fiscal Services of the District, Pomona Unified School District, 800 South Garvey Avenue, Pomona, California 91766. The District has not requested, and the auditor has not provided, any review or update of such Financial Statements in connection with inclusion in this Official Statement. Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to the District. The District may impose a charge for copying, mailing and handling.

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General Fund Revenues, Expenditures and Changes in Fund Balance. The following table shows the audited income and expense statements for the District's General Fund for the fiscal years 2016-17 through 2020-21.

GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Years 2016-17 through 2020-21 (Audited)
Pomona Unified School District

	Audited 2016-17	**Audited 2017-18**	**Audited 2018-19**	**Audited 2019-20**	**Audited 2020-21**
Revenues					
LCFF Sources	$236,382,718	$238,050,513	$245,590,965	$250,587,284	$247,715,755
Federal Revenue	20,440,137	26,775,764	27,760,373	23,370,934	51,600,452
Other State Revenue	41,355,504	43,753,675	57,074,544	45,762,414	62,636,942
Other Local Revenue	4,754,763	7,298,754	11,930,488	11,416,684	11,519,496
Total Revenues	302,933,122	315,878,706	342,356,370	331,137,316	373,472,645
Expenditures					
Instruction	183,253,028	189,991,140	204,153,691	195,056,402	198,847,498
Instruction-Related Services:					
Supervision of instruction	16,555,241	19,713,211	21,372,219	22,730,083	22,728,302
Instructional library, media, technology	1,974,698	2,630,312	2,482,124	2,503,255	2,566,012
School site administration	18,788,690	20,092,311	21,078,407	21,713,598	19,181,319
Pupil Services:					
Home-to-school transportation	6,631,171	7,009,831	7,273,039	4,911,094	1,507,809
Food Services	17,086	22,686	207,795	15,019	4,277,803
All other pupil services	16,295,693	16,540,129	19,008,054	20,363,680	21,137,058
General Administration:					
Data processing	2,662,936	2,345,616	2,454,604	2,236,636	2,287,043
All other general administration	12,676,759	13,180,002	13,362,660	13,311,167	24,977,180
Plant Services	26,916,329	27,027,338	27,090,361	25,053,242	24,079,607
Facility acquisition and construction	492,840	1,071,479	163,480	3,383,432	379,001
Ancillary services	815,723	642,925	1,101,512	775,333	563,775
Community services	692,931	770,659	635,885	627,179	2,012,907
Other outgo	1,247,736	2,549,959	960,689	1,167,191	1,495,069
Debt service-principal	--	--	--	1,250	--
Debt service- interest	--	--	--	--	--
Total Expenditures	289,020,861	303,587,598	321,344,520	313,848,561	326,040,383
Excess of Revs. Over (Under) Expend.	13,912,261	12,291,108	21,011,850	17,288,755	47,432,262
Other Financing Sources (Uses)					
Transfers In	--	3,114,344[(1)]	--	--	--
Interfund Transfers Out[(2)]	(3,985,125)	(4,731,234)	(4,764,001)	(4,774,517)	(4,996,423)
Total Other Financing Sources (Uses)	(3,985,125)	(1,616,890)	(4,764,001)	(4,774,517)	(4,996,423)
Net Change in Fund Balance	9,927,136	10,674,218	16,247,849	12,514,342	42,435,839
Fund Balance, July 1	**56,325,139**	**66,252,275**	**76,926,493**	**93,174,342**	**105,688,580**
Fund Balance, June 30	**$66,252,275**	**$76,926,493**	**$93,174,342**	**$105,688,580**	**$148,124,419**

(1) Reimbursement to General Fund from Capital Projects Fund for capital expenditures.
(2) Generally attributed to transfers out to the Self Insurance Property Liability Program.
Source: Pomona Unified School District Audited Financial Statements.

District Budget and Interim Financial Reporting

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

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 Los Angeles County Superintendent of Schools (the **"County Superintendent"**).

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

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

Interim Certifications Regarding Ability to Meet Financial Obligations. AB 1200 imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200, each school district is required to file interim certifications with the County Superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent 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 will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that is deemed unable to meet its financial obligations for the remainder of the current fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or two subsequent fiscal years.

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

District's Budget Approval/Disapproval and Certification History. Each of the District's interim reports in the previous and current fiscal year have been certified as positive. The District Board is expected to be presented with the budget for Fiscal Year 2022-23 for approval at its meeting on June 29, 2022 (the "**2022-23 Budget**").

Copies of the District's budget, interim reports and certifications may be obtained upon request from the District Office at 800 South Garey Avenue, Pomona, California 91766; telephone (909) 397-4800. The District may impose a charge for copying, mailing and handling.

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General Fund Fiscal Year 2021-22 (Estimated Actuals) and Fiscal Year 2022-23 (Adopted Budget). The following table shows the estimated actuals for fiscal year 2021-22 and the general fund budget for fiscal year 2022-23, both as shown in the District's fiscal year 2022-23 Budget, scheduled to be presented to the District Board of Education for its approval on June 29, 2022. Material changes to the document are not expected.

REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Year 2021-22 (Estimated Actuals)
Fiscal Year 2022-23 (Adopted Budget)*
Pomona Unified School District

Revenues	2021-22 Estimated Actuals	2022-23 Adopted Budget
LCFF Sources	$270,192,721	$288,348,557
Federal revenues	52,498,420	65,337,541
Other state revenues	62,771,993	32,334,930
Other local revenues	4,928,855	1,674,371
Total Revenues	390,391,990	387,695,399
Expenditures		
Certificated salaries	151,716,359	146,195,838
Classified salaries	52,435,227	54,959,315
Employee benefits	69,228,802	75,749,867
Books and supplies	37,433,196	20,180,691
Services and operating expenditures	62,997,635	41,776,984
Capital outlay	4,995,280	43,211,683
Other outgo	4,755,363	4,957,998
Direct support/indirect costs	(3,041,275)	(3,752,411)
Total expenditures	380,520,587	383,279,966
Excess of revenues over/(under) expenditures	9,871,403	4,415,434
Other Financing Sources/Uses	--	
Transfers In(Out)(1)	(2,700,000)	(2,900,000)
Total other financing sources	(2,700,000)	(2,900,000)
Net change in fund balance	7,171,403	1,515,434
Fund balance, July 1-Unaudited	157,148,163	155,295,822
Audit adjustments	(9,023,744)	--
Fund balance, July 1-Audited	148,124,419	--
Adjusted beginning balance	148,124,419	--
Fund balance, June 30	$155,295,822	$156,811,255

*Totals may not foot due to rounding.
(1) Transfer out to self-insurance fund.
Source: Pomona Unified School District.

District Reserves. The District's ending fund balance is the accumulation of surpluses from prior years. This fund balance is used to meet the State's minimum required reserve of 3% of expenditures, plus any other allocation or reserve which might be approved as an expenditure by the District in the future. The District maintains an unrestricted reserve which meets the State's minimum requirements. See also above discussion under the heading

"DISTRICT FINANCIAL INFORMATION - District Budget and Interim Financial Reporting - District's Budget Approval/Disapproval and Certification History."

Under State law (Education Code Section 42127.01), there are certain restrictions on the amount of reserves that can be maintained by LCFF-funded districts with ADA over 2,500 under certain circumstances. State law provides that in a fiscal year immediately after a fiscal year in which the amount of moneys in the Public School System Stabilization Account is equal to or exceeds 3% of the combined total of general fund revenues appropriated for school districts, the school district budget shall not contain a combined assigned or unassigned ending general fund balance that is in excess of 10% of those funds. A county superintendent of schools may grant a school district under its jurisdiction an exemption from the requirements under certain circumstances. The State's budget for fiscal year 2021-22 projected that the reserve cap may be triggered beginning in fiscal year 2022-23, and thereafter on March 17, 2022, the California Department of Education notified school superintendents and business officials that the reserve cap has been triggered for the 2022-23 Fiscal Year. Because the District's ADA is over 2,500, the restrictions on reserves will apply to the District. The District cannot predict if there will be amendments or revisions to the cap, or how it may impact its reserves if implemented. See "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS."

Attendance - Revenue Limit and LCFF Funding

Funding Trends per ADA. As previously described, prior to fiscal year 2013-14, school districts in the State derived most State funding based on a formula which considered a revenue limit per unit of ADA. With the implementation of the LCFF, commencing in fiscal year 2013-14, school districts receive base funding based on ADA, and may also be entitled to supplemental funding, concentration grants and funding based on an economic recovery target. The following table sets forth total LCFF funding and ADA for the District for fiscal years 2013-14 through 2021-22 (Projected).

AVERAGE DAILY ATTENDANCE AND FUNDING TRENDS UNDER LCFF
Fiscal Years 2013-14 thru 2021-22 (Projected)
Pomona Unified School District

Fiscal Year	ADA(1)	Total LCFF Funding
2013-14	24,840	$185,947,770
2014-15	23,947	203,996,654
2015-16	23,418	227,160,812
2016-17	22,908	236,382,718
2017-18	21,133	238,050,513
2018-19	21,576	257,895,984
2019-20	21,123	250,587,286
2020-21	21,065	247,715,755
2021-22(1)	18,519	270,192,721
2022-23(1)	20,297	288,348,557

(1) Estimated Actual/Projected.
Source: Pomona Unified School District.

Unduplicated Pupil Count. The District's unduplicated pupil count for purposes of supplemental and concentration grant funding under LCFF, to the extent applicable, is approximately 92%. Under LCFF, school districts with a more than 55% unduplicated student count qualify for supplemental funding and concentration grant funding.

Possible Impacts of COVID-19. As described herein, the short-term and long-term impact of COVID-19 on the District's attendance, revenues and local property values, and the impacts of Federal and State legislation resulting from the COVID-19 emergency, cannot be predicted. The Refunding Bonds described in this Official Statement are secured by *ad valorem* property taxes, and not the District's general fund. See "SECURITY FOR THE REFUNDING BONDS – Disclosure Regarding COVID-19 Pandemic."

Revenue Sources

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

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

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

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

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

Other State Revenues. As discussed above, the District receives funding from the State pursuant to the LCFF. In addition, the District receives other State revenues.

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

For additional discussion of State aid to school districts, see "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS."

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

District Retirement Programs

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

STRS. All full-time certificated employees participate in STRS, a cost-sharing, multiple-employer contributory public employee retirement system. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teacher's Retirement Law. Due to the implementation of the Public Employee Pension Reform Act of 2013 (**"PEPRA"**) (see below summary), new members must pay at least 50 percent of the normal costs of the plan, which can fluctuate from year to year. For 2013-14, the required contribution rate for new members is 8%. "Classic" plan members are also required to contribute 8% of their salary. The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2013-14 was 8.25% of annual payroll. The contribution requirements of the plan members are established by State statute. The District's recent contributions to STRS including the current budgeted fiscal year are set forth in the following table. These contributions represent 100% of the required contribution for each year.

STRS Contributions
Pomona Unified School District
Fiscal Years 2018-19 through 2022-23 (Projected)

Fiscal Year	Amount
2018-19	$22,936,250
2019-20	24,664,358
2020-21	23,071,189
2021-22[1]	24,873,053
2022-23[1]	27,784,188

(1) Estimated Actual/Budgeted.
Source: Pomona Unified School District.

Historically, employee, employer and State contribution rates did not vary annually to account for funding shortfalls or surpluses in the STRS plan. In recent years, the combination of investment earnings and statutory contributions were not sufficient to pay actuarially required amounts. As a result, the STRS defined benefit program showed an estimated unfunded actuarial liability of approximately $89.7 billion as of June 30, 2021 (the date of the last actuarial valuation). In connection with the State's adoption of its fiscal year 2014-15 Budget, the

Governor signed into law Assembly Bill 1469 (**"AB 1469"**), which represents a legislative effort to fund the unfunded actuarial obligation with respect to service credited members of the STRS Defined Benefit Program before July 1, 2014, within 32 years. AB 1469 addressed the funding gap by increasing contributions by employees, employers and the State. In particular, employer contribution rates are scheduled to increase through at least fiscal year 2020-21, from a contribution rate of 8.88% in fiscal year 2013-14 to 19.1% in fiscal year 2020-21. Thereafter, employer contribution rates will be determined by the STRS board to reflect the contribution required to eliminate unfunded liabilities by June 30, 2046.

STRS EMPLOYER CONTRIBUTION RATES
Fiscal Years 2014-15 through 2023-24

Fiscal Year	Employer Contribution Rate
2014-15	8.88%
2015-16	10.73
2016-17	12.58
2017-18	14.45
2018-19	16.28
2019-20	17.10(1)
2020-21	16.15(2)
2021-22	16.92
2022-23	19.10(3)
2023-24	19.10(3)

(1) Reduced from 18.13% under AB 1469 to 17.10% due to State supplemental payments to STRS under SB 90 and other State contributions to STRS.
(2) Reduced from 19.10% under AB 1469 to 16.15% due to State supplemental payments to STRS under SB 90 and other State contributions to STRS.
(3) Projected.
Source: AB 1469; STRS

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

PERS EMPLOYER CONTRIBUTIONS
Fiscal Years 2018-19 through 2021-22 (Projected)
Pomona Unified School District

Fiscal Year	Amount
2018-19	$9,390,035
2019-20	10,628,121
2020-21	11,284,593
2021-22[1]	10,810,118
2022-23[1]	12,327,650

(1) Estimated Actual/Budgeted..
Source: Pomona Unified School District

Like the STRS program, the PERS program has experienced an unfunded liability in recent years. The PERS unfunded liability, on a market value of assets basis, was approximately $24.0 billion as of June 30, 2021 (the date of the last actuarial valuation). To address this issue, the PERS board has taken a number of actions. In April 2013, for example, the PERS board approved changes to the PERS amortization and smoothing policy intended to reduce volatility in employer contribution rates. In addition, in April 2014, PERS set new contribution rates, reflecting new demographic assumptions and other changes in actuarial assumptions. In November 2015, PERS adopted a funding risk mitigation policy intended to incrementally lower its discount rate (its assumed rate of investment return) in years of good investment returns, help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. In December 2016, PERS voted to lower its discount rate from the current 7.5% to 7.0% over the next subsequent three years according to the following schedule.

PERS DISCOUNT RATE
Fiscal Years 2018-19 through 2020-21

Fiscal Year	Amount
2018-19	7.375%
2019-20	7.250
2020-21	7.000

Source: PERS.

The new rates and underlying assumptions, which are aimed at eliminating the unfunded liability of PERS in approximately 30 years, was implemented for school districts beginning in fiscal year 2016-17, with the costs spread over 20 years and the increases phased in over the first five years. The discount rate was automatically lowered in July 2021 from 7.0% to 6.8% due to the investment return for fiscal year 2020-21. On November 15, 2021, the PERS Board voted to keep the discount rate at 6.8%.

The District's employer contribution rates for the current and next two fiscal years are set forth in the following table.

EMPLOYER CONTRIBUTION RATES (PERS)
Fiscal Years 2021-22 through 2023-24(1)

Fiscal Year	Employer Contribution Rate(2)
2021-22	22.91%
2022-23	25.37
2023-24	25.20

(1) The PERS board is expected to approve official employer contribution rates for each fiscal year shown during the immediately preceding fiscal year.
(2) Expressed as a percentage of covered payroll.
Source: PERS

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

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

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

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

Additional Information*.* Additional information regarding the District's retirement programs is available in Note 12 to the District's audited financial statements attached hereto as APPENDIX B. In addition, both STRS and PERS issue separate comprehensive financial reports that include financial statements and required supplemental information. Copies of such reports may be obtained from STRS and PERS, respectively, as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; and (ii) PERS, 400 Q Street, Sacramento, California 95811. More information regarding STRS and PERS can also be obtained at their websites, www.calstrs.com and www.calpers.ca.gov, respectively. *The references to these Internet websites are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

Other Post-Employment Retirement Benefits

The Plan Generally. The District provides a post-employment benefit plan (the **"Plan"**) to retired employees and their spouses, which is a single-employer defined benefit healthcare plan administered by the District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan as of June 30, 2021 consisted of 196 retirees and beneficiaries receiving benefits and 3,284 active Plan members.

Contribution Information. The contribution requirements of Plan members and the District are established and may be amended by the District and employee bargaining units. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2020-21, the District contributed $2,460,055 to the Plan.

Actuarial Assumptions and Other Inputs. The District's total OPEB liability of $39,809,475 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified: inflation 3.00%, salary increases 3.00% average, including inflation, discount rate of 2.16% and healthcare cost trend rates 5.50% for 2021. The discount rate was based on the Bond Buyer 20-Bond GO index and mortality rates were based on the Pub-2010 generational table scaled using MP-2019 and applied on a gender-specific basis. The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actual experience study for the period July 1, 2019 to June 30, 2020.

Changes in OPEB Liability of the District. The changes in OPEB liability of the District as of June 30, 2021, is shown in the following table:

CHANGES IN TOTAL OPEB LIABILITY
Pomona Unified School District
Year Ending June 30, 2021

	Total OPEB Liability
Balance at June 30, 2020	$38,879,139
Service Cost	2,367,519
Interest	884,368
Changes of assumptions or other inputs	138,504
Benefit payments	(2,460,055)
Net changes	930,336
Balance at June 30, 2021	$39,809,475

Source: Pomona Unified School District Audit Report.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% in 2020 to 2.16% in 2021. There were no changes in benefit terms since the previous valuation.

OPEB Expense. For the year ended June 30, 2021, the District recognized an OPEB expense of $522,864.

See " APPENDIX B - Audited Financial Statements of the District for the Fiscal Year Ending June 30, 2021- Note 9”.

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Existing Debt Obligations

General Obligation Bonds. The District has voter-approved general obligation bonds and refunding bonds outstanding which have been issued pursuant to authority obtained from voters at elections in past years, which are secured by *ad valorem* property taxes levied and collected in the District. The following table shows the outstanding general obligation bonded debt of the District as of June 1, 2022.

SUMMARY OF OUTSTANDING GENERAL OBLIGATION BONDS
Pomona Unified School District

Bond Issue	Date of Issue	Final Maturity	Original Principal Amount	Amount Outstanding June 1, 2022
Refunding 2000 A	April 20, 2000	2029	$21,485,000.00	$8,990,000.00
2008 Election, Series B†	May 18, 2011	2025	4,030,000.00	1,300,000.00
2012 Refunding Bonds Series B*	April 18, 2012	2028	29,940,000.00	14,265,000.00
2008 Election, Series D†	September 25, 2012	2028	20,970,000.00	18,065,000.00
2008 Election, Series E*	December 19, 2012	2031	14,000,000.00	12,910,000.00
2008 Election, Series F	January 29, 2015	2039	23,000,000.00	21,550,000.00
2015 Refunding Bonds	January 29, 2015	2035	19,650,000.00	13,205,000.00
2008 Election, Series G	June 1, 2016	2036	19,998,076.85	19,444,505.35
2016 Refunding Bonds	June 1, 2016	2033	25,040,000.00	21,625,000.00
2016 Refunding Bonds, Series B	November 17, 2016	2031	6,685,000.00	4,885,000.00
2016 Election, Series A	May 3, 2017	2046	42,100,000.00	42,030,000.00
2016 Election, Series C	February 7, 2019	2048	55,000,000.00	44,600,000.00
2016 Election, Series D	October 15, 2020	2048	71,400,000.00	71,400,000.00
2016 Election, Series E (Ed-Tech Bonds)	October 15, 2020	2032	14,600,000.00	14,600,000.00
2020 Refunding Bonds	October 20, 2020	2040	46,280,000.00	44,445,000.00
2008 Election, Series H	September 9, 2021	2040	25,000,000.00	23,250,000.00
2016 Election, Series F	September 9, 2021	2048	45,500,000.00	43,685,000.00
Total			**$484,678,076.85**	**$420,249,505.35**

**Certain maturities expected to be refinanced with the net proceeds of the Refunding Bonds. See "THE REFINANCING PLAN" in the front section of this Official Statement.*
†Issued as federally taxable qualified school construction bonds, a portion of the interest of which is payable from a direct-pay federal subsidy.

Lease Revenue Bonds. On July 30, 2013 the Pomona Valley Educational Joint Powers Authority issued $18,160,000 principal amount of Refunding Lease Revenue Bonds (the "**2013 LRBs**"), the proceeds of which were used to refund the prior lease revenue bonds which financed capital projects for the District. The 2013 LRBs are payable from lease payments to be made by the District semi-annually from its general fund, and have a final maturity of August 1, 2026, with interest rates ranging between 1.79 to 4.73 percent. As of June 30, 2021, the principal balance outstanding was $10,270,000 and unamortized premium were $547,837.

Investment of District Funds

In accordance with Government Code Section 53600 *et seq*., the Los Angeles County Treasurer manages funds deposited with it by the District. The County is required to invest such funds in accordance with California Government Code Sections 53601 *et seq*. In addition, counties are required to establish their own investment policies which may impose limitations beyond those required by the Government Code. See "APPENDIX G - LOS ANGELES COUNTY INVESTMENT POLICY AND REPORT."

Effect of State Budget on Revenues

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

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

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STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

General. The State requires that from all State revenues there first shall be set apart the moneys to be applied for support of the public school system and public institutions of higher education. Public school districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts receive an average of about 55% of their operating revenues from various State sources. The primary source of funding for school districts are revenues under the LCFF, which are a combination of State funds and local property taxes (see "DISTRICT FINANCIAL INFORMATION - Education Funding Generally" above). State funds typically make up the majority of a district's LCFF allocation, although Basic Aid school districts derive most of their revenues from local property taxes. School districts also receive substantial funding from the State for various categorical programs.

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

The following information concerning the State's budgets for the current and most recent preceding years has been compiled from publicly-available information provided by the State. Neither the District, the Underwriter or the County is responsible for the information relating to the State's budgets provided in this section. Further information is available from the Public Finance Division of the State Treasurer's Office.

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

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

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

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

Recent State Budgets

Certain information about the State budgeting process and the State budget (the "**State Budget**") is available through several State of California sources. A convenient source of information is the State's website, where recent official statements for State bonds are posted. *The references to internet websites shown below are shown for reference and convenience only, the information contained within the websites may not be current and has not been reviewed by the District or the Underwriter and is not incorporated herein by reference.*

- The California State Treasurer Internet home page at www.treasurer.ca.gov, under the heading "Bond Finance" and sub-heading "-Public Finance Division", (1) posts various State of California Official Statements, many of which contain a summary of the current State Budget, past State Budgets, and the impact of those budgets on school districts in the State, and (2) also posts various financial documents for the State under the "-Financial Information" link.

- The California Department of Finance's Internet home page at www.dof.ca.gov, under the heading "California Budget", includes the text of proposed and adopted State Budgets.

- The State Legislative Analyst's Office prepares analyses of the proposed and adopted State budgets. The analyses are accessible on the Legislative Analyst's Internet home page at www.lao.ca.gov under the headings "The Budget" and "State Budget Condition."

Prior Years' Budgeting Techniques. Declining revenues and fiscal difficulties which arose in the State commencing in fiscal year 2008-09 led the State to undertake a number of budgeting strategies, which had subsequent impacts on local agencies within the State. These techniques included the issuance of IOUs in lieu of warrants (checks), the enactment of statutes deferring amounts owed to public schools until a later date in the fiscal year or even into the following fiscal year (known as statutory deferrals), trigger reductions, which were budget cutting measures which were implemented or could have been implemented if certain State budgeting goals were not met, and the dissolution of local redevelopment agencies in part to make available additional funding for local agencies. As a result of the COVID-19 pandemic, budget-cutting strategies such as those used in recent years were used and may be used in the future during a period of budgetary strain.

2013-14 State Budget: Significant Change in Education Funding*.* As described previously herein, the 2013-14 State Budget and its related implementing legislation enacted significant reforms to the State's system of K-12 education finance with the enactment of the LCFF. Significant reforms such as the LCFF and other changes in law may have significant impacts on the District's finances.

The 2021-22 State Budget

On June 14, 2021 the State Legislature adopted the 2021-22 State Budget Act bill (the **"2021-22 State Budget Act"**), and on June 28, 2021 adopted certain changes and associated trailer bills. On July 12, 2021, the Governor signed the 2021-22 State Budget Act (as enacted, the **"2021-22 State Budget"**), a historic $262.6 billion spending plan fueled by a $76 billion state surplus and $27 billion in aid from the federal government. The following is drawn from the Department of Finance (**"DOF"**) summary of the 2021-22 State Budget.

The 2021-22 State Budget indicates that revenues are up significantly from the forecast included in the Governor's proposed State budget for fiscal year 2021-22, resulting in a large budgetary surplus. This is a result of strong cash trends, two major federal relief bills since the beginning of 2021, continued stock market appreciation, and a significantly upgraded economic forecast from the prior fiscal year. The 2021-22 State Budget also reports that the State has received approximately $285 billion in federal COVID-19 stimulus funding for State programs. Although the 2021-22 State Budget acknowledges that building reserves and paying down debts are critical, the 2021-22 State Budget allocates approximately 85% of discretionary funds to one-time spending. The multi-year forecast reflects a budget roughly in balance, although the 2021-22 State Budget assumes that risks remain to the economic forecast, including a stock market decline that could reduce State revenues.

For fiscal year 2020-21, the 2021-22 State Budget projects total general fund revenues and transfers of $188.8 billion and authorizes expenditures of $166.1 billion. The State is projected to end the 2020-21 fiscal year with total available reserves of $39.8 billion, including $25.1 billion in the traditional general fund reserve, $12.3 billion in the State's Budget Stabilization Account (**"BSA"**), $1.9 billion in the Public School System Stabilization Account (**"PSSSA"**) and $450 million in the Safety Net Reserve Fund. For fiscal year 2021-22, the 2021-22 State Budget projects total general fund revenues and transfers of $175.3 billion and authorizes expenditures of $196.4 billion. The State is projected to end the 2021-22 fiscal year with total available reserves of $25.2 billion, including $4 billion in the traditional general fund reserve, $15.8 billion in the BSA, $4.5 billion in the PSSSA and $900 million in the Safety Net Reserve Fund. The balance in the PSSSA in fiscal year 2021-22 is projected to trigger school district reserve caps under Education Code Section 42127.01 beginning in fiscal year 2022-23.

The 2021-22 State Budget sets the Proposition 98 minimum funding guarantee for fiscal year 2021-22 at $93.7 billion. This results in per-pupil funding of $13,976 from Proposition 98 funding, growing to $21,555 when accounting for all funding sources. The Proposed 2021-22 State Budget also makes retroactive increases to the minimum funding guarantee in fiscal years 2019-20 and 2020-21, setting them at $79.3 billion and $93.4 billion, respectively. Collectively, this represents a three-year increase in the minimum funding guarantee of $47 billion from the level projected by the 2020-21 State budget.

Other significant features relating to K-12 school district funding include the following:

- *Local Control Funding Formula* – The 2021-22 State Budget funds a compounded COLA of 4.05%, representing an adjustment of 2.31% allocable to fiscal year 2020-21 and a fiscal year 2021-22 adjustment of 1.7%. Additionally, to assist local educational agencies address ongoing fiscal pressures, the 2021-22 State Budget also includes $520 million in Proposition 98 funding to provide a 1% increase in LCFF base funding. This discretionary increase, when combined with the compounded COLA, results in a 5.07% growth in LCFF funding over 2020-21 levels.

In addition, to increase the number of adults providing direct services to students on school campuses, the 2021-22 State Budget includes an ongoing increase to the LCFF Concentration Grant of $1.1 billion, an increase from 50% to 65%. Local educational agencies that are recipients of these funds will be required to demonstrate in their LCAPs how these funds are used to increase the number of certificated and classified staff on their campuses, including school counselors, nurses, teachers, paraprofessionals, custodial staff, and other student support providers.

- *Deferrals* – The State budget for fiscal year 2020-21 deferred approximately $1.9 billion in K-12 apportionments in fiscal year 2019-20, growing to more than $11 billion in fiscal year 2020-21. The 2021-22 State Budget eliminates in its entirety all K-12 deferrals in fiscal year 2021-22.

- *Universal Transitional Kindergarten* – The 2021-22 State Budget includes a series of provisions intended to incrementally establish a universal transitional kindergarten for four-year-old children. Full implementation is expected by fiscal year 2025-26. Local educational agencies will able to use fiscal year 2021-22 for planning and infrastructure development. The 2021-22 State Budget indicates that the costs to the State general fund of the plan are projected to be approximately $600 million in fiscal year 2022-23, growing to approximately $2.7 billion in fiscal year 2025-26. The 2021-22 State Budget includes $200 million in one-time Proposition 98 funding for planning and implementation grants for all local educational agencies, and $100 million in one-time Proposition 98 funding to train and increase the number of early childhood educators. To build on and enhance the quality of the existing transitional kindergarten program, the 2021-22 State Budget also proposes new ongoing Proposition 98 funding beginning in fiscal year 2022-23 to provide one additional certificated or classified staff person in each transitional kindergarten classroom, reducing adult-to-child ratios from 1:24 to 1:12.

- *Student Supports* – $3 billion, available over several years, to expand and strengthen the implementation and use of community school models in communities with high levels of poverty. Community schools typically integrate health, mental health and other services for students and families and provide these services directly on school campuses. In addition, the 2021-22 State Budget provides $547.5 million in one-time Proposition 98 funding to assist high school students, particularly those that are eligible for free and/or reduced priced meals, English learners or foster youth, to graduate having completed certain classes required for admission to the California State University and University of California systems.

- *County Offices of Education*. In recognition of the disproportionate impact of the COVID-19 pandemic on youth in foster care, the 2021-22 State Budget provides $30 million in one-time Proposition 98 funding to county offices of education to work with local partners to coordinate and provide direct services to these students.

- *Expanded Learning Time* – $1.8 billion of Proposition 98 funding as part of a multi-year plan to implement expanded-day, full-year instruction and enrichment for all elementary school students, with a focus on local educational agencies with the highest concentrations of low-income students, English language learners, and youth in foster care. Pursuant to this plan, all local educational agencies will receive funding for expanded learning opportunities based on their number of low-income students, English language learners, and youth in foster care, with local educational agencies with the highest concentrations of these students receiving a higher funding rate. All local educational agencies will be required to offer expanded learning opportunities to the students generating the funding, with the local educational agencies receiving the higher funding rate required to offer expanded learning opportunities to all students. Students will have access to no-cost after school and summer programs, which when combined with regular instructional time, is expected to provide these students with the opportunity for nine hours of developmentally appropriate academics and enrichment activities per instructional day and for six weeks each summer. Additionally, these programs will be required to maintain adult-to-student ratios of no less than 1:10 for transitional kindergarten and kindergarten students and 1:20 for students in first through sixth grades.

- *Educator Preparation, Retention and Training* – $2.9 billion to support a variety of initiatives intended to further expand the State's educator preparation and training infrastructure, including meeting the needs of early childhood educators.

- *Nutrition* – $54 million in additional Proposition 98 funding to reimburse all meals served to students, including those who would not normally qualify for reimbursement under the State's existing meal program. Beginning in fiscal year 2022-23, all public schools will be required to provide two free meals per day to any student who requests one, regardless of income eligibility. Further, all schools eligible for the federal universal meals provision program will be required to apply for it, and the State will cover any remaining unreimbursed costs up to the federal free per-meal rate, at an estimated annual cost of $650 million in Proposition 98 funding. Additionally, the 2021-22 State Budget provides $150 million in one-time Proposition 98 funding for school districts to upgrade kitchen infrastructure and equipment, and to provide training to food service employees.

- *Remote Learning* – The 2021-22 State Budget requires that all districts return to full-time in-person instruction for the 2021-22 school year. Consistent with all school years prior to fiscal year 2020-21, this mode of instruction will be the default for all students, and generally one of only two ways in which local educational agencies can earn State apportionment funding in fiscal year 2021-22. However, to give families a high-quality option for non-classroom based instruction, and to provide local educational agencies with an option to generate state funding by serving students outside the classroom in response to parent requests, the Budget requires school districts and county offices of education to provide students with an independent study option and includes a series of improvements to the state's existing independent study programs.

- *Special Education* – $1.7 billion to invest in and improve instruction and services for students with disabilities to provide, among other things, learning recovery support, an increase in the State-wide base funding rate for special education funding, a 4.05% COLA to State special education funding, and early intervention services for preschool-aged children.

- *Career Technical Education ("**CTE**")* – An increase of $150 million in ongoing Proposition 98 funding to augment opportunities for local educational agencies to participate in the CTE Incentive Grant Program. The 2021-22 State Budget also provides an increase of $86.4 million in one-time Proposition 98 funding for CTE regional occupational centers or programs operated by joint powers authorities to address costs associated with the COVID-19 pandemic.

For additional information regarding the 2021-22 State Budget, see the DOF website at www.dof.ca.gov. However, the information presented on such website is not incorporated herein by reference.

The 2022-23 Proposed State Budget

As Introduced. On January 10, 2022, the Governor outlined his proposed budget for fiscal year 2022-23 to the State legislature (the **"2022-23 Proposed State Budget"**). The State has a projected surplus of $45.7 billion, which includes $20.6 billion in General Fund for discretionary purposes, $16.1 billion in additional Proposition 98 for K-14 education, and $9 billion in reserve deposits and supplemental pension payments. The 2022-23 Proposed State Budget allocates 86% of the discretionary surplus to one-time investments, and is projected to be structurally balanced in 2025-26, the last year in the multi-year forecast.

The 2022-23 Proposed State Budget reflects $34.6 billion in budgetary reserves. The Rainy Day Fund is now at the constitutional maximum (10% of General Fund revenues) requiring $2.4 billion to be dedicated for infrastructure investments in 2022-23. The 2022-23 Proposed State Budget accelerates the paydown of State retirement liabilities as required by Proposition 2, with $3.9 billion in additional payments in 2022-23 and nearly $8.4 billion projected to be paid over the next three years. In addition, the 2022-23 Proposed State Budget projects the State Appropriations Limit or "Gann Limit" will likely be exceeded in the 2020-21 and 2021-22 fiscal years., and as such any funds above this limit are constitutionally required to be allocated evenly between schools and a tax refund. An updated calculation of this limit, and proposals to address it, will be included in the May Revision.

Highlights of the 2022-23 Proposed State Budget are:

- To address COVID-19, a request for early action to allocate an additional $1.4 billion for the remainder of the 2021-22 fiscal year, and reflects $1.3 billion for 2022-23 to continue COVID-19 efforts in the 2022-23 fiscal year.

- To permanently expand the State's ability to protect public health and address social determinants of health, includes $300 million General Fund for the Department of Public Health and local health jurisdictions and also includes major ongoing investments to modernize public health data systems that have been critical during the COVID-19 pandemic.

- Total funding of $119 billion for K-12 education, with K-12 per-pupil funding of $15,261 Proposition 98 General Fund, its highest level ever, and $20,855 per pupil when accounting for all funding sources.

- $1 billion Proposition 98 General Fund to universal transitional Kindergarten to all four-year-olds, increasing access to at least 56,000 children and reducing student-to-adult ratios, with full implementation planned by 2025-26.

- $309 million total funds to focus the State preschool program to better serve dual language learners and students with disabilities.

- $3.4 billion Proposition 98 General Fund ongoing to support for after-school and summer program, with access to expanded-day, full-year instruction and enrichment for all elementary school students and an additional $937 million Proposition 98 General Fund to support integrating arts and music into enrichment programs.

- $500 million in additional tax relief over several years for the small business relief program through state conformity for qualified California recipients of federal relief grants in significantly impacted industries.

- $150 million one-time General Fund to support small businesses previously waitlisted in prior rounds of the State's Small Business COVID-19 Relief Grant Program.

- $3 billion General Fund over the next two years to reduce the Unemployment Insurance Trust Fund debt owed to the federal government.

- $1.7 billion to expand the State's health and human services workforce, including training strategies to increase the State's workforce of nurses, social workers, emergency medical technicians, behavioral health care providers, and community health care workers.

- $35 million General Fund to create regional workforce development and training hubs focused on climate change and $30 million General Fund over two years to train, develop, and certify forestry professional

- $1.2 billion over two years to continue investments in forest health and fire prevention, including a major new reforestation effort.

- $750 million General Fund to address immediate drought response needs, including $250 million set aside as a contingency.

- $9.1 billion ($4.9 billion General Fund and $4.2 billion Proposition 1A bond funds) to support the continued development of a first-in-the-nation, electrified high-speed rail system, regional transit and rail projects, bicycle and pedestrian projects, and climate adaptation projects, with a particular focus on aligning the State's transportation system with its climate goals.

- $6.1 billion (General Fund, Proposition 98 General Fund, federal funds, and Greenhouse Gas Reduction Fund) over five years, which builds on last year's unprecedented zero-emission package, for a total of $10 billion to advance California's climate and transportation goals.

- $2 billion General Fund over two years to provide incentives for long-duration-storage projects, renewable hydrogen, and industrial decarbonization, including in the food processing sector.

- $1.5 billion over two years to accelerate the development of affordable housing.

- $30 million to create the Office of Health Care Affordability, charged with increasing the transparency of pricing, developing specific cost targets for different sectors of the health care industry, and imposing financial consequences for entities failing to meet these targets.

- $2 billion General Fund over two years to continue the State's efforts to address homelessness by investing in behavioral health housing and encampment cleanup grants.

- $285 million General Fund over three years for grants to bolster local law enforcement response to organized retail theft crime, as well as to assist local prosecutors in holding perpetrators accountable and $18 million General Fund over three years for the Attorney General to prosecute organized retail theft crimes.

- $5 million ongoing General Fund for the Attorney General to continue leading anti-crime task forces throughout the State.

May Revise. Governor Newsom's May Revision of the 2022-23 State Budget, released May 13, 2022, includes an unprecedented level of State funding. Despite high unemployment for the past year and increased State costs in responding to the pandemic, the 2022-23 State Budget has $41 billion more in State revenue than anticipated in the version presented in January 2022. When combined with federal funds, the total surplus is more than $75 billion.

For the first time in nearly forty years, budget funding exceeds the Gann Limit, which caps State budget spending based on a formula that limits budget growth to population increases and inflation. The 2022-23 State Budget anticipates that state funding will exceed the Gann Limit by $16.2 billion in 2023, and in response expands the Golden State Stimulus tax refunds to families earning less than $75,000 and increases state funding for K-12 education.

The proposed Budget includes substantial reserve funds including $15.9 billion in the Proposition 2 Budget Stabilization Account (Rainy Day Fund) for fiscal emergencies, $450 million in the Safety Net Reserve, $4.6 billion in the Public School System Stabilization Account, and $3.4 billion for the state's operating reserve.

Important education highlights from the updated K–12 budget proposal include:

- $3.3 billion to combat statewide declining enrollment and stabilize school budgets,
- $8 billion in one-time discretionary funds to help fight the rising cost of education, including addressing student mental health, professional development, and pension costs,
- An additional $1.8 billion for school facility construction and modernization to bring the total investment to well over $3 billion for upgrading facilities,
- An additional $1.5 billion for Community Schools to bring the total investment to $4.5 billion,

- Over $611 million for Child Nutrition Programs to support meals for all students, and
- $100 million to support the Community Engagement Initiative that will help combat chronic absenteeism.

Lawmakers Pass Budget Bills. On June 13, 2022, the State legislature passed a $300 billion State budget for fiscal year 2022-23, prior to the June 15, 2022 constitutional deadline. The budget bills have been sent to the Governor for his consideration. It is expected that negotiations between the Governor and legislative leaders will continue on several issues resulting in one or more bills amending the budget bills passed by the houses of the legislature, prior the new fiscal year commencing on July 1, 2022. In addition, trailer bills are likely to continue to be worked on through the remainder of the legislative session, which ends on August 31, 2022.

Disclaimer Regarding State Budgets

The execution of State budgets, including proposed budgets, may be affected by numerous factors, including but not limited to: (i) shifts in costs from the federal government to the State, (ii) national, State and international economic conditions, (iii) litigation risks associated with proposed spending reductions, (iv) rising health care costs and/or other unfunded liabilities, such as pension or OPEB, and (v) numerous other factors, all or any of which could cause the revenue and spending projections included in such budgets to be unattainable. The District cannot predict the impact that the 2021-22 State Budget or subsequent State Budgets, will have on its own finances and operations. However, the Refunding Bonds are secured by *ad valorem* property taxes levied and collected on taxable property in the District, without limit as to rate or amount, and are not secured by a pledge of revenues of the District or its general fund.

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

Availability of State Budgets

The complete adopted State budgets and related information are available from the California Department of Finance website at www.ebudget.ca.gov. Impartial analyses of these documents are published by the LAO and can be accessed at www.lao.ca.gov/budget. The District can take no responsibility for the continued accuracy of internet addresses referenced herein or for the accuracy, completeness or timeliness of information posted on these sites, and such information is not incorporated in this Official Statement by these references. The information referred to above should not be relied upon when making an investment decision with respect to the Refunding Bonds.

Uncertainty Regarding Future State Budgets

The District cannot predict what actions will be taken in future years by the State legislature or the Governor to address the State's current or future revenues and expenditures or possible future budget deficits. Future State Budgets will be affected by national and State economic conditions and other factors over which the District has no control. The District cannot predict what impact any future budget proposals will have on the financial condition of the District. To the extent that the State Budget process results in reduced revenues to the District, the District will be required to make adjustments to its own budgets.

Legal Challenges to State Funding of Education

The application of Proposition 98 and other statutory regulations has been the subject of various legal challenges in the past. The District cannot predict if or when there will be changes to education funding or legal challenges which may arise relating thereto.

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CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Principal of and interest on the Refunding Bonds are payable from the proceeds of an *ad valorem* tax levied by the County for the payment thereof. Articles XIIIA, XIIIB, XIIIC, and XIIID of the State Constitution, Propositions 62, 98, 111 and 218, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the District to levy taxes and spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the District to levy taxes for payment of the Refunding Bonds. The tax levied by the County for payment of the Refunding Bonds was approved by the District's voters in compliance with Article XIIIA and all applicable laws.

Constitutionally Required Funding of Education

The State Constitution requires that from all State revenues, there shall be first set apart the moneys to be applied by the State for the support of the public school system and public institutions of higher education. School districts receive a significant portion of their funding from State appropriations. As a result, decreases and increases in State revenues can significantly affect appropriations made by the State Legislature to school districts.

Article XIIIA of the California Constitution

Basic Property Tax Levy. On June 6, 1978, California voters approved Proposition 13 ("**Proposition 13**"), which added Article XIIIA to the State Constitution ("**Article XIIIA**"). Article XIIIA limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) (as a result of an amendment to Article XIIIA approved by State voters on June 3, 1986) bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness, and (iii) (as a result of an amendment to Article XIIIA approved by State voters on November 7, 2000) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment". This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

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

Legislation Implementing Article XIIIA. Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness).

The 1% property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

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

Inflationary Adjustment of Assessed Valuation. As described above, the assessed value of a property may be increased at a rate not to exceed 2% per year to account for inflation. On December 27, 2001, the Orange County Superior Court, in *County of Orange v. Orange County Assessment Appeals Board No. 3*, held that where a home's taxable value did not increase for two years, due to a flat real estate market, the Orange County assessor violated the 2% inflation adjustment provision of Article XIIIA, when the assessor tried to "recapture" the tax value of the property by increasing its assessed value by 4% in a single year. The assessors in most California counties, including the County, use a similar methodology in raising the taxable values of property beyond 2% in a single year. The State Board of Equalization has approved this methodology for increasing assessed values. On appeal, the Appellate Court held that the trial court erred in ruling that assessments are always limited to no more than 2% of the previous year's assessment. On May 10, 2004 a petition for review was filed with the California Supreme Court. The petition has been denied by the California Supreme Court. As a result of this litigation, the "recapture" provision described above may continue to be employed in determining the full cash value of property for property tax purposes.

Article XIIIB of the California Constitution

Article XIIIB (**"Article XIIIB"**) of the State Constitution, as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year under the provisions of Article XIIIB, as amended.

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

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

Article XIIIB includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years. However, in the event that a school district's revenues exceed its spending limit, the district may in any fiscal year increase its appropriations limit to equal its spending by borrowing appropriations limit from the State.

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

Unitary Property

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

Articles XIIIC and XIIID of the California Constitution

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

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4.

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

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

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

Proposition 98

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

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

Proposition 111

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

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

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

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

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

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

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

Proposition 39

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

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

Proposition 1A and Proposition 22

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

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

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

Proposition 30 and Proposition 55

The Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment, also known as **"Proposition 30"**, temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposed an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposed an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017. This excise tax was levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018, Proposition 30 increases for such period the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $340,000 but less than $408,000 for head of household filers and over $500,000 but less than $600,000 for joint filers), (ii) 2% for taxable income over $300,000 but less than $500,000 for single filers (over $408,000 but less than $680,000 for head of household filers and over $600,000 but less than $1,000,000 for joint filers), and (iii) 3% for taxable income over $500,000 for single filers (over $680,000 for head of household filers and over $1,000,000 for joint filers). Proposition 55 (described below) extended said increases to personal income rates through the end of 2030.

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

The California Children's Education and Health Care Protection Act of 2016, also known as Proposition 55, was a proposed constitutional amendment initiative that was approved on the November 8, 2016 general election ballot in California. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through the end of 2030, instead of the scheduled expiration date of December 31, 2018. Tax revenue received under Proposition 55 is to be allocated 89% to K-12 schools and 11% to community colleges.

California Senate Bill 222

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

Future Initiatives

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

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APPENDIX B

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

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Financial Statements
June 30, 2021

Pomona Unified School District

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Independent Auditor's Report

To the Governing Board
Pomona Unified School District
Pomona, California

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

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

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

10681 Foothill Blvd., Ste. 300 | Rancho Cucamonga, CA 91730-3831 | T 909.466.4410 | F 909.466.4431 | EOE

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

Emphasis of Matter – Change in Accounting Principle
As discussed in Notes 1 and 16 to the financial statements, Pomona Unified School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16, budgetary comparison information on pages 76 and 77, schedule of changes in the District's total OPEB liability and related ratios on page 78, schedule of the District's proportionate share of the net OPEB liability – MPP program on page 79, schedule of the District's proportionate share of the net pension liability on pages 80 and 81, and the schedule of District contributions on pages 82 and 83, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pomona Unified 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 25, 2022 on our consideration of Pomona Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Pomona Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pomona Unified School District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
January 25, 2022

BUSINESS SERVICES
Pomona Unified School District
800 South Garey Avenue, Pomona, California 91766
Phone: (909) 397-4800, Ext. 23888 Fax: (909) 622-5895 Website Address: www.pusd.org

This section of Pomona Unified 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, 2021, with comparative information for the year ending June 30, 2020. 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 Pomona Unified School District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement Number 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resource measurement focus using the accrual basis of accounting. They present governmental activities. These statements include all assets (including capital assets), and 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 regards to interfund activity, payables, and receivables.

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

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

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

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

The Primary unit of the government is the Pomona Unified 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 its financial position 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.

The relationship between revenues and expenses is the District's operating results. Since the governing board'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 schools will likely be an important component in this evaluation.

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

Governmental Activities – All of the District's services are reported in this category. This includes the education of kindergarten through grade twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as 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 - Most 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 each governmental fund financial statement.

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position – Proprietary Funds* and the *Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds*. The District uses internal service funds to report activities that provide supplies and services for the District's other programs and activities - such as the District's Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $9,257,216 for the fiscal year ended June 30, 2021. Of this amount, $(259,190,711) 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 net position for day-to-day operations. The 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	
	2021	2020 as restated
Assets		
Current and other assets	$ 432,886,227	$ 297,357,721
Capital assets	407,271,477	414,700,603
Total assets	840,157,704	712,058,324
Deferred outflows of resources	91,704,961	94,307,093
Liabilities		
Current liabilities	65,020,811	55,163,010
Long-term liabilities other than OPEB and pensions	410,668,276	339,136,749
Other postemployment benefits (OPEB) liability	41,782,585	40,579,772
Aggregate net pension liability	373,787,121	342,411,131
Total liabilities	891,258,793	777,290,662
Deferred inflows of resources	31,346,656	45,624,781
Net Position		
Net investment in capital assets	137,605,334	144,357,470
Restricted	130,842,593	79,946,864
Unrestricted (deficit)	(259,190,711)	(240,854,360)
Total net position (deficit)	$ 9,257,216	$ (16,550,026)

The $(259,190,711) in unrestricted deficit of governmental activities represents the accumulated results of all past years' operations.

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 18. 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	
	2021	2020 *
Revenues		
Program revenues		
Charges for services and sales	$ 887,208	$ 822,162
Operating grants and contributions	185,836,016	137,097,238
Capital grants and contributions	8,591,952	2,529,979
General revenues		
Federal and State aid not restricted	221,356,778	231,253,728
Property taxes	70,943,150	72,504,756
Other general revenues	11,966,594	18,003,448
Total revenues	499,581,698	462,211,311
Expenses		
Instruction-related	308,870,281	299,325,563
Pupil services	82,893,453	83,430,000
Administration	30,747,582	19,289,722
Plant services	33,866,794	30,220,991
All other services	17,396,346	16,290,203
Total expenses	473,774,456	448,556,479
Change in net position	$ 25,807,242	$ 13,654,832

* The revenues and expenses for fiscal year 2020 were not restated to show the effects of GASB 84 for comparative purposes.

Governmental Activities

As reported in the *Statement of Activities* on page 18, the cost of all of the District's governmental activities this year was $473,774,456. However, the amount that taxpayers ultimately financed for these activities through local taxes was only $70,943,150 because the cost was paid by those who benefited from the programs ($887,208) or by other governments and organizations who subsidized certain programs with grants and contributions ($194,427,968). The District paid for the remaining "public benefit" portion of the governmental activities with $221,356,778 in Federal and State funds and $11,966,594 with other revenues, like interest and general entitlements.

In Table 3, the District has presented the cost and net cost of each of the District's largest functions: instruction, including special instruction programs and other instructional programs, pupil services, administration, plant services, and all other services. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows 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	
	2021	2020 *	2021	2020 *
Instruction-related	$ 308,870,281	$ 299,325,563	$ (190,662,945)	$ (218,911,457)
Pupil services	82,893,453	83,430,000	(24,839,481)	(31,402,502)
Administration	30,747,582	19,289,722	(16,096,685)	(14,424,296)
Plant services	33,866,794	30,220,991	(31,599,725)	(28,121,530)
All other services	17,396,346	16,290,203	(15,260,444)	(15,247,315)
Total	$ 473,774,456	$ 448,556,479	$ (278,459,280)	$ (308,107,100)

* The total and net cost of services for fiscal year 2020 were not restated to show the effects of GASB 84 for comparative purposes.

THE DISTRICT'S FUNDS

As the District completed this year, its governmental funds reported a combined fund balance of $344,525,890, which is an increase of $123,741,351, or 56.05% from last year (Table 4).

Table 4

	Balances and Activity			
Governmental Fund	June 30, 2020 as restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2021
General Fund	$ 105,688,580	$ 373,472,645	$ 331,036,806	$ 148,124,419
Child Development Fund	1,000,892	66,660,300	66,233,128	1,428,064
Building Fund	51,218,498	85,442,547	10,834,020	125,827,025
Bond Interest and Redemption Fund	29,163,118	80,204,543	81,756,071	27,611,590
Student Activity Fund	359,321	207,506	200,925	365,902
Charter Schools Fund	3,797,133	9,879,000	8,741,767	4,934,366
Adult Education Fund	112,036	2,525,872	2,497,924	139,984
Cafeteria Fund	3,406,918	4,914,209	5,825,318	2,495,809
Capital Facilities Fund	9,122,291	983,112	1,151,920	8,953,483
County School Facilities Fund	-	8,591,952	8,591,952	-
Special Reserve Fund for Capital Outlay Projects	11,331,623	13,790,191	476,566	24,645,248
Capital Project Fund for Blended Component Units	5,584,120	11,984	5,596,104	-
Debt Service Fund for Blended Component Units	9	2,496,429	2,496,438	-
Total	$ 220,784,539	$ 649,180,290	$ 525,438,939	$ 344,525,890

The primary reasons for these changes are the following:

1. The General Fund is the District’s principal operating fund. The fund balance in the General Fund increased by $42,435,839 due primarily to one-time savings resulting from ADA hold harmless, COVID-19 relief funds, one-time learning loss mitigation revenues, lower than anticipated Special Education expenditures, lower operating expenditures due to schools being closed for in person learning and for increased unspent supplemental concentration grant funds.

2. The Building Fund increased by $74,608,527 due issuance of general obligation bonds.

3. The Special Reserve Non-Major Governmental Fund for Capital Outlay Projects increased by $13,313,625 due to sale of property.

General Fund Budgetary Highlights

The District's 2020-21 Adopted Budget reflects assumptions included in the Governor's May Revise budget proposal. The May Revise include proposals to address a State budget deficit of $54 billion. The May Revise proposes to cut Prop 98 funding, deferrals, use of Reserve funds, borrowing, suspending program expansions and one-time federal relief funds (CARES funds).

On June 29, 2020, Governor Gavin Newsom signed several bills to enact the education state budget. Revenue reductions proposed at the May Revision were shifted to cash deferrals across fiscal years. The budget and trailer bills include several programs that will protect education funding, including legislation prohibiting the layoff of certain certificated and classified employees for one year, an ADA hold harmless and new requirements for distance learning. Learning loss mitigation grants and federal funds continue to be a major support to schools as they look to return to in-person instruction. Employer pension rates are reduced for two years by redirecting the long-term unfunded pension liability buy-down.

The State budget sets the Prop 98 minimum guarantee at $70.9 billion for the 2020-2021 budget year. The budget provides for supplemental appropriations above the minimum constitutionally required Prop 98 funding level starting in 2021-2022, and in each of the next several fiscal years.

The enacted State Budget trailer bill included new Education Code establishing school finance, instruction, and accountability for the 2020-2021 school year. LEAs will receive funds in 2020-2021 based on 2019-2020 ADA and must meet requirements for revised minimum instructional minutes and days, offer in-person instruction to the greatest extent possible. Additional requirements including documenting daily participation and ensuring a weekly engagement record is completed for each student.

Local Control Funding Formula (LCFF)

The final budget sets the COLA at 0.0%, by suspending the statutory COLA of 2.31% on the LCFF and removed the 10% proration factor proposed in the Governor's May Revision to hold all LEAs harmless at 2019-2020 funding levels. In addition, the budget proposes a deferral of the principal apportionment to be paid in the 2021-2022 fiscal year. Furthermore, LCFF planning factors for the multi-year projection assume the application of a zero COLA in 2021-2022 and 2022-2023 fiscal years.

The State Budget replaced the May Revision proposal for LEAs to adopt a 2020-2021 Local Control and Accountability Plan (LCAP) and Annual Update in December 2020 with a new one-year requirement to adopt a Learning Continuity and Attendance Plan by September 2020. The new plan will be required to measure student participation and academic progress, address learning loss and provide outreach to students when students are not engaging or are absent. Districts will still be required to adopt a 2020-2021 LCFF Budget Overview for Parents with the First Interim Reports by December 15, 2020.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the District had $407,271,477 (net of depreciation) in a broad range of capital assets, including land, construction in progress, land improvements, buildings and improvements, and furniture and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of $7,429,126, or 1.79%, from last year (Table 5).

Table 5

	Governmental Activities	
	2021	2020
Land and construction in progress	$ 102,215,650	$ 100,447,653
Buildings and improvements	301,889,085	310,602,695
Furniture and equipment	3,166,742	3,650,255
Total	$ 407,271,477	$ 414,700,603

This year’s additions of $9,510,671 included site improvements, building improvements, and equipment. The major projects completed included roofing projects at various sites and site improvements at Lincoln Elementary School, Montvue Elementary School, Madison Elementary School, and Pomona High School.

Several projects are planned for the 2021-2022 year. The District anticipates capital additions of $23.8 million for 2021-2022. Projects anticipated include roofing projects, modernization of Roosevelt Elementary School, and other renovations at various sites.

The District presents more detailed information of our capital assets in Note 4 of the financial statements.

Long-Term Liabilities other than OPEB and Pensions

At the end of this year, the District had $410,668,276 in long-term liabilities outstanding other than OPEB and pension versus $339,136,749 last year, an increase of $71,531,527, or 21.09 %. These long-term liabilities consisted of:

Table 6

	Governmental Activities	
	2021	2020
Long-Term Liabilities		
General obligation bonds	$ 372,060,788	$ 304,161,247
Unamortized premium	18,625,308	13,010,138
Refunding lease revenue bonds	10,270,000	12,195,000
Unamortized premium	547,837	657,404
Claims liability	8,853,462	8,875,360
Compensated absences	310,881	237,600
Total	$ 410,668,276	$ 339,136,749

The District's general obligation bond rating is an "A Rating". The State limits the amount of general obligation debt that districts can issue to 2.5% of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt of $372,060,788 falls below this statutorily-imposed limit.

Other liabilities include refunding lease revenue bonds, claims liability and compensated absences. The District presents more detailed information regarding its long-term liabilities other than OPEB and pension in Note 8 of the financial statements.

OPEB and Net Pension Liabilities

At year-end, the District had a net other postemployment benefit liability (OPEB) of $41,782,585 versus $40,579,772 last year, an increase of $1,202,813, or 2.96%.

In addition, the District has an aggregate net pension liability of $373,787,121 versus $342,411,131 last year, an increase of $31,375,990, or 9.16%.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2020-2021 ARE NOTED BELOW:

- District Superintendent, Richard Martinez, received "Outstanding Educator in Pomona Valley award 1970-2020". Awarded by the Epsilon Eta Omega of Alpha Kappa Alpha Sorority.

- District continued Distance Learning to maintain student safety in COVID-19 pandemic quarantine.

- Several district schools named 2021 Best High Schools in the Nation, U.S. News & World Report. Schools include, Village Academy, Fremont Academy of Engineering & Design, Diamond Ranch, Ganesha, Pomona, Palomares Academy of Health Sciences and Garey High School.

- Park West High School once again named a *Model Continuation School* by the California Department of Education.

- District Preschool program won the *Golden Apple* award for teaching excellence.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

On July 9, 2021, Governor Gavin Newsom signed Assembly Bill (AB) 130, enacting various program and budget changes for the 2021-2022 fiscal year. The final budget proposal fully repays the remaining $12.4 billion in Prop 98 cash deferrals in the 2021-2022 fiscal year. In addition, the budget includes payments to the Public School System Stabilization Account of $1.9 billion in 2020-2021 and $2.6 billion in 2021-2022, which will trigger the school district's reserve caps starting in 2022-2023.

For the 2021-2022 school year, Districts are also required to offer an independent Study option for families that determine that in-person instruction would put the student's health at risk. There are several changes to the district's traditional independent study program that include; written board policies; satisfactory educational programs based on student's achievement and engagement performance, completion of assignments, tiered reengagement strategies for students who are not generating attendance more than three school days, or 60% of the instructional days in a week.

New Local Control and Accountability Plan (LCAP) requirements will be in effect for 2021-2022, including requiring a mid-year one-time supplement to the annual update as well as a requirement to restrict the carry-over of unspent funds for improved services to students.

Revenues

The enacted State Budget provides a compounded Cost of Living Adjustment (COLA) of 5.07%. The budget also increased the value of the concentration grant add-on from 55% to 65% of the base grant, for each school district's percentage of unduplicated students in excess of 55% of the total enrollment starting in 2021-2022. Districts that receive the concentration funding will need to demonstrate that the additional funds will be used to increase the number of credential staff and/or classified staff that provide direct services to students.

The 2021-2022 Base Grant rates are allocated on a per grade level span and unique to each district. The base grant rates are increased annually by the Statutory Cost of Living Adjustment (COLA). The 2021-2022 Base Grant funding including cost of living adjustment will be as follows: grades K-3 $8,092, grades 4-6 $8,214, grades 7-8 $8,458, and grades 9-12 $9,802.

The District was apportioned various one-time coronavirus relief funds to help mitigate the effects of the pandemic. These one-time funds may be used for activities that support academic achievement and to mitigate the learning loss related to COVID-19 school closures among other uses.

Expenditures

The major expenditure categories of the Budget are salaries and benefits. Approximately 81% of the unrestricted Budget is comprised of personnel related costs. Each year, the employees receive step and column increases resulting in higher salary and benefit costs. The average cost for step and column for certificated employees is 1.5% and 1.0% for California School Employee Association (CSEA) classified employees.

The enacted state budget reduced the Unemployment Insurance Rate to 0.50% for the 2021-2022 and 2022-2023 fiscal years. This section will remain in effect until July 1, 2024.

The district adopted budget includes a reduced State Teachers Retirement System (CalSTRS) employer contribution rates of 15.92% and an increased CalPERS employer contribution rate of 23.0%.

In Conclusion

In considering the District Budget for the 2021-2022 year, the District board and management used the following criteria:

The key assumptions in the District's revenue forecast are the following:

1. Revenues will remain at the 2019-2020 funding levels due to the ADA hold harmless.
2. Coronavirus Federal Relief funds were not included with the 2021-2022 adopted budget.
3. District continues to experience decline in enrollment.
4. Developer fee collections are based on approximate new housing units to be constructed.
5. Federal income will be budgeted at 90% of prior year funding.
6. State income will be reduced according to specific program reductions.
7. Charges to other funds for indirect costs will be 5.19%.

Expenditures are based on the following forecasts:

	Staffing Ratio	Enrollment
Transitional Kinder & Kindergarten	24:1	1,597
Grades one through three	26:1	4,531
Grades four through six	32:1	4,735
Grades seven through twelve	32:1	9,131

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Assistant Superintendent, Chief Business Officer, Business Services at Pomona Unified School District, 800 South Garey Avenue, Pomona, California 91766.

	Governmental Activities
Assets	
Deposits and investments	$ 367,687,337
Receivables	64,463,856
Stores inventories	665,778
Other current assets	69,256
Capital assets not depreciated	102,215,650
Capital assets, net of accumulated depreciation	305,055,827
Total assets	840,157,704
Deferred Outflows of Resources	
Deferred charge on refunding	2,379,510
Deferred outflows of resources related to OPEB	1,284,504
Deferred outflows of resources related to pensions	88,040,947
Total deferred outflows of resources	91,704,961
Liabilities	
Overdrafts	56,455
Accounts payable	50,891,999
Accrued interest payable	3,325,958
Unearned revenue	10,746,399
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	18,368,924
Long-term liabilities other than OPEB and pensions due in more than one year	392,299,352
Net other postemployment benefits (OPEB) liability	41,782,585
Aggregate net pension liability	373,787,121
Total liabilities	891,258,793
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	5,429,448
Deferred inflows of resources related to pensions	25,917,208
Total deferred inflows of resources	31,346,656
Net Position	
Net investment in capital assets	137,605,334
Restricted for	
Debt service	24,285,632
Capital projects	29,243,279
Educational programs	55,051,547
Other restrictions	22,262,135
Unrestricted (deficit)	(259,190,711)
Total net position (deficit)	$ 9,257,216

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities					
Instruction	$ 250,831,937	$ 146,150	$ 88,383,484	$ 8,591,952	$ (153,710,351)
Instruction-related activities					
Supervision of instruction	31,976,792	30,586	16,215,088	-	(15,731,118)
Instructional library, media, and technology	2,825,557	5,060	288,249	-	(2,532,248)
School site administration	23,235,995	36,308	4,510,459	-	(18,689,228)
Pupil services					
Home-to-school transportation	2,095,860	40,385	714,519	-	(1,340,956)
Food services	10,967,801	-	10,404,149	-	(563,652)
All other pupil services	69,829,792	496,913	46,398,006	-	(22,934,873)
Administration					
Data processing	2,439,887	982	71,488	-	(2,367,417)
All other administration	28,307,695	13,020	14,565,407	-	(13,729,268)
Plant services	33,866,794	8,656	2,258,413	-	(31,599,725)
Ancillary services	598,086	2,902	262,797	-	(332,387)
Community services	581,222	301	4,324	-	(576,597)
Enterprise services	40,546	-	-	-	(40,546)
Interest on long-term liabilities	14,163,585	-	-	-	(14,163,585)
Other outgo	2,012,907	105,945	1,759,633	-	(147,329)
Total governmental activities	$ 473,774,456	$ 887,208	$ 185,836,016	$ 8,591,952	(278,459,280)
General Revenues and Subventions					
Property taxes, levied for general purposes					40,991,334
Property taxes, levied for debt service					25,674,012
Taxes levied for other specific purposes					4,277,804
Federal and State aid not restricted to specific purposes					221,356,778
Interest and investment earnings					(301,989)
Miscellaneous					12,268,583
Total general revenues and subventions					304,266,522
Change in Net Position					25,807,242
Net Position - Beginning, as restated					(16,550,026)
Net Position - Ending					$ 9,257,216

	General Fund	Child Development Fund	Building Fund
Assets			
Deposits and investments	$ 137,421,855	$ 2,398,112	$ 131,654,476
Receivables	50,810,810	11,241,267	288,701
Due from other funds	4,228,553	-	-
Stores inventories	179,504	-	-
Other current assets	69,256	-	-
Total assets	$ 192,709,978	$ 13,639,379	$ 131,943,177
Liabilities and Fund Balances			
Liabilities			
Overdrafts	$ -	$ -	$ -
Accounts payable	37,699,615	5,080,104	6,116,152
Due to other funds	-	3,344,833	-
Unearned revenue	6,885,944	3,786,378	-
Total liabilities	44,585,559	12,211,315	6,116,152
Fund Balances			
Nonspendable	329,504	-	-
Restricted	55,051,547	1,350,549	125,827,025
Assigned	83,265,464	77,515	-
Unassigned	9,477,904	-	-
Total fund balances	148,124,419	1,428,064	125,827,025
Total liabilities and fund balances	$ 192,709,978	$ 13,639,379	$ 131,943,177

	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets			
Deposits and investments	$ 27,611,590	$ 41,444,997	$ 340,531,030
Receivables	-	2,079,702	64,420,480
Due from other funds	-	-	4,228,553
Stores inventories	-	486,274	665,778
Other current assets	-	-	69,256
Total assets	$ 27,611,590	$ 44,010,973	$ 409,915,097
Liabilities and Fund Balances			
Liabilities			
Overdrafts	$ -	$ 56,455	$ 56,455
Accounts payable	-	1,461,929	50,357,800
Due to other funds	-	883,720	4,228,553
Unearned revenue	-	74,077	10,746,399
Total liabilities	-	2,476,181	65,389,207
Fund Balances			
Nonspendable	-	493,274	822,778
Restricted	27,611,590	32,342,843	242,183,554
Assigned	-	8,698,675	92,041,654
Unassigned	-	-	9,477,904
Total fund balances	27,611,590	41,534,792	344,525,890
Total liabilities and fund balances	$ 27,611,590	$ 44,010,973	$ 409,915,097

Total Fund Balance - Governmental Funds		$ 344,525,890
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	$ 677,737,631	
Accumulated depreciation is	(270,466,154)	
Net capital assets		407,271,477
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.		(3,325,958)
An internal service fund is used by management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.		17,812,022
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Debt refundings (deferred charge on refunding)	2,379,510	
Other postemployment benefits (OPEB) liability	1,284,504	
Aggregate net pension liability	88,040,947	
Total deferred outflows of resources		91,704,961
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	(5,429,448)	
Aggregate net pension liability	(25,917,208)	
Total deferred inflows of resources		(31,346,656)
Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(373,787,121)

The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		$ (41,782,585)
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	$ (368,429,533)	
Unamortized premium on general obligation bonds	(18,625,308)	
Refunding lease revenue bonds	(10,270,000)	
Unamortized premium on lease revenue bonds	(547,837)	
Compensated absences	(310,881)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	(3,631,255)	
Total long-term liabilities		(401,814,814)
Total net position - governmental activities		$ 9,257,216

	General Fund	Child Development Fund	Building Fund
Revenues			
Local Control Funding Formula	$ 247,715,755	$ -	$ -
Federal sources	51,600,452	36,089,659	-
Other State sources	62,636,942	18,788,864	-
Other local sources	11,519,496	11,781,777	(148,453)
Total revenues	373,472,645	66,660,300	(148,453)
Expenditures			
Current			
Instruction	198,847,498	11,260,384	-
Instruction-related activities			
Supervision of instruction	22,728,302	5,661,065	-
Instructional library, media, and technology	2,566,012	-	-
School site administration	19,181,319	-	-
Pupil services			
Home-to-school transportation	1,507,809	-	-
Food services	4,277,803	514,706	-
All other pupil services	21,137,058	44,967,650	-
Administration			
Data processing	2,287,043	-	-
All other administration	24,977,180	1,721,613	-
Plant services	24,079,607	1,758,439	3,388,955
Ancillary services	379,001	-	-
Community services	563,775	-	-
Other outgo	2,012,907	-	-
Facility acquisition and construction	1,495,069	349,271	7,445,065
Debt service			
Principal	-	-	-
Interest and other	-	-	-
Total expenditures	326,040,383	66,233,128	10,834,020
Excess (Deficiency) of Revenues Over Expenditures	47,432,262	427,172	(10,982,473)
Other Financing Sources (Uses)			
Transfers in	-	-	-
Other sources - proceeds from issuance of general obligation bonds	-	-	85,591,000
Other sources - premium from issuance of general obligation bonds	-	-	-
Transfers out	(4,996,423)	-	-
Other uses - payment to refunded bonds escrow agent	-	-	-
Net Financing Sources (Uses)	(4,996,423)	-	85,591,000
Net Change in Fund Balances	42,435,839	427,172	74,608,527
Fund Balance - Beginning, as restated	105,688,580	1,000,892	51,218,498
Fund Balance - Ending	$ 148,124,419	$ 1,428,064	$ 125,827,025

	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Local Control Funding Formula	$ -	$ 9,078,690	$ 256,794,445
Federal sources	931,880	4,675,761	93,297,752
Other State sources	162,799	11,724,482	93,313,087
Other local sources	25,751,253	9,828,795	58,732,868
Total revenues	26,845,932	35,307,728	502,138,152
Expenditures			
Current			
Instruction	-	7,037,979	217,145,861
Instruction-related activities			
Supervision of instruction	-	1,023,553	29,412,920
Instructional library, media, and technology	-	41,871	2,607,883
School site administration	-	1,531,926	20,713,245
Pupil services			
Home-to-school transportation	-	-	1,507,809
Food services	-	5,580,560	10,373,069
All other pupil services	-	510,854	66,615,562
Administration			
Data processing	-	-	2,287,043
All other administration	-	840,683	27,539,476
Plant services	-	924,859	30,151,860
Ancillary services	-	204,452	583,453
Community services	-	-	563,775
Other outgo	-	-	2,012,907
Facility acquisition and construction	-	9,781,059	19,070,464
Debt service			
Principal	21,775,000	1,925,000	23,700,000
Interest and other	14,112,585	580,014	14,692,599
Total expenditures	35,887,585	29,982,810	468,977,926
Excess (Deficiency) of Revenues Over Expenditures	(9,041,653)	5,324,918	33,160,226
Other Financing Sources (Uses)			
Transfers in	-	8,092,527	8,092,527
Other sources - proceeds from issuance of general obligation bonds	46,689,000	-	132,280,000
Other sources - premium from issuance of general obligation bonds	6,669,611	-	6,669,611
Transfers out	-	(5,596,104)	(10,592,527)
Other uses - payment to refunded bonds escrow agent	(45,868,486)	-	(45,868,486)
Net Financing Sources (Uses)	7,490,125	2,496,423	90,581,125
Net Change in Fund Balances	(1,551,528)	7,821,341	123,741,351
Fund Balance - Beginning, as restated	29,163,118	33,713,451	220,784,539
Fund Balance - Ending	$ 27,611,590	$ 41,534,792	$ 344,525,890

Total Net Change in Fund Balances - Governmental Funds		$ 123,741,351
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 expenses in the Statement of Activities.		
This is the amount by which depreciation expense exceeds capital outlays in the period.		
Depreciation expense	$ (18,707,794)	
Capital outlays	17,474,932	
Net expense adjustment		(1,232,862)
In the Statement of Activities, only the gain on the sale of the property is reported, whereas in the governmental funds, the entire proceeds from the sale increases financial resources. Thus, the change in net assets differs from the change in fund balances by the cost of the property sold.		(6,196,264)
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.		(73,281)
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.		(22,486,979)
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.		(795,341)
Proceeds received from general obligation bonds are a revenue in the governmental funds, but increase long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		(132,280,000)

Governmental funds report the effect of premiums, discounts, and the deferred charge 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	$ (6,669,611)
Deferred amount on refunding recognized	2,498,486
Premium amortization	1,164,008
Deferred charge on refunding amortization	(118,976)
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	65,145,000
Refunding lease revenue bonds	1,925,000
Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.	(516,018)
An internal service fund is used by management to charge the costs of the self insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.	1,702,729
Change in net position of governmental activities	$ 25,807,242

	Governmental Activities Internal Service Fund
Assets	
Current assets	
Deposits and investments	$ 27,156,307
Receivables	43,376
Total current assets	27,199,683
Liabilities	
Current liabilities	
Accounts payable	534,199
Current portion of claims liability	1,218,924
Total current liabilities	1,753,123
Noncurrent liabilities	
Claims liability	7,634,538
Total liabilities	9,387,661
Net Position	
Restricted	$ 17,812,022

	Governmental Activities Internal Service Fund
Operating Revenues	
Charges for services	$ 5,333,257
Operating Expenses	
Payroll costs	1,707,394
Supplies and materials	4,134
Facility rental	259
Other operating cost	4,386,741
Total operating expenses	6,098,528
Operating Loss	(765,271)
Nonoperating Loss	
Fair market value adjustments	(151,811)
Interest income	119,811
Total nonoperating loss	(32,000)
Loss before transfers	(797,271)
Transfers in	2,500,000
Change in Net Position	1,702,729
Total Net Position - Beginning	16,109,293
Total Net Position - Ending	$ 17,812,022

	Governmental Activities Internal Service Fund
Operating Activities	
Cash receipts from customers	$ 5,343,924
Cash payments to other suppliers of goods or services	(4,134)
Cash payments to employees for services	(1,707,394)
Cash payments for facility use	(259)
Other operating cash payments	(4,420,146)
Net Cash Used for Operating Activities	(788,009)
Noncapital Financing Activities	
Transfers from other funds	2,500,000
Investing Activities	
Fair market value adjustments	(151,811)
Interest on investments	119,811
Net Cash From Used for Investing Activities	(32,000)
Net Change in Cash and Cash Equivalents	1,679,991
Cash and Cash Equivalents, Beginning	25,476,316
Cash and Cash Equivalents, Ending	$ 27,156,307
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating loss	$ (765,271)
Adjustments to reconcile operating loss to net cash from used for operating activities	
Changes in assets and liabilities	
Receivables	10,667
Accounts payable	(11,507)
Claims liability	(21,898)
Net Cash Used for Operating Activities	$ (788,009)

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Pomona Unified School District (the District) was unified in 1954 under the laws of the State of California. The District operates under a locally-elected five-member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District operates 26 elementary schools, four middle schools, three academy schools, four high schools including two alternative high schools, two charter schools, an adult education program, and a child development program.

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 Pomona Unified 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. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. 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 are included in the financial statements of the District. The component unit, although a legally separate entity, is reported in the financial statements as if they were part of the District's operations because the governing board of the component units is essentially the same as the governing board of the District and because their purpose is to finance the construction of facilities to be used for the benefit of the District.

The Pomona Valley Educational Joint Powers Authority (the Entity) as represented by the 2013 Refunding Lease Revenue Bonds is presented in the Capital Projects Fund for Blended Component Units and in the Debt Service Fund for Blended Component Units. Refunding lease revenue bonds issued by the Entity are included as long-term liabilities in the government-wide financial statements. Individually prepared financial statements are not prepared for the Entity.

Other Related Entities

Charter School The District has approved Charters for La Verne Science and Technology Charter and School of Extended Education Options pursuant to *Education Code* Section 47605. The La Verne Science and Technology Charter School and School of Extended Education Options are operated by the District, and their financial activities are presented in the Charter Schools Fund.

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 two broad fund categories: governmental and proprietary.

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.

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.

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

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

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.

- **Charter Schools Fund** The Charter Schools Fund may be used by authorizing districts to account separately for the operating activities of district-operated charter schools that would otherwise be reported in the authorizing District's General Fund.

- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.

- **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.).

- **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).

- **Capital Projects Fund for Blended Component Units** The Capital Projects Fund for Blended Component Units is used to account for capital projects financed by Joint Powers Authorities and similar entities that are considered blended component units of the District under generally accepted accounts principles (GAAP).

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.

- **Debt Service Fund for Blended Component Units** The Debt Service Fund for Blended Component Units is used to account for the accumulation of resources for the payment of principal and interest on lease revenue bonds issued by Joint Powers Authorities and similar entities that are considered blended component units of the District under generally accepted accounts principles (GAAP).

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

- **Internal Service Fund** Internal Service funds may be used to account for goods or services provided to other funds of the District on a cost-reimbursement basis. The District operates workers' compensation, property and liability, and other postemployment benefits programs that are accounted for in internal service funds.

Basis of Accounting - Measurement Focus

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

The government-wide financial statement of activities presents a comparison between expenses, both direct and indirect, and program revenues of the District and for each governmental function and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the *Statement of Activities*, except for depreciation. 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 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 the special revenue funds and the internal service fund, and the restrictions on their net asset use.

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

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

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

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. 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 general long-term liabilities, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

Cash and Cash Equivalents

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

Investments

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

Overdrafts

The District reports the deficit position in the investment in county treasury as an overdraft for the amount demands on the county treasury exceed the amount of balance on which they can be drawn.

Stores Inventories

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

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $25,000. 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 general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition value on the date donated.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the capital assets of governmental funds.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements, 5 to 50 years; equipment, 2 to 15 years.

Interfund Balances

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

Compensated Absences

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

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to certificated school members and all classified school members who retire after January 1, 1999. At retirement, each classified member will receive 0.004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Issuance Costs, Premiums and Discounts

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items and for OPEB related items. The deferred charge on refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt. The deferred outflows related to pension and OPEB relate to contributions subsequent to measurement date, change in proportion and differences between contributions made and the District's proportionate share of contributions, differences between projected and actual earnings on pension plan investments, differences between expected and actual experiences in the measurement of OPEB and pension liabilities, and changes of assumptions.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension related items and for OPEB related items. The deferred inflows related to pension and OPEB relate to change in proportions and differences between contributions and the District's proportionate share of contributions, differences between expected and actual experiences in the measurement of pension liabilities, and changes of assumptions.

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 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 the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the District Plan and the MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Fund Balances - Governmental Funds

As of June 30, 2021, fund balances of the governmental funds are classified as follows:

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

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

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

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.

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.

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 $130,842,593 of net position restricted by enabling legislation.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charges to other funds for self-insurance. Operating expenses are necessary cost incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Interfund Activity

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

Estimates

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

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Los Angeles 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. 84

As of July 1, 2020, the District adopted GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the District resulted in a reclassification of the District’s student body activities from fiduciary to governmental. The effect of the implementation of this standard on beginning fund balance and net position is disclosed in Note 16.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental funds	$ 340,531,030
Proprietary funds	27,156,307
Total deposits and investments	$ 367,687,337

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

Cash on hand and in banks	$ 3,218,210
Cash in revolving	407,000
Investments	364,062,127
Total deposits and investments	$ 367,687,337

The Cafeteria Fund ended the year with a negative balance in the Cash in County investment account of $(56,455), which is presented as an overdraft.

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.

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing primarily in the Los Angeles County Treasury Investment Pool to provide the cash flow and liquidity needed for operations and purchasing a combination of shorter term and longer-term investments and by timing 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. The District maintains an investment of $364,062,127 with the Los Angeles County Treasury Investment Pool that has an average weighted maturity of 1,045 days.

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 investment in the Los Angeles County Treasury Investment Pool is not required to be rated, nor has it been rated as of June 30, 2021.

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, 2021, the District's bank balance of $3,662,638 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 3 - Receivables

Receivables at June 30, 2021, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Child Development Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities
Federal Government						
Categorical aid	$ 12,478,455	$ 9,224,468	$ -	$ 267,272	$ -	$ 21,970,195
State Government						
LCFF apportionment	24,098,943	-	-	1,482,214	-	25,581,157
Categorical aid	8,877,185	1,142,242	-	146,874	-	10,166,301
Lottery	1,460,236	-	-	35,089	-	1,495,325
Local Government						
Interest	323,217	13,637	288,701	69,039	43,376	737,970
Other local sources	3,572,774	860,920	-	79,214	-	4,512,908
Total	$ 50,810,810	$ 11,241,267	$ 288,701	$ 2,079,702	$ 43,376	$ 64,463,856

Note 4 - Capital Assets

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

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Governmental Activities				
Capital assets not being depreciated				
Land	$ 59,703,207	$ -	$ (6,196,264)	$ 53,506,943
Construction in progress	40,744,446	17,474,932	(9,510,671)	48,708,707
Total capital assets not being depreciated	100,447,653	17,474,932	(15,706,935)	102,215,650
Capital assets being depreciated				
Land improvements	107,172,665	3,731,796	-	110,904,461
Buildings and improvements	436,816,442	5,542,640	-	442,359,082
Furniture and equipment	22,022,203	236,235	-	22,258,438
Total capital assets being depreciated	566,011,310	9,510,671	-	575,521,981
Total capital assets	666,458,963	26,985,603	(15,706,935)	677,737,631
Accumulated depreciation				
Land improvements	(34,059,488)	(5,039,779)	-	(39,099,267)
Buildings and improvements	(199,326,924)	(12,948,267)	-	(212,275,191)
Furniture and equipment	(18,371,948)	(719,748)	-	(19,091,696)
Total accumulated depreciation	(251,758,360)	(18,707,794)	-	(270,466,154)
Governmental activities capital assets, net	$ 414,700,603	$ 8,277,809	$ (15,706,935)	$ 407,271,477

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Instruction	$ 16,837,014
Home-to-school transportation	561,234
All other pupil services	748,312
Plant services	561,234
Total depreciation expenses governmental activities	$ 18,707,794

Note 5 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2021, between major and non-major governmental funds are as follows:

	Due From		
Due To	Child Development Fund	Non-Major Governmental Funds	Total
General Fund	$ 3,344,833	$ 883,720	$ 4,228,553

The balance of $3,344,833 is due to the General Fund from the Child Development Fund for payroll and indirect charges.

The balance of $883,720 is due to the General Fund from the Cafeteria Non-Major Governmental Fund for indirect charges.

Operating Transfers

Interfund transfers for the year ended June 30, 2021, consisted of the following:

The General Fund transferred to the Internal Service Fund for insurance related costs.	$ 2,500,000
The General Fund transferred to Debt Service Non-Major Governmental Fund for Blended Component Units for debt service payments.	2,496,423
The Capital Projects Non-Major Governmental Fund for Blended Component Units transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for future capital project costs.	5,596,104
Total	$ 10,592,527

Note 6 - Accounts Payable

Accounts payable at June 30, 2021, consisted of the following:

	General Fund	Child Development Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities
Salaries and benefits	$ 21,517,242	$ 1,508,277	$ -	$ 720,916	$ 497,995	$ 24,244,430
Services and other operating expenses	4,438,924	1,749,933	382,745	182,046	34,093	6,787,741
Books and supplies	5,164,355	977,861	843,566	269,341	2,111	7,257,234
Construction	-	-	4,889,841	289,626	-	5,179,467
Other vendor payables	6,579,094	844,033	-	-	-	7,423,127
Total	$ 37,699,615	$ 5,080,104	$ 6,116,152	$ 1,461,929	$ 534,199	$ 50,891,999

Note 7 - Unearned Revenue

Unearned revenue at June 30, 2021, consisted of the following:

	General Fund	Child Development Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal financial assistance	$ 3,487,343	$ 2,970,163	$ 280	$ 6,457,786
State categorical aid	3,395,536	7,618	59,981	3,463,135
Other local	3,065	808,597	13,816	825,478
Total	$ 6,885,944	$ 3,786,378	$ 74,077	$ 10,746,399

Note 8 - 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, 2020	Additions	Deductions	Balance June 30, 2021	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 304,161,247	$ 133,044,541	$ (65,145,000)	$ 372,060,788	$ 15,130,000
Unamortized premium	13,010,138	6,669,611	(1,054,441)	18,625,308	-
Refunding lease revenue bonds	12,195,000	-	(1,925,000)	10,270,000	2,020,000
Unamortized premium	657,404	-	(109,567)	547,837	-
Claims liability	8,875,360	1,197,026	(1,218,924)	8,853,462	1,218,924
Compensated absences	237,600	73,281	-	310,881	-
Total	$ 339,136,749	$ 140,984,459	$ (69,452,932)	$ 410,668,276	$ 18,368,924

Debt service payments on the general obligation bonds are made from the Bond Interest and Redemption Fund with local revenues from property tax levies. Payments on the lease revenue bonds are made by the Debt Service Fund for Blended Component Units with amounts transferred from the General Fund. The claims liability is paid from the Internal Service Fund. The compensated absences will be paid by the General Fund, Charter Schools Fund, Adult Education Fund, Child Development Fund, Cafeteria Fund, and the Internal Service Fund.

General Obligation Bonds

The District has issued various general obligation bonds to finance the acquisition, construction, and rehabilitation of school facilities and to refund prior debt.

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2020	Issued	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2021
9/24/1999	8/1/2029	5.10-6.60%	$ 21,485,000	$ 10,930,000	$ -	$ -	$ (935,000)	$ 9,995,000
6/1/2001	2/1/2031	4.10-6.15%	24,105,000	8,770,000	-	-	(8,770,000)	-
5/4/2011	8/1/2025	4.98-6.22%	4,030,000	1,965,000	-	-	(335,000)	1,630,000
6/14/2011	8/1/2040	2.00-5.40%	45,970,000	37,920,000	-	-	(36,890,000)	1,030,000
4/3/2012	8/1/2028	3.00-4.00%	29,940,000	18,195,000	-	-	(1,920,000)	16,275,000
9/18/2012	8/1/2028	5.09%	20,970,000	20,105,000	-	-	(880,000)	19,225,000
12/4/2012	8/1/2030	3.00-5.00%	14,000,000	13,200,000	-	-	(145,000)	13,055,000
1/14/2015	8/1/2039	2.00-5.00%	23,000,000	21,550,000	-	-	-	21,550,000
1/14/2015	8/1/2035	3.00-5.00%	19,650,000	15,085,000	-	-	(915,000)	14,170,000
5/18/2016	8/1/2036	1.01-3.63%	19,998,077	22,671,247	-	764,541	(190,000)	23,245,788
5/18/2016	8/1/2034	2.00-4.00%	25,040,000	24,265,000	-	-	(1,300,000)	22,965,000
11/2/2016	8/1/2031	2.00-5.00%	6,685,000	5,590,000	-	-	(345,000)	5,245,000
4/19/2017	8/1/2046	2.00-5.00%	42,100,000	42,100,000	-	-	(5,000)	42,095,000
4/19/2017	8/1/2020	5.00%	20,000,000	6,815,000	-	-	(6,815,000)	-
1/24/2019	8/1/2048	3.00-5.00%	55,000,000	55,000,000	-	-	(5,700,000)	49,300,000
10/15/2020	8/1/2048	2.13-5.00%	71,400,000	-	71,400,000	-	-	71,400,000
10/15/2020	8/1/2032	2.00-3.00%	14,600,000	-	14,600,000	-	-	14,600,000
10/20/2020	8/1/2040	0.29-3.01%	46,280,000	-	46,280,000	-	-	46,280,000
				$ 304,161,247	$ 132,280,000	$ 764,541	$ (65,145,000)	$ 372,060,788

2000 General Obligation Refunding Bonds, Series A

On September 24, 1999, the District issued $21,485,000 of 2000 General Obligation Refunding Bonds, Series A in order to advance refund the prior outstanding General Obligation Bonds, Election of 1998, Series A and B. The bonds have a final maturity to occur on August 1, 2029, with interest rates ranging from 5.10% to 6.60%. At June 30, 2021, the principal balance outstanding was $9,995,000.

2001 General Obligation Refunding Bonds, Series A

On June 1, 2001, the District issued $24,105,000 of 2001 General Obligation Refunding Bonds, Series A in order to advance refund the prior outstanding General Obligation Bonds, Election of 1998, Series C. Proceeds from the 2020 General Obligation Refunding Bonds were remitted to an escrow account to be used for the advance prepayment of the remaining balance of the 2001 General Obligation Refunding Bonds, with the repayment to occur August 1, 2021. As a result, bonds refunded are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position.

2008 General Obligation Bonds, Series B

On May 4, 2011, the District issued $4,030,000 of 2008 General Obligation Bonds, Series B. The bonds have a final maturity to occur on August 1, 2025, with interest rates ranging from 4.98% to 6.22%. The bonds were issued to finance the renovation, construction, and improvement of the school facilities in the District. At June 30, 2021, the principal balance outstanding was $1,630,000.

2008 General Obligation Bonds, Series C

On June 14, 2011, the District issued $45,970,000 of 2008 General Obligation Bonds, Series C. The bonds have a final maturity to occur on August 1, 2040, with interest rates ranging from 2.00% to 5.40%. The bonds were issued to finance the renovation, construction, and improvement of school facilities in the District. Proceeds from the 2020 General Obligation Refunding Bonds were remitted to an escrow account to be used for the advance prepayment certain maturities of the 2008 General Obligation Bonds, Series C, with the repayment to occur August 1, 2021. As a result, the portion of the bonds refunded are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position. At June 30, 2021, the principal balance outstanding was $1,030,000.

2012 General Obligation Refunding Bonds, Series B

On April 3, 2012, the District issued $29,940,000 of 2012 General Obligation Refunding Bonds, B. The bonds were issued for the purpose of refunding all or some of the District's outstanding General Obligation Bonds, issued pursuant to its Election of 2002, Series A, Series B, and Series C. The bonds have a final maturity date to occur on August 1, 2028, with interest rates ranging from 3.00% to 4.00%. At June 30, 2021, the principal balance outstanding was $16,275,000.

2008 Taxable General Obligation Bonds, Series D

On September 18, 2012, the District issued $20,970,000 of 2008 Taxable General Obligation Bonds, Series D qualified school construction bonds under the provisions of the American Recovery and Reinvestment Act of 2009. The District has designated the Series D Bonds as "qualified school construction bonds" under Section 54F of the Internal Revenue Code of 1986, as amended, making the District eligible for cash subsidy payments from the United States Treasury. The current interest bonds were issued to finance new construction and additions to, and modernization of school facilities for the District. The bonds have a final maturity to occur on August 1, 2028, with an interest rate of 5.09%. At June 30, 2021, the principal balance outstanding was $19,225,000.

2008 Taxable General Obligation Bonds, Series E

On December 4, 2012, the District issued $14,000,000 of 2008 Taxable General Obligation Bonds, Series E. The current interest was issued to finance new construction and additions to, and modernization of school facilities for the District. The bonds have a final maturity to occur on August 1, 2030, with interest rates ranging from 3.00% to 5.00%. At June 30, 2021, the principal balance outstanding was $13,055,000.

2008 General Obligation Bonds, Series F

On January 14, 2015, the District issued $23,000,000 of 2008 General Obligation Bonds, Series F. The current interest bonds were issued to finance new construction and additions, and modernization of school facilities for the District. The bonds have a final maturity to occur on August 1, 2039, with interest rates ranging from 2.00% to 5.00%. At June 30, 2021, the principal balance outstanding was $21,550,000 and unamortized premium were $1,780,990.

2015 General Obligation Refunding Bonds

On January 14, 2015, the District issued $19,650,000 of 2015 General Obligation Refunding Bonds. The refunding bonds were issued to refund in full two outstanding series of general obligation bonds of the District (2002 Series D and 2002 Series E). The bonds have a final maturity to occur on August 1, 2035, with interest rates ranging from 3.00% to 5.00%. At June 30, 2021, the principal balance outstanding was $14,170,000 and unamortized premium were $2,519,851.

2008 General Obligation Bonds Series G

On May 18, 2016, the District issued capital appreciation, 2008 General Obligation Bonds, Series G, in the amount of $19,998,077 (accreting to $35,880,000). The bonds have a final maturity to occur on August 1, 2036, with interest rates ranging from 1.01 to 3.63%. The bonds were issued to finance new construction and additions to, and modernization of school facilities for the District. At June 30, 2021, the principal balance outstanding was $23,245,788.

2016 General Obligation Refunding Bonds, Series A

On May 18, 2016, the District issued $25,040,000 of 2016 General Obligation Refunding Bonds, Series A. The bonds have a final maturity to occur on August 1, 2034, with interest rates ranging from 2.00 to 4.00%. The bonds were issued to refund certain maturities of the District's General Obligation Bonds 2008 Election, Series A. At June 30, 2021, the principal balance outstanding was $22,965,000 and unamortized premium were $3,352,748.

2016 General Obligation Refunding Bonds, Series B

On November 2, 2016, the District issued $6,685,000 of 2016 General Obligation Refunding Bonds, Series B. The bonds were issued to refund the District's outstanding 2007 General Obligation Refunding Bonds. The bonds have a final maturity to occur on August 1, 2031, with interest rates ranging from 2.00 to 5.00%. At June 30, 2021, the principal balance outstanding was $5,245,000 and unamortized premium were $870,870.

2016 General Obligation Bonds, Series A

On April 19, 2017, the District issued $42,100,000 of 2016 General Obligation Bonds, Series A. The bonds were issued to finance school construction and improvements to District facilities. The bonds have a final maturity to occur on August 1, 2046, with interest rates ranging from 2.00 to 5.00%. At June 30, 2021, the principal balance outstanding was $42,095,000 and unamortized premium were $1,572,988.

2016 General Obligation Ed-Tech Bonds, Series B

On April 19, 2017, the District issued $20,000,000 of 2016 General Obligation Ed-Tech Bonds, Series B. The bonds were issued to finance the acquisition of technology equipment and other facility improvements. The bonds have a final maturity to occur on August 1, 2020, with an interest rate of 5.00%. At June 30, 2021, the principal balance outstanding has been paid off.

2016 General Obligation Bonds, Series C

On January 24, 2019, the District issued $55,000,000 of 2016 General Obligation Bonds, Series C. The bonds were issued to finance the renovation, construction, improvement and equipping of school facilities. The bonds have a final maturity to occur on August 1, 2048, with interest rates ranging from 3.00 to 5.00%. At June 30, 2021, the principal balance outstanding was $49,300,000 and unamortized premium were $2,142,954.

2016 General Obligation Bonds, Series D

On October 15,2020, the District issued $71,400,000 of 2016 General Obligation Bonds, Series D. The bonds were issued to finance the renovation, construction, improvement and equipping of school facilities. The bonds have a final maturity to occur on August 1, 2048, with interest rates ranging from 2.13 to 5.00%. At June 30, 2021, the principal balance outstanding was $71,400,000 and unamortized premium were $5,194,801.

2016 General Obligation Ed-Tech Bonds, Series E

On October 15, 2020, the District issued $14,600,000 of 2016 General Obligation Ed-Tech Bonds, Series E. The bonds were issued to finance the renovation, construction, improvement and equipping of school facilities. The bonds have a final maturity to occur on August 1, 2032, with interest rates ranging from 2.00 to 3.00%. At June 30, 2021, the principal balance outstanding was $14,600,000 and unamortized premium were $1,190,106.

2020 General Obligation Refunding Bonds

On October 20, 2020, the District issued $46,280,000 in 2020 General Obligation Refunding Bonds. Proceeds of the bonds were used to refund a portion of the District's outstanding 2001 General Obligation Bonds, Series A and 2008 General Obligation Bonds, Series C. The Bonds mature August 1, 2040, with interest rates ranging from 0.29% to 3.01%. The refunding resulted in a cumulative cash flow savings of $12,210,667 over the life of the new debt and an economic gain of $9,762,026 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.34%. At June 30, 2021, the principal balance outstanding was $46,280,000.

Debt Service Requirements to Maturity

The current interest bonds mature through 2049 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2022	$ 14,945,000	$ 12,373,063	$ 27,318,063
2023	16,215,000	12,061,020	28,276,020
2024	14,555,000	11,420,111	25,975,111
2025	14,190,000	10,843,910	25,033,910
2026	15,220,000	10,246,915	25,466,915
2027-2031	76,865,000	43,810,031	120,675,031
2032-2036	55,510,000	29,017,269	84,527,269
2032-2036	63,815,000	17,810,276	81,625,276
2032-2036	51,855,000	8,165,632	60,020,632
2047-2049	25,645,000	1,029,525	26,674,525
Total	$ 348,815,000	$ 156,777,752	$ 505,592,752

The capital appreciation bonds mature through 2037 as follows:

Bonds Maturing Fiscal Year	Initial Bond Value	Accreted Interest	Accreted Obligation	Unaccreted Interest	Maturity Value
2022	$ 170,028	$ 14,659	$ 184,687	$ 313	$ 185,000
2023	232,799	22,101	254,900	5,100	260,000
2024	195,370	20,478	215,848	9,152	225,000
2025	221,635	25,930	247,565	17,435	265,000
2026	181,294	22,928	204,222	20,778	225,000
2027-2031	1,795,202	298,481	2,093,683	581,317	2,675,000
2032-2036	14,083,153	2,683,006	16,766,159	9,228,841	25,995,000
2037	2,735,052	543,672	3,278,724	2,371,276	5,650,000
Total	$ 19,614,533	$ 3,631,255	$ 23,245,788	$ 12,234,212	$ 35,480,000

2013 Refunding Lease Revenue Bonds

On July 16, 2013, pursuant to a lease agreement with the Pomona Valley Educational Joint Powers Authority, the District issued $18,160,000 in 2013 Refunding Lease Revenue Bonds, to refund on a current basis all of (i) one outstanding series of lease revenue bonds of the Pomona Valley Educational Joint Powers Authority, and (ii) two outstanding series of lease revenue bonds of the Golden West School Financing Authority, all of which were issued for the purpose of financing the construction of educational facilities of the District. The bonds have a final maturity date to occur on August 1, 2026, with interest rates ranging between 1.79 to 4.73%. At June 30, 2021, the principal balance outstanding was $10,270,000 and unamortized premium were $547,837.

Debt Service Requirements to Maturity

The bonds mature through fiscal year 2027 as follows:

Year Ending June 30,	Principal	Interest to Maturity	Total
2022	$ 2,020,000	$ 472,813	$ 2,492,813
2023	2,135,000	368,937	2,503,937
2024	2,190,000	260,812	2,450,812
2025	1,505,000	166,556	1,671,556
2026	1,565,000	85,969	1,650,969
2027	855,000	22,444	877,444
Total	$ 10,270,000	$ 1,377,531	$ 11,647,531

Claims Liability

Liabilities associated with workers' compensation and property and liability claims are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are based upon estimated ultimate cost of settling the claims, considering recent claim settlement trends including the frequency and amounts of payouts and other economic and social factors. The liability for workers' compensation and property and liability claims is reported in the Internal Service Fund. The outstanding liability at June 30, 2021 amounted to $8,853,462. Payments for claims liability are paid by the Internal Service Fund.

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2021, amounted to $310,881.

Note 9 - Net Other Postemployment Benefit (OPEB) Liability

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

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 39,809,475	$ 1,284,504	$ 5,429,448	$ 522,864
Medicare Premium Payment (MPP) Program	1,973,110	-	-	272,477
Total	$ 41,782,585	$ 1,284,504	$ 5,429,448	$ 795,341

The details of each plan are as follows:

District Plan

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Plan Membership

At June 30, 2020, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	196
Active employees	3,284
Total	3,480

Benefits Provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Associated Pomona Teachers (APT), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, APT, CSEA, and the unrepresented groups. For measurement period of June 30, 2021, the District paid $2,460,055 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $39,809,475 was measured as of June 30, 2021, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2020.

Actuarial Assumptions

The total OPEB liability as of June 30, 2021 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2020 and rolling forward the total OPEB liability to June 30, 2021. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00	%
Salary increases	3.00	%, average, including inflation
Discount rate	2.16	%
Healthcare cost trend rates	5.50	% for 2021

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Mortality rates were based on the Pub-2010 generational table scaled using MP-2019 and applied on a gender-specific basis.

The actuarial assumptions used in the June 30, 2020 valuation was based on the results of an actual experience study for the period July 1, 2019 to June 30, 2020.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2020	$ 38,879,139
Service cost	2,367,519
Interest	884,368
Changes of assumptions	138,504
Benefit payments	(2,460,055)
Net change in total OPEB liability	930,336
Balance, June 30, 2021	$ 39,809,475

Changes of assumptions reflect a change in the discount rate from 2.21% in 2020 to 2.16% in 2021. There were no changes in benefit terms since the previous valuation.

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

The following presents the total OPEB liability of the District, as well as what the District's total 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	Total OPEB Liability
1% decrease (1.16%)	$ 42,658,000
Current discount rate (2.16%)	39,809,475
1% increase (3.16%)	37,132,000

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

The following presents the total OPEB liability of the District, as well as what the District's total 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	Total OPEB Liability
1% decrease (4.50%)	$ 37,448,000
Current healthcare cost trend rate (5.50%)	39,809,475
1% increase (6.50%)	42,594,000

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 $522,864. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 376,365	$ -
Changes of assumptions	908,139	5,429,448
Total	$ 1,284,504	$ 5,429,448

Amounts reported as 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
2022	$ (268,968)
2023	(268,968)
2024	(268,968)
2025	(268,968)
2026	(268,968)
Thereafter	(2,800,104)
Total	$ (4,144,944)

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation report, Medicare Premium Payment Program 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 MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB)Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

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

Net OPEB Liability and OPEB Expense

At June 30, 2021, the District reported a liability of $1,973,110 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.4656%, and 0.4567%, resulting in a net increase in the proportionate share of 0.0089%.

For the year ended June 30, 2021, the District recognized OPEB expense of $272,477.

Actuarial Methods and Assumptions

The June 30, 2020 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total OPEB liability to June 30, 2020, using the assumptions listed in the following table:

Measurement Date	June 30, 2020	June 30, 2019
Valuation Date	June 30, 2019	June 30, 2018
Experience Study	June 30, 2014 through June 30, 2018	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.21%	3.50%
Medicare Part A Premium Cost Trend Rate	4.50%	3.70%
Medicare Part B Premium Cost Trend Rate	5.40%	4.10%

For the valuation as of June 30, 2019, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

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

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

Discount Rate

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

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

The following presents the District's proportionate share of the net OPEB liability calculated using the current discount rate, as well as what the 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 (1.21%)	$ 2,181,822
Current discount rate (2.21%)	1,973,110
1% increase (3.21%)	1,795,511

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	$ 1,789,086
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	1,973,110
1% increase (5.50% Part A and 6.40% Part B)	2,184,956

Note 10 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Child Development Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable						
Revolving cash	$ 150,000	$ -	$ -	$ -	$ 7,000	$ 157,000
Stores inventories	179,504	-	-	-	486,274	665,778
Total nonspendable	329,504	-	-	-	493,274	822,778
Restricted						
Legally restricted programs	55,051,547	1,350,549	-	-	731,127	57,133,223
Food service	-	-	-	-	2,012,813	2,012,813
Student activities	-	-	-	-	355,624	355,624
Capital projects	-	-	125,827,025	-	29,243,279	155,070,304
Debt service	-	-	-	27,611,590	-	27,611,590
Total restricted	55,051,547	1,350,549	125,827,025	27,611,590	32,342,843	242,183,554
Assigned						
LCFF supplemental/ concentration	18,359,415	-	-	-	-	18,359,415
Textbook adoption	2,000,000	-	-	-	-	2,000,000
Fiscal stabilization plan	28,680,040	-	-	-	-	28,680,040
Reclassifications	12,301,334	-	-	-	-	12,301,334
One-time funds	18,324,887	-	-	-	-	18,324,887
Lottery	3,599,788	-	-	-	-	3,599,788
Child development	-	77,515	-	-	-	77,515
Capital outlay projects	-	-	-	-	4,355,452	4,355,452
Other program balances	-	-	-	-	4,343,223	4,343,223
Total assigned	83,265,464	77,515	-	-	8,698,675	92,041,654
Unassigned						
Reserve for economic uncertainties	9,477,904	-	-	-	-	9,477,904
Total	$ 148,124,419	$ 1,428,064	$ 125,827,025	$ 27,611,590	$ 41,534,792	$ 344,525,890

Note 11 - Risk Management

Description of Program

The District's risk management activities for property, liability, and workers' compensation exposures are recorded in the Internal Service Funds. The purpose of the funds is to administer property and liability, and workers' compensation insurance programs of the District on a cost-reimbursement basis. These funds account for the risk financing activities of the District, but do not constitute a transfer of risk from the District.

Significant losses are covered by commercial insurance for all major programs. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years. For 2020-2021, the District has purchased commercial insurance for its workers' compensation losses.

Trust Account

To facilitate the processing of claims, a revolving type of trust bank account was established. Claims arising are handled by the District's claims administrator who writes, and issues checks in settlement of claims against the District. The trust account is periodically reimbursed by the District.

Claims Liabilities

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

Unpaid Claims Liabilities

The fund establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage and subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards; the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverage such as general liability. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2019, to June 30, 2021:

	Workers' Compensation	Property and Liability	Total
Liability Balance, July 1, 2019	$ 9,101,000	$ 394,000	$ 9,495,000
Claims and changes in estimates	967,656	9,119	976,775
Claims payments	(1,587,296)	(9,119)	(1,596,415)
Liability Balance, June 30, 2020	8,481,360	394,000	8,875,360
Claims and changes in estimates	1,197,026	-	1,197,026
Claims payments	(1,174,924)	(44,000)	(1,218,924)
Liability Balance, June 30, 2021	$ 8,503,462	$ 350,000	$ 8,853,462
Assets available to pay claims at June 30, 2021	$ 18,178,559	$ 3,173,023	$ 21,351,582

Note 12 - 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, 2021, 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	$ 258,945,211	$ 67,747,623	$ 21,134,773	$ 35,351,647
CalPERS	114,841,910	20,293,324	4,782,435	21,491,114
Total	$ 373,787,121	$ 88,040,947	$ 25,917,208	$ 56,842,761

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, 2019, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

The STRP provisions and benefits in effect at June 30, 2021, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.15%	16.15%
Required state contribution rate	10.328%	10.328%

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, 2021, are presented above and the District's total contributions were $23,071,189.

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

At June 30, 2021, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share	
Proportionate share of net pension liability	$ 258,945,211
State's proportionate share of the net pension liability	133,486,287
Total	$ 392,431,498

The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.2672% and 0.2582%, resulting in a net increase in the proportionate share of 0.0090%.

For the year ended June 30, 2021, the District recognized pension expense of $35,351,647. In addition, the District recognized pension expense and revenue of $18,700,119 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 23,071,189	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	12,817,641	13,832,075
Differences between projected and actual earnings on pension plan investments	6,151,047	-
Differences between expected and actual experience in the measurement of the total pension liability	456,920	7,302,698
Changes of assumptions	25,250,826	-
Total	$ 67,747,623	$ 21,134,773

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:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	$ (3,753,333)
2023	2,095,774
2024	4,181,305
2025	3,627,301
Total	$ 6,151,047

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	$ 7,198,145
2023	2,248,277
2024	7,607,610
2025	(45,334)
2026	(525,527)
Thereafter	907,443
Total	$ 17,390,614

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, 2019 and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) 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 future valuation, CalSTRS 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, 2020, 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 (7.10%) and assuming 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%)	$ 391,230,144
Current discount rate (7.10%)	258,945,211
1% increase (8.10%)	149,725,371

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, 2019 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 provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2021, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	20.700%	20.700%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are 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, 2021, are presented above and the total District contributions were $11,284,593.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $114,841,910. The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.3743% and 0.3749%, resulting in a net decrease in the proportionate share of 0.0006%.

For the year ended June 30, 2021, the District recognized pension expense of $21,491,114. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 11,284,593	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	501,150	4,782,435
Differences between projected and actual earnings on pension plan investments	2,390,644	-
Differences between expected and actual experience in the measurement of the total pension liability	5,695,807	-
Changes of assumptions	421,130	-
Total	$ 20,293,324	$ 4,782,435

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:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	$ (894,628)
2023	797,977
2024	1,387,014
2025	1,100,281
Total	$ 2,390,644

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

Year Ended June 30,	Deferred Outflows of Resources
2022	$ 2,480,474
2023	(175,586)
2024	(424,068)
2025	(45,168)
Total	$ 1,835,652

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, 2019 and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
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

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%)	$ 165,106,188
Current discount rate (7.15%)	114,841,910
1% increase (8.15%)	73,125,082

Alternate Retirement System

The District contributes to the Public Agency Retirement System (PARS), which is a defined contribution pension plan. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions and forfeitures of other participants' benefits that may be allocated to such participant's account.

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 PARS as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 1.3% of an employee's gross earnings. An employee is required to contribute 6.2% of his or her gross earnings to the pension plan.

During the year, the District's required and actual contributions amounted to $62,598.

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 $15,106,687 (10.328% 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. On behalf payments have been excluded from the calculation of available reserves and have not been included in the budgeted amounts reported in the *General Fund - Budgetary Comparison Schedule*.

Note 13 - 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, 2021.

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, 2021.

Construction Commitments

As of June 30, 2021, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Major Repair Replacement and Site Discretionary Projects		
Various Sites - Install Vape Sensors	$ 122,755	September 30, 2021
Lopez Elementary School - Exterior Entry/Paint/Doors	138,901	October 30, 2021
Pantera Elementary School - Site Improvement	438,743	October 30, 2021
Various Playgrounds	30,456	October 31, 2021
Arroyo Site Improvements	623,093	November 30, 2021
Various Sites - Roof Projects/Replacement	5,451,684	June 30, 2022
Various Sites - Project Certifications	361,072	June 30, 2022
Various Sitework	1,232,339	June 30, 2022
Various Sites - Safety/Security/Technology	438,525	June 30, 2022
New Construction/Expansions Projects		
Roosevelt Elementary School - Modernization	14,996,066	June 30, 2022
Total	$ 23,833,634	

Note 14 - Participation in Public Entity Risk Pools, Joint Power Authorities, and Other Related Party Transactions

The District is a member of the Alliance of Schools for Cooperative Insurance Programs (ASCIP) and Schools Excess Liability Fund (SELF) public entity risk pools. The District pays an annual premium to the applicable risk pool for its property and liability and excess workers' compensation insurance coverage. The relationship between the District and the pools are such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2021, the District made payments of $3,012,744 and $163,440 to ASCIP and SELF, respectively, for services noted.

Note 15 - Subsequent Events

On September 9, 2021, the District issued $25,000,000 in in 2008 General Obligation Bonds, Series H with interest rates ranging from 0.16% to 4.00%. The bonds mature through August 1, 2040. Proceeds of the bonds will be used to finance school construction and improvements of District facilities as approved by the voters at an election held in the District on November 4, 2008.

On September 9, 2021, the District issued $45,500,000 in 2016 General Obligation Bonds, Series F with interest rates ranging from 0.16% to 4.00%. The bonds mature through August 1, 2048. Proceeds on the bonds will be used to finance school construction and improvements to District facilities as approved by the voters at an election held in the District on November 8, 2016.

Note 16 - Restatement of Prior Year Net Position and Fund Balance

As of July 1, 2020, the District adopted GASB Statement No. 84, *Fiduciary Activities* (GASB 84). As a result of the implementation of GASB 84, the District has reclassified its associated student body activity previously reported as fiduciary funds to a governmental fund – Student Activity Fund. The following table describes the effects of the implementation on beginning fund balance/net position.

	Non-Major Govermental Funds	Total Governmental Funds
Student Activity Fund		
Fund Balance - Beginning	$ 33,354,130	$ 220,425,218
Prior Period Adjustment - Implementation of GASB 84		
Reclassification of student activity from agency funds to a special revenue fund	359,321	359,321
Fund Balance - Beginning as restated at July 1, 2020	$ 33,713,451	$ 220,784,539

The restatement of net position is identified as follows:

Governmental Activities	
Net Position - Beginning	$ (16,909,347)
Reclassification of student activity from agency funds to a special revenue fund	359,321
Net Position - Beginning as restated at July 1, 2020	$ (16,550,026)

Required Supplementary Information
June 30, 2021

Pomona Unified School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ 226,377,460	$ 247,830,046	$ 247,715,755	$ (114,291)
Federal sources	23,670,917	58,745,934	51,600,452	(7,145,482)
Other State sources	26,288,820	30,657,854	62,636,942	31,979,088
Other local sources	1,875,440	3,549,735	11,519,496	7,969,761
Total revenues [1]	278,212,637	340,783,569	373,472,645	32,689,076
Expenditures				
Current				
Certificated salaries	133,114,399	137,329,146	138,678,122	(1,348,976)
Classified salaries	49,254,487	47,128,239	50,097,405	(2,969,166)
Employee benefits	62,465,159	62,614,529	77,709,161	(15,094,632)
Books and supplies	12,479,473	39,037,871	26,740,230	12,297,641
Services and operating expenditures	40,256,129	37,599,810	32,585,720	5,014,090
Other outgo	202,789	1,476,801	(494,868)	1,971,669
Capital outlay	9,930	576,757	724,613	(147,856)
Total expenditures [1]	297,782,366	325,763,153	326,040,383	(277,230)
Excess (Deficiency) of Revenues Over Expenditures	(19,569,729)	15,020,416	47,432,262	32,411,846
Other Financing Uses				
Transfers out	(2,300,000)	(2,500,000)	(4,996,423)	(2,496,423)
Net Change in Fund Balances	(21,869,729)	12,520,416	42,435,839	29,915,423
Fund Balance - Beginning	105,688,580	105,688,580	105,688,580	-
Fund Balance - Ending	$ 83,818,851	$ 118,208,996	$ 148,124,419	$ 29,915,423

[1] On behalf payments of $15,106,687 are included in the actual revenues and expenditures but have not been included in the budgeted amounts

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Federal sources	$ 31,603,998	$ 48,135,217	$ 36,089,659	$ (12,045,558)
Other State sources	22,237,205	24,585,446	18,788,864	(5,796,582)
Other local sources	10,339,499	10,216,657	11,781,777	1,565,120
Total revenues	64,180,702	82,937,320	66,660,300	(16,277,020)
Expenditures				
Current				
Certificated salaries	7,596,250	7,620,491	7,381,081	239,410
Classified salaries	10,012,744	9,750,779	8,799,469	951,310
Employee benefits	7,962,524	7,550,207	6,720,178	830,029
Books and supplies	1,960,277	4,138,462	2,819,665	1,318,797
Services and operating expenditures	34,790,086	50,943,613	38,655,758	12,287,855
Other outgo	1,805,496	2,623,965	1,721,613	902,352
Capital outlay	53,325	309,803	135,364	174,439
Total expenditures	64,180,702	82,937,320	66,233,128	16,704,192
Net Change in Fund Balances	-	-	427,172	427,172
Fund Balance - Beginning	1,000,892	1,000,892	1,000,892	-
Fund Balance - Ending	$ 1,000,892	$ 1,000,892	$ 1,428,064	$ 427,172

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	$ 2,367,519	$ 2,421,531	$ 2,193,706	$ 2,111,972
Interest	884,368	1,527,763	1,579,657	1,552,921
Difference between expected and actual experience	-	426,951	-	-
Changes of assumptions	138,504	(5,594,122)	1,132,295	(854,994)
Benefit payments	(2,460,055)	(2,263,642)	(2,338,591)	(2,062,485)
Net change in total OPEB liability	930,336	(3,481,519)	2,567,067	747,414
Total OPEB Liability - Beginning	38,879,139	42,360,658	39,793,591	39,046,177
Total OPEB Liability - Ending	$ 39,809,475	$ 38,879,139	$ 42,360,658	$ 39,793,591
Covered Payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

[1] The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

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

Year ended June 30,	2021	2020	2019	2018
Proportion of the net OPEB liability	0.4656%	0.4567%	0.4752%	0.4711%
Proportionate share of the net OPEB liability	$ 1,973,110	$ 1,700,633	$ 1,819,059	$ 1,981,807
Covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

	2021	2020	2019	2018
CalSTRS				
Proportion of the net pension liability	0.2672%	0.2582%	0.2648%	0.2602%
Proportionate share of the net pension liability	$ 258,945,211	$ 233,151,562	$ 243,343,269	$ 240,628,788
State's proportionate share of the net pension liability	133,486,287	127,199,743	139,325,402	142,353,958
Total	$ 392,431,498	$ 360,351,305	$ 382,668,671	$ 382,982,746
Covered payroll	$ 144,236,012	$ 140,886,057	$ 141,052,238	$ 136,591,916
Proportionate share of the net pension liability as a percentage of its covered payroll	179.53%	165.49%	172.52%	176.17%
Plan fiduciary net position as a percentage of the total pension liability	72%	73%	71%	69%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
CalPERS				
Proportion of the net pension liability	0.3743%	0.3749%	0.3936%	0.3830%
Proportionate share of the net pension liability	$ 114,841,910	$ 109,259,569	$ 104,937,053	$ 91,433,966
Covered payroll	$ 53,892,404	$ 51,987,792	$ 51,805,833	$ 50,836,355
Proportionate share of the net pension liability as a percentage of its covered payroll	213.09%	210.16%	202.56%	179.86%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	71%	72%
Measurement Date	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.

	2017	2016	2015
CalSTRS			
Proportion of the net pension liability	0.2614%	0.3078%	0.2553%
Proportionate share of the net pension liability	$ 211,417,387	$ 207,210,852	$ 149,203,963
State's proportionate share of the net pension liability	120,356,147	109,591,698	90,095,794
Total	$ 331,773,534	$ 316,802,550	$ 239,299,757
Covered payroll	$ 134,304,278	$ 128,512,725	$ 120,018,048
Proportionate share of the net pension liability as a percentage of its covered payroll	157.42%	161.24%	124.32%
Plan fiduciary net position as a percentage of the total pension liability	70%	74%	77%
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS			
Proportion of the net pension liability	0.3957%	0.3999%	0.3914%
Proportionate share of the net pension liability	$ 78,151,760	$ 58,817,082	$ 44,436,738
Covered payroll	$ 52,689,246	$ 47,583,111	$ 45,270,169
Proportionate share of the net pension liability as a percentage of its covered payroll	148.33%	123.61%	98.16%
Plan fiduciary net position as a percentage of the total pension liability	74%	79%	83%
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014

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

	2021	2021	2020	2019
CalSTRS				
Contractually required contribution	$ 23,071,189	$ 24,664,358	$ 22,936,250	$ 20,353,838
Less contributions in relation to the contractually required contribution	23,071,189	24,664,358	22,936,250	20,353,838
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 142,855,659	$ 144,236,012	$ 140,886,057	$ 141,052,238
Contributions as a percentage of covered payroll	16.15%	17.10%	16.28%	14.43%
CalPERS				
Contractually required contribution	$ 11,284,593	$ 10,628,121	$ 9,390,035	$ 8,045,964
Less contributions in relation to the contractually required contribution	11,284,593	10,628,121	9,390,035	8,045,964
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 54,514,942	$ 53,892,404	$ 51,987,792	$ 51,805,833
Contributions as a percentage of covered payroll	20.700%	19.721%	18.062%	15.531%

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

	2018	2017	2016
CalSTRS			
Contractually required contribution	$ 17,183,263	$ 14,410,849	$ 11,411,930
Less contributions in relation to the contractually required contribution	17,183,263	14,410,849	11,411,930
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	$ 136,591,916	$ 134,304,278	$ 128,512,725
Contributions as a percentage of covered payroll	12.58%	10.73%	8.88%
CalPERS			
Contractually required contribution	$ 7,060,153	$ 6,242,095	$ 5,601,008
Less contributions in relation to the contractually required contribution	7,060,153	6,242,095	5,601,008
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	$ 50,836,355	$ 52,689,246	$ 47,583,111
Contributions as a percentage of covered payroll	13.888%	11.847%	11.771%

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedules

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.

These schedules present 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.

At June 30, 2021, the District major Fund exceeded the budgeted amount in total as follows:

	Expenditures and Other Uses		
Fund	Budget	Actual	Excess
General Fund	$ 328,263,153	$ 331,036,806	$ 2,773,653

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

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

- *Change in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Change of Assumptions* – The discount rate changed from 2.21% in 2020 to 2.16% in 2021.

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

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

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 3.50% to 2.21% since the previous valuation.

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.

Schedule of District Contributions

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

Supplementary Information
June 30, 2021

Pomona Unified School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Student Financial Aid Cluster			
Pell Grant Administration	84.063	[1]	$ 169,324
Total Student Financial Aid Cluster			169,324
Passed Through California Department of Education (CDE)			
Special Education (IDEA) Cluster			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	3,489,689
Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	12,602
Preschool Grants, Part B, Sec 619	84.173	13430	134,190
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	226,448
Preschool Staff Development, Part B, Sec 619	84.173A	13431	1,353
Alternate Dispute Resolution	84.173A	13007	13,059
Total Special Education (IDEA) Cluster			3,877,341
Early Intervention, Part C	84.181	23761	137,791
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	8,597,728
School Improvement Funding for LEAs	84.010	15438	478,012
Subtotal			9,075,740
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894	123,358
Carl D. Perkins Career and Technical Education: Adult, Section 132	84.048	14893	15,118
Subtotal			138,476
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	4,734,584
COVID-19 Governor's Emergency Education Relief (GEER) Fund	84.425C	15517	1,379,113
Subtotal			6,113,697
Title I School Improvement Grant	84.377	15364	5,398,612
Title II, Part A, Supporting Effective Instruction	84.367	14341	790,869
Title III, English Learner Student Program	84.365	14346	154,927
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	161,071
Title IX, Part A, McKinney-Vento Homeless Assistance Grants	84.196	14332	130,796
Passed Through Department of Rehabilitation			
State Vocational Rehabilitation Services Program	84.126A	[2]	29,645
Total U.S. Department of Education			26,178,289

[1] Direct award.
[2] Pass-Through Entity Identifying Number not available.

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed Through CDE			
Child Nutrition Cluster			
National School Lunch Program	10.555	13391	$ 356,540
Especially Needy Breakfast	10.553	13526	223,828
Seamless Summer Food Program	10.559	13004	3,213,847
Commodities	10.555	13391	261,401
Total Child Nutrition Cluster			4,055,616
Child and Adult Care Food Program	10.558	13393	127,989
Total U.S. Department of Agriculture			4,183,605
U.S. Department of Health and Human Services			
Passed through CDE			
Child Care and Development Fund (CCDF) Cluster			
CCDF: General Child Care & Development Programs (Contract No. CCCTR-0120)	93.596	13609 & 15136	371,680
COVID-19 CCDF: CARES Act General Child Care & Development Programs (Contract No. CCCTR-0120)	93.575	15549	8,622
CCDF: Resource & Referral (Contract No. CRRP-0030 & 0031)	93.575	14130	83,296
CCDF: Quality Improvement Activities - Child Care Initiative Project (Contract No. CCIP-0031)	93.575	14130	10,000
CCDF: Quality Improvement Activities - Child Care Initiative Project (Contract No. CCIP-0030)	93.575	14130	28,115
CCDF: Quality Improvement Activities - CCDF Health & Safety (Contract No. CHST-0030)	93.575	14140	9,214
CCDF: Quality Improvement Activities - CCDF Health & Safety (Contract No. CHST-0031)	93.575	14140	11,199
CCDF: Federal Alternative Payment (Contract No. CAPP-9033)	93.596	13694 & 14153 15400	2,113,910
COVID-19 CCDF: CARES Act Federal Alternative Payment (Contract No. CAPP-9033)	93.575	15511	723,367
COVID-19 CCDF: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - Alternative Payment (Contract No. CAPP-9033)	93.575	15554	4,867,157
CCDF: Federal Alternative Payment, Stage 2 (Contract No. C2AP-0030)	93.575	14178	1,778,743
COVID-19 CCDF: CARES Act Federal Alternative Payment, Stage 2 (Contract No. C2AP-0030)	93.575	15512	58,258
COVID-19 CCDF: CARES Act Federal Alternative Payment, Stage 3 (Contract No. C3AP-0029)	93.575	15513	200,840
CCDF: Federal Alternative Payment, Stage 3 (Contract No. C3AP-0029)	93.596	14985, 13881, 14984 & 15452	5,275,247
COVID-19 CCDF: CRRSA Act - One-Time Stipend	93.575	15555	2,038,153
Total Chlid Care Development Fund Program Cluster			17,577,801

[1] Direct award.
[2] Pass-Through Entity Identifying Number not available.

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Passed through LACOE [3]			
Head Start Program Cluster			
Head Start - Basic	93.600	10016	$ 10,008,411
Head Start - Training and Technical Assistance	93.600	10016	30,060
Head Start - Extended Duration/Dosage	93.600	10016	796,586
Head Start - Duration/Dosage Expansion	93.600	10016	429,363
Head Start - Quality Improvement	93.600	10016	205,870
COVID-19 Head Start - CARES	93.600	10016	999,138
Early Head Start - Basic	93.600	10016	4,169,086
Early Head Start - Quality Improvement	93.600	10016	64,473
Early Head Start - Child Care Partnership	93.600	10016	1,360,664
Early Head Start - CCP Quality Improvement	93.600	10016	19,092
COVID-19 Early Head Start - CARES	93.600	10016	53,247
Total Head Start Program Cluster			18,135,990
Total U.S. Department of Heath and Human Services			35,713,791
U.S. Department of Treasury			
Passed Through CDE			
COVID-19 Coronavirus Relief Fund	21.019	25516	25,395,914
U.S. Department of Defense			
Passed through LACOE			
Junior Reserve Officer Training Corps	12.000	[2]	210,690
Total Federal Financial Assistance			$ 91,682,289

[1] Direct award.
[2] Pass-Through Entity Identifying Number not available.
[3] Does not include District in-kind contributions of $2,737,279 to meet Federal match requirements. Contributions by program are as follows:

Head Start - Basic	93.600	10016	$ 1,874,297
Head Start - Training and Technical Assistance	93.600	10016	7,515
Head Start - Extended Duration/Dosage	93.600	10016	3,269
Early Head Start - Basic	93.600	10016	369
Early Head Start - Child Care Partnership	93.600	10016	851,829
Total In-Kind Contributions			$ 2,737,279

ORGANIZATION

The Pomona Unified School District was established in 1954 and consists of an area comprising approximately 32 square miles. The District operates 26 elementary schools, four middle schools, three academy schools, four high schools including two alternative high schools, two charter schools, an adult education program, and a child development program. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Mr. Andrew S. Wong	President	2022
Dr. Roberta A. Perlman	Vice President	2022
Mrs. Lorena Gonzalez	Member	2024
Mr. Arturo Jimenez	Member	2024
Mrs. Adrienne Konigar-Macklin	Member	2022

ADMINISTRATION

Mr. Richard Martinez	Superintendent
Mrs. Sandra Garcia	Assistant Superintendent/Chief Business Officer
Mr. Darren Knowles	Deputy Superintendent, Human Resources
Mrs. Lilia Fuentes	Assistant Superintendent, Educational Services
Mr. Fernando Meza	Assistant Superintendent, Facilities, Maintenance, and Operations
Dr. Krystana Walks-Harper	Assistant Superintendent, Pupil and Community Services

Grade Level	Number of Actual Days: Traditional Calendar	Number of Actual Days: Multitrack Calendar	Number of Days Credited Form J-13A	Total Days Offered	Status
Kindergarten	180	N/A	-	180	Complied
Grades 1 - 3					
Grade 1	180	N/A	-	180	Complied
Grade 2	180	N/A	-	180	Complied
Grade 3	180	N/A	-	180	Complied
Grades 4 - 8					
Grade 4	180	N/A	-	180	Complied
Grade 5	180	N/A	-	180	Complied
Grade 6	180	N/A	-	180	Complied
Grade 7	180	N/A	-	180	Complied
Grade 8	180	N/A	-	180	Complied
Grades 9 - 12					
Grade 9	180	N/A	-	180	Complied
Grade 10	180	N/A	-	180	Complied
Grade 11	180	N/A	-	180	Complied
Grade 12	180	N/A	-	180	Complied

La Verne Science and Technology Center

Grade Level	Number of Actual Days: Traditional Calendar	Number of Actual Days: Multitrack Calendar	Number of Days Credited Form J-13A	Total Days Offered	Status
Kindergarten	180	N/A	-	180	Complied
Grades 1 - 3					
Grade 1	180	N/A	-	180	Complied
Grade 2	180	N/A	-	180	Complied
Grade 3	180	N/A	-	180	Complied
Grades 4 - 8					
Grade 4	180	N/A	-	180	Complied
Grade 5	180	N/A	-	180	Complied
Grade 6	180	N/A	-	180	Complied

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

	General Fund	Charter Schools Fund
Fund Balance		
Balance, June 30, 2021, Unaudited Actuals	$ 157,148,163	$ 5,346,161
Decrease in		
Accounts receivable	(9,023,744)	(411,795)
Balance, June 30, 2021, Audited Financial Statements	$ 148,124,419	$ 4,934,366

	(Budget) 2022 [1]	2021	2020	2019
General Fund				
Revenues	$ 328,079,327	$ 373,472,645	$ 331,137,316	$ 342,356,370
Expenditures	328,034,325	326,040,383	313,848,561	321,344,520
Other uses	2,500,000	4,996,423	4,774,517	4,764,001
Total expenditures and other uses	330,534,325	331,036,806	318,623,078	326,108,521
Increase/(Decrease) in Fund Balance	(2,454,998)	42,435,839	12,514,238	16,247,849
Ending Fund Balance	$ 145,669,421	$ 148,124,419	$ 105,688,580	$ 93,174,342
Available Reserves [2]	$ 9,916,030	$ 9,477,904	$ 9,026,399	$ 9,010,146
Available Reserves as a Percentage of Total Outgo [3]	3.00%	3.00%	3.00%	3.00%
Long-Term Liabilities including OPEB and pensions	N/A	$ 826,237,982	$ 722,127,652	$ 750,226,376
K-12 Average Daily Attendance at P-2 [4]	21,157	21,853	21,853	22,324

The General Fund balance has increased by $54,950,077 over the past two years. The fiscal year 2021-2022 budget projects a decrease of $2,454,998 (1.66%). For a district this size, the State recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in the past three years but anticipates incurring an operating deficit during the 2021-2022 fiscal year. Total long-term liabilities have increased by $76,011,606 over the past two years.

Average daily attendance has decreased by 471 over the past two years. An additional decline of 696 ADA is anticipated during fiscal year 2021-2022.

[1] Budget 2021 is 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] On behalf payments of $15,106,687, $17,743,130, and $25,770,332 have been excluded from the calculation of available reserves for the fiscal years ending June 30, 2021, 2020, and 2019.

[4] Includes the Average Daily Attendance for the School of Extended Options and La Verne Science and Technology Center charter schools

Name of Charter School	Charter Number	Included in Audit Report
La Verne Science and Technology Charter	1578	Yes
School of Extended Education Options	0914	Yes

	Student Activity Fund	Charter Schools Fund	Adult Education Fund
Assets			
Deposits and investments	$ 387,112	$ 4,179,563	$ 173,235
Receivables	-	1,694,745	42,967
Stores inventories	10,278	-	-
Total assets	$ 397,390	$ 5,874,308	$ 216,202
Liabilities and Fund Balances			
Liabilities			
Overdrafts	$ -	$ -	$ -
Accounts payable	31,488	879,961	75,938
Due to other funds	-	-	-
Unearned revenue	-	59,981	280
Total liabilities	31,488	939,942	76,218
Fund Balances			
Nonspendable	10,278	-	-
Restricted	355,624	591,143	139,984
Assigned	-	4,343,223	-
Total fund balances	365,902	4,934,366	139,984
Total liabilities and fund balances	$ 397,390	$ 5,874,308	$ 216,202

	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund
Assets			
Deposits and investments	$ 2,838,098	$ 9,233,607	$ -
Receivables	287,225	19,084	-
Stores inventories	475,996	-	-
Total assets	$ 3,601,319	$ 9,252,691	$ -
Liabilities and Fund Balances			
Liabilities			
Overdrafts	$ 56,455	$ -	$ -
Accounts payable	151,519	299,208	-
Due to other funds	883,720	-	-
Unearned revenue	13,816	-	-
Total liabilities	1,105,510	299,208	-
Fund Balances			
Nonspendable	482,996	-	-
Restricted	2,012,813	8,953,483	-
Assigned	-	-	-
Total fund balances	2,495,809	8,953,483	-
Total liabilities and fund balances	$ 3,601,319	$ 9,252,691	$ -

	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Assets				
Deposits and investments	$ 24,633,382	$ -	$ -	$ 41,444,997
Receivables	35,681	-	-	2,079,702
Stores inventories	-	-	-	486,274
Total assets	$ 24,669,063	$ -	$ -	$ 44,010,973
Liabilities and Fund Balances				
Liabilities				
Overdrafts	$ -	$ -	$ -	$ 56,455
Accounts payable	23,815	-	-	1,461,929
Due to other funds	-	-	-	883,720
Unearned revenue	-	-	-	74,077
Total liabilities	23,815	-	-	2,476,181
Fund Balances				
Nonspendable	-	-	-	493,274
Restricted	20,289,796	-	-	32,342,843
Assigned	4,355,452	-	-	8,698,675
Total fund balances	24,645,248	-	-	41,534,792
Total liabilities and fund balances	$ 24,669,063	$ -	$ -	$ 44,010,973

	Student Activity Fund	Charter Schools Fund	Adult Education Fund
Revenues			
Local Control Funding Formula	$ -	$ 9,078,690	$ -
Federal sources	-	-	184,442
Other State sources	-	702,465	2,078,570
Other local sources	207,506	97,845	262,860
Total revenues	207,506	9,879,000	2,525,872
Expenditures			
Current			
Instruction	-	5,615,169	1,422,810
Instruction-related activities			
Supervision of instruction	-	636,588	386,965
Instructional library, media, and technology	-	41,871	-
School site administration	-	1,102,098	429,828
Pupil services			
Food services	-	-	-
All other pupil services	-	510,854	-
Administration			
All other administration	-	459,370	107,825
Plant services	-	372,290	115,496
Ancillary services	200,925	3,527	-
Facility acquisition and construction	-	-	35,000
Debt service			
Principal	-	-	-
Interest and other	-	-	-
Total expenditures	200,925	8,741,767	2,497,924
Excess (Deficiency) of Revenues Over Expenditures	6,581	1,137,233	27,948
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	6,581	1,137,233	27,948
Fund Balance - Beginning, as restated	359,321	3,797,133	112,036
Fund Balance - Ending	$ 365,902	$ 4,934,366	$ 139,984

	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund
Revenues			
Local Control Funding Formula	$ -	$ -	$ -
Federal sources	4,491,319	-	-
Other State sources	351,495	-	8,591,952
Other local sources	71,395	983,112	-
Total revenues	4,914,209	983,112	8,591,952
Expenditures			
Current			
Instruction	-	-	-
Instruction-related activities			
Supervision of instruction	-	-	-
Instructional library, media, and technology	-	-	-
School site administration	-	-	-
Pupil services			
Food services	5,580,560	-	-
All other pupil services	-	-	-
Administration			
All other administration	244,758	28,730	-
Plant services	-	38,652	-
Ancillary services	-	-	-
Facility acquisition and construction	-	1,084,538	8,591,952
Debt service			
Principal	-	-	-
Interest and other	-	-	-
Total expenditures	5,825,318	1,151,920	8,591,952
Excess (Deficiency) of Revenues Over Expenditures	(911,109)	(168,808)	-
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(911,109)	(168,808)	-
Fund Balance - Beginning, as restated	3,406,918	9,122,291	-
Fund Balance - Ending	$ 2,495,809	$ 8,953,483	$ -

	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Revenues				
Local Control Funding Formula	$ -	$ -	$ -	$ 9,078,690
Federal sources	-	-	-	4,675,761
Other State sources	-	-	-	11,724,482
Other local sources	8,194,087	11,984	6	9,828,795
Total revenues	8,194,087	11,984	6	35,307,728
Expenditures				
Current				
Instruction	-	-	-	7,037,979
Instruction-related activities				
Supervision of instruction	-	-	-	1,023,553
Instructional library, media, and technology	-	-	-	41,871
School site administration	-	-	-	1,531,926
Pupil services				
Food services	-	-	-	5,580,560
All other pupil services	-	-	-	510,854
Administration				
All other administration	-	-	-	840,683
Plant services	398,421	-	-	924,859
Ancillary services	-	-	-	204,452
Facility acquisition and construction	69,569	-	-	9,781,059
Debt service				
Principal	-	-	1,925,000	1,925,000
Interest and other	8,576	-	571,438	580,014
Total expenditures	476,566	-	2,496,438	29,982,810
Excess (Deficiency) of Revenues Over Expenditures	7,717,521	11,984	(2,496,432)	5,324,918
Other Financing Sources (Uses)				
Transfers in	5,596,104	-	2,496,423	8,092,527
Transfers out	-	(5,596,104)	-	(5,596,104)
Net Financing Sources (Uses)	5,596,104	(5,596,104)	2,496,423	2,496,423
Net Change in Fund Balances	13,313,625	(5,584,120)	(9)	7,821,341
Fund Balance - Beginning, as restated	11,331,623	5,584,120	9	33,713,451
Fund Balance - Ending	$ 24,645,248	$ -	$ -	$ 41,534,792

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2021. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform* Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or fund balance.

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.

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 amounts consist of COVID-19 CARES Act Supplemental Meal Reimbursement funds and COVID-19 Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act One-Time Stipend funds that have been recorded in the current period as revenues that have not been expended as of June 30, 2021. These unspent balances are reported as legally restricted ending balances within the Cafeteria Non-Major Governmental Fund and Child Development Fund respectively. In addition, the interest subsidy on Build America Bonds has been recorded in the current period as revenues but is not reported on the Schedule of Expenditures of Federal Awards.

Description	Federal Financial Assistance Listing/Federal CFDA Number	Amount
Total Federal Revenues reported on the financial statements		$ 93,297,752
Build America Bonds	[1]	(931,880)
COVID-19 CARES Act Supplemental Meal Reimbursement	84.425D	(435,702)
COVID-19 Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act One-Time Stipend	93.575	(247,881)
Total Federal Financial Assistance		$ 91,682,289

[1] Federal Financial Assistance Listing/Federal CFDA Number not available

Local Education Agency Organization Structure

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

Schedule of Instructional Time

This schedule presents information on the number of instructional days offered by the District on the traditional and multitrack calendars by the District and whether the District complied with the provisions of *Education Code* Section 43504.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

Schedule of Charter Schools

This schedule lists all Charter Schools chartered by the District and displays information for each Charter School on whether or not the Charter School is included in the District audit.

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

Independent Auditor's Reports
June 30, 2021

Pomona Unified 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 Governing Board
Pomona Unified School District
Pomona, 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 Pomona Unified School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Pomona Unified School District's basic financial statements and have issued our report thereon dated January 25, 2022.

Emphasis of Matter – Change in Accounting Principle
As discussed in Notes 1 and 16 to the financial statements, Pomona Unified School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered Pomona Unified School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pomona Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Pomona Unified School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pomona Unified School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
January 25, 2022

CPAs & BUSINESS ADVISORS

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
Pomona Unified School District
Pomona, California

Report on Compliance for Each Major Federal Program
We have audited Pomona Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Pomona Unified School District's major federal programs for the year ended June 30, 2021. Pomona Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for each of Pomona Unified School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Pomona Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Pomona Unified School District's compliance.

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Opinion on Each Major Federal Program
In our opinion, Pomona Unified School District's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance
Management of Pomona Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Pomona Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Pomona Unified School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
January 25, 2022

Independent Auditor's Report on State Compliance

To the Governing Board
Pomona Unified School District
Pomona, California

Report on State Compliance

We have audited Pomona Unified School District's (the District) compliance with the types of compliance requirements described in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2021.

Management's Responsibility

Management is responsible for compliance with the state laws and regulations as identified in the table below.

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on state compliance. However, our audit does not provide a legal determination of the District's compliance.

Compliance Requirements Tested
In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with laws and regulations applicable to the following items:

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Instructional Time	Yes
Instructional Materials	Yes
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
K-3 Grade Span Adjustment	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	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Independent Study - Course Based	No, see below
CHARTER SCHOOLS	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Yes
Charter School Facility Grant Program	No, see below

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.

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.

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 procedures for the Charter School Facility Grant Program because the District did not receive funding for this program.

Basis for Qualified Opinion on Comprehensive School Safety Plan
As described in the accompanying *Schedule of State Compliance Findings and Questioned Costs*, Pomona Unified School District did not comply with requirements regarding Comprehensive School Safety Plan, as identified in finding 2021-001. Compliance with such requirements is necessary, in our opinion, for Pomona Unified School District to comply with the requirements referred to above.

Qualified Opinion on Comprehensive School Safety Plan
In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Pomona Unified School District complied, in all material respects, with the compliance requirements referred to above for the year ended June 30, 2021.

Pomona Unified School District's response to the noncompliance finding identified in our audit is described in the accompanying *Schedule of State Compliance Findings and Questioned Costs.* Pomona Unified School 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.

Unmodified Opinion on Each of the Other Programs
In our opinion, Pomona Unified School District complied, in all material respects, with the laws and regulations of the state programs referred to above for the year ended June 30, 2021, except as described in the accompanying *Schedule of State Compliance Findings and Questioned Costs*.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
January 25, 2022

Schedule of Findings and Questioned Costs
June 30, 2021

Pomona Unified School District

Financial Statements

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

Federal Awards

Internal control over major programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing/ Federal CFDA Number
COVID-19 Coronavirus Relief Fund	21.019
COVID-19 Elementary and Secondary Emergency Relief (ESSER) Fund	84.425D
COVID-19 Governor's Emergency Education Relief (GEER) Fund	84.425C
Title I, Part A, Basic Grants Low-Income and Neglected	84.010
School Improvement Funding for LEAs	84.010
Title I, School Improvement Grant	84.377
Child Nutrition Cluster	10.555, 10.553, 10.559

Dollar threshold used to distinguish between type A and type B programs	$2,750,469
Auditee qualified as low-risk auditee?	Yes

State Compliance

Type of auditor's report issued on compliance for programs	Unmodified*

*Unmodified for all programs except for the following program which was qualified

Name of Program
Comprehensive School Safety Plan

None reported.

None reported.

The following finding represents an instance of noncompliance relating to compliance with state laws and regulations. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
40000	State Compliance

2021-001 40000

Criteria or Specific Requirements

Pursuant to Education Code Section 32282, the District is required to update and adopt its comprehensive school plans at each of its school sites by March 1.

Condition

The comprehensive school safety plans at each of the school sites were not updated and adopted by the required deadline.

Questioned Costs

There were no questioned costs associated with this condition.

Context

The condition was determined through an examination of the comprehensive school safety plans and noted that the comprehensive school safety plans were not updated and adopted by the required deadline.

Effect

The comprehensive school safety plans were not updated and adopted as required by *Education Code* Section 32282.

Cause

The condition identified appears to have materialized primarily due to the lack of a review process. Additionally, it appears that the individual responsible for preparing and updating the comprehensive school safety plans may lack complete understanding of the requirements.

Repeat Finding

Yes, see prior year finding 2020-001

Recommendation

The District should ensure that the comprehensive school safety plans are updated and adopted as outlined by *Education Code* Section 32282.

Corrective Action Plan and Views of Responsible Officials

The District will discuss and make necessary updates to the comprehensive school safety plans at each of the school sites.

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.

State Compliance Findings

2020-001 40000

Criteria or Specific Requirements

Pursuant to *Education Code* Section 32282, the District is required to update and adopt its comprehensive school plans at each of its school sites by March 1.

Condition

The comprehensive school safety plans at each of the school sites were not updated and adopted by the required deadline.

Questioned Costs

There were no questioned costs associated with this condition.

Context

The condition was determined through an examination of the comprehensive school safety plans and noted that the comprehensive school safety plans were not updated and adopted by the required deadline.

Effect

The comprehensive school safety plans were not updated and adopted as required by *Education Code* Section 32282.

Cause

It appears that the condition identified has materialized due to the school closures caused by COVID-19.

Repeat Finding

No

Recommendation

The District should ensure that the comprehensive school safety plans are updated and adopted as outlined by *Education Code* Section 32282.

Current Status

Not implemented – see current year finding 2021-001.

APPENDIX C

GENERAL INFORMATION ABOUT THE CITY OF POMONA AND LOS ANGELES COUNTY

*The following information concerning the City of Pomona (the **"City"**) and Los Angeles County (the **"County"**) and is included only for the purpose of supplying general information regarding the area of the District. The Refunding Bonds are not a debt of the City, the County, the State of California (the **"State"**) or any of its political subdivisions, and neither the City, the County, the State nor any of its political subdivisions is liable therefor.*

The economic and demographic data contained in this Appendix are the latest available, but are generally as of dates and for periods before the economic impact of the COVID-19 pandemic and the measures instituted to slow it. Accordingly, they are not necessarily indicative of the current financial condition or future economic prospects of the District, the City, the County or the region.

General Information

The District serves a portion of the City of Pomona (the "**City**"), which is located in the County of Los Angeles (the "**County**").

The County. Located along the southern coast of California, Los Angeles County covers about 4,080 square miles. It measures approximately 75 miles from north to south and 70 miles from east to west. The County includes Santa Catalina and San Clemente Islands and is bordered by the Pacific Ocean and Ventura, San Bernardino and Orange Counties.

Almost half of the County is mountainous and some 14 percent is a coastal plain known as the Los Angeles Basin. The low Santa Monica Mountains and Hollywood Hills run east and west and form the northern boundary of the Basin and the southern boundary of the San Fernando Valley. The San Fernando Valley terminates at the base of the San Gabriel Mountains whose highest peak is over 10,000 feet. Beyond this mountain range the rest of the County is a semi-dry plateau, the beginning of the vast Mojave Desert.

According to the Los Angeles County Regional Planning Commission, the 86 incorporated cities in the County cover about 1,344 square miles or 27 percent of the total county. About 16 percent of the land in the County is devoted to residential use and over two thirds of the land is open space and vacant.

The City of Pomona**.** On January 6,1888, Pomona was incorporated as a city and became a charter city in 1911. Today, Pomona is the fifth-largest city in Los Angeles County, with a population of over 149,766 residents. Pomona boasts a progressive economy, business opportunity, and a strong workforce with attractive shopping, recreational, and real estate offering.

Population

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

CITY OF POMONA, LOS ANGELES COUNTY, STATE OF CALIFORNIA
Population Estimates
Calendar Years 2018 through 2022 as of January 1

Area	2018	2019	2020	2021	2022
City of Pomona	**154,090**	**153,968**	**152,249**	**148,879**	**149,766**
Los Angeles County	10,192,593	10,163,139	10,014,009	9,931,338	9,861,224
State of California	39,519,535	39,605,361	39,538,223	39,303,157	39,185,605

Source: State Department of Finance estimates (as of January 1).

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Employment and Industry

The seasonally adjusted unemployment rate in Los Angeles County decreased over the month to 5.2% in May 2022 from a revised 5.4% in April 2022 and was below the rate of 9.7% a year ago. Civilian employment increased by 24,000 to 793,000 in May 2022, while unemployment decreased by 11,000 to 264,000 over the month. The civilian labor force increased by 14,000 over the month to 5,058,000 in May 2022. All of the above figures are seasonally adjusted. The unadjusted unemployment rate for the County was 4.5% in May 2022.

The California seasonally adjusted unemployment rate was 4.3% in May 2022, 4.6% in April 2022, and 7.9% a year ago in May 2021. The comparable estimates for the nation were 3.6% in May 2022, 3.6% in April 2022, and 5.8% a year ago.

The table below lists employment by industry group for the County for the past five years for which data is available.

LOS ANGELES-LONG BEACH-GLENDALE MD (LOS ANGELES COUNTY)
Annual Average Civilian Labor Force, Employment and Unemployment,
Employment by Industry
(March 2021 Benchmark)

	2017	2018	2019	2020	2021
Civilian Labor Force[(1)]	5,109,800	5,121,300	5,153,100	4,968,900	4,994,100
Employment	4,864,100	4,885,300	4,926,100	4,355,900	4,548,900
Unemployment	245,700	235,900	227,000	613,000	445,200
Unemployment Rate	4.8%	4.6%	4.4%	12.3%	8.9%
Wage and Salary Employment: [(2)]	5,700	4,600	4,400	4,400	4,600
Agriculture	2,000	1,900	1,900	1,700	1,600
Mining and Logging	138,700	146,300	149,800	146,500	149,800
Construction	350,400	342,600	340,700	315,100	311,700
Manufacturing	221,500	223,200	220,500	200,000	202,000
Wholesale Trade	425,900	424,600	417,700	380,200	401,400
Retail Trade	198,200	203,600	212,900	207,800	214,200
Trans., Warehousing, Utilities	214,000	214,700	215,300	191,000	213,200
Information	137,500	136,500	135,300	131,700	127,600
Financial and Insurance	84,100	86,700	88,200	80,800	83,200
Real Estate, Rental & Leasing	613,200	632,300	647,000	599,800	629,500
Professional and Business Services	797,400	817,900	839,900	820,300	839,600
Educational and Health Services	524,600	536,500	547,200	393,500	429,300
Leisure and Hospitality	155,700	158,800	158,400	128,700	134,100
Other Services	48,000	47,300	47,300	50,200	47,600
Federal Government	92,500	91,700	86,500	89,000	89,200
State Government	445,600	451,600	453,000	431,000	421,400
Local Government	5,700	4,600	4,400	4,400	4,600
Total All Industries [(3)]	4,455,000	4,520,700	4,566,100	4,171,700	4,300,000

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

Principal Employers

The following table shows the principal employers in the City, as shown in the City's Comprehensive Annual Financial Report for fiscal year ending June 30, 2021.

CITY OF POMONA
Principal Employers

Employer	Number of Employees	Percent of Total Employment
Pomona Valley Hospital	3,731	5.5%
Pomona Unified School District	3,310	4.8
California State Polytechnic University	2,675	4.3
City of Pomona	576	0.9
Laretta LLC	400	0.7
Inland Valley Care & Rehab	320	0.5
Tr City Mental Health Center	204	0.3
Home Depot	188	0.3
Lyttles Fleet Maintenance, Inc.	154	0.3
Circle Wood Services Inc.	138	0.2
Dow Hydraulic Systems	120	0.2
Parktree Community Health Center	116	0.2
Railpros, Inc.	115	0.2
Stiiizy Pomona	108	0.2
Anthem Blue Cross	100	0.2

Source: City of Pomona, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2021.

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Major Employers

The table below lists the major employers in the Los Angeles County area. Major private employers in the Los Angeles area include those in aerospace, health care, entertainment, electronics, retail and manufacturing. Major public sector employers include public universities and schools, the State of California and Los Angeles County.

COUNTY OF LOS ANGELES
Major Employers
(Listed Alphabetically)
June 2022

Employer Name	Location	Industry
AHMC Healthcare Inc	Alhambra	Health Care Management
All Nations Church	Sylmar	Churches
California State Univ NRTHRDG	Northridge	Schools-Universities & Colleges Academic
Cedars-Sinai Health System	West Hollywood	Health Care Management
Infineon Technologies Americas	El Segundo	Semiconductor Devices (mfrs)
Kaiser Permanente Los Angeles	Los Angeles	Hospitals
Live Nation	Los Angeles	Entertainment Bureaus
Long Beach City Hall	Long Beach	City Hall
Longshore Dispatch	Wilmington	Nonclassified Establishments
Los Angeles County Sheriff	Monterey Park	Government Offices-County
Los Angeles Intl Airport-Lax	Los Angeles	Airports
Los Angeles Medical Ctr	Los Angeles	Pathologists
Los Angeles Police Dept	Los Angeles	Police Departments
National Institutes of Health	Pasadena	Physicians & Surgeons
Security Industry Specialist	Culver City	Security Systems Consultants
Six Flags	Valencia	Amusement & Theme Parks
Sony Pictures Entrtn Inc	Culver City	Motion Picture Producers & Studios
Space Exploration Tech Corp	Hawthorne	Aerospace Industries (mfrs)
Twentieth Century Fox	Los Angeles	Motion Picture Producers & Studios
UCLA Community Based Learning	Los Angeles	Junior-Community College-Tech Institutes
University of Ca Los Angeles	Los Angeles	Schools-Universities & Colleges Academic
University of Ca Los Angeles	Los Angeles	University-College Dept/Facility/Office
Vision X	Los Angeles	Call Centers
Walt Disney Co	Burbank	Water Parks
Water Garden Management	Santa Monica	Office Buildings & Parks

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

Median Effective Buying Income

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

The following table summarizes the total effective buying income and median household effective buying income for the City of Pomona, County of Los Angeles, the State and the United States for the period 2018 through 2022.

COUNTY OF LOS ANGELES
Effective Buying Income
2018 through 2022

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2018	City of Pomona	$2,482,099	$49,510
	Los Angeles County	271,483,825	56,831
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841
2019	City of Pomona	$2,482,099	$49,510
	Los Angeles County	271,483,825	56,831
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841
2020	City of Pomona	$2,644,436	$53,760
	Los Angeles County	281,835,290	60,174
	California	1,243,564,816	65,870
	United States	9,487,165,436	55,303
2021	City of Pomona	$2,716,101	$55,092
	Los Angeles County	289,720,470	62,353
	California	1,290,894,604	67,956
	United States	9,809,944,764	56,790
2022	City of Pomona	$3,179,139	$65,286
	Los Angeles County	327,445,237	71,404
	California	1,452,426,153	77,058
	United States	11,208,582,541	64,448

Source: The Nielsen Company (US), Inc for 2018; Claritas, LLC for 2019 through 2022.

Construction Activity

Provided below are the building permits and valuations for the City and the County for calendar years 2017 through 2021.

CITY OF POMONA
Building Permit Valuation
(Dollars in Thousands)

	2017	2018	2019	2020	2021
Permit Valuation					
New Single-family	$33,166.6	$37,805.9	$15,463.9	$31,002.0	$17,197.7
New Multi-family	0.0	13,193.9	1,438.5	3,604.4	11,997.4
Res. Alterations/Additions	2,271.0	2,830.7	2,153.3	1,738.1	1,419.1
Total Residential	35,437.6	53,830.5	19,055.7	36,344.5	30,614.2
New Commercial	67.6	11,620.5	6,193.7	870.3	103,828.4
New Industrial	301.5	3,892.3	4,187.2	12,192.8	0.0
New Other	175.0	1,351.7	10,611.8	11,595.5	705.3
Com. Alterations/Additions	6,059.5	15,012.9	17,408.4	2,552.1	4,735.8
Total Nonresidential	6,603.6	31,877.4	38,401.1	27,210.7	109,269.5
New Dwelling Units					
Single Family	181	187	105	189	134
Multiple Family	0	103	10	33	109
TOTAL	181	290	115	222	243

Source: Construction Industry Research Board, Building Permit Summary.

COUNTY OF LOS ANGELES
Building Permit Valuation
(Dollars in Thousands)

	2017	2018	2019	2020	2021
Permit Valuation					
New Single-family	$2,352,614.8	$2,277,101.5	$1,967,219.3	$1,874,304.5	$2,085,629.2
New Multi-family	3,257,833.4	3,222,530.3	2,61,257.4	2,789,673.9	3,026,725.8
Res. Alterations/Additions	1,757,904.1	1,941,369.5	1,625,839.3	1,014,422.1	908,148.2
Total Residential	7,368,352.3	7,441,001.3	6,554,316.0	5,678,400.5	6,020,503.2
New Commercial	2,196,089.2	2,844,173.0	2,675,678.8	1,885,027.0	577,756.7
New Industrial	134,534.3	101,201.3	63,727.8	32,196.2	27,844.8
New Other	563,679.3	952,347.7	446,182.7	354,758.2	311,726.3
Com. Alterations/Additions	3,143,200.2	2,796,375.3	3,404,012.3	1,241,068.1	946,020.7
Total Nonresidential	6,037,503.0	6,694,097.3	6,589,601.6	3,513,049.5	1,863,348.5
New Dwelling Units					
Single Family	5,456	6,070	5,738	6,198	7,327
Multiple Family	17,023	17,152	15,884	14,056	16,718
TOTAL	22,479	23,222	21,622	20,254	24,045

Source: Construction Industry Research Board, Building Permit Summary.

Commercial Activity

A summary of historic taxable sales within the City during the past five years in which data is available is shown in the following table.

Total taxable sales during calendar year 2021 in the City were reported to be $1,635,926,716, a 19.73% increase over the total taxable sales of $1,366,294,020 reported during calendar year 2020.

CITY OF POMONA
Taxable Transactions
Calendar years 2017 through 2021
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2017	3,604	$886,996	5,312	$1,453,016
2018	3,616	969,304	5,459	1,541,835
2019	3,647	952,524	5,587	1,507,539
2020	3,867	802,430	5,974	1,340,989
2021	3,410	987,630	5,398	1,635,927

Source: State of California, Board of Equalization.

Total taxable sales during calendar year 2021 in the County were reported to be $192,273,177,843, a 21.89% increase over the total taxable sales of $157,737,984,456 reported during calendar year 2020.

COUNTY OF LOS ANGELES
Taxable Transactions
Calendar years 2017 through 2021
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2017	197,452	$113,280,347	313,226	$159,259,356
2018	200,603	119,145,054	328,047	166,023,796
2019	206,732	122,137,664	342,359	171,776,327
2020	226,643	112,044,029	376,990	155,678,156
2021	208,412	138,932,925	349,061	192,273,178

Source: State of California, Board of Equalization.

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF JONES HALL]

________, 2022

Board of Education
Pomona Unified School District
800 South Garey Avenue
Pomona, California 91766

OPINION: $___________ Pomona Unified School District (Los Angeles County, California) 2022 Refunding General Obligation Bonds

Members of the Board of Education:

We have acted as bond counsel to the Pomona Unified School District (the "District") in connection with the issuance by the District of $_____________ principal amount of Pomona Unified School District (Los Angeles County, California) 2022 Refunding General Obligation Bonds, dated the date hereof (the "Bonds"), under the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Bond Law"), and a resolution of the Board of Education of the District (the "Board") adopted on April 20, 2022 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

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

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

1. The District is a duly created and validly existing unified school district with the power to issue the Bonds under the Bond Law and to perform its obligations under the Resolution and the Bonds.

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

3. The Bonds have been duly issued and sold by the District and are valid and binding general obligations of the District, and the Board of Supervisors of the County of Los Angeles is obligated to levy *ad valorem* taxes for the payment of the Bonds and the interest

thereon upon all property within the District subject to taxation by the District, without limitation as to rate or amount.

4. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended, relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

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

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

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

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

Respectfully submitted,

A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$__________
POMONA UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)
2022 Refunding General Obligation Bonds

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "**Disclosure Certificate**") is executed and delivered by the Pomona Unified School District (the "**District**") in connection with the execution and delivery of the captioned bonds (the "**Bonds**"). The Bonds are being executed and delivered pursuant to a resolution adopted by the Board of Education of the District on April 20, 2022 (the "**Resolution**"). The U.S. Bank Trust Company, National Association, Los Angeles, California, agent for the Los Angeles County Treasurer-Tax Collector, as the designated paying agent for the Bonds (the "**Paying Agent**").

The District hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Resolutions, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4.

"*Annual Report Date*" means the date not later than nine months after the end of each fiscal year of the District (currently ending June 30th), or March 31.

"*Dissemination Agent*" means, initially, Dale Scott & Company, Inc. or any successor Dissemination Agent designated in writing by the District and which has filed with the District and the Paying Agent a written acceptance of such designation.

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

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information which may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

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

"*Paying Agent*" means U.S. Bank Trust Company, National Association or any successor thereto.

"*Participating Underwriter*" means Stifel, Nicolaus & Company, Incorporated, the original Underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. <u>Provision of Annual Reports</u>.

(a) The District shall, or shall cause the Dissemination Agent to provide, not later than nine months after the end of the District's fiscal year (which currently would be March 31), commencing no later than March 31, 2023 with the report for the 2021-22 Fiscal Year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide notice in a timely manner (or cause the Dissemination Agent to provide in a timely manner) to the MSRB, in an electronic format as prescribed by the MSRB.

(c) With respect to the Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements of the District, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the District shall include in its Annual Report the following information with respect to the most recently completed fiscal year:

(i) Total assessed value of taxable property in the jurisdiction of the District;

(ii) Assessed value of the top twenty secured property taxpayers in the District;

(iii) Property tax collection delinquencies in the District, but only if such information is available from the County; and

(iv) The District's most recently adopted budget or interim report showing budgeted figures available at the time of filing the Annual Report.

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) of this Section, the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading. In addition, if more current information than the most recently completed fiscal year is available at the time of filing the Annual Report, the filing of such information satisfies the requirements of paragraph (b) of this Section.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The filing of information with respect to (b)(i) through (iii) shall be deemed satisfied if information which is filed is more recent at the time of filing than information relating to the most recently completed fiscal year.

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

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

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

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

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

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the District.

(13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(15) Incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material.

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14) and (a)(15) of this Section contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(e) For purposes of Section 5(a)(15) and (a)(16), the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days' written notice to the District and the Paying Agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Bond Resolution for amendments to the Bond Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolutions, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent will have no duty or obligation to review any information provided to it by the District hereunder, and shall not be deemed to be acting in any fiduciary capacity for the District, the Bondholders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: _________, 2022

POMONA UNIFIED SCHOOL DISTRICT

By: ______________________________
Name:____________________________
Title:_____________________________

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APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the bonds described in this Official Statement (the "Bonds"), payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the District nor the Paying Agent take any responsibility for the information contained in this Section.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (in this Appendix, the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and

dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI

Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from District or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to District or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

10. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that District believes to be reliable, but District takes no responsibility for the accuracy thereof.

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APPENDIX G

LOS ANGELES COUNTY INVESTMENT POLICY AND REPORT

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COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR
INVESTMENT POLICY

Authority to Invest

Pursuant to Government Code Section 27000.1 and Los Angeles County Code 2.52.025, the Los Angeles County Board of Supervisors has delegated to the Treasurer the authority to invest and reinvest the funds of the County and the funds of other depositors in the County Treasury.

Fundamental Investment Policy

The Treasurer, a trustee, is inherently a fiduciary and subject to the prudent investor standard. Accordingly, when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing investments, the investment decisions SHALL be made with the care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity would use with like aims.

All investments SHALL be governed by the Government Code and comply with the specific limitations set forth within this Investment Policy. Periodically, it may be necessary and prudent to make investment decisions beyond the limitations set forth in the Investment Policy that are otherwise permissible by California Government Code. In these special circumstances, ONLY the Treasurer is permitted to give written approval to operate outside the limitations set forth within this Investment Policy.

Pooled Surplus Investment Portfolio

The Treasurer SHALL establish and maintain a Pooled Surplus Investment (PSI) portfolio. The PSI portfolio SHALL be used to provide safe, liquid investment opportunities for pooled surplus funds deposited into the County Treasury.

The investment policies of the PSI portfolio SHALL be directed by and based on three prioritized objectives. The primary objective SHALL be to ensure the safety of principal. The secondary objective SHALL be to meet the liquidity needs of the PSI participants, which might be reasonably anticipated. The third objective SHALL be to achieve a return on funds invested, without undue compromise of the first two objectives.

PSI revenue/loss distribution SHALL be shared on a pro-rata basis with the PSI participants. PSI revenue/loss distribution will be performed monthly, net of administrative costs authorized by Government Code Section 27013 which includes employee salaries and benefits and services and supplies, for investing, depositing or handling funds, and the distribution of interest income, based on the PSI participants' average daily fund balance as recorded on the Auditor-Controller's accounting records. Administrative costs SHALL be deducted from the monthly PSI revenue/loss distribution on the basis of one-twelfth of the budgeted costs and adjusted periodically to actual costs.

Investments purchased with the intent to be held to maturity SHALL be accounted for in the Non-Trading partition of the PSI portfolio. Investments purchased with the intent to be sold prior to maturity SHALL be accounted for in the Trading partition of the PSI portfolio. The investments in the Trading partition SHALL NOT exceed $500 million without specific written approval of the Treasurer.

In the event that a decision is made to transfer a given security from one partition to another, it MAY be transferred at cost; however, the difference between the market value, exclusive of accrued interest, at the time of transfer and the purchase price, exclusive of accrued interest, SHALL be computed and disclosed as unrealized profit or loss.

All PSI investments SHALL be categorized according to the period of time from settlement date to maturity date as follows:

- SHORT-TERM investments are for periods of up to ONE YEAR.
- INTERMEDIATE-TERM investments are for periods of ONE YEAR to THREE YEARS.
- MEDIUM-TERM investments are for periods of over THREE YEARS to FIVE YEARS.
- LONG-TERM investments are for periods of over FIVE YEARS.

PSI investments SHALL be limited to the short-term category except that the Investment Office of the Treasurer's Office MAY make PSI investments in accordance with the limitations imposed in Attachments I, II, III, and IV (all of which are attached hereto and incorporated by this reference.)

The weighted average maturity target of the PSI portfolio is a range between 1.0 and 4.0 years. For purposes of maturity classification, the maturity date SHALL be the nominal maturity date or the unconditional put option date, if one exists.

The total PSI portfolio investments with maturities in excess of one year SHALL NOT exceed 75% of the last 36 months' average total cash and investments, after adjustments, as indicated in Attachment III.

Business Continuity Plan

The Treasurer's Business Continuity Plan (BCP) serves to sustain the performance of mission-critical Treasury functions in the event of a local or widespread emergency.

The BCP includes written guidelines to perform critical Treasury functions, contact information for key personnel, authorized bank representatives and broker/dealers. The Treasurer's Office implemented its BCP in 2007.

The Treasurer's Office shall perform regularly scheduled BCP exercises remotely. To prepare Treasury staff for emergency processing, staff shall participate in the BCP exercises on a rotating basis.

Liquidity of PSI Investments

Short-term liquidity SHALL further be maintained and adjusted monthly so that sufficient anticipated cash is available to fully meet unanticipated withdrawals of discretionary deposits, adjusted for longer-term commitments, within 90 days.

Such liquidity SHALL be monitored where, at the beginning of each month, the par value for maturities in the next 90 days plus projected PSI deposits for 90 days, divided by the projected PSI withdrawals for 90 days plus discretionary PSI deposits, is equal to or greater than one.

The liquidation of investments is not required solely because the discretionary liquidity withdrawal ratio is less than one; however, investments SHALL be limited to a maximum maturity of 30 days until such time as the discretionary liquidity withdrawal ratio is equal to or greater than one.

The sale of any PSI instrument purchased in accordance with established policies is not required solely because an institution's credit rating is lowered after the purchase of the instrument.

Specific Purpose Investment Portfolio

The Treasurer SHALL maintain a Specific Purpose Investment (SPI) portfolio to manage specific investment objectives of the SPI participants. Specific investments may be made with the approval of the requesting entity's governing body and the approval of the Treasurer. Revenue/loss distribution of the SPI portfolio SHALL be credited to the specific entity for which the investment was made. The Treasurer reserves the right to establish and charge the requesting entity fees for maintaining the entity's SPI portfolio.

Investments SHALL be limited to the short-term category, as defined above in the previous section for PSI investments, except when requested by a depositing entity and with the approval of the Treasurer, a longer term investment MAY be specifically made and held in the SPI portfolio.

The sale of any SPI instrument purchased in accordance with established policies is not required solely because an institution's credit rating is lowered after the purchase of the instrument.

Execution, Delivery, and Monitoring of Investments

The Treasurer SHALL designate, in writing, personnel authorized to execute investment transactions.

All transactions SHALL be executed on a delivery versus payment basis.

The Treasurer or his authorized designees, in purchasing or obtaining any securities in a negotiable, bearer, registered, or nonregistered format, requires delivery of the securities to the Treasurer or designated custodial institution, by book entry, physical delivery, or by third party custodial agreement.

All investment transactions made by the Investment Office SHALL be reviewed by the Internal Controls Branch to assure compliance with this Investment Policy.

Reporting Requirements

The Treasurer SHALL provide the Board of Supervisors with a monthly report consisting of, but not limited to, the following:

- All investments detailing each by type, issuer, date of maturity, par value, historical cost, market value and the source of the market valuation.
- Month-end bank balances for accounts under the control of the Treasurer.
- A description of funds, investments, or programs that are under the management of contracted parties, including lending programs for the Treasurer.
- A description of all investment exceptions, if any, to the Investment Policy.
- A statement denoting the ability of the PSI portfolio to meet the anticipated cash requirements for the participants for the next six months.

Discretionary Treasury Deposits and Withdrawal of Funds

At the sole discretion of the Treasurer, PSI deposits may be accepted from local agencies not required to deposit their funds with the Los Angeles County Treasurer, pursuant to Government Code Section 53684.

At the time such deposits are made, the Treasurer may require the depositing entity to provide annual cash flow projections or an anticipated withdrawal schedule for deposits in excess of $1 million. Such projections may be adjusted periodically as prescribed by the Treasurer but in no event less than semi-annually.

In accordance with Government Code Section 27136, all requests for withdrawal of such funds, for the purpose of investing or depositing these funds elsewhere SHALL be evaluated, prior to approving or disapproving the request, to ensure that the proposed withdrawal will not adversely affect the principal deposits of the other PSI participants.

If it is determined that the proposed withdrawal will negatively impact the principal deposits of the other PSI participants, the Treasurer may delay such withdrawals until the impact can be mitigated.

Broker/Dealers Section

Broker/Dealers SHALL be limited to primary government dealers as designated by the Federal Reserve Bank or institutions meeting one of the following:

A. Broker/Dealers with minimum capitalization of $500 million and who meet all five of the below listed criteria:

   1. Be licensed by the State as a Broker/Dealer, as defined in Section 25004 of the Corporations Code, or a member of a Federally regulated securities exchange and;

   2. Be a member of the Financial Industry Regulatory Authority and;

   3. Be registered with the Securities and Exchange Commission and;

   4. Have been in operation for more than five years; and

   5. Have a minimum annual trading volume of $100 billion in money market instruments or $500 billion in United States (U.S.) Treasuries and Agencies.

B. Emerging firms that meet all of the following:

   1. Be licensed by the State as a Broker/Dealer, as defined in Section 25004 of the Corporations Code, or a member of a Federally regulated securities exchange and;

   2. Maintain office(s) in California and;

3. Maintain a minimum capitalization of $250,000 and, at the time of application, have a maximum capitalization of no more than $10 million.

Commercial Paper and Negotiable Certificates of Deposit may be purchased directly from issuers approved by the Treasurer.

An approved Treasurer Broker/Dealer list SHALL be maintained. Firms SHALL be removed from the approved Broker/Dealer list and trading suspended with firms failing to accurately and timely provide the following information:

A. Confirmation of daily trade transactions and all open trades in effect at month-end.

B. Response to auditor requests for confirmation of investment transactions.

C. Response to the Internal Controls Branch requests for needed information.

Honoraria, Gifts, and Gratuities Limitations

The Treasurer, Chief Deputy Treasurer and Tax Collector and designated Treasurer and Tax Collector employees SHALL be governed by the provision of the State's Political Reform Act, the Los Angeles County Code relating to Lobbyists, and the Los Angeles County Code relating to post government employment of County officials.

Investment Limitations

The Investment Office SHALL NOT invest in inverse floating rate notes, range notes, or interest only strips that are derived from a pool of mortgages.

The Investment Office SHALL NOT invest in any security that could result in zero interest if held to maturity.

For investment transactions in the PSI portfolio, the Investment Office SHALL obtain approval of the Treasurer before recognizing any loss exceeding $100,000 per transaction, calculated using amortized cost.

Proceeds from the sale of notes or funds set aside for the repayment of notes SHALL NOT be invested for a term that exceeds the term of the notes. Funds from bond proceeds may be invested in accordance with Government Code Section 53601(m), which permits investment according to the statutory provisions governing the issuance of those bonds, or in lieu of any statutory provisions to the contrary, in accordance with the approved financing documents for the issuance.

Consideration of Environmental, Social, and Corporate Governance (ESG) Scores

The Treasurer considers that environmental, social and governance (ESG) factors may financially impact the safety, liquidity and yield of investment opportunities. The Treasurer therefore may pursue pragmatic and cost-effective means to consider such factors to fulfill the objectives set forth for the PSI Portfolio.

The Treasurer may also seek to further the County's sustainability goals and enhance the transition to a green economy, consistent with the County's Sustainability Plan, OurCounty, in its investment decisions, as long as such investments achieve substantially equivalent safety, liquidity and yield compared to other investment opportunities.

Permitted Investments

Permitted Investments SHALL be limited to the following:

A. Obligations of the U.S. Government, its agencies and instrumentalities

1. Maximum maturity: None.
2. Maximum total par value: None.
3. Maximum par value per issuer: None.
4. Federal agencies: Additional limits in Section G apply if investments are Floating Rate Instruments.

B. Municipal Obligations from the approved list of municipalities (Attachment IV)

1. Maximum maturity: As limited in Attachment IV.
2. Maximum total par value: 10% of the PSI portfolio.

C. Asset-Backed Securities

1. Maximum maturity: Five years.
2. Maximum total par value: 20% of the PSI portfolio.

3. Maximum par value per issuer: Per limits outlined in Attachment I for issuer's current credit rating.

4. All Asset-Backed securities must be rated in a rating category of “AA” or its equivalent or better rating and the issuer's corporate debt rating must be in a rating category of “A” or its equivalent or better by a Nationally Recognized Statistical Rating Organization (NRSRO).

D. Bankers’ Acceptance Domestic and Foreign

1. Maximum maturity: 180 days and limits outlined in Attachment I for issuer's current credit rating.

2. Maximum total par value: 40% of the PSI portfolio.

3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.

4. The aggregate total of Bankers’ Acceptances and Negotiable Certificates of Deposits SHALL NOT exceed:

   a) The total shareholders’ equity of depository bank.

   b) The total net worth of depository bank.

E. Negotiable Certificates of Deposit (CD)

1. Maximum maturity: Three years and limits outlined in Attachment I for issuer's current credit rating.

2. Maximum total par value: Aggregate total of Domestic and Euro CD's are limited to 30% of the PSI portfolio.

3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.

4. Must be issued by:

   a) National or State-chartered bank, or

   b) Savings association or Federal association, or

c) Federal or State credit union, or

d) Federally licensed or State-licensed branch of a foreign bank.

5. Euro CD's:

a) Maximum maturity: One year and limits outlined in Attachment I for issuer's current credit rating.

b) Maximum total par value: 10% of the PSI portfolio.

c) Maximum par value per issuer: Per limits outlined in Attachment I for issuer's current credit rating.

d) Limited to London branch of National or State-chartered banks.

6. The aggregate total of Bankers Acceptances and Negotiable Certificates of Deposits SHALL NOT exceed:

a) The total shareholders' equity of depository bank.

b) The total net worth of the depository bank.

F. Corporate and Depository Notes

1. Maximum maturity: Three years and limits outlined in Attachment I for the issuer's current credit rating.

2. Maximum total par value: 30% of the PSI portfolio.

3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.

4. Notes MUST be issued by:

a) Corporations organized and operating within the U.S.

b) Depository institutions licensed by the U.S or any State and operating within the U.S.

5. Additional limits in Section G apply if note is a Floating Rate Note Instrument.

G. Floating Rate Notes

Floating Rate Notes included in this category are defined as any instrument that has a coupon or interest rate that is adjusted periodically due to changes in a base or benchmark rate.

1. Maximum maturity: Seven years, provided that Board of Supervisors' authorization to exceed maturities in excess of five years is in effect, of which a maximum of $100 million par value may be greater than five years to maturity.

2. Maximum total par value: 10% of the PSI portfolio.

3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.

4. Benchmarks SHALL be limited to commercially available U.S. dollar denominated indexes.

5. The Investment Office SHALL obtain the prospectus or the issuer term sheet prior to purchase for all Floating Rate Notes and SHALL include the following on the trade ticket:

    a) Specific basis for the benchmark rate.

    b) Specific computation for the benchmark rate.

    c) Specific reset period.

    d) Notation of any put or call provisions.

H. Commercial Paper

1. Maximum maturity: 270 days and limits outlined in Attachment I for the issuer's current credit rating.

2. Maximum total par value: 40% of the PSI portfolio.

3. Maximum par value per issuer: The lesser of 10% of the PSI portfolio or the limits outlined in Attachment I for the issuer’s current credit rating.
4. Credit: Issuing Corporation - Commercial paper of “prime” quality of the highest ranking or of the highest letter and number rating as provided for by a

NRSRO. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (a) or paragraph (b):

a) The entity meets the following criteria:

   1) Is organized and operating in the U.S. as a general corporation.

   2) Has total assets in excess of $500 million.

   3) Has debt other than commercial paper, if any, that is rated in a rating category of “A” or its equivalent or higher by a NRSRO.

b) The entity meets the following criteria:

   1) Is organized in the U.S. as a Limited Liability Company or Special Purpose Corporation.

   2) Has program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond.

   3) Has commercial paper that is rated “A-1” or higher, or the equivalent, by a NRSRO.

I. Shares of Beneficial Interest

1. Money Market Fund (MMF) - Shares of beneficial interest issued by diversified management companies known as money market mutual funds, registered with the Securities and Exchange Commission in accordance with Section 270.2a-7 of Title 17 of the Code of Federal Regulation. The company SHALL have met either of the following criteria:

   a) Attained the highest possible rating by not less than two NRSROs.

   b) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years’ experience investing in the securities and obligations authorized in Government Code Section 53601 and with assets under management in excess of five hundred million dollars ($500,000,000).

   Maximum total par value: 15% of the PSI portfolio. However, no more than 10% of the PSI may be invested in any one fund.

2. State of California's Local Agency Investment Fund (LAIF) pursuant to Government Code Section 16429.1.

3. Trust Investments – Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in securities and obligations authorized in Section 53601 (a) to (o) of the Government Code. To be eligible, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

   a) The adviser is registered or exempt from registration with the Securities and Exchange Commission.

   b) The adviser has not less than five years of experience investing in the securities and obligations authorized in Section 53601 (a) to (o) of the Government Code.

   c) The adviser has assets under management in excess of five hundred million dollars ($500,000,000).

J. Repurchase Agreement

1. Maximum maturity: 30 days.

2. Maximum total par value: $1 billion.

3. Maximum par value per dealer: $500 million.

4. Agreements must be in accordance with approved written master repurchase agreement.

5. Agreements must be fully secured by obligations of the U.S. Government, its agencies and instrumentalities. The market value of these obligations that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities and the value shall be adjusted no less than monthly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102% no later than the next business day. If a repurchase agreement matures the next business day after purchase, the repurchase agreement is not out of compliance with this collateralization requirement if the value of the collateral falls below the 102% requirement at the close of business on settlement date.

K. Reverse Repurchase Agreement

1. Maximum term: One year.

2. Maximum total par value: $500 million. Maximum par value is limited to a combined total of reverse repurchase agreements and securities lending agreements of 20% of the base value of the portfolio.

3. Maximum par value per broker: $250 million.

4. Dealers limited to those primary dealers or those Nationally or State chartered banks that have a significant banking relationship with the County as defined in Government Code Section 53601(j)(4)(B) approved specifically by the Treasurer.

5. Agreements SHALL only be made for the purpose of enhancing investment revenue.

6. Agreements must be in accordance with approved written master repurchase agreement.

7. Securities eligible to be sold with a simultaneous agreement to repurchase SHALL be limited to obligations of the U.S. Government and its agencies and instrumentalities.

8. The security to be sold on a reverse repurchase agreement SHALL have been owned and fully paid for by the Treasurer for a minimum of 30 days prior to sale.

9. The proceeds of the reverse repurchase agreement SHALL be invested in authorized instruments with a maturity less than 92 days unless the agreement includes a codicil guaranteeing a minimum earning or spread to maturity.

10. The proceeds of the reverse repurchase agreement SHALL be invested in instruments with maturities occurring at or before the maturity of the reverse repurchase agreement.

11. In no instance SHALL the investment from the proceeds of a reverse repurchase agreement be sold as part of a subsequent reverse repurchase agreement.

L. Forwards, Futures and Options

Forward contracts are customized contracts traded in the Over The Counter Market where the holder of the contract is OBLIGATED to buy or sell a specific amount of an underlying asset at a specific price on a specific future date.

Future contracts are standardized contracts traded on recognized exchanges where the holder of the contract is OBLIGATED to buy or sell a specific amount of an underlying asset at a specific price on a specific future date.

Option contracts are those traded in either the Over The Counter Market or recognized exchanges where the purchaser has the RIGHT but not the obligation to buy or sell a specific amount of an underlying asset at a specific price within a specific time period.

1. Maximum maturity: 90 days.

2. Maximum aggregate par value: $100 million.

3. Maximum par value per counterparty: $50 million. Counterparties for Forward and Option Contracts limited to those on the approved Treasurer and Tax Collector list and must be rated “A” or better from at least one nationally recognized rating agency.

4. The underlying securities SHALL be an obligation of the U.S. Government and its agencies and instrumentalities.

5. Premiums paid to an option seller SHALL be recognized as an option loss at the time the premium is paid and SHALL not exceed $100,000 for each occurrence or exceed a total of $250,000 in any one quarter. Premiums received from an option purchase SHALL be recognized as an option gain at the time the premium is received.

6. Complex or hybrid forwards, futures or options defined as agreements combining two or more categories are prohibited unless specific written approval of the Treasurer is obtained PRIOR to entering into the agreement.

7. Open forward, future, and option contracts SHALL be marked to market weekly and a report SHALL be prepared by the Internal Controls Branch.

8. In conjunction with the sale of bonds, the Treasurer MAY authorize exceptions to maturity and par value limits for forwards, futures and options.

M. Interest Rate Swaps

Interest Rate Swaps SHALL be used only in conjunction with the sale of bonds approved by the Board of Supervisors. In accordance with Government Code Section 53534, these agreements SHALL be made only if all bonds are rated in one of the three highest rating categories by two nationally recognized rating agencies and only upon receipt, from any rating agency rating the bonds, of written evidence that the agreement will not adversely affect the rating.

Further, the counterparty to such an agreement SHALL be rated “A” or better from at least one nationally recognized rating agency selected by the Treasurer, or the counterparty SHALL provide an irrevocable letter of credit from an institution rated “A” or better from at least one nationally recognized rating agency acceptable to the Treasurer.

N. Securities Lending Agreement

Securities lending agreements are agreements under which the Treasurer agrees to transfer securities to a borrower who, in turn agrees to provide collateral to the Treasurer. During the term of the agreement, both the securities and the collateral are held by a third party. At the conclusion of the agreement, the securities are transferred back to the Treasurer in return for the collateral.

1. Maximum term: 180 days.

2. Maximum par value: Maximum par value is limited to a combined total of reverse repurchase agreements and securities lending agreements of 20% of the base value of the portfolio.

3. Dealers limited to those primary dealers or those Nationally or State chartered banks that have a significant banking relationship with the County as defined in Government Code Section 53601(j)(4)(B) approved specifically by the Treasurer.

4. Agreements SHALL only be made for the purpose of enhancing investment revenue.

5. Securities eligible to be sold with a simultaneous agreement to repurchase SHALL be limited to obligations of the U.S. Government and its agencies and instrumentalities.

6. The security to be sold on securities lending agreement SHALL have been owned and fully paid for by the Treasurer for a minimum of 30 days prior to sale.

7. The proceeds of the securities lending agreement SHALL be invested in authorized instruments with a maturity less than 92 days unless the agreement includes a codicil guaranteeing a minimum earning or spread to maturity.

8. In no instance SHALL the investment from the proceeds of a securities lending agreement be sold as part of a subsequent reverse repurchase agreement or securities lending agreement.

O. Supranationals

Supranationals are multilateral lending institutions that provide development financing, advisory services and other financial services to their member countries to promote improved living standards through sustainable economic growth.

Supranational investments are U.S. dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by any of the supranational institutions identified in Government Code Section 53601(q), with a maximum remaining maturity of five years or less, and which are eligible for purchase and sale within the United States. Supranational investments shall be rated in a rating category of “AA” or its equivalent or better by a NRSRO and shall not exceed 30% of the PSI portfolio.

1. Maximum maturity: Five years and limits outlined in Attachment I for issuer’s current credit rating.

2. Maximum total par value: 30% of the PSI portfolio.

3. Maximum par value per issuer: Per limits outlined in Attachment I for issuer’s current credit rating.

Permitted Investments are also subject to limitation based on the ESG score of individual issuers in comparison to the ESG score of the issuer’s business sector, as rated by Sustainalytics. The limitation methodology is shown in Attachment II.

County of Los Angeles
Treasurer and Tax Collector
Investment Policy
ATTACHMENT I-a.

MINIMUM CREDIT RATING
DOMESTIC ISSUERS

Investment Type	Maximum Maturity	Issuer Rating (1) S&P Global	Issuer Rating (1) Moody's Analytics	Issuer Rating (1) Fitch Ratings	Investment Limit
Bankers' Acceptance	180 days	A-1/AAA	P-1/Aaa	F1/AAA	$750MM
		A-1/AA	P-1/Aa	F1/AA	$600MM
		A-1/A	P-1/A	F1/A	$450MM, of which 50% may be over 90 days to a maximum of 180 days
Certificates of Deposit	3 years	A-1/AAA	P-1/Aaa	F1/AAA	$750MM, of which 50% may be over 180
		A-1/AA	P-1/Aa	F1/AA	$600MM, of which 50% may be over 180
		A-1/A	P-1/A	F1/A	$450MM, of which 50% may be over 90 days to a maximum of 180 days
Corporate Notes, Asset Backed Securities (ABS) and Floating Rate Notes (FRN)	Corporate: 3 years ABS: 5 years FRN: 5 years (2)	A-1/AAA	P-1/Aaa	F1/AAA	$750MM, of which 50% may be over 180
		A-1/AA	P-1/Aa	F1/AA	$600MM, of which 50% may be over 180
		A-1/A	P-1/A	F1/A	$450MM, of which 50% may be over 90 days to a maximum of 180 days

Notes:

(1) All issuers must attain the required ratings from at least two of the three Nationally Recognized Statistical Rating Organizations (S&P Global, Moody's Analytics, and Fitch Ratings).

(2) Seven years, if Board of Supervisors' authorization to exceed maturities in excess of five years is in effect, of which a maximum of $100 MM (million) par value may be greater than five years to maturity.

MINIMUM CREDIT RATING
FOREIGN ISSUERS

Investment Type	Maximum Maturity	Issuer Rating (1)			Investment Limit
		S&P Global	Moody's Analytics	Fitch Ratings	
Bankers' Acceptance	180 days	A-1/AAA	P-1/Aaa	F1/AAA	$600MM
		A-1/AA	P-1/Aa	F1/AA	$450MM
		A-1/A	P-1/A	F1/A	$300MM, of which 50% may be over 90 days to a maximum of 180 days.
Certificates of Deposit	3 years	A-1/AAA	P-1/Aaa	F1/AAA	$600MM, of which 50% may be over 180
		A-1/AA	P-1/Aa	F1/AA	$450MM, of which 50% may be over 180
		A-1/A	P-1/A	F1/A	$300MM, of which 50% may be over 90 days to a maximum of 180 days
Corporate Notes, Asset Backed Securities (ABS) and Floating Rate Notes (FRN)	Corporate: 3 years ABS: 5 years FRN: 5 years (2)	A-1/AAA	P-1/Aaa	F1/AAA	$600MM, of which 50% may be over 180
		A-1/AA	P-1/Aa	F1/AA	$450MM, of which 50% may be over 180
		A-1/A	P-1/A	F1/A	$300MM, of which 50% may be over 90 days to a maximum of 180 days

Notes:
(1) All issuers must attain the required ratings from at least two of the three Nationally Recognized Statistical Rating Organizations (S&P Global, Moody's Analytics, and Fitch Ratings).
(2) Seven years, if Board of Supervisors' authorization to exceed maturities in excess of five years is in effect, of which a maximum of $100 MM (million) par value may be greater than five years to maturity.

County of Los Angeles
Treasurer and Tax Collector
Investment Policy
ATTACHMENT I-c.

MINIMUM CREDIT RATING
SUPRANATIONAL ISSUERS

Issuer Rating (1)			**Investment Limit (2)**
S&P Global	**Moody's Analytics**	**Fitch Ratings**	
AAA	Aaa	aaa	30% of PSI Portfolio, of which 20% of the PSI Portfolio may be between 2 and 5 years.
AA	Aa	aa	20% of PSI Portfolio, of which 10% of the PSI Portfolio may be between 2 and 5 years.

Notes:

(1) The issuer must attain the required ratings from at least two of the three Nationally Recognized Statistical Rating Organizations (S&P Global, Moody's Analytics, and Fitch Ratings).

(2) Maximum combined par value for all issuers is limited to 30% of the PSI portfolio.

County of Los Angeles
Treasurer and Tax Collector
Investment Policy
ATTACHMENT I-d.

MINIMUM CREDIT RATING
COMMERCIAL PAPER

Maximum Maturity	Issuer Rating (1) (2)			Investment Limit (3)
	S&P Global	Moody's Analytics	Fitch Ratings	
270 days	A-1	P-1	F1	$1.5 Billion

Notes:
(1) The issuer must attain the required ratings from at least two of the three Nationally Recognized Statistical Rating Organizations (S&P Global, Moody's Analytics, and Fitch Ratings).
(2) If an issuer has a long-term rating, it must be rated in a rating category of “A” or its equivalent or higher.
(3) Maximum combined par value for all issuers is limited to 40% of the PSI portfolio.

County of Los Angeles
Treasurer and Tax Collector
Investment Policy
ATTACHMENT II

ENVIRONMENTAL, SOCIAL, AND CORPORATE GOVERNANCE (ESG) SCORE IMPACT ON INVESTMENT LIMITS

If an issuer's Sustainalytics ESG score is lower than the median Sustainalytics ESG score of its business sector, investment limits will be subject to the following investment limit reductions:

Score Differential	Percentage Reduction of Investment Limit
≤ 5 points lower	0%
5 ≤ 10 points lower	15%
10 ≤ 20 points lower	30%
> 20 points lower	50%

County of Los Angeles
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Investment Policy
ATTACHMENT III

LIMITATION CALCULATION FOR
INTERMEDIATE-TERM, MEDIUM-TERM AND LONG-TERM HOLDINGS
(Actual $)

Average Investment Balance and Available Cash (1)	$34,799,190,531
Less:	
▪ 50% of Discretionary Deposits (1)	($1,588,169,109)
Average Available Balance	$33,211,021,422
Multiplied by the Percent Available for Investment Over One Year	75%
Equals the Available Balance for Investment Over One Year	$24,908,266,067
Intermediate-Term (From 1 to 3 Years) ▪ One-third of the Available Balance for Investment	$8,302,755,356
Medium-Term and Long-Term (Greater Than 3 Years) ▪ Two-thirds of Available Balance for Investment (2)	$16,605,510,711

(1) 36 Month Average from December 2018 to November 2021.
(2) Any unused portion of the Medium-Term and Long-Term available balance may be used for Intermediate-Term investments.

APPROVED LIST OF MUNICIPAL OBLIGATIONS

1. Any obligation issued or caused to be issued by the County of Los Angeles on its behalf or on behalf of other Los Angeles County affiliates. If on behalf of other Los Angeles County affiliates, the affiliate must have a minimum rating of “A3” (Moody’s Analytics) or “A-” (S&P Global or Fitch Ratings). The maximum maturity is limited to 30 years.

2. Any short- or medium-term obligation issued by the State of California or a California local agency with a minimum Moody’s Analytics rating of “MIG-1” or “A2” or a minimum S&P Global rating of “SP-1” or “A.” Maximum maturity limited to five years.

THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS

The Treasurer and Tax Collector (the Treasurer) of Los Angeles County has the delegated authority to invest funds on deposit in the County Treasury (Treasury Pool). As of April 30, 2022, investments in the Treasury Pool were held for local agencies including school districts, community college districts, special districts and discretionary depositors such as cities and independent districts in the following amounts:

Local Agency	Invested Funds (in billions)
County of Los Angeles and Special Districts	$23.467
Schools and Community Colleges	20.887
Discretionary Participants	4.100
Total	$48.454

The Treasury Pool participation composition is as follows:

Non-discretionary Participants	91.53%
Discretionary Participants:	
Independent Public Agencies	7.92%
County Bond Proceeds and Repayment Funds	0.55%
Total	100.00%

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer's prior approval. In Los Angeles County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State of California, and by a more restrictive Investment Policy developed by the Treasurer and adopted by the Los Angeles County Board of Supervisors on an annual basis. The Investment Policy adopted on March 1, 2022, reaffirmed the following criteria and order of priority for selecting investments:

1. Safety of Principal
2. Liquidity
3. Return on Investment

The Treasurer prepares a monthly Report of Investments (the Investment Report) summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted monthly to the Board of Supervisors. According to the Investment Report dated May 31, 2022, the April 30, 2022 book value of the Treasury Pool was approximately $48.454 billion, and the corresponding market value was approximately $46.636 billion.

An internal controls system for monitoring cash accounting and investment practices is in place. The Treasurer's Compliance Auditor, who operates independently from the Investment Officer, reconciles cash and investments to fund balances daily. The Compliance Auditor’s staff also reviews each investment trade for accuracy and compliance with the Board adopted Investment Policy. On a quarterly basis, the County’s outside independent auditor (External Auditor) reviews the cash and investment reconciliations for completeness and accuracy. Additionally, the External Auditor reviews investment transactions on a quarterly basis for conformance with the approved Investment Policy and annually accounts for all investments.

The following table identifies the types of securities held by the Treasury Pool as of April 30, 2022:

Type of Investment	**% of Pool**
Certificates of Deposit	3.93
U.S. Government and Agency Obligations	69.50
Bank Acceptances	0.00
Commercial Paper	26.49
Municipal Obligations	0.06
Corporate Notes & Deposit Notes	0.02
Repurchase Agreements	0.00
Asset Backed Instruments	0.00
Other	0.00
	100.00

The Treasury Pool is highly liquid. As of April 30, 2022, approximately 38.63% of the investments mature within 60 days, with an average of 906 days to maturity for the entire portfolio.