

**\$20,000,000\***  
**POMONA UNIFIED SCHOOL DISTRICT**  
(Los Angeles County, California)  
**General Obligation Bonds**  
**2008 Election, Series I**

**\$38,000,000\***  
**POMONA UNIFIED SCHOOL DISTRICT**  
(Los Angeles County, California)  
**General Obligation Bonds**  
**2016 Election, Series G**

**SUPPLEMENT TO PRELIMINARY OFFICIAL STATEMENT**

This Supplement to Preliminary Official Statement (the “**Supplement**”) is dated December 12, 2022 (this “**Supplement**”) and supplements and amends that certain Preliminary Official Statement dated December 7, 2022 (the “**Preliminary Official Statement**”) with respect to the captioned bonds (the “**Bonds**”) of the Pomona Unified School District (the “**District**”).

The First Interim Report for fiscal year 2022-23 (the “**First Interim Report**”) has become available and is expected to be presented for acceptance by the District Board of Education at its meeting on December 14, 2022. The purpose of this Supplement is to provide investors with the most current financial projections with respect to the District’s general fund for fiscal year 2022-23 as contained in the First Interim Report.

To that end, the Preliminary Official Statement is supplemented and amended as follows:

1. Replacement of Pages A-11, A-13, A-16 and A-17: Replacement pages A-11, A-13, A-16 and A-17 which contain information updated with certain contents of the First Interim Report are attached to this Supplement and replace said pages of the Preliminary Official Statement in their entirety.

This Supplement is incorporated in its entirety into the Preliminary Official Statement and investors are requested to attach a copy of it to their copy of the Preliminary Official Statement. Other than as described above, the Preliminary Official Statement remains in full force and effect.

Attachments: Pages A-11, A-13, A-16 and A-17.

\*Preliminary; subject to change.

End of Supplement

**General Fund Fiscal Year 2021-22 (Unaudited Actuals) and Fiscal Year 2022-23 (Adopted Budget and First Interim).** The following table shows the unaudited actuals for fiscal year 2021-22 and the general fund budget and first interim projections for fiscal year 2022-23.

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

	2021-22 Unaudited Actuals	2022-23 Adopted Budget <sup>(1)</sup>	2022-23 First Interim Report**
<b>Revenues</b>			
LCFF Sources	\$270,775,017	\$288,348,557	\$297,696,558
Federal revenues	42,090,068	65,337,541	102,818,486
Other state revenues	58,617,179	32,334,930	50,753,824
Other local revenues	2,575,662	1,674,371	3,316,862
Total Revenues	374,057,926	387,695,399	454,585,730
<b>Expenditures</b>			
Certificated salaries	142,444,908	146,195,844	155,425,873
Classified salaries	48,230,985	54,959,321	65,690,860
Employee benefits	64,117,642	75,749,974	83,113,691
Books and supplies	25,351,555	20,180,694	48,597,238
Services and operating expenditures	48,802,968	41,776,986	64,755,184
Capital outlay	3,415,113	43,211,683	52,726,256
Other outgo	4,795,929	4,957,998	4,957,998
Direct support/indirect costs	(2,757,328)	(3,752,411)	(4,176,308)
Total expenditures	334,401,773	383,280,089	471,090,792
Excess of revenues over/(under) expenditures	39,656,152	4,415,310	(16,505,062)
Other Financing Sources/Uses	--	--	--
Transfers In(Out) <sup>(2)</sup>	(2,5000,000)	(2,900,000)	(2,900,000)
Total other financing sources	(2,5000,000)	(2,900,000)	(2,900,000)
Net change in fund balance	37,156,153	1,515,310	(19,405,062) <sup>(4)</sup>
Fund balance, July 1-Unaudited	157,148,163	185,280,572	--
Audit adjustments	(9,023,744) <sup>(3)</sup>	--	--
Fund balance, July 1-Audited	148,124,419	185,280,572	185,280,572
Fund balance, June 30	\$185,280,572	\$186,795,882	\$165,875,509

\*Totals may not foot due to rounding.

\*\*Covers period from July 1, 2022 through October 1, 2022. To be presented to the District Board for acceptance with a positive certification at the Board meeting on December 14, 2022. See footnote (1) for assumptions regarding salaries and benefits which also apply to the First Interim projections.

(1) Original Budget was adopted prior to final settlement of negotiations with bargaining units and as such does not reflect final and settled compensation terms. Budget assumed standard step and column increases. An off schedule salary increase for certificated employees was approved in November 2022 and parity language will result in the increase applying to represented classified employees. The District will reflect these changes in the appropriate future financial projections, being the Second Interim Report for fiscal year 2022-23.

(2) Transfer out to self-insurance fund.

(3) Represents federal funds recorded as revenues in fiscal year 2021-22 but are instead deferred to fiscal year 2022-23.

(4) Projected deficit from original fiscal year 2022-23 Budget primarily attributed to spend down of COVID-19 funding allocations in advance of receipt.

Source: Pomona Unified School District.

## 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 2022-23.

### AVERAGE DAILY ATTENDANCE AND FUNDING TRENDS UNDER LCFF Fiscal Years 2013-14 thru 2022-23 Pomona Unified School District

Fiscal Year	ADA	Total LCFF Funding
2013-14	24,894	\$185,947,770
2014-15	24,020	203,996,654
2015-16	23,458	227,160,812
2016-17	22,908	236,382,718
2017-18	22,185	238,050,513
2018-19	22,324	257,895,984
2019-20	21,853	250,587,286
2020-21	21,853	247,715,755
2021-22 <sup>(1)</sup>	21,196	270,775,017
2022-23 <sup>(1)</sup>	20,326	297,696,558

(1) Unaudited Actuals/First Interim Projection.  
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 Bonds described in this Official Statement are secured by *ad valorem* property taxes, and not the District's general fund. See "SECURITY FOR THE BONDS – Disclosure Relating to 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.

**STRS Contributions  
Pomona Unified School District  
Fiscal Years 2018-19 through 2022-23**

<b>Fiscal Year</b>	<b>Amount</b>
2018-19	\$22,936,250
2019-20	24,664,358
2020-21	23,071,189
2021-22 <sup>(1)</sup>	22,949,597
2022-23 <sup>(1)</sup>	29,554,172

(1) Unaudited Actuals/First Interim.  
Source: Pomona Unified School District.

The STRS defined benefit program continues to have an unfunded actuarial liability estimated at approximately \$89.7 billion as of June 30, 2021, which is the date of the last actuarial valuation.

**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, employers are required to contribute an amount based on an actuarially determined employer rate, and employees make contributions which vary based on their date of hire.

Like the STRS program, the PERS program has experienced an unfunded liability in recent years. To address this issue, the PERS board has taken a number of actions, including changes to the PERS amortization and smoothing policy intended to reduce volatility in employer contribution rates and adopting changes in actuarial assumptions. In November 2015, PERS adopted a funding risk mitigation policy incrementally lowering its discount rate (its assumed rate of investment return) in years of good investment returns, to help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. SB 90, and Assembly Bill 84/Senate Bill 111 (“**AB 84**”) of June 2020, directed contributions of \$430 million and \$330 million in satisfaction of portions of employer contribution rates in fiscal years 2020-21 and 2021-22, respectively. Recent employer contribution rates are set forth in the following table.

**EMPLOYER CONTRIBUTION RATES (PERS)  
Fiscal Years 2019-20 through 2022-23<sup>(1)</sup>**

<b>Fiscal Year</b>	<b>Employer Contribution Rate<sup>(1)</sup></b>
2019-20	19.721%
2020-21	20.700
2021-22	22.910
2022-23	25.370

(1) Expressed as a percentage of covered payroll.  
Source: PERS

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 2022-23**  
**Pomona Unified School District**

Fiscal Year	Amount
2018-19	\$9,390,035
2019-20	10,628,121
2020-21	11,284,593
2021-22 <sup>(1)</sup>	9,722,648
2022-23 <sup>(1)</sup>	14,667,820

(1) Unaudited Actuals/First Interim.  
Source: Pomona Unified School District

PERS continues to have an unfunded liability which, on a market value of assets basis, was approximately \$24.0 billion as of June 30, 2021, which is the date of the last actuarial valuation.

**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.,

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# PRELIMINARY OFFICIAL STATEMENT DATED DECEMBER 7, 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 herein, under existing law, the interest on the 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. For tax years beginning after December 31, 2022, interest on the Bonds may be subject to the corporate alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."*

**\$20,000,000\***

**POMONA UNIFIED SCHOOL DISTRICT**  
(Los Angeles County, California)  
**General Obligation Bonds**  
**2008 Election, Series I**

**\$38,000,000\***

**POMONA UNIFIED SCHOOL DISTRICT**  
(Los Angeles County, California)  
**General Obligation Bonds**  
**2016 Election, Series G**

**Dated: Date of Delivery**

**Due: August 1, as shown on inside front cover.**

**Authority and Purpose.** The Pomona Unified School District (Los Angeles County, California) General Obligation Bonds, 2008 Election, Series I (the "2008 Series I Bonds") and the General Obligation Bonds, 2016 Election, Series G (the "2016 Series G Bonds," and together with the 2008 Series I Bonds, the "Bonds") are being issued by the Pomona Unified School District (the "District") pursuant to certain provisions of the California Government Code and two separate resolutions of the Board of Education of the District adopted on November 16, 2022 (together, the "Bond Resolutions"). The 2008 Series I Bonds were authorized at an election of the registered voters of the District held on November 4, 2008, which authorized the issuance of \$235,000,000 principal amount of general obligation bonds for school facility improvements. The 2008 Series I Bonds are the ninth series of bonds to be issued under this authorization. The 2016 Series G Bonds were authorized at an election of the registered voters of the District held on November 8, 2016, which authorized the issuance of \$300,000,000 principal amount of general obligation bonds for the school facility improvements. The 2016 Series G Bonds are the seventh series of bonds to be issued under this authorization. See "THE FINANCING PLAN" and "THE BONDS – Authority for Issuance."

**Security.** The Bonds are general obligations of the District payable solely from *ad valorem* property taxes levied on taxable property within the District and collected by Los Angeles County (the "County"). The County Board of Supervisors is empowered and is obligated to annually levy *ad valorem* taxes for the payment of interest on, and principal of, the Bonds upon all property 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 BONDS."

**Payments.** The Bonds are dated the date of delivery. The Bonds accrue interest at the rates set forth on the inside cover page hereof payable semiannually on each February 1 and August 1 until maturity or earlier redemption, commencing on February 1, 2023. Payments of principal of and interest on the 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 Bonds as paying agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS - Description of the Bonds."

**Redemption.** The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein. See "THE BONDS – Optional Redemption" and "Mandatory Sinking Fund Redemption."

**Book-Entry Only.** The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"). Purchasers will not receive physical certificates representing their interests in the Bonds. See "THE BONDS" and "APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM."

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## MATURITY SCHEDULES

(See inside cover)

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**Cover Page.** This cover page contains certain information for general reference only. It is not a summary of all the provisions of the Bonds. Prospective investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

*The Bonds will be offered when, as and if issued, subject to the approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the District, and subject to certain other conditions. Jones Hall is also serving as Disclosure Counsel to the District. Kutak Rock LLP, Denver, Colorado is serving as Underwriter's Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC, on or about December 22, 2022.*

STIFEL

The date of this Official Statement is \_\_\_\_\_, 2022.

\*Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

# MATURITY SCHEDULES\*

## POMONA UNIFIED SCHOOL DISTRICT (Los Angeles County, California)

Base CUSIP†: 732098

### General Obligation Bonds, 2008 Election, Series I

\$\_\_\_\_\_ Principal Amount

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	CUSIP†
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### General Obligation Bonds, 2016 Election, Series G

\$\_\_\_\_\_ Principal Amount

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	CUSIP†
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\*Preliminary; subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services ("CGS"), managed on behalf of the American Bankers Association by FactSet Research Systems Inc. © 2022 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience only. Neither of the District nor the Underwriter takes any responsibility for the accuracy of such numbers.



**POMONA UNIFIED SCHOOL DISTRICT**  
(Los Angeles County, California)

**BOARD OF EDUCATION\***

Dr. Roberta A. Perlman (Area 4), *President*  
Lorena Gonzalez (Area 2), *Vice President*  
Arturo Jimenez (Area 3), *Member*  
Adrienne Konigar-Macklin (Area 1), *Member*  
Andrew S. Wong (Area 5), *Member*

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**DISTRICT ADMINISTRATION**

Darren Knowles, *Interim Superintendent†*  
Sandra Garcia, *Assistant Superintendent, Chief Business Officer*  
Fernando Meza, *Assistant Superintendent, Facilities, Maintenance and Operations*

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**PROFESSIONAL SERVICES**

**MUNICIPAL ADVISOR**

Dale Scott & Company Inc.  
*San Francisco, California*

**BOND 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*

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\*Governing Board elections occurred in Areas 1, 4 and 5 on November 8, 2022. Lisa Nashua was elected in Area 1, Dr. Roberta Perlman was re-elected in Area 4, and Patricia Tye was elected in Area 5. At the December 14, 2022 Board meeting officers will be sworn in for the new four-year term.

†Serving as interim superintendent following the prior superintendent's retirement effective as of July 1, 2022. The Board is in the process of identifying a permanent replacement.

## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

**Use of Official Statement.** This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract between any bond 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 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

**Information in Official Statement.** 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.

**Estimates and Forecasts.** 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 or any other entity described or referenced herein, 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. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the District or any other entity described or referenced herein since the date hereof.

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

**Stabilization of and Changes to Offering Prices.** The Underwriter may overallocate or take other steps that stabilize or maintain the market prices of the Bonds at levels above those that might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the Bonds to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

**Document Summaries.** All summaries of the Bond Resolutions 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.

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

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

**Website.** The District maintains a website. 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 Bonds.

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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 (i) General Obligation Bonds 2008 Election, Series I (the “**2008 Series I Bonds**”) and (ii) General Obligation Bonds, 2016 Election, Series G (the “**2016 Series G Bonds**,” and together with the 2008 Series I Bonds, the “**Bonds**”) by the Pomona Unified School District (the “**District**”) of Los Angeles County (the “**County**”), State of California (the “**State**”).

## **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 2022-23 is approximately 20,326 students. For fiscal year 2022-23, taxable property in the District has a total assessed value of over \$18 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 net proceeds of the Bonds will be used to construct and improve school facilities as approved by District voters at elections held in the District on November 4, 2008 and November 8, 2016, respectively, and to pay related costs of issuance. See “THE FINANCING PLAN” herein.

**Authority for Issuance of the Bonds.** The Bonds are being issued pursuant to applicable provisions of the Government Code of the State, commencing with Section 53506 thereof, and pursuant to two separate resolutions adopted by the Board of Education of the District on November 16, 2022, respectively (together, the “**Bond Resolutions**”). The Los Angeles County Treasurer-Tax Collector has been designated as the paying agent for the Bonds, through its agent U.S. Bank Trust Company, National Association, Los Angeles, California (the “**Paying Agent**”). See “THE BONDS - Authority for Issuance” herein.

**Payment and Registration of the Bonds.** The Bonds mature in the years and in the amounts as set forth on the inside cover page hereof. The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Bonds. See “THE BONDS” and “APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

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*\*Preliminary; subject to change.*

**Redemption.** The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein. See “THE BONDS – Optional Redemption” and “– Mandatory Sinking Fund Redemption.”

**Security and Sources of Payment for the Bonds.** The Bonds are general obligation bonds of the District payable solely from *ad valorem* property taxes levied on taxable property located in the District and collected by the County. The County is empowered and is obligated to annually levy *ad valorem* taxes for the payment of interest on, and principal of, the 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 BONDS.”

The District has other series of general obligation bonds outstanding that are payable from *ad valorem* taxes levied on taxable property in the District. See “DEBT SERVICE SCHEDULES” and Appendix A under the heading “DISTRICT FINANCIAL INFORMATION – Existing Debt Obligations- General Obligation Bonds”.

**Legal Matters.** Issuance of the Bonds is subject to the applicable approving opinions of Jones Hall, A Professional Law Corporation, San Francisco, California, as bond counsel (“**Bond Counsel**”), to be delivered in substantially the respective forms attached hereto as Appendix D. Jones Hall, A Professional Law Corporation, San Francisco, California, will also serve as Disclosure Counsel to the District (“**Disclosure Counsel**”). Payment of the fees of Bond Counsel and Disclosure Counsel is contingent upon issuance of the Bonds.

**Tax Matters.** In the opinion of Bond Counsel, interest on the 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. For tax years beginning after December 31, 2022, interest on the Bonds may be subject to the corporate 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 forms of Bond Counsel’s opinions to be delivered concurrently with the Bonds, respectively.

**Continuing Disclosure.** The District has covenanted and agreed that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate executed in connection with the Bonds. The form of the Continuing Disclosure Certificate is included in Appendix E hereto. See “CONTINUING DISCLOSURE” herein.

**COVID-19 Statement.** The COVID-19 pandemic commenced in early 2020, resulting in a public health crisis that, notwithstanding the development and availability of several vaccines and boosters, continues to be fluid and unpredictable with financial and economic impacts that cannot be fully predicted. As such, investors are cautioned that the District cannot at this time predict all of the impacts that the COVID-19 pandemic has had or may have on its enrollment, average daily attendance, operations and finances, property values in the District, and economic activity in the District, the County, the State and the nation, among others. For more disclosure regarding the COVID-19 pandemic, see “SECURITY FOR THE BONDS – Disclosure Relating to COVID-19 Pandemic” herein. See also references to COVID-19 in the sections herein entitled “PROPERTY TAXATION”, and in Appendix A under the heading “DISTRICT GENERAL 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 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 FINANCING PLAN

### The 2008 Series I Bonds

The net proceeds of the 2008 Series I Bonds will be used to finance projects approved by District voters pursuant to an election held in the District on November 4, 2008, at which the voters authorized a total of \$235 million principal amount of general obligation bonds (the “**2008 Bond Authorization**”). Prior to the issuance of the 2008 Series I Bonds described herein, there have been eight bond issues pursuant to the 2008 Bond Authorization leaving \$47,031,923.15 principal amount of authorized but unissued bonds. After the issuance of the 2008 Series I Bonds, there will be \$27,031,923.15\* of authorization remaining pursuant to the 2008 Bond Authorization. The abbreviated form of the 2008 Bond Authorization known as “**Measure PS**” (limited to 75 words or less) presented to District voters is as follows:

*“To repair old plumbing, heating, ventilation, and air conditioning systems; provide academic academies and magnet schools; upgrade technology; improve access to computers; expand science labs’ renovate and construct classrooms and educational facilities and make the District eligible to receive an estimated \$47.5 million in State matching funds, shall Pomona Unified School District issue \$235 million of bonds at lowest possible interest rates, with no money for administrative salaries, spending annually reviewed by an independent oversight committee?”*

As part of the ballot materials presented to District voters in connection with the 2008 Bond Authorization the voters authorized a specific list of certain types of projects (the “**2008 Project List**”) eligible to be funded with proceeds of bonds sold pursuant to the 2008 Authorization, including the 2008 Series I Bonds described herein. The District makes no representation as to the specific application of the proceeds of the 2008 Series I Bonds, the completion of any projects of the type listed on the 2008 Project List, or whether bonds authorized by the 2008 Bond Authorization will provide sufficient funds to complete any particular project listed in the 2008 Project List.

### The 2016 Series G Bonds

The net proceeds of the 2016 Series G Bonds will be used to finance projects approved by District voters pursuant to an election held in the District on November 8, 2016, at which the voters authorized a total of \$300 million principal amount of general obligation bonds (the “**2016 Bond Authorization**”). Prior to the issuance of the 2016 Series G Bonds described herein, there have been six bonds issues pursuant to the 2016 Bond Authorization leaving \$51,400,000 principal amount of authorized but unissued bonds. After the issuance of the 2016 Series G Bonds, there will be \$13,400,000\* of authorization remaining pursuant to the 2008 Bond Authorization. The abbreviated form of the 2016 Bond Authorization known as “**Measure P**” (limited to 75 words or less) presented to District voters is as follows:

*“To construct and refurbish classrooms throughout the district for engineering, math, technology and science; improve student access to modern technology; upgrade outdated plumbing, heating, ventilation, and air conditioning systems; install campus security cameras and lighting; and repair, construct and modernize classrooms, shall Pomona Unified School District be authorized to issue \$300 million of bonds with interest rates at or below legal limits, independent citizen oversight and all funds spent locally and not taken by the State and spent elsewhere?”*

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\*Preliminary; subject to change.



As part of the ballot materials presented to District voters in connection with the 2016 Bond Authorization the voters authorized a specific list of certain types of projects (the “**2016 Project List**”) eligible to be funded with proceeds of bonds sold pursuant to the 2016 Authorization, including the 2016 Series G Bonds described herein. The District makes no representation as to the specific application of the proceeds of the 2016 Series G Bonds, the completion of any projects of the type listed on the 2016 Project List, or whether bonds authorized by the 2016 Bond Authorization will provide sufficient funds to complete any particular project listed in the 2016 Project List.

### **Additional General Obligation Bonds**

In addition to bonds issued pursuant to the 2008 Bond Authorization and the 2016 Bond Authorization, the District has other general obligation bonds which are similarly secured by *ad valorem* taxes levied and collected in the District. See “DEBT SERVICE SCHEDULES” and “APPENDIX A - GENERAL AND FINANCIAL INFORMATION ABOUT THE POMONA UNIFIED SCHOOL DISTRICT- DISTRICT FINANCIAL INFORMATION - Existing Debt Obligations.”

## **SOURCES AND USES OF FUNDS**

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

<b>Sources of Funds</b>	<b>2008 Series I Bonds</b>	<b>2016 Series G Bonds</b>
Principal Amount of Bonds		
Plus Original Issue		
Premium/Less Original Issue		
Discount		
<b>Total Sources</b>		
<b>Uses of Funds</b>		
Deposit to Building Fund		
Deposit to Debt Service Fund		
Costs of Issuance <sup>(1)</sup>		
<b>Total Uses</b>		

(1) All estimated costs of issuing the Bonds including, but not limited to, fees of Bond Counsel and Disclosure Counsel, the Municipal Advisor, the Paying Agent, the Underwriter and the rating agency.

## THE BONDS

### Authority for Issuance

The Bonds will be issued pursuant to Sections 53506 *et seq.* of the State Government Code, the applicable Bond Resolution, and the 2008 Bond Authorization and the 2016 Bond Authorization, respectively. The County Board of Supervisors has authorized the levy of property taxes supporting the Bonds and accepted its duties as Paying Agent at its meeting on December 6, 2022.

### Description of the Bonds

The Bonds mature in the years and in the amounts and bear interest at the rates per annum all as set forth on the inside cover page hereof. Interest shall be computed based on a 360-day year of twelve 30-day months. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Bonds. See “Book-Entry Only System” below and “APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

The Bonds will be issued in denominations of \$5,000 principal amount each or any integral multiple thereof. Interest on the Bonds is payable semiannually on each February 1 and August 1, commencing February 1, 2023 (each, an “**Interest Payment Date**”). Each 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 15<sup>th</sup> calendar day of the month preceding the Interest Payment Date (each, a “**Record Date**”), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to January 15, 2023, in which event it will bear interest from the date of delivery thereof identified on the cover page. Notwithstanding the foregoing, if interest on any Bond is in default at the time of authentication thereof, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Payments of principal of and interest on the Bonds will be paid by the Paying Agent to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds.

See the maturity schedules on the inside cover page of this Official Statement and “DEBT SERVICE SCHEDULES” herein.

### Book-Entry Only System

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

As long as DTC’s book-entry method is used for the 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 Bonds called for prepayment or of any other action premised on such notice. See “APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

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

### **Optional Redemption\***

The Bonds maturing on or before August 1, 20\_\_ are not subject to redemption prior to maturity. The Bonds maturing on or after August 1, 20\_\_ are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity, from any available source of funds, on August 1, 20\_\_, or on any date thereafter, at a price equal to 100% of the principal amount thereof, without premium, together with accrued interest thereon to the redemption date.

Whenever less than all of the outstanding Bonds of any one maturity of a series are designated for redemption, the Paying Agent will select the outstanding Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For the purpose of selection for optional redemption, Bonds will be deemed to consist of \$5,000 portions (principal amount), and any such portion may be separately redeemed. The Bonds may all be separately redeemed.

### **Mandatory Sinking Fund Redemption\***

2008 Series I Term Bonds. The 2008 Series I Bonds maturing on August 1, 20\_\_ (the “**2008 Series I Term Bonds**”), are subject to mandatory sinking fund redemption on August 1 of each year in accordance with the schedule set forth below. The 2008 Series I Term Bonds so called for mandatory sinking fund redemption will be redeemed in the sinking fund payments amounts and on the dates set forth below, without premium.

#### **2008 Series I Term Bonds Maturing August 1, 20\_\_**

<b>Redemption Date (August 1)</b>	<b>Sinking Fund Redemption</b>
---------------------------------------	------------------------------------

2016 Series G Term Bonds. The 2016 Series G Bonds maturing on August 1, 20\_\_ (the “**2016 Series G Term Bonds**” and with the 2008 Series I Term Bonds, the “**Term Bonds**”), are subject to mandatory sinking fund redemption on August 1 of each year in accordance with the schedule set forth below. The 2016 Series G Term Bonds so called for mandatory sinking fund redemption will be redeemed in the sinking fund payments amounts and on the dates set forth below, without premium.

#### **2016 Series G Term Bonds Maturing August 1, 20\_\_**

<b>Redemption Date (August 1)</b>	<b>Sinking Fund Redemption</b>
---------------------------------------	------------------------------------

*\*Preliminary, subject to change.*

Allocation In Event of Optional Redemption. If any Term Bonds are redeemed pursuant to the optional redemption provisions described above, the total amount of all future sinking fund payments with respect to such Term Bonds shall 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 principal amount (or on such other basis as the District may determine) as set forth in written notice given by the District to the Paying Agent.

### **Notice of Redemption**

The Paying Agent will 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 Bonds designated for redemption, at their addresses appearing on the registration books maintained by the Paying Agent. Such notice shall state the redemption date and the redemption price and, if less than all of the then outstanding Bonds are to be called for redemption, shall designate the serial numbers of the Bonds to be redeemed by giving the individual number of each Bond or by stating that all Bonds between two stated numbers, both inclusive, or by stating that all of the Bonds of one or more maturities have been called for redemption, and shall require that such Bonds be then surrendered at the Office of the Paying Agent for redemption at the said redemption price, giving notice also that further interest on such Bonds shall not accrue from and after the redemption date. Such notice may be a conditional notice of redemption which is subject to rescission as set below.

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 on the Bonds so called for redemption have been duly provided, the Bonds called for redemption will cease to be entitled to any benefit under the applicable 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 the notice.

### **Partial Redemption of Bonds**

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

### **Right to Rescind Notice of Optional Redemption**

The District has the right to rescind any notice of the optional redemption of Bonds by written notice to the Paying Agent on or prior to the date fixed for redemption. Any notice of optional redemption will 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 Bonds then called for redemption. The District and the Paying Agent have no liability to the owners of the Bonds or any other party related to or arising from any such rescission of redemption. The Paying Agent will mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under the applicable Bond Resolution.

## **Registration, Transfer and Exchange of Bonds**

If the book entry system is discontinued, the District will cause the Paying Agent to maintain and keep at its principal corporate trust office all books and records necessary for the registration, exchange and transfer of the Bonds.

If the book entry system is discontinued, the person in whose name a Bond is registered on the Bond Register will be regarded as the absolute owner of that Bond. Payment of the principal of and interest on any Bond will be made only to or upon the order of that person; neither the District, the County nor the Paying Agent will be affected by any notice to the contrary, but the registration may be changed as provided in the applicable Bond Resolution.

Bonds may be exchanged at the designated office of the Paying Agent for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity and series. Any Bond may, in accordance with its terms, but only if (i) the District determines to no longer maintain the book entry only status of the Bonds, (ii) DTC determines to discontinue providing such services and no successor securities depository is named or (iii) DTC requests the District to deliver Bond certificates to particular DTC Participants, be transferred, upon the books required to be kept pursuant to the provisions of the applicable Bond Resolution, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the designated office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed.

No exchanges of Bonds shall be required to be made (a) fifteen days prior to an Interest Payment Date or the date established by the Paying Agent for selection of Bonds for redemption until the close of business on the Interest Payment Date or day on which the applicable notice of redemption is given or (b) with respect to a Bond after such Bond has been selected or called for redemption in whole or in part.

## **Defeasance**

The Bonds may be paid by the District, in whole or in part, 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 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 applicable Bond Resolution) to pay or redeem such Bonds; or
- (c) by delivering such Bonds to the Paying Agent for cancellation by it.

Whenever in the applicable 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 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 applicable Bond Resolution and will be:

- (i) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity,

except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption is given as provided in the applicable 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 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 County and the District, will provide money sufficient to pay the principal or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal or redemption price and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption is given as provided in the applicable Bond Resolution or provision satisfactory to the Paying Agent is made for the giving of such notice.

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

As defined in both Bond Resolutions, 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; (d) pre-refunded municipal bonds rated in the highest rating category by any Rating Agency; and (e) 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 (vii) obligations of the Federal Home Loan Bank (FHLB).

## APPLICATION OF BOND PROCEEDS

### Building Funds

Pursuant to the applicable Bond Resolution, the net proceeds from the sale of the 2008 Series I Bonds will be paid and credited to the fund established and held by the Los Angeles County Auditor-Controller/Treasurer-Tax Collector (the “**County Treasurer**”) and designated as the “Pomona Unified School District, 2008 Election, Series I Building Fund” (the “**2008 Series I Building Fund**”). Pursuant to the applicable Bond Resolution, the net proceeds from the sale of the 2016 Series G Bonds will be paid and credited to the fund established and held by the County Treasurer and designated as the “Pomona Unified School District, 2016 Election, Series G Building Fund” (the “**2016 Series G Building Fund**”) and together with the 2008 Series I Building Fund, the “**Building Funds**”).

Amounts credited to the 2008 Series I Building Fund will be expended by the District solely for the financing of projects for which the 2008 Series I Bond proceeds are authorized to be expended under the 2008 Bond Authorization (which includes related costs of issuance). Amounts credited to the 2016 Series G Building Fund will be expended by the District solely for the financing of projects for which the 2016 Series G Bond proceeds are authorized to be expended under the 2016 Bond Authorization (which includes related costs of issuance).

All interest and other gain arising from the investment of proceeds of the Bonds will be retained in the respective Building Funds and used for the purposes thereof. All moneys held in the Building Funds will be invested in Authorized Investments (as defined in the applicable Bond Resolution) in accordance with the investment policies of the County, as such policies exist at the time of investment. Pursuant to the Bond Resolutions and applicable provisions of the Education Code, a portion of the proceeds of the Bonds may be deposited with a fiscal agent for the purpose of paying costs of issuance. See also “APPENDIX G - LOS ANGELES COUNTY INVESTMENT POLICY AND INVESTMENT REPORT” herein.

### Debt Service Funds

Pursuant to the Bond Resolutions, the amount of premium, if any, received by the County on behalf of the District from the sale of the Bonds, respectively, will be deposited and kept separate and apart in the respective funds established and held by the County Treasurer and designated as the “Pomona Unified School District 2008 Election, Series I General Obligation Bonds Debt Service Fund” and the “Pomona Unified School District 2016 Election, Series G General Obligation Bonds Debt Service Fund” (each, a “**Debt Service Fund**”), each of which is pledged for the payment of the principal of and interest on the related series of Bonds when and as the same become due. All taxes levied by the County for the payment of the principal of and interest and premium (if any) on the Bonds will be deposited in the related Debt Service Fund by the County promptly upon apportionment of said levy.

Any moneys remaining in a Debt Service Fund after the respective series of Bonds and the interest thereon have been paid, shall be transferred to any other interest and sinking fund or account for general obligation bond indebtedness of the District, and in the event there is no such debt outstanding, shall be transferred to the District’s general fund upon the order of the County Auditor, as provided in Section 15234 of the Education Code.

## **Investment of Proceeds of Bonds**

All moneys held in any of the funds or accounts established with the County under the Bond Resolutions, respectively, will be invested in Authorized Investments (as defined in the applicable Bond Resolution) in accordance with the investment policies of the County, as such policies exist at the time of investment. Obligations purchased as an investment of moneys in any fund or account will be deemed to be part of such fund or account. All interest or gain derived from the investment of amounts in any of the funds or accounts established under the Bond Resolutions, respectively, will be deposited in the fund or account from which such investment was made and will be expended for the purposes thereof.

In accordance with Government Code Section 53600 *et seq.*, the County Treasurer manages funds deposited with it by the District. The County is required to invest such funds in accordance with State 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 INVESTMENT REPORT."

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## DEBT SERVICE SCHEDULES

**2008 Series I Bonds Debt Service.** The following table shows the debt service schedule with respect to the 2008 Series I Bonds, assuming no optional redemptions.

### POMONA UNIFIED SCHOOL DISTRICT 2008 Series I Bonds Annual Debt Service Schedule

Bond Year Ending August 1	Principal Amount	Interest	Total
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
Total			

*Remainder of page intentionally left blank.*

**2016 Series G Bonds Debt Service.** The following table shows the debt service schedule with respect to the 2016 Series G Bonds, assuming no optional redemptions.

**POMONA UNIFIED SCHOOL DISTRICT  
2016 Series G Bonds  
Annual Debt Service Schedule**

<b>Bond Year Ending August 1</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
Total			

*Remainder of page intentionally left blank.*

**General Obligation Bond Combined Debt Service.** The following table shows the combined debt service schedule with respect to all outstanding general obligation bonds of the District, including the Bonds, assuming no optional redemptions. See "APPENDIX A - GENERAL AND FINANCIAL INFORMATION ABOUT THE POMONA UNIFIED SCHOOL DISTRICT- DISTRICT FINANCIAL INFORMATION - Existing Debt Obligations" for additional information.

**POMONA UNIFIED SCHOOL DISTRICT  
Combined General Obligation Bond Debt Service Schedule**

<b>Bond Year Ending (August 1)</b>	<b>Outstanding Refunding Bonds</b>	<b>2008 Election Bonds</b>	<b>2016 Election Bonds</b>	<b>2008 Series I Bonds</b>	<b>2016 Series G Bonds</b>	<b>Total Combined Annual Debt Service</b>
2023	\$12,927,908.36	\$6,060,844.19	\$12,433,950.00			
2024	12,340,096.26	6,301,059.95	11,270,150.00			
2025	12,813,670.76	5,818,733.19	9,796,150.00			
2026	12,837,781.76	5,623,266.49	9,419,700.00			
2027	12,207,772.76	5,844,712.99	10,120,200.00			
2028	11,227,344.51	6,052,835.49	10,308,350.00			
2029	12,335,782.01	3,062,125.00	10,240,800.00			
2030	11,361,745.76	3,320,325.00	10,549,150.00			
2031	10,632,079.50	3,580,925.00	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			
2043	--	--	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			
<b>Total</b>	<b>\$138,642,509.72</b>	<b>\$126,682,883.56</b>	<b>\$330,589,687.50</b>			

## SECURITY FOR THE BONDS

### **Ad Valorem Taxes**

**Bonds Payable from Ad Valorem Property Taxes.** The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied on taxable property within the District and collected by the County. The County is empowered and is obligated to annually 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 of rate or amount (except certain personal property which is taxable at limited rates). The District has other series of general obligation bonds outstanding. See "DEBT SERVICE SCHEDULES" above and in Appendix A under the heading "GENERAL AND FINANCIAL INFORMATION FOR THE POMONA UNIFIED SCHOOL DISTRICT- DISTRICT FINANCIAL INFORMATION - Existing Debt Obligations."

In no event is the District obligated to pay principal of and interest and redemption premium, if any, on the 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 Resolutions prevents the District from making advances of its own moneys howsoever derived to any of the uses or purposes permitted by law.

**Other Debt Payable from Ad Valorem Property Taxes.** In addition to the Bonds and the District's other outstanding general obligation bonds, there is other debt issued by entities within the jurisdiction of the District, which is payable from *ad valorem* taxes levied on parcels in the District. See "PROPERTY TAXATION – Tax Rates" and " - Direct and Overlapping Debt Obligations" below.

**Levy, Collection and Pledge of Taxes.** The County will levy and collect such *ad valorem* taxes in such amounts and at such times as are necessary to ensure the timely payment of debt service on the Bonds. Such taxes, when collected, will be deposited into the applicable Debt Service Fund for the Bonds, which is maintained by the County and which is irrevocably pledged for the payment of principal of and interest on the applicable series of 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.

**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 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 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 Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rate to fluctuate.

Economic and other factors beyond the District's control, such as economic recession, pandemic, 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 – Historic Assessed Valuations – Factors Relating to Increases/Decreases in Assessed Value." See also below under the heading "--Disclosure Relating to COVID-19 Pandemic."

### **Debt Service Funds**

As described herein under the heading "APPLICATION OF BOND PROCEEDS - Debt Service Funds," the County Treasurer will establish a Debt Service Fund for the 2008 Series I Bonds and a debt service fund for the 2016 Series G Bonds. All taxes levied by the County for the payment of the principal of and interest and premium (if any) on the Bonds will be deposited in the respective Debt Service Funds by the County promptly upon the receipt. Each Debt Service Fund is pledged for the payment of the principal of and interest and premium (if any) on the respective series of Bonds when and as the same become due. The County will transfer amounts in the Debt Service Funds to the Paying Agent to the extent necessary to pay the principal of and interest and premium (if any) on the applicable series of Bonds as the same becomes due and payable.

### **Not a County Obligation**

The Bonds are payable solely from the proceeds of an *ad valorem* tax levied and collected by the County, for the payment of principal and interest on the Bonds. Although the County is obligated to collect the *ad valorem* tax for the payment of each series of the Bonds and deliver to the Paying Agent the debt service due on the Bonds, the Bonds are not a debt (or a pledge of the full faith and credit) of the County.

### **Disclosure Relating to 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 quarantine and gathering restrictions have been lifted, global economies have also experienced certain supply chain disruptions and increases in inflation. As of this date, several vaccines and vaccine boosters 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:

Coronavirus Preparedness and Response Supplemental Appropriations Act (March 6, 2020): 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.

Families First Coronavirus Response Act (March 18, 2020): 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.

CARES Act (March 27, 2020): 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.

Federal Reserve Programs Implemented (April 9, 2020): 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.

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

Consolidated Appropriations Act (December 27, 2020): 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 providing 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 years 2022 or 2023, compared with the average level from fiscal years 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 Years 2021-22 and 2022-23 Budgets and Related Legislation: The two most recent State budgets have provided historic levels of funding for educational purposes. Funding is aimed at the expansion of transitional kindergarten, funding of community wellness and student health hubs on campuses,

expanded learning programs and increased special education funding, and minimizing the impacts that reductions in average daily attendance resulting from the COVID-19 pandemic might have on a school district's funding entitlement.

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

***Disclaimer Regarding COVID-19 Pandemic.*** Notwithstanding that several vaccines and boosters 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 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 BONDS – *Ad Valorem* Taxes" and "PROPERTY TAXATION – Tax Levies and Delinquencies" and "--Property Tax Collection Procedures" 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, including Order N-61-20, which may be enacted by the State legislature or declared by the Governor from time to time. The District cannot predict the impact of Order N-61-20 on property tax revenues in the County or the District, 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 XIII A 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 2022-23

Fiscal Year	Local Secured	Utility	Unsecured	Total	% 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
2022-23	17,811,887,119	760,052	619,633,919	18,432,281,090	8.5

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, drought and mudslides. Climate change can also cause hazards such as heat waves, droughts, sea level rise and floods, which could have an impact on assessed values.

The District is located in a seismically active region of the State. An earthquake of large magnitude could result in extensive damage to property within the District and could adversely affect the assessed valuation of property within the District, or more generally the region's economy.

The State is currently experiencing drought conditions. As of November 15, 2022, the U.S. Drought Monitor indicates that the State is classified as experiencing severe to extreme drought conditions, with the County in the severe to extreme drought categories. 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.

Various state and local agencies have produced reports or assessments in connection with planning for the potential effects of sea level rise, which could include extensive coastal flooding during storms, periodic tidal flooding, and increased erosion. The District is unable to predict whether sea level rise, or associated impacts thereof, will occur, and if any such events occur, whether they will have a material adverse effect on the assessed valuation of property within the District, the financial condition of the District or more generally the region's economy

Wildfires have occurred throughout the State 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 developed urban areas. Other than air quality issues, the District and properties in its boundaries have not been impacted by recent wildfires.

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 BONDS – Disclosure Relating to COVID-19 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.

Furthermore, projections of the impact of global climate change are complex and depend on a variety of factors outside of the District's control. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. In addition, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the District is unable to forecast with certainty when or if adverse impacts of climate change will occur or the extent of such impacts.

## Assessed Valuation by Land Use

The following table shows a breakdown of local secured property assessed value and parcels within the District by land use for fiscal year 2022-23.

### POMONA UNIFIED SCHOOL DISTRICT Local Secured Property Assessed Valuation and Parcels by Land Use Fiscal Year 2022-23

	<b>2022-23</b>	<b>% of</b>	<b>No. of</b>	<b>% of</b>
<b>Non-Residential:</b>	<b>Assessed Valuation<sup>(1)</sup></b>	<b>Total</b>	<b>Parcels</b>	<b>Total</b>
Commercial	\$1,796,120,334	10.08%	1,722	4.28%
Vacant Commercial	63,033,631	0.35	264	0.66
Industrial	2,624,291,086	14.73	999	2.48
Vacant Industrial	54,578,048	0.31	223	0.55
Recreational	31,110,022	0.17	87	0.22
Government/Social/Institutional	33,597,177	0.19	239	0.59
Miscellaneous	61,917,161	0.35	496	1.23
Subtotal Non-Residential	\$4,664,647,459	26.19%	4,030	10.02%
<b>Residential:</b>				
Single Family Residence	\$10,048,079,390	56.41%	28,596	71.07%
Condominium/Townhouse	1,440,087,965	8.08	4,212	10.47
Mobile Home	57,896,324	0.33	191	0.47
Mobile Home Park	35,656,595	0.20	18	0.04
2-4 Residential Units	637,548,343	3.58	1,800	4.47
5+ Residential Units/Apartments	828,550,586	4.65	515	1.28
Vacant Residential	99,420,457	0.56	874	2.17
Subtotal Residential	\$13,147,239,660	73.81%	36,206	89.98%
<b>Total</b>	<b>\$17,811,887,119</b>	<b>100.00%</b>	<b>40,236</b>	<b>100.00%</b>

(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 sets forth the per parcel assessed valuation of single-family homes in the District for fiscal year 2022-23.

### POMONA UNIFIED SCHOOL DISTRICT Per Parcel Assessed Valuation of Single-Family Homes Fiscal Year 2022-23

Single Family Residential	No. of Parcels	2022-23 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
	28,596	\$10,048,079,390	\$351,381	\$311,373

  

2022-23 Assessed Valuation	No. of Parcels <sup>(1)</sup>	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
\$0 - \$49,999	1,055	3.689%	3.689%	\$39,562,656	0.394%	0.394%
\$50,000 - \$99,999	1,165	4.074	7.763	87,773,370	0.874	1.267
\$100,000 - \$149,999	1,861	6.508	14.271	237,898,316	2.368	3.635
\$150,000 - \$199,999	3,222	11.267	25.539	568,477,018	5.658	9.292
\$200,000 - \$249,999	3,391	11.858	37.397	760,081,221	7.564	16.857
\$250,000 - \$299,999	2,981	10.425	47.821	818,230,317	8.143	25.000
\$300,000 - \$349,999	2,510	8.777	56.599	813,780,903	8.099	33.099
\$350,000 - \$399,999	2,236	7.819	64.418	838,116,057	8.341	41.440
\$400,000 - \$449,999	2,098	7.337	71.755	890,981,745	8.867	50.307
\$450,000 - \$499,999	1,926	6.735	78.490	912,541,751	9.082	59.389
\$500,000 - \$549,999	1,512	5.287	83.777	793,406,753	7.896	67.285
\$550,000 - \$599,999	1,217	4.256	88.033	698,109,453	6.948	74.233
\$600,000 - \$649,999	998	3.490	91.523	621,847,183	6.189	80.421
\$650,000 - \$699,999	751	2.626	94.150	505,783,194	5.034	85.455
\$700,000 - \$749,999	468	1.637	95.786	338,767,472	3.371	88.827
\$750,000 - \$799,999	353	1.234	97.021	272,606,640	2.713	91.540
\$800,000 - \$849,999	259	0.906	97.926	213,164,058	2.121	93.661
\$850,000 - \$899,999	152	0.532	98.458	132,585,571	1.320	94.980
\$900,000 - \$949,999	111	0.388	98.846	102,628,990	1.021	96.002
\$950,000 - \$999,999	73	0.255	99.101	70,997,438	0.707	96.708
\$1,000,000 and greater	257	0.899	100.000	330,739,284	3.292	100.000
	28,596	100.000%		\$10,048,079,390	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 XIII A 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 XIII A 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 XIII A.

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 Bonds to increase accordingly, so that the fixed debt service on the 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 2021-22**

<u>Year</u>	<u>Secured Tax Charge<sup>(1)</sup></u>	<u>Amt. Del. 30-Jun</u>	<u>% Del. 30-Jun</u>
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
2021-22	29,257,537	457,490	1.56

(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 BONDS – Disclosure Relating to 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 2018-19 through 2022-23**  
**(Tax Rate Area 7790\*)**

	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
General	\$1.000000	\$1.000000	\$1.000000	\$1.000000	\$1.000000
Mt. San Antonio Community College District	0.024354	0.047814	0.044588	0.047814	0.042669
<b>Pomona Unified School District</b>	<b>0.169418</b>	<b>0.206706</b>	<b>0.150807</b>	<b>0.206706</b>	<b>0.145795</b>
Metropolitan Water District	<u>0.003500</u>	<u>0.003500</u>	<u>0.003500</u>	<u>0.003500</u>	<u>0.003500</u>
Total	\$1.197272	\$1.258020	\$1.198895	\$1.258020	\$1.191964

\*2022-23 assessed valuation of TRA 7790 is \$7,031,175,051 which is 38.15% of the District's total assessed valuation.

Source: California Municipal Statistics, Inc.

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## Top 20 Property Owners

The 20 taxpayers in the District with the greatest combined assessed valuation of taxable property on the fiscal year 2022-23 tax roll, and the assessed valuations thereof, are shown below.

The more property (by assessed value) which is owned by a single taxpayer in the District, the greater amount of tax collections are exposed to weaknesses in the taxpayer's financial situation and ability or willingness to pay property taxes. 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.

### POMONA UNIFIED SCHOOL DISTRICT Top 20 Secured Property Taxpayers Fiscal Year 2022-23

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2022-23 Assessed Valuation</u>	<u>% of Total <sup>(1)</sup></u>
1.	Industry East Land LLC – Lessee	Industrial	\$209,017,796	1.17%
2.	Crest Financing LP	Residential Development	96,053,768	0.54
3.	1271 W. Sunset LLC	Apartments	93,088,099	0.52
4.	Rexford Industrial 1601 Mission	Industrial	90,463,187	0.51
5.	SRG Libbey LLC, Lessor	Industrial	50,452,470	0.28
6.	Olive Ridge Gardens LP	Apartments	47,819,482	0.27
7.	Chalmers South Mission Road LLC	Industrial	42,438,478	0.24
8.	Sybron Dental Specialties Inc.	Industrial	37,310,516	0.21
9.	Grand Avenue Venture LLC	Industrial	35,814,550	0.20
10.	BPP Pacific Industrial CA REIT	Industrial	35,515,059	0.20
11.	DCT PSA Pomona LLC	Industrial	34,909,630	0.20
12.	CMC Dragon LP	Industrial	33,677,059	0.19
13.	Steelcase Inc., Lessee	Industrial	32,746,667	0.18
14.	Pomona II LLC	Industrial	32,705,193	0.18
15.	Diamond Springs LLC	Shopping Center	32,058,551	0.18
16.	Rexford Industrial Realty LP	Industrial	31,420,296	0.18
17.	Volante Properties LLC	Industrial	31,020,069	0.17
18.	CRP III 4200 W Valley Blvd. LLC	Industrial	30,600,000	0.17
19.	Investel One LLC	Hotel	29,807,059	0.17
20.	PRBC 7 LP	Office Building	28,558,514	0.16
			<u>\$1,055,476,443</u>	<u>5.93%</u>

(1) 2022-23 local secured assessed valuation: \$17,811,887,119.

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. and dated as of November 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 Dated as of November 1, 2022

**2022-23 Assessed Valuation:** \$18,432,281,090

<b><u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>	<b><u>% Applicable</u></b>	<b><u>Debt 11/1/22</u></b>	
Metropolitan Water District	0.509%	\$102,691	
Mt. San Antonio Community College District	16.629	146,921,835	
<b>Pomona Unified School District</b>	<b>100.000</b>	<b>402,111,706</b>	(1)
City of Industry	5.629	893,322	
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$550,029,554</b>	
<b><u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u></b>			
Los Angeles County General Fund Obligations	0.973%	\$25,905,029	
Los Angeles County Superintendent of Schools Certificates of Participation	0.973	33,116	
Los Angeles County Sanitation District No. 21 Authority	28.058	131,491	
<b>Pomona Unified School District General Fund Obligations</b>	<b>100.000</b>	<b>6,115,000</b>	
City of Diamond Bar General Fund Obligations	28.959	1,818,625	
City of La Verne Pension Obligation Bonds	0.001	481	
City of Pomona General Fund Obligations	97.099	65,007,781	
City of Pomona Pension Obligation Bonds	97.099	208,655,308	
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<b>\$307,666,831</b>	
<b><u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u></b>		<b>\$102,515,509</b>	
<b>COMBINED TOTAL DEBT</b>		<b>\$960,211,894</b>	(2)

**Ratios to 2022-23 Assessed Valuation:**

<b>DIRECT DEBT (\$402,111,706)</b> .....	<b>2.18%</b>
Total Direct and Overlapping Tax and Assessment Debt .....	2.98%
<b>Combined Direct Debt (\$408,226,706)</b> .....	<b>2.21%</b>
Combined Total Debt .....	5.21%

**Ratios to Redevelopment Incremental Valuation (\$6,193,050,893):**

Total Overlapping Tax Increment Debt .....	1.66%
--	-------

(1) Excludes the Bonds described herein.

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

Source: California Municipal Statistics, Inc.

## TAX MATTERS

### Tax Exemption

**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 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. For tax years beginning after December 31, 2022, interest on the Bonds may be subject to the corporate 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**") that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. 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.

**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 Bonds who purchase the 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 to the public at the first price at which a substantial amount of such Bonds is sold to the public.

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 Bonds is exempt from California personal income taxes.

### **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 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 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 Bonds, or as to the consequences of owning or receiving interest on the Bonds, as of any future date. Prospective purchasers of the 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 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 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 Bonds, the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

### **Forms of Opinions**

Copies of the proposed forms of opinions of Bond Counsel are attached hereto as Appendix D.

## **CERTAIN LEGAL MATTERS**

### **Legality for Investment**

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

### **Absence of Material Litigation**

The Bonds. No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to Underwriter at the time of the original delivery of the 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 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.

### **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 Bonds, including the possibility of impacting the timely payments of debt service on the 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., as municipal advisor to the District, and Kutak Rock LLP, Denver, Colorado, as Underwriter's Counsel, is contingent upon issuance of the Bonds.

## CONTINUING DISCLOSURE

The District will execute a Continuing Disclosure Certificate in connection with the issuance of the Bonds in the form attached hereto as Appendix E. The District has covenanted therein, for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District to the Municipal Securities Rulemaking Board (an “**Annual Report**”) not later than nine months after the end of the District’s fiscal year (which currently is June 30), commencing March 31, 2023 with the report for the 2021-22 Fiscal Year, and to provide notices of the occurrence of certain enumerated events. Such notices will be filed by the District with the Municipal Securities Rulemaking Board. 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 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, a specific instance of non-compliance is 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 currently contracts with Dale Scott & Company, Inc., to serve as dissemination agent with respect to its undertakings, including the undertaking with respect to the 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.

## RATING

Moody’s Investors Services (“**Moody’s**”) has assigned a rating of “Aa3” to the 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 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 Bonds.

## UNDERWRITING

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the “**Underwriter**”). The Underwriter has agreed to purchase the Bonds at the following respective prices:

**2008 Series I Bonds.** \$\_\_\_\_\_, which is equal to the initial principal amount of the 2008 Series I Bonds of \$\_\_\_\_\_, plus net original issue premium of \$\_\_\_\_\_, less an Underwriter’s discount of \$\_\_\_\_\_.

**2016 Series G Bonds.** \$\_\_\_\_\_, which is equal to the initial principal amount of the 2016 Series G Bonds of \$\_\_\_\_\_, plus net original issue premium of \$\_\_\_\_\_, less an Underwriter’s discount of \$\_\_\_\_\_.

The purchase contracts relating to the Bonds provides that the Underwriter will purchase all of the 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 Bonds to certain securities 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 Resolutions 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 Municipal Advisor and following delivery of the Bonds will be on file at the offices of the Paying Agent in Los Angeles, 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.

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 Bonds.



## **EXECUTION**

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

### **POMONA UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_  
Assistant Superintendent  
Chief Business Officer

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## APPENDIX A

### GENERAL AND FINANCIAL INFORMATION ABOUT THE POMONA UNIFIED SCHOOL 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 Bonds is payable from the general fund of the District. The Bonds are payable from the proceeds of an ad valorem tax required to be levied by the County of Los Angeles (the "County") in an amount sufficient for the payment thereof. See "SECURITY FOR THE 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 2022-23 is approximately 20,326 students.

For demographic information regarding the City 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 (Area 4)	December 2022
Lorena Gonzales	Vice President (Area 2)	December 2024
Arturo Jimenez	Member (Area 3)	December 2024
Adrienne Konigar-Macklin	Member (Area 1)	December 2022
Andrew S. Wong	Member (Area 5)	December 2024

\*Governing Board elections occurred in Areas 1, 4 and 5 on November 8, 2022. Lisa Nashua was elected in Area 1, Dr. Roberta Perlman was re-elected in Area 4, and Patricia Tye was elected in Area 5. At the December 14, 2022 Board meeting officers will be sworn in for the new four-year term.

**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. Darren Knowles is serving as the Interim Superintendent (following the former Superintendent's retirement as of July 1, 2022) and Sandra Garcia is the Assistant Superintendent, Chief Business Officer. The District's search for a permanent Superintendent is continuing.

### Recent Enrollment and ADA Trends

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

<b>ANNUAL ENROLLMENT AND ADA</b> <b>Fiscal Years 2014-15 through 2022-23 (Projected)</b> <b>Pomona Unified School District</b>				
<b>School Year</b>	<b>Enrollment</b>	<b>Percent Change</b>	<b>ADA</b>	<b>Percent Change</b>
2014-15	25,311	--%	24,020	--%
2015-16	24,716	(2.4)	23,458	(2.3)
2016-17	24,314	(1.6)	22,908	(2.3)
2017-18	23,741	(2.4)	22,185	(3.2)
2018-19	23,185	(2.3)	22,324	0.6
2019-20*	22,766	(1.8)	21,853	(2.1)
2020-21*	22,401	(1.6)	21,853	0.0
2021-22 <sup>(1)</sup>	21,915	(2.2)	21,196	(3.0)
2022-23 <sup>(1)</sup>	21,215	(3.2)	20,326	(4.1)

\*Due to COVID-19 pandemic which commenced in approximately March 2020, school districts were generally held harmless for losses in ADA in fiscal years 2020-21 and 2021-22 for purposes of State funding pursuant to provisions implemented in the 2020-21 and 2021-22 State Budgets.

(1) Unaudited Actuals/Budgeted; presents funded ADA. The 2022-23 State Budget permits school districts to determine ADA based on the greater of the current year or the prior year, or the average ADA of the prior three years (2019-20 through 2021-22) if such figure exceeds their current and prior year ADA.

Source: California Department of Education; Pomona Unified School District.

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

The District has sponsored two dependent charter schools, La Verne Science and Technology Charter School and School of Extended Education Options, pursuant to Education Code Section 47605 and following. The activities of the charter schools are included in the District's audited financial statements in the Charter Schools Fund. There is also one independent charter school operating in District boundaries, The School of Arts and Enterprise, which serves grades six through twelve, with enrollment of approximately 700 students.

### 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 District commenced the 2020-21 academic year in distance learning, and eventually provided a hybrid of in-person and remote learning. The 2021-22 and 2022-23 academic years commenced in person with an independent study option in accordance with legal requirements.

The District has received and/or been allocated a total combined amount of approximately \$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.

## Employee Relations

The District currently employs 1,398 certificated, full-time equivalent (“FTE”) employees, 1,118 classified, non-management employees, and 238 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.

<b>BARGAINING UNITS</b>	
<b>Pomona Unified School District</b>	
<b>Bargaining Unit</b>	<b>Current Contract Expiration Date</b>
Associated Pomona Teachers	June 30, 2023
California School Employees Assn.	June 30, 2021 <sup>(1)</sup>

(1) Parties continue to perform pursuant to expired terms pending settlement.  
Parties are nearing settlement in the estimation of the District.  
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 fiscal 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 Bonds is payable from the general fund of the District. The 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 had the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district's funding gap. The legislation implementing LCFF also 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.

Funding levels used in the LCFF entitlement calculations for fiscal year 2022-23 are set forth in the following table.

**Fiscal Year 2022-23 Base Grant Funding\* Under LCFF  
by Grade Span**

<b>Entitlement Factor</b>	<b>TK/K-3</b>	<b>4-6</b>	<b>7-8</b>	<b>9-12</b>
A. 2021-22 Base Grant per ADA	\$8,093	\$8,215	\$8,458	\$9,802
B. Base Grant Adjustment (A x 6.70%)	\$542	\$550	\$567	\$657
C. 2022-23 COLA for LCFF (A x 6.56%)	\$531	\$539	\$555	\$643
D. 2022-23 Base Grant per ADA before Grade Span Adjustments (A+B+C)	\$9,166	\$9,304	\$9,580	\$11,102
E. Grade Span Adjustments (K-3: D x 10.4%; 9-12: D x 2.6%)	\$953	Not applicable	Not applicable	\$289
F. 2022-23 Base Grant/Adjusted Base Grant per ADA (D + E)	\$10,119	\$9,304	\$9,580	\$11,391

\*Add-ons to the Base Grant, as may be applicable, are: (1) Supplemental Grant: For the supplemental grant funding entitlement, for each grade span, the calculation is the base grant or adjusted base grant per ADA, times total funded ADA, times Unduplicated Pupil Percentage, times 20%, (2) Concentration Grant: For the concentration grant funding entitlement, the calculation is the base grant or adjusted base grant per ADA, times total funded ADA, times portion of Unduplicated Pupil Percentage that exceeds 55%, times 65%, and (3) Transitional Kindergarten Add-On: For the TK add-on funding, the amount is the rate of \$2,813 times the school district's current year TK ADA.

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 not 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 Garey 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**

	<b>Audited 2016-17</b>	<b>Audited 2017-18</b>	<b>Audited 2018-19</b>	<b>Audited 2019-20</b>	<b>Audited 2020-21</b>
<b><u>Revenues</u></b>					
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
<b>Total Revenues</b>	<b>302,933,122</b>	<b>315,878,706</b>	<b>342,356,370</b>	<b>331,137,316</b>	<b>373,472,645</b>
<b><u>Expenditures</u></b>					
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	--	--	--	--	--
<b>Total Expenditures</b>	<b>289,020,861</b>	<b>303,587,598</b>	<b>321,344,520</b>	<b>313,848,561</b>	<b>326,040,383</b>
Excess of Revs. Over (Under) Expend.	13,912,261	12,291,108	21,011,850	17,288,755	47,432,262
<b><u>Other Financing Sources (Uses)</u></b>					
Transfers In	--	3,114,344 <sup>(1)</sup>	--	--	--
Interfund Transfers Out <sup>(2)</sup>	(3,985,125)	(4,731,234)	(4,764,001)	(4,774,517)	(4,996,423)
<b>Total Other Financing Sources (Uses)</b>	<b>(3,985,125)</b>	<b>(1,616,890)</b>	<b>(4,764,001)</b>	<b>(4,774,517)</b>	<b>(4,996,423)</b>
Net Change in Fund Balance	9,927,136	10,674,218	16,247,849	12,514,342	42,435,839
<b>Fund Balance, July 1</b>	<b>56,325,139</b>	<b>66,252,275</b>	<b>76,926,493</b>	<b>93,174,342</b>	<b>105,688,580</b>
<b>Fund Balance, June 30</b>	<b>\$66,252,275</b>	<b>\$76,926,493</b>	<b>\$93,174,342</b>	<b>\$105,688,580</b>	<b>\$148,124,419</b>

(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 five fiscal years have been certified as positive. The District Board approved the budget for Fiscal Year 2022-23 on June 29, 2022 (the "**2022-23 Budget**") and it was thereafter approved by the County Superintendent. The District's First Interim Report for fiscal year 2022-23 is expected to be presented to the District Board on December 14, 2022. A positive certification will be recommended.

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 (Unaudited Actuals) and Fiscal Year 2022-23 (Adopted Budget).** The following table shows the unaudited actuals for fiscal year 2021-22 and the general fund budget for fiscal year 2022-23.

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

	<b>2021-22</b>	<b>2022-23</b>
	<b>Unaudited Actuals</b>	<b>Adopted Budget<sup>(1)</sup></b>
<b>Revenues</b>		
LCFF Sources	\$270,775,017	\$288,348,557
Federal revenues	42,090,068	65,337,541
Other state revenues	58,617,179	32,334,930
Other local revenues	2,575,662	1,674,371
Total Revenues	374,057,926	387,695,399
<b>Expenditures</b>		
Certificated salaries	142,444,908	146,195,844
Classified salaries	48,230,985	54,959,321
Employee benefits	64,117,642	75,749,974
Books and supplies	25,351,555	20,180,694
Services and operating expenditures	48,802,968	41,776,986
Capital outlay	3,415,113	43,211,683
Other outgo	4,795,929	4,957,998
Direct support/indirect costs	(2,757,328)	(3,752,411)
Total expenditures	334,401,773	383,280,089
Excess of revenues over/(under) expenditures	39,656,152	4,415,310
Other Financing Sources/Uses	--	--
Transfers In(Out) <sup>(2)</sup>	(2,5000,000)	(2,900,000)
Total other financing sources	(2,5000,000)	(2,900,000)
Net change in fund balance	37,156,153	1,515,310
Fund balance, July 1-Unaudited	157,148,163	185,280,572
Audit adjustments	(9,023,744) <sup>(3)</sup>	--
Fund balance, July 1-Audited	148,124,419	185,280,572
Fund balance, June 30	\$185,280,572	\$186,795,882

\*Totals may not foot due to rounding.

(1) Budget was adopted prior to final settlement of negotiations with bargaining units and as such does not reflect final and settled compensation terms. Budget assumed standard step and column increases. An off schedule salary increase for certificated employees was approved in November 2022 and parity language will result in the increase applying to represented classified employees. The District will reflect these changes in the appropriate future financial projections.

(2) Transfer out to self-insurance fund.

(3) Represents federal funds recorded as revenues in fiscal year 2021-22 but are instead deferred to fiscal year 2022-23.

Source: Pomona Unified School District.

The First Interim for fiscal year 2022-23 is expected to be presented to the District Board on December 14, 2022.

**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 school districts under certain circumstances. This reserve cap requirement does not apply to small school districts (ADA of fewer than 2,501 students) or school districts funded as Basic Aid school districts. When applicable, the reserve cap requires that a school district's adopted or revised budget shall not contain a combined assigned or unassigned ending general fund balance of more than 10% of those funds. The applicability of the reserve cap is based on the balance in the State's Public School System Stabilization Account and is triggered in a fiscal year when the balance is equal to or exceeds 3% of the combined total of general fund revenues appropriated for school districts. A county superintendent of schools may grant a school district under its jurisdiction an exemption from the requirements for up to two consecutive fiscal years within a three-year period if the school district provides documentation indicating that extraordinary fiscal circumstances, including, but not limited to, multiyear infrastructure or technology projects, substantiate the need for a combined assigned or unassigned ending general fund balance that is in excess of the reserve cap. The reserve cap has been triggered for fiscal year 2022-23 and as such, for school districts to which it applies, the cap must be taken into account in its budgeting documents or an exemption must be sought. The District has taken into account the reserve cap as part of its budgeting process for fiscal year 2022-23.

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## 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 2022-23.

### AVERAGE DAILY ATTENDANCE AND FUNDING TRENDS UNDER LCFF Fiscal Years 2013-14 thru 2022-23 Pomona Unified School District

Fiscal Year	ADA	Total LCFF Funding
2013-14	24,894	\$185,947,770
2014-15	24,020	203,996,654
2015-16	23,458	227,160,812
2016-17	22,908	236,382,718
2017-18	22,185	238,050,513
2018-19	22,324	257,895,984
2019-20	21,853	250,587,286
2020-21	21,853	247,715,755
2021-22 <sup>(1)</sup>	21,196	270,775,017
2022-23 <sup>(1)</sup>	20,326	288,348,557

(1) Unaudited Actuals/Budgeted.

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 Bonds described in this Official Statement are secured by *ad valorem* property taxes, and not the District's general fund. See "SECURITY FOR THE BONDS – Disclosure Relating to 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. The plan is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers, and the State. The benefit provisions and contribution amounts are established by State laws, as amended from time to time.



Prior to fiscal year 2014-15, contribution rates were constant and not subject to annual variations. K-14 school districts were required by statute to contribute 8.25% of eligible salary expenditures, and participants contributed 8% of their respective salaries. In September 2013, however, STRS projected that the plan would be depleted in 31 years if existing contribution rates continued and other actuarial assumptions were realized, largely due to significant investment losses.

Assembly Bill 1469 was adopted as part of the State's fiscal year 2014-15 budget ("**AB 1469**"), aimed at fully funding the unfunded actuarial obligation of STRS with respect to service credited to member of STRS prior to July 1, 2014 (the "**2014 Liability**"), within 32 years, by increasing contribution rates of members, K-14 school district employers, and the State. Under AB 1469, employer contributions were steadily increased over seven years, pursuant to the following schedule:

**STRS EMPLOYER CONTRIBUTION RATES  
PURSUANT TO AB 1469**

<b>Effective Date</b>	<b>Employer Contribution Rate</b>
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.45
July 1, 2018	16.28
July 1, 2019	18.13**
July 1, 2020*	19.10**

\*Rate to continue in subsequent years unless modified by the STRS Board.

\*\*Subsequently reduced in connection with State budget acts and related legislation. See following paragraph.

Source: AB 1469.

Under AB 1469, the rate of 19.10% in effect as of July 1, 2020 was to continue unless modified by the STRS Board. However, the State legislature subsequently modified employer contribution rates in certain years as part of trailer bills adopted in connection with State budgets. Senate Bill 90 ("**SB 90**") was enacted in connection with the fiscal year 2019-20 State budget, appropriating \$2.25 billion to pay in advance part of the employer contributions for fiscal years 2019-20 and 2020-21. The effect was that the employer contribution rate effective July 1, 2019 was 17.10% and effective July 1, 2020 was 18.4%. However, in part in response to expected financial strain caused by the COVID-19 pandemic, the State's 2020-21 budget redirected additional funds to reducing employer contribution rates, resulting in a rate of 16.15% in fiscal year 2020-21 and 16.92% in fiscal year 2021-22.

The employer contribution rate will be 19.10% in fiscal year 2022-23 pursuant to AB 1469. The State also continues to contribute to STRS, and its contribution rate in fiscal year 2022-23 is 8.338%.

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**

<b>Fiscal Year</b>	<b>Amount</b>
2018-19	\$22,936,250
2019-20	24,664,358
2020-21	23,071,189
2021-22 <sup>(1)</sup>	22,949,597
2022-23 <sup>(1)</sup>	27,784,189

(1) Unaudited Actuals/Budgeted.  
Source: Pomona Unified School District.

The STRS defined benefit program continues to have an unfunded actuarial liability estimated at approximately \$89.7 billion as of June 30, 2021, which is the date of the last actuarial valuation.

**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, employers are required to contribute an amount based on an actuarially determined employer rate, and employees make contributions which vary based on their date of hire.

Like the STRS program, the PERS program has experienced an unfunded liability in recent years. To address this issue, the PERS board has taken a number of actions, including changes to the PERS amortization and smoothing policy intended to reduce volatility in employer contribution rates and adopting changes in actuarial assumptions. In November 2015, PERS adopted a funding risk mitigation policy incrementally lowering its discount rate (its assumed rate of investment return) in years of good investment returns, to help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. SB 90, and Assembly Bill 84/Senate Bill 111 (“**AB 84**”) of June 2020, directed contributions of \$430 million and \$330 million in satisfaction of portions of employer contribution rates in fiscal years 2020-21 and 2021-22, respectively. Recent employer contribution rates are set forth in the following table.

**EMPLOYER CONTRIBUTION RATES (PERS)  
Fiscal Years 2019-20 through 2022-23<sup>(1)</sup>**

<b>Fiscal Year</b>	<b>Employer Contribution Rate<sup>(1)</sup></b>
2019-20	19.721%
2020-21	20.700
2021-22	22.910
2022-23	25.370

(1) Expressed as a percentage of covered payroll.  
Source: PERS

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 2022-23  
Pomona Unified School District**

Fiscal Year	Amount
2018-19	\$9,390,035
2019-20	10,628,121
2020-21	11,284,593
2021-22 <sup>(1)</sup>	9,722,648
2022-23 <sup>(1)</sup>	12,327,650

(1) Unaudited Actuals/Budgeted.  
Source: Pomona Unified School District

PERS continues to have an unfunded liability which, on a market value of assets basis, was approximately \$24.0 billion as of June 30, 2021, which is the date of the last actuarial valuation.

**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](http://www.calstrs.com) and [www.calpers.ca.gov](http://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 as identified in the District's audited financial statement for fiscal year ending 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. As identified in the District's audited financial statement for fiscal year ending June 30, 2021, for fiscal year 2020-21, the District contributed \$2,460,055 to the Plan.

**2022 Actuarial Report Findings.** The District's total OPEB liability was measured as of June 30, 2022 and was determined by an actuarial valuation dated July 18, 2022 (the "**2022 Actuarial Report**"). The 2022 Actuarial Report identified a net OPEB liability of \$50,246,000 as of June 30, 2022. The increase from the beginning of year of OPEB liability of \$39,809,000 was largely attributed to the termination table update for the PERS group, whereby the actuary included the full table with all service duration tiers, thus aligning more closely with the termination behaviors of the population. Other areas of increase were due to experience and trends.

**Actuarial Assumptions.** The 2022 Actuarial Report updated the discount rate from 2.16% to 3.54%, and included a salary increase rate assumption of 3%, and revised trend rates and mortality projections, among other items. The aggregate impact of assumption changes to the total OPEB liability was an increase of \$7.2 million.

***Changes in OPEB Liability of the District.*** The changes in OPEB liability of the District as of June 30, 2022, is shown in the following table:

**CHANGES IN TOTAL OPEB LIABILITY  
Pomona Unified School District  
Year Ending June 30, 2022**

	<b><u>Total OPEB Liability</u></b>
Present Value of Future Benefits	\$88,360,000
Total OPEB Liability (Beg. of Year)	39,809,000
Total OPEB Liability (End of Year)	50,246,000
Fiduciary Net Position	--
Net OPEB Liability (Unfunded AAL)	50,246,000
Total OPEB Expense	3,803,000

*Source: Pomona Unified School District Audit Report.*

For more information, 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.

### SUMMARY OF OUTSTANDING GENERAL OBLIGATION BONDS Pomona Unified School District

Bond Issue	Date of Issue	Final Maturity	Original Principal Amount	Amount Outstanding Dec. 1, 2022
Refunding 2000 A	April 20, 2000	2029	\$21,485,000.00	\$8,680,000.00
2008 Election, Series B†	May 18, 2011	2025	4,030,000.00	970,000.00
2008 Election, Series D†	September 25, 2012	2028	20,970,000.00	16,695,000.00
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	12,180,000.00
2008 Election, Series G	June 1, 2016	2036	19,998,076.85	19,211,706.55
2016 Refunding Bonds	June 1, 2016	2033	25,040,000.00	20,230,000.00
2016 Refunding Bonds, Series B	November 17, 2016	2031	6,685,000.00	4,505,000.00
2016 Election, Series A	May 3, 2017	2046	42,100,000.00	41,895,000.00
2016 Election, Series C	February 7, 2019	2048	55,000,000.00	39,770,000.00
2016 Election, Series D	October 15, 2020	2048	71,400,000.00	70,900,000.00
2016 Election, Series E (Ed-Tech Bonds)	October 15, 2020	2032	14,600,000.00	14,100,000.00
2020 Refunding Bonds	October 20, 2020	2040	46,280,000.00	42,015,000.00
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
2022 Refunding Bonds	July 19, 2022	2031	22,925,000.00	22,475,000.00
<b>Total</b>			<b>\$463,663,076.85</b>	<b>\$402,111,706.55</b>

† 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

*The information in this section concerning the State's budget or budgets has been compiled from publicly-available information provided by the State or the Legislative Analyst's Office (the "LAO"). Neither the District, the Underwriter nor the County is responsible for the information provided in this section.*

### State Budgeting for Education Generally

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. 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's general fund), and the annual State budget process. Decreases in State revenues may significantly affect appropriations made by the legislature to school districts.

### 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.



## Available Public Resources

Certain information about the State budgeting process and the State budget is available through several State sources. Convenient sources of information include:

- [www.treasurer.ca.gov](http://www.treasurer.ca.gov): The California State Treasurer internet home page, under the link to “Bond Finance” and sub-heading “-Public Finance Division”, includes links to recent State official statements and various State financial documents which includes information regarding State budgets and finances.
- [www.dof.ca.gov](http://www.dof.ca.gov): The California Department of Finance’s (the “**DOF**”) internet home page, under the link to “California Budget”, includes the text of proposed and adopted State Budgets.
- [www.lao.ca.gov](http://www.lao.ca.gov): The LAO’s internet home page includes a link to “-The Budget” which includes analyses and commentary on fiscal outlooks.

*The above references to internet websites shown are shown for reference and convenience only. The information contained within the websites may include outdated information and has not been reviewed for accuracy by the District or the Underwriter. Such information is not incorporated herein by reference.*

## The 2022-23 State Budget

On June 30, 2022, the Governor signed the fiscal year 2022-23 State Budget (the “**2022-23 State Budget**”), a \$308 billion spending plan, including \$234.4 billion in general fund spending, and a historic \$100 billion budget surplus. The 2022-23 State Budget includes significant general fund investments, provides for tax rebates to millions of taxpayers, and provides for a \$37.2 billion reserve.

A central component of the 2022-23 State Budget is an over \$17 billion broad-based inflation relief package, which includes tax rebates of up to \$1,050 based on income level and the size of household. The relief package also includes increased grants for the State’s lowest income families and individuals, and additional funding for food banks.

Other highlights of the 2022-23 State Budget include funding to address impacts of climate change and drought, provide for wildfire support, and address electricity rates and accelerate clean energy projects. Total funding of \$128.6 billion is provided for K-12 education, reflecting \$22,893 per pupil (\$16,993 K-12 Proposition 98 guarantee), further details of which are set forth below. The 2022-23 State Budget includes funding aimed at addressing higher education needs, health care including universal access, funding for infrastructure including for transportation, energy innovation and reliability, housing for homeless individuals, and increasing broadband connectivity. Funding in the amount of \$14.8 billion is provided for regional transit and rail projects, the continued development of a first-in-the-nation, electrified high-speed rail system in the State and other climate adaptation projects. The 2022-23 State Budget includes an additional \$2 billion over two years to accelerate the development of affordable housing, and \$3.4 billion over three years to continue the State’s efforts to address homelessness by investing in immediate behavioral health housing and treatment, as well as encampment cleanup grants. Funding is provided to address COVID-19 health issues including testing and vaccinations, and funding for

local law enforcement and highway patrols aimed at increasing public safety. The 2022-23 State Budget is projected to be balanced in fiscal year 2025-26, the last year in the multi-year forecast.

With respect to K-12 education, the 2022-23 State Budget provides total funding of \$128.6 billion (\$78.6 billion general fund and \$50 billion other funds) for all K-12 education programs. The 2022-23 State Budget reflects a Proposition 98 funding level of \$110.4 billion in 2022-23, representing a three-year increase in the minimum Proposition 98 guarantee of \$35.8 billion over the level funded in the fiscal year 2020-21 State budget. A payment of approximately \$2.2 billion is provided for the Public School System Stabilization Account, for a balance of more than \$9.5 billion at the end of fiscal year 2022-23.

Under State law, there is a cap of 10 percent on school district reserves in fiscal years immediately succeeding those in which the balance in the Stabilization Account is equal to or greater than 3 percent of the total K-12 share of the Proposition 98 guaranteed funding. The balance of \$7.1 billion in fiscal year 2021-22 has triggered the school district reserve cap beginning in fiscal year 2022-23.

The 2022-23 State Budget includes an LCFF cost-of-living adjustment of 6.56 percent, the largest in the history of LCFF. Additionally, to help school districts and charter schools address ongoing fiscal pressures, staffing shortages, and other operational needs, the 2022-23 State Budget includes \$4.32 billion ongoing Proposition 98 general fund to increase LCFF base funding by an additional 6.28 percent.

To support fiscal stability and to address declining enrollment, the 2022-23 State Budget allows school districts to use the greater of the current year or prior year average daily attendance or an average of the three prior years' average daily attendance to calculate LCFF funding. Further, to minimize reductions in LCFF funding that would otherwise occur due to increased absences in fiscal year 2021-22, the 2022-23 State Budget enables all classroom-based local educational agencies that can demonstrate they provided independent study offerings to students in fiscal year 2021-22 to be funded at the greater of their current year average daily attendance or their current year enrollment adjusted for pre-COVID-19 absence rates in fiscal year 2021-22.

Other highlights of the 2022-23 State Budget relating to K-12 education include:

Establishes the Learning Recovery Emergency Fund: \$7.9 billion one-time Proposition 98 general fund to support the Learning Recovery Emergency Block Grant which will support local educational agencies in establishing learning recovery initiatives through the fiscal year 2027–28 school year. Funds can be used to increase instructional time, close learning gaps such as tutoring or small group learning, support students with health, counseling or mental health services, create additional access to instructions to support graduations and increase college eligibility, and provide additional academic services to students.

Block Grant for Arts, Music and Other Programs: Establishes the Arts, Music and Instructional Materials Block Grant, funded at \$3.6 billion for a variety of purposes.

Supporting Community Schools: \$1.1 billion in one-time Proposition 98 funding supporting access to the community schools grant.

Support for Educator Workforce: \$48.1 million general fund for educator workforce purposes.

Funding for Residency Programs: \$250 million one-time Proposition 98 general fund to expand residency slots for teachers and school counselors.

Funding for STEM Purposes: \$85 million one-time Proposition 98 general fund to create Pre-K through 12 grade educator resources and professional learning to implement the Next Generation Science Standards, the California Math Framework, the California Computer Science Standards, and the math and science domains of the California Preschool Learning Foundations.

Support for State Preschools: \$312.7 million Proposition 98 general fund and \$172.3 million general fund to increase State Preschool Program adjustment factors for students with disabilities, dual language learners, and childhood mental health and adds an adjustment factor for three-year-olds. Funding is also provided for inclusive early education, waiver of certain costs for children in the State Preschool Program, and in fiscal year 2022-23 reimbursing preschool providers for certain hours of authorized care.

Support for Transitional Kindergarten: \$614 million ongoing Proposition 98 general fund to, beginning in the 2022-23 school year, to support the first year of expanded eligibility for transitional kindergarten. Additionally, the 2022-23 State Budget provides \$383 million Proposition 98 general fund to add one additional certificated or classified staff person to every transitional kindergarten class, reducing student-to-adult ratios to more closely align with the State Preschool Program.

Expanded Learning Opportunities Program: \$1 billion ongoing and \$753 million one-time Proposition 98 general fund in the first year of a multi-year investment 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. Local educational agencies with the highest concentrations of these students will be required to offer expanded learning opportunities to all elementary students. The 2022-23 State Budget continues to assume that full fiscal implementation of the program will take place by 2025-26.

Early Literacy: Includes \$250 million one-time Proposition 98 general fund, available over five years, for grants to high-needs schools to train and hire literacy coaches and reading specialists to guide productive classroom instruction and to offer one-on-one and small group intervention for struggling readers.

Community Engagement Initiative: First funded in 2018, an additional \$100 million one-time Proposition 98 general fund to expand the reach of the program to hundreds of additional local educational agencies.

Special Education: \$500 million ongoing Proposition 98 general fund for the special education funding formula, paired with several policy changes to further the State's commitment to improving special education instruction and services.

College and Career Pathways: Includes \$500 million one-time Proposition 98 general fund over seven years to support the development of pathway programs focused on technology, health care, education, and climate-related fields, and

\$200 million one-time Proposition 98 general fund, available over five years, to strengthen and expand student access and participation in dual enrollment opportunities.

Home-To-School Transportation: \$637 million ongoing Proposition 98 general fund to reimburse local educational agencies for up to 60 percent of their transportation costs in the prior year. Additionally, commencing in 2023-24, the 2022-23 State Budget reflects the application of an ongoing cost-of-living adjustment to the current LCFF Home-to-School transportation add-on. In addition, \$1.5 billion one-time Proposition 98 general fund, available over five years, to support greening school bus fleets through programs that will be operated by the California Air Resources Board and the California Energy Commission.

Nutrition: \$596 million Proposition 98 general fund to fund universal access to subsidized school meals, an additional \$611.8 million to augment the state meal reimbursement rate sufficient to maintain meal reimbursement rates beginning in 2022-23, and \$600 million one-time, available over three years, for school kitchen infrastructure upgrades and equipment, food service employee training, and compensation for work related to serving universal meals using more fresh, minimally processed foods.

Farm to School Program: \$30 million one-time general fund to establish additional farm to school demonstration projects with priority towards high-need schools, and \$3 million ongoing general fund to expand the regional California Farm to School Network.

K-12 Facilities: The 2022-23 State Budget allocates the remaining Proposition 51 bond funds to support school construction projects, and provides \$100 million one-time general fund with fiscal year 2021-22 funds and \$550 million in fiscal year 2023-24 to support the California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program. This program's grant funds may be used to construct new school facilities or retrofit existing school facilities for the purpose of providing transitional kindergarten, full-day kindergarten, or preschool classrooms.

For the full text of the 2022-23 State Budget, see the DOF website at [www.dof.ca.gov](http://www.dof.ca.gov). However, the information included in such website is not incorporated herein by reference.

LAO Fiscal Outlook Report as of November 2022 for Fiscal Year 2023-24 Budget. The LAO released a report on the State's fiscal outlook dated November 2022 to provide guidance to the State legislature in the crafting of the fiscal year 2023-24 budget. The LAO outlook identifies a budget deficit of \$25 billion in fiscal year 2023-24. This deficit is largely attributed to lower revenue estimates, which it notes are lower than projections across fiscal years 2021-22 through 2023-24 by \$41 billion. Over the subsequent years of the LAO's forecast, annual revenue deficits decline from \$17 billion to \$8 billion over the multi-year period by fiscal year 2026-27. The LAO notes that under its estimates, the State can afford to maintain its existing school and community college programs, and provide a cost-of-living adjustment of up to 8.38 percent in fiscal year 2023-24. The extent to which programs across the remainder of the budget are adjusted for inflation varies considerably. The LAO notes that its outlook reflects the current law and policy of the State legislature and as such only incorporates the effects of inflation on budgetary spending when there are existing policy mechanisms for doing so. The \$25 billion budget deficit could be

understated in inflation-adjusted terms. The LAO's lower revenue estimate incorporates the risk of a recession but do not reflect a recession scenario. A recession which occurs soon could result in revenues \$30 to \$50 billion below the LAO's revenue outlook that was in the budget window. The LAO notes that recent and sizeable ongoing augmentations to certain programs in light of inflation and flat revenue growth place pressure on the out-year condition of the budget. The LAO recommends that the State legislature begin planning the fiscal year 2023-24 budget without using general purpose reserves, reserving such funds for a recession. For the full report, see: [www.lao.ca.gov](http://www.lao.ca.gov), under the link to "Publications." The information on such web site is not incorporated herein by reference.

### **Disclaimer Regarding State Budgets**

The execution of State 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, (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 2022-23 State Budget or subsequent State budgets, or future changes (if any) in the budget due to shifts in the economy or other factors, will have on its own finances and operations. However, the Bonds described herein 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 Bonds to provide State Budget information to the District or the owners of the Bonds. Although the sources of information provided herein are known to be reliable, neither the District nor the Underwriter assume any responsibility for the accuracy of the budget information set forth or referred to in this Official Statement or incorporated herein.

### **Legal Challenges to State Funding of Education**

The application of Proposition 98 and other statutory provisions relating to education funding in the State 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, and how such events could impact the District and its finances.

## CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Principal of and interest on the Bonds are payable from the proceeds of an *ad valorem* tax levied by the County for the payment thereof. Articles XIII A, XIII B, XIII C, and XIII D 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 Bonds. The tax levied by the County for payment of the Bonds was approved by the District's voters in compliance with Article XIII A 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 XIII A of the California Constitution

**Basic Property Tax Levy.** On June 6, 1978, California voters approved Proposition 13 ("Proposition 13"), which added Article XIII A to the State Constitution ("**Article XIII A**"). Article XIII A 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 XIII A 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 XIII A 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 XIII A defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment". This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

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

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

among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 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 XIII A, 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 XIII B of the California Constitution**

Article XIII B ("**Article XIII B**") 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 XIII B, as amended.

The appropriations of an entity of local government subject to Article XIII B 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 XIIB 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 XIIB 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 XIIC and XIID 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 XIIC and XIID (respectively, "**Article XIIC**" and "**Article XIID**"), 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 XIIC 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 XIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4.

On November 2, 2010, Proposition 26 was approved by State voters, which amended Article XIIC 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 XIID. 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 XIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIC or XIID 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 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 XIII B

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 XIII B 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 XIII B 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 XIII B 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 XIII B 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 XIII B 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 XIII B 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 Bonds, as secured debt in bankruptcy due to the existence of a statutory lien.

### **Future Initiatives**

Article XIII A, Article XIII B, Article XIII C and Article XIII D 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**

**POMONA UNIFIED SCHOOL DISTRICT  
AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2020-21**

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Financial Statements  
June 30, 2021

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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.

## **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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

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](http://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
<b>Assets</b>		
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
<b>Liabilities</b>		
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
<b>Net Position</b>		
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	<u>499,581,698</u>	<u>462,211,311</u>
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	<u>473,774,456</u>	<u>448,556,479</u>
Change in net position	<u>\$ 25,807,242</u>	<u>\$ 13,654,832</u>

\* 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	<u>\$ 473,774,456</u>	<u>\$ 448,556,479</u>	<u>\$ (278,459,280)</u>	<u>\$ (308,107,100)</u>

\* 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**

Governmental Fund	Balances and Activity			June 30, 2021
	June 30, 2020 as restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	
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	<u>\$ 220,784,539</u>	<u>\$ 649,180,290</u>	<u>\$ 525,438,939</u>	<u>\$ 344,525,890</u>

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	<u>\$ 407,271,477</u>	<u>\$ 414,700,603</u>

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	<u>\$ 410,668,276</u>	<u>\$ 339,136,749</u>

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:

	<u>Staffing Ratio</u>	<u>Enrollment</u>
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.

Pomona Unified School District  
Statement of Net Position  
June 30, 2021

	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	<u>305,055,827</u>
Total assets	<u>840,157,704</u>
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	<u>88,040,947</u>
Total deferred outflows of resources	<u>91,704,961</u>
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	<u>373,787,121</u>
Total liabilities	<u>891,258,793</u>
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	5,429,448
Deferred inflows of resources related to pensions	<u>25,917,208</u>
Total deferred inflows of resources	<u>31,346,656</u>
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)	<u>(259,190,711)</u>
Total net position (deficit)	<u>\$ 9,257,216</u>

Pomona Unified School District  
Statement of Activities  
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
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	<u>\$ 473,774,456</u>	<u>\$ 887,208</u>	<u>\$ 185,836,016</u>	<u>\$ 8,591,952</u>	<u>(278,459,280)</u>
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					<u>12,268,583</u>
Total general revenues and subventions					<u>304,266,522</u>
Change in Net Position					25,807,242
Net Position - Beginning, as restated					<u>(16,550,026)</u>
Net Position - Ending					<u>\$ 9,257,216</u>

Pomona Unified School District  
Balance Sheet – Governmental Funds  
June 30, 2021

	General Fund	Child Development Fund	Building Fund
	<u>                    </u>	<u>                    </u>	<u>                    </u>
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	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 192,709,978</u>	<u>\$ 13,639,379</u>	<u>\$ 131,943,177</u>
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	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>44,585,559</u>	<u>12,211,315</u>	<u>6,116,152</u>
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	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balances	<u>148,124,419</u>	<u>1,428,064</u>	<u>125,827,025</u>
Total liabilities and fund balances	<u>\$ 192,709,978</u>	<u>\$ 13,639,379</u>	<u>\$ 131,943,177</u>

Pomona Unified School District  
Balance Sheet – Governmental Funds  
June 30, 2021

	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Assets</b>			
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
	<u>27,611,590</u>	<u>44,010,973</u>	<u>340,531,030</u>
<b>Total assets</b>	<u><u>\$ 27,611,590</u></u>	<u><u>\$ 44,010,973</u></u>	<u><u>\$ 340,531,030</u></u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
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
	<u>-</u>	<u>2,476,181</u>	<u>15,112,727</u>
<b>Total liabilities</b>	<u>-</u>	<u>2,476,181</u>	<u>15,112,727</u>
<b>Fund Balances</b>			
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
	<u>27,611,590</u>	<u>41,534,792</u>	<u>344,525,890</u>
<b>Total fund balances</b>	<u>27,611,590</u>	<u>41,534,792</u>	<u>344,525,890</u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 27,611,590</u></u>	<u><u>\$ 44,010,973</u></u>	<u><u>\$ 409,915,097</u></u>

Pomona Unified School District  
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2021

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Total Fund Balance - Governmental Funds	\$ 344,525,890
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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	<u>(270,466,154)</u>	

Net capital assets	407,271,477
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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)
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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
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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	<u>88,040,947</u>	

Total deferred outflows of resources	91,704,961
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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	<u>(25,917,208)</u>	

Total deferred inflows of resources	(31,346,656)
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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)
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Pomona Unified School District  
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2021

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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

Pomona Unified School District

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year Ended June 30, 2021

	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	<u>373,472,645</u>	<u>66,660,300</u>	<u>(148,453)</u>
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	<u>326,040,383</u>	<u>66,233,128</u>	<u>10,834,020</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>47,432,262</u>	<u>427,172</u>	<u>(10,982,473)</u>
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)	<u>(4,996,423)</u>	<u>-</u>	<u>85,591,000</u>
Net Change in Fund Balances	42,435,839	427,172	74,608,527
Fund Balance - Beginning, as restated	<u>105,688,580</u>	<u>1,000,892</u>	<u>51,218,498</u>
Fund Balance - Ending	<u>\$ 148,124,419</u>	<u>\$ 1,428,064</u>	<u>\$ 125,827,025</u>

Pomona Unified School District

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year Ended June 30, 2021

	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	<u>26,845,932</u>	<u>35,307,728</u>	<u>502,138,152</u>
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	<u>35,887,585</u>	<u>29,982,810</u>	<u>468,977,926</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(9,041,653)</u>	<u>5,324,918</u>	<u>33,160,226</u>
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)	<u>7,490,125</u>	<u>2,496,423</u>	<u>90,581,125</u>
Net Change in Fund Balances	(1,551,528)	7,821,341	123,741,351
Fund Balance - Beginning, as restated	<u>29,163,118</u>	<u>33,713,451</u>	<u>220,784,539</u>
Fund Balance - Ending	<u>\$ 27,611,590</u>	<u>\$ 41,534,792</u>	<u>\$ 344,525,890</u>

# Pomona Unified School District

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

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	<u>17,474,932</u>	
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)

# Pomona Unified School District

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

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

Pomona Unified School District  
Statement of Net Position – Proprietary Funds  
June 30, 2021

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

Pomona Unified School District  
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds  
Year Ended June 30, 2021

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	Governmental Activities <u>Internal Service Fund</u>
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

Pomona Unified School District  
Statement of Cash Flows – Proprietary Funds  
Year Ended June 30, 2021

	Governmental Activities <u>Internal Service Fund</u>
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	<u>(4,420,146)</u>
Net Cash Used for Operating Activities	<u>(788,009)</u>
Noncapital Financing Activities	
Transfers from other funds	<u>2,500,000</u>
Investing Activities	
Fair market value adjustments	(151,811)
Interest on investments	<u>119,811</u>
Net Cash From Used for Investing Activities	<u>(32,000)</u>
Net Change in Cash and Cash Equivalents	1,679,991
Cash and Cash Equivalents, Beginning	<u>25,476,316</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 27,156,307</u></u>
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	<u>(21,898)</u>
Net Cash Used for Operating Activities	<u><u>\$ (788,009)</u></u>



## **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	<u>27,156,307</u>
Total deposits and investments	<u><u>\$ 367,687,337</u></u>

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	<u>364,062,127</u>
Total deposits and investments	<u><u>\$ 367,687,337</u></u>

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	<u>\$ 50,810,810</u>	<u>\$ 11,241,267</u>	<u>\$ 288,701</u>	<u>\$ 2,079,702</u>	<u>\$ 43,376</u>	<u>\$ 64,463,856</u>

**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 To	Due From		Total
	Child Development Fund	Non-Major Governmental Funds	
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.	<u>5,596,104</u>
Total	<u>\$ 10,592,527</u>



**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	<u>\$ 37,699,615</u>	<u>\$ 5,080,104</u>	<u>\$ 6,116,152</u>	<u>\$ 1,461,929</u>	<u>\$ 534,199</u>	<u>\$ 50,891,999</u>

**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	<u>\$ 6,885,944</u>	<u>\$ 3,786,378</u>	<u>\$ 74,077</u>	<u>\$ 10,746,399</u>

**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	<u>\$ 339,136,749</u>	<u>\$ 140,984,459</u>	<u>\$ (69,452,932)</u>	<u>\$ 410,668,276</u>	<u>\$ 18,368,924</u>

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
				<u>\$ 304,161,247</u>	<u>\$ 132,280,000</u>	<u>\$ 764,541</u>	<u>\$ (65,145,000)</u>	<u>\$ 372,060,788</u>

## 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	<u>\$ 348,815,000</u>	<u>\$ 156,777,752</u>	<u>\$ 505,592,752</u>

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	<u>\$ 19,614,533</u>	<u>\$ 3,631,255</u>	<u>\$ 23,245,788</u>	<u>\$ 12,234,212</u>	<u>\$ 35,480,000</u>

### 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	<u>\$ 10,270,000</u>	<u>\$ 1,377,531</u>	<u>\$ 11,647,531</u>

### 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	<u>\$ 41,782,585</u>	<u>\$ 1,284,504</u>	<u>\$ 5,429,448</u>	<u>\$ 795,341</u>



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	<u>3,284</u>
Total	<u><u>3,480</u></u>

#### **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	<u>\$ 1,284,504</u>	<u>\$ 5,429,448</u>

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	<u>\$ (4,144,944)</u>

#### **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
<b>Nonspendable</b>						
Revolving cash	\$ 150,000	\$ -	\$ -	\$ -	\$ 7,000	\$ 157,000
Stores inventories	179,504	-	-	-	486,274	665,778
<b>Total nonspendable</b>	<b>329,504</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>493,274</b>	<b>822,778</b>
<b>Restricted</b>						
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
<b>Total restricted</b>	<b>55,051,547</b>	<b>1,350,549</b>	<b>125,827,025</b>	<b>27,611,590</b>	<b>32,342,843</b>	<b>242,183,554</b>
<b>Assigned</b>						
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
<b>Total assigned</b>	<b>83,265,464</b>	<b>77,515</b>	<b>-</b>	<b>-</b>	<b>8,698,675</b>	<b>92,041,654</b>
<b>Unassigned</b>						
Reserve for economic uncertainties	9,477,904	-	-	-	-	9,477,904
<b>Total</b>	<b>\$ 148,124,419</b>	<b>\$ 1,428,064</b>	<b>\$ 125,827,025</b>	<b>\$ 27,611,590</b>	<b>\$ 41,534,792</b>	<b>\$ 344,525,890</b>

**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	<u>\$ 8,503,462</u>	<u>\$ 350,000</u>	<u>\$ 8,853,462</u>
Assets available to pay claims at June 30, 2021	<u>\$ 18,178,559</u>	<u>\$ 3,173,023</u>	<u>\$ 21,351,582</u>

## 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	<u>\$ 373,787,121</u>	<u>\$ 88,040,947</u>	<u>\$ 25,917,208</u>	<u>\$ 56,842,761</u>

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

### 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	<u>\$ 392,431,498</u>

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%.

Pomona Unified School District

Notes to Financial Statements

June 30, 2021

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	<u>\$ 67,747,623</u>	<u>\$ 21,134,773</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

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	<u>\$ 6,151,047</u>

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	<u>\$ 17,390,614</u>

#### Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 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 December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
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	<u>\$ 20,293,324</u>	<u>\$ 4,782,435</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.



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

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

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	<u>\$ 1,835,652</u>

### 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	<u>\$ 23,833,634</u>	

## 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 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 Governmental 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	<u>\$ 33,713,451</u>	<u>\$ 220,784,539</u>

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	<u>\$ (16,550,026)</u>



Required Supplementary Information  
June 30, 2021

## Pomona Unified School District

Pomona Unified School District  
 Budgetary Comparison Schedule – General Fund  
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		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 <sup>1</sup>	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 <sup>1</sup>	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

<sup>1</sup> On behalf payments of \$15,106,687 are included in the actual revenues and expenditures but have not been included in the budgeted amounts



Pomona Unified School District  
 Budgetary Comparison Schedule – Child Development Fund  
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variances - Positive (Negative) Final to Actual
	Original	Final		
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

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

	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	<u>(2,460,055)</u>	<u>(2,263,642)</u>	<u>(2,338,591)</u>	<u>(2,062,485)</u>
Net change in total OPEB liability	930,336	(3,481,519)	2,567,067	747,414
Total OPEB Liability - Beginning	<u>38,879,139</u>	<u>42,360,658</u>	<u>39,793,591</u>	<u>39,046,177</u>
Total OPEB Liability - Ending	<u><u>\$ 39,809,475</u></u>	<u><u>\$ 38,879,139</u></u>	<u><u>\$ 42,360,658</u></u>	<u><u>\$ 39,793,591</u></u>
Covered Payroll	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

<sup>1</sup> 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.

Pomona Unified School District

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

Year Ended June 30, 2021

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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 <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
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

<sup>1</sup> 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.

Pomona Unified School District  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Year Ended June 30, 2021

	2021	2020	2019	2018
<b>CalSTRS</b>				
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	<u>\$ 392,431,498</u>	<u>\$ 360,351,305</u>	<u>\$ 382,668,671</u>	<u>\$ 382,982,746</u>
Covered payroll	<u>\$ 144,236,012</u>	<u>\$ 140,886,057</u>	<u>\$ 141,052,238</u>	<u>\$ 136,591,916</u>
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
<b>CalPERS</b>				
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.

Pomona Unified School District  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Year Ended June 30, 2021

	2017	2016	2015
<b>CalSTRS</b>			
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	<u>\$ 331,773,534</u>	<u>\$ 316,802,550</u>	<u>\$ 239,299,757</u>
Covered payroll	<u>\$ 134,304,278</u>	<u>\$ 128,512,725</u>	<u>\$ 120,018,048</u>
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
<b>CalPERS</b>			
Proportion of the net pension liability	0.3957%	0.3999%	0.3914%
Proportionate share of the net pension liability	<u>\$ 78,151,760</u>	<u>\$ 58,817,082</u>	<u>\$ 44,436,738</u>
Covered payroll	<u>\$ 52,689,246</u>	<u>\$ 47,583,111</u>	<u>\$ 45,270,169</u>
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.

Pomona Unified School District  
Schedule of District Contributions  
Year Ended June 30, 2021

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

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

Pomona Unified School District  
Schedule of District Contributions  
Year Ended June 30, 2021

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

*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:

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

### 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**

Pomona Unified School District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021

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			<u>169,324</u>
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	<u>13,059</u>
Total Special Education (IDEA) Cluster			<u>3,877,341</u>
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	<u>478,012</u>
Subtotal			<u>9,075,740</u>
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	<u>15,118</u>
Subtotal			<u>138,476</u>
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	<u>1,379,113</u>
Subtotal			<u>6,113,697</u>
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]	<u>29,645</u>
Total U.S. Department of Education			<u>26,178,289</u>

[1] Direct award.

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

Pomona Unified School District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021

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	<u>261,401</u>
Total Child Nutrition Cluster			<u>4,055,616</u>
Child and Adult Care Food Program	10.558	13393	<u>127,989</u>
Total U.S. Department of Agriculture			<u>4,183,605</u>
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	<u>2,038,153</u>
Total Child Care Development Fund Program Cluster			<u>17,577,801</u>

[1] Direct award.

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

Pomona Unified School District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021

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			<u>18,135,990</u>
Total U.S. Department of Health and Human Services			<u>35,713,791</u>
U.S. Department of Treasury			
Passed Through CDE			
COVID-19 Coronavirus Relief Fund	21.019	25516	<u>25,395,914</u>
U.S. Department of Defense			
Passed through LACOE			
Junior Reserve Officer Training Corps	12.000	[2]	<u>210,690</u>
Total Federal Financial Assistance			<u>\$ 91,682,289</u>
[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			<u>\$ 2,737,279</u>

## 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

Pomona Unified School District

Schedule of Instructional Time

Year Ended June 30, 2021

Grade Level	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
	Traditional Calendar	Multitrack Calendar			
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		Number of Days Credited Form J-13A	Total Days Offered	Status
	Traditional Calendar	Multitrack Calendar			
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

Pomona Unified School District  
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements  
Year Ended June 30, 2021

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

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



Pomona Unified School District  
Schedule of Financial Trends and Analysis  
Year Ended June 30, 2021

	(Budget) 2022 <sup>1</sup>	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 <sup>2</sup>	\$ 9,916,030	\$ 9,477,904	\$ 9,026,399	\$ 9,010,146
Available Reserves as a Percentage of Total Outgo <sup>3</sup>	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 <sup>4</sup>	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.

<sup>1</sup> Budget 2021 is included for analytical purposes only and has not been subjected to audit.

<sup>2</sup> Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.

<sup>3</sup> 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.

<sup>4</sup> Includes the Average Daily Attendance for the School of Extended Options and La Verne Science and Technology Center charter schools

Pomona Unified School District  
Schedule of Charter Schools  
Year Ended June 30, 2021

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

Pomona Unified School District  
Combining Balance Sheet – Non-Major Governmental Funds  
June 30, 2021

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

Pomona Unified School District  
Combining Balance Sheet – Non-Major Governmental Funds  
June 30, 2021

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

Pomona Unified School District  
Combining Balance Sheet – Non-Major Governmental Funds  
June 30, 2021

	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
<b>Assets</b>				
Deposits and investments	\$ 24,633,382	\$ -	\$ -	\$ 41,444,997
Receivables	35,681	-	-	2,079,702
Stores inventories	-	-	-	486,274
	<u>-</u>	<u>-</u>	<u>-</u>	<u>486,274</u>
Total assets	<u>\$ 24,669,063</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,010,973</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Overdrafts	\$ -	\$ -	\$ -	\$ 56,455
Accounts payable	23,815	-	-	1,461,929
Due to other funds	-	-	-	883,720
Unearned revenue	-	-	-	74,077
	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,077</u>
Total liabilities	<u>23,815</u>	<u>-</u>	<u>-</u>	<u>2,476,181</u>
<b>Fund Balances</b>				
Nonspendable	-	-	-	493,274
Restricted	20,289,796	-	-	32,342,843
Assigned	4,355,452	-	-	8,698,675
	<u>24,645,248</u>	<u>-</u>	<u>-</u>	<u>41,534,792</u>
Total fund balances	<u>24,645,248</u>	<u>-</u>	<u>-</u>	<u>41,534,792</u>
Total liabilities and fund balances	<u>\$ 24,669,063</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,010,973</u>

Pomona Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds  
Year Ended June 30, 2021

	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

Pomona Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds  
Year Ended June 30, 2021

	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	\$ -

Pomona Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds  
Year Ended June 30, 2021

	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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California  
January 25, 2022



## **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.

### **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.



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
<b>LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS</b>	
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
<b>SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS</b>	
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
<b>CHARTER SCHOOLS</b>	
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.

Handwritten signature of Erik Bailly LLP in black ink.

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**

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing/ Federal CFDA Number</u>
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

<u>Name of Program</u>
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

### ECONOMIC AND DEMOGRAPHIC INFORMATION FOR 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 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 an estimated population of 149,766 residents as of January 1, 2022. 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**

<b>Area</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>City of Pomona</b>	<b>154,090</b>	<b>153,968</b>	<b>152,249</b>	<b>148,879</b>	<b>149,766</b>
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).*

*Remainder of page intentionally left blank.*

## Employment and Industry

The seasonally adjusted unemployment rate in Los Angeles County increased over the month to 4.9% in October 2022, from a revised 4.7% in September 2022, and was below the rate of 7.3% one year ago. Civilian employment decreased by 29,000 to 4,734,000 in October 2022, while unemployment increased by 9,000 to 245,000. The civilian labor force decreased by 19,000 over the month to 4,979,000 in October 2022. (All of the above figures are seasonally adjusted.) The unadjusted unemployment rate for the County was 4.5% in October 2022.

The California seasonally adjusted unemployment rate was 4.0% in October 2022, 3.8% in September 2022, and 6.1% a year ago in October 2021. The comparable estimates for the nation were 3.7% in October 2022, 3.5% in September 2022, and 4.6% 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 <sup>(1)</sup>	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%
<u>Wage and Salary Employment:</u> <sup>(2)</sup>	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 <sup>(3)</sup>	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, Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2021.*

*Remainder of page intentionally left blank.*

## 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) December 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
Lac & USC Medical Ctr	Los Angeles	Medical Centers
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, 2023 1st 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 2019 through 2023.

### COUNTY OF LOS ANGELES Effective Buying Income 2019 through 2023

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
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
2023	City of Pomona	\$3,162,008	\$63,238
	Los Angeles County	332,188,114	71,057
	California	1,461,799,662	77,175
	United States	11,454,846,397	65,326

Source: Claritas, LLC.



## 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
<u>Permit Valuation</u>					
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	<u>2,271.0</u>	<u>2,830.7</u>	<u>2,153.3</u>	<u>1,738.1</u>	<u>1,419.1</u>
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	<u>6,059.5</u>	<u>15,012.9</u>	<u>17,408.4</u>	<u>2,552.1</u>	<u>4,735.8</u>
Total Nonresidential	6,603.6	31,877.4	38,401.1	27,210.7	109,269.5
<u>New Dwelling Units</u>					
Single Family	181	187	105	189	134
Multiple Family	<u>0</u>	<u>103</u>	<u>10</u>	<u>33</u>	<u>109</u>
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
<u>Permit Valuation</u>					
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	<u>1,757,904.1</u>	<u>1,941,369.5</u>	<u>1,625,839.3</u>	<u>1,014,422.1</u>	<u>908,148.2</u>
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	<u>3,143,200.2</u>	<u>2,796,375.3</u>	<u>3,404,012.3</u>	<u>1,241,068.1</u>	<u>946,020.7</u>
Total Nonresidential	6,037,503.0	6,694,097.3	6,589,601.6	3,513,049.5	1,863,348.5
<u>New Dwelling Units</u>					
Single Family	5,456	6,070	5,738	6,198	7,327
Multiple Family	<u>17,023</u>	<u>17,152</u>	<u>15,884</u>	<u>14,056</u>	<u>16,718</u>
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 the first two quarters of calendar year 2022 in the City were reported to be \$956,294,697, a 29.16% increase over the total taxable sales of \$740,383,457 reported during the first two quarters of calendar year 2021.

**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 Department of Tax and Fee Administration.

Total taxable sales during the first two quarters of calendar year 2022 in the County were reported to be \$103,827,975,973, a 16.41% increase over the total taxable sales of \$89,189,995,281 reported during the first two quarters of calendar year 2021.

**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 Department of Tax and Fee Administration.

**APPENDIX D**  
**PROPOSED FORMS OF OPINIONS OF BOND COUNSEL**  
**2008 SERIES I BONDS**

[LETTERHEAD OF JONES HALL]

[Closing Date]

Board of Education  
Pomona Unified School District  
800 South Garey Avenue  
Pomona, California 91766

**OPINION:**     \$\_\_\_\_\_ Pomona Unified School District  
                      (Los Angeles County, California)  
                      General Obligation Bonds, 2008 Election, Series I

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 by the District of the \$\_\_\_\_\_ aggregate principal amount of Pomona Unified School District (Los Angeles County, California) General Obligation Bonds, 2008 Election, Series I dated the date hereof (the "Bonds"), under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution adopted by the Board of Education of the District (the "Board") on November 16, 2022 (the "Bond Resolution").

We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the Board 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 the foregoing, we are of the opinion, under existing law, as follows:

1. The District is duly established and validly existing as a unified school district with the power to issue the Bonds and to perform its obligations under the Bond Resolution.
2. The Bond 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 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. It should be noted however that for tax years beginning after December 31, 2022, interest on the Bonds may be subject to the corporate alternative minimum tax. The opinions set forth in the preceding sentences are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. 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.

Respectfully submitted,

A Professional Law Corporation

**PROPOSED FORMS OF OPINIONS OF BOND COUNSEL  
[CONTINUED]**

**2016 SERIES G BONDS**

[LETTERHEAD OF JONES HALL]

[Closing Date]

Board of Education  
Pomona Unified School District  
800 South Garey Avenue  
Pomona, California 91766

**OPINION:**     \$\_\_\_\_\_ Pomona Unified School District  
                         (Los Angeles County, California)  
                         General Obligation Bonds, 2016 Election, Series G

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 by the District of the \$\_\_\_\_\_ aggregate principal amount of Pomona Unified School District (Los Angeles County, California) General Obligation Bonds, 2016 Election, Series G dated the date hereof (the "Bonds"), under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution adopted by the Board of Education of the District (the "Board") on November 16, 2022 (the "Bond Resolution").

We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the Board 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 the foregoing, we are of the opinion, under existing law, as follows:

1. The District is duly established and validly existing as a unified school district with the power to issue the Bonds and to perform its obligations under the Bond Resolution.
2. The Bond 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 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. It should be noted however that for tax years beginning after December 31, 2022, interest on the Bonds may be subject to the corporate alternative minimum tax. The opinions set forth in the preceding sentences are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. 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.

Respectfully submitted,

A Professional Law Corporation

## APPENDIX E

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$ \_\_\_\_\_  
POMONA UNIFIED SCHOOL DISTRICT  
(Los Angeles County, California)  
General Obligation Bonds  
Election of 2008, Series I

\$ \_\_\_\_\_  
POMONA UNIFIED SCHOOL DISTRICT  
(Los Angeles County, California)  
General Obligation Bonds  
Election of 2016, Series C

### CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is dated \_\_\_\_\_, 2022 and is executed and delivered by the Pomona Unified School District (the "District") in connection with the issuance of the above-captioned bonds (together, the "Bonds"). The Bonds are being issued under resolutions adopted by the Board of Education of the District on November 16, 2022 (together, the "Bond Resolutions").

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 Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

*"Annual Report"* 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 30<sup>th</sup>), 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 The Los Angeles County Treasurer-Tax Collector has been designated as the paying agent for the Bonds, through its agent U.S. Bank Trust Company, National Association, Los Angeles, California, 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. Provision of Annual Reports.**

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 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. 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 (or cause the Dissemination Agent to provide) to the MSRB, in a timely manner, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A, with a copy to the Paying Agent.

(c) With respect to each Annual Report, the Dissemination Agent shall:

- (i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and
- (ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.



**Section 4. Content of Annual Reports.** The District's Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or 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 the District with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after

taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Resolution for amendments to the Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. 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, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

**Section 12. Duties, Immunities and Liabilities of Dissemination Agent.**

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall 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

### DTC AND THE 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, 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 each series 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](http://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  
INVESTMENT REPORT**

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**KEITH KNOX**

TREASURER AND TAX COLLECTOR

## **COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR**

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 437, Los Angeles, California 90012  
Telephone: (213) 974-2101 Fax: (213) 626-1812  
ttc.lacounty.gov and propertytax.lacounty.gov

Board of Supervisors

**HILDA L. SOLIS**  
First District

**HOLLY J. MITCHELL**  
Second District

**SHEILA KUEHL**  
Third District

**JANICE HAHN**  
Fourth District

**KATHRYN BARGER**  
Fifth District

# **ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

41 March 1, 2022

CELIA ZAVALA  
EXECUTIVE OFFICER

March 01, 2022

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

### **DELEGATION OF AUTHORITY TO INVEST AND ANNUAL ADOPTION OF THE TREASURER AND TAX COLLECTOR INVESTMENT POLICY (ALL DISTRICTS) (3-VOTES)**

#### **SUBJECT**

Delegation of authority to invest and reinvest County funds and funds of other depositors in the County Treasury to the Treasurer, and adoption of the Treasurer and Tax Collector Investment Policy.

#### **IT IS RECOMMENDED THAT THE BOARD:**

1. Delegate the authority to the Treasurer to invest and reinvest County funds and funds of other depositors in the County Treasury.
2. Adopt the attached Treasurer and Tax Collector Investment Policy (Investment Policy).

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The requested actions allow the Treasurer to continue to invest County funds and funds of other depositors in the County Treasury pursuant to the Investment Policy. On March 9, 2021, pursuant to Government Code (GC) Section 27000.1, and subject to GC Section 53607, your Board delegated to the Treasurer the annual authority to invest and reinvest funds of the County and funds of other depositors in the County Treasury. GC Section 27000.1 states that subsequent to your Board's delegation, the County Treasurer shall thereafter assume full responsibility for those transactions until your Board either revokes its delegation of authority, by ordinance, or decides not to renew the

annual delegation, as provided in GC Section 53607. This action requests renewal of the annual delegation.

GC Section 53646 permits your Board to annually approve the Investment Policy. The primary objectives of the Investment Policy, in priority order, are to maintain the safety of principal, to provide liquidity, and to achieve a return on funds invested. These objectives align with those in State law. Each year, my office reviews the Investment Policy to incorporate changes deemed necessary to meet our primary objectives and to ensure that it aligns with any changes in the GC.

Based on our analysis and in consideration of current market conditions, we recommend increasing the weighted average maturity (WAM) target limits for the Pooled Surplus Investment portfolio (Treasury Pool) from the current range of 1.0 and 3.0 years, to a longer range of between 1.0 and 4.0 years.

Historically, the Treasury Pool maintained a WAM range of between 1.0 and 2.0 years. To mitigate a significant decrease in Treasury Pool earnings resulting from the low interest rate environment caused by the 2019 Novel Coronavirus (COVID-19) pandemic and its related recession, the Investment Policy approved by your Board on March 9, 2021, increased the WAM range to between 1.0 and 3.0 years. However, due to increased fluctuations of the Treasury Pool size and market activity resulting from COVID-19, I, under my authority as Treasurer as provided in the Investment Policy, approved an interim exception effective August 30, 2021, for staff to make certain investments outside the limitations set forth within the Investment Policy. Specifically, I approved a temporary increase in the WAM target range to between 1.0 and 4.0 years. This increase in WAM accommodates the Treasury Pool's holding of higher yielding securities with a longer maturity, which maximizes our yield while maintaining liquidity.

We are recommending to incorporate this change permanently in the Investment Policy to provide the necessary flexibility to invest in securities of longer maturity that have higher yields, while also accommodating fluctuations in the size of the Treasury Pool as it continues to grow. The GC is silent on the duration (i.e., WAM) of a treasury pool, and we feel this change is reasonable, does not impose any material increase in risk, and will provide additional flexibility while managing liquidity during times of economic uncertainty.

We have also provided the annual update to the limitation calculation for intermediate-term, medium-term, and long-term holdings in Attachment III.

#### Update on Environmental, Social and Corporate Governance (ESG)

On March 9, 2021, your Board also approved changes to the Investment Policy in areas related to the consideration of Environmental, Social and Corporate Governance (ESG). Consistent with the 2021 Investment Policy, we have incorporated Sustainalytics ESG scores as part of our analysis of investment issuers and have taken action to reduce investments if an issuer's composite ESG score is lower than the median score for its industry. The consideration of ESG scores in determining our issuers' investment limits has not impacted the Treasury Pool's return on investments. As anticipated in our Report Back to your Board on Socially Responsible Investing dated October 16, 2020, the percentage of our approved issuers with ESG scores has expanded; specifically, from 36% to 48%. As a result, our ESG environment has grown, with the purchase volume from issuers with ESG scores increasing from \$20 billion in Fiscal Year (FY) 2019-20 to \$25.7 billion in FY 2020-21.

As also referenced in our October 2020 Report Back, we are currently in the process of implementing a new Investment Accounting System, and will evaluate the feasibility of ESG reporting

functionality, including reporting on our investment issuers with ESG scores by industry, with the selected service provider. This additional functionality would increase our ability to monitor the impact of ESG on our investments and streamline the incorporation of ESG into our investment strategy.

### **Implementation of Strategic Plan Goals**

The recommended action supports County Strategic Plan Strategy III.3 - Pursue Operational Effectiveness, Fiscal Responsibility, and Accountability.

### **FISCAL IMPACT/FINANCING**

The investment of surplus County funds and funds of other depositors allows these funds to earn a return which is credited to the depositor, net of administrative expenses.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Pursuant to GC Section 27000.1, your Board may delegate by ordinance the authority to invest and reinvest funds of the County and funds of other depositors in the County Treasury to the Treasurer. On January 23, 1996, your Board adopted Ordinance 96-0007 adding Los Angeles County Code Section 2.52.025, which delegated such authority to the Treasurer, subject to annual renewal pursuant to GC Section 53607. GC 53646 permits the Treasurer to render annually to your Board a statement of Investment Policy, to be reviewed and approved at a public meeting. This GC Section also requires that any change in the Investment Policy be submitted to your Board for review and approval at a public meeting.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

There is no impact on current services.

The Honorable Board of Supervisors

3/1/2022

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Respectfully submitted,

A handwritten signature in black ink, appearing to read 'K Knox', with a stylized, cursive script.

KEITH KNOX

Treasurer and Tax Collector

KK:EBG:DJJ:JK:en

Enclosures

c: Chief Executive Officer  
Executive Officer, Board of Supervisors  
Auditor-Controller  
County Counsel  
Los Angeles County Office of Education  
Los Angeles Community College District



**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)			Investment Limit
		S&P Global	Moody's Analytics	Fitch Ratings	
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.

County of Los Angeles  
Treasurer and Tax Collector  
Investment Policy  
ATTACHMENT I-b.

**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  
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ATTACHMENT I-c.

**MINIMUM CREDIT RATING  
SUPRANATIONAL ISSUERS**

<b>Issuer Rating (1)</b>			<b>Investment Limit (2)</b>
<b>S&amp;P Global</b>	<b>Moody's Analytics</b>	<b>Fitch Ratings</b>	
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.

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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.

**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:

<b>Score Differential</b>	<b>Percentage Reduction of Investment Limit</b>
$\leq 5$ points lower	0%
$5 \leq 10$ points lower	15%
$10 \leq 20$ points lower	30%
$> 20$ points lower	50%

County of Los Angeles  
Treasurer and Tax Collector  
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 October 31, 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:

<u>Local Agency</u>	<u>Invested Funds (in billions)</u>
County of Los Angeles and Special Districts	\$18.265
Schools and Community Colleges	21.232
Discretionary Participants	<u>3.771</u>
Total	\$43.268

The Treasury Pool participation composition is as follows:

Non-discretionary Participants	91.28%
Discretionary Participants:	
Independent Public Agencies	8.40%
County Bond Proceeds and Repayment Funds	<u>0.32%</u>
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 November 30, 2022, the October 31, 2022 book value of the Treasury Pool was approximately \$43.268 billion, and the corresponding market value was approximately \$40.166 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 October 31, 2022:

<b><u>Type of Investment</u></b>	<b><u>% of Pool</u></b>
Certificates of Deposit	4.39
U.S. Government and Agency Obligations	72.49
Bank Acceptances	0.00
Commercial Paper	23.02
Municipal Obligations	0.07
Corporate Notes & Deposit Notes	0.03
Repurchase Agreements	0.00
Asset Backed Instruments	0.00
Other	<u>0.00</u>
	100.00

The Treasury Pool is highly liquid. As of October 31, 2022, approximately 31.42% of the investments mature within 60 days, with an average of 969 days to maturity for the entire portfolio.



