

In the opinion of Stradling Yocca Carlson & Rauth LLP, San Francisco, California (“Bond Counsel”), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See “TAX MATTERS” herein with respect to tax consequences relating to the Bonds, including with respect to the alternative minimum tax imposed on certain large corporations for tax years beginning after December 31, 2022.

\$3,250,000**EL MONTE CITY SCHOOL DISTRICT****(Los Angeles County, California)****Election of 2008 General Obligation Bonds, Series E****\$7,250,000****EL MONTE CITY SCHOOL DISTRICT****(Los Angeles County, California)****Election of 2014 General Obligation Bonds, Series D****\$6,175,000****EL MONTE CITY SCHOOL DISTRICT****(Los Angeles County, California)****2024 General Obligation Refunding Bonds****Dated: Date of Delivery****Due: May 1 and August 1, as shown on inside cover pages**

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

The El Monte City School District (Los Angeles County, California) Election of 2008 General Obligation Bonds, Series E (the “2008 Series E Bonds”), were authorized at an election of the registered voters of the El Monte City School District (the “District”) held on November 4, 2008, at which the requisite 55% of the persons voting on the proposition voted to authorize the issuance and sale of \$75,000,000 aggregate principal amount of general obligation bonds of the District. The El Monte City School District (Los Angeles County, California) Election of 2014 General Obligation Bonds, Series D (the “2014 Series D Bonds”) were authorized at an election of the registered voters of the District held on November 4, 2014, at which the requisite 55% of the persons voting on the proposition voted to authorize the issuance and sale of \$78,000,000 aggregate principal amount of general obligation bonds of the District. The 2008 Series E Bonds and 2014 Series D Bonds are being issued to (i) finance acquisition, construction, modernization and equipping of District sites and facilities, and (ii) pay the costs of issuance thereof. The El Monte City School District (Los Angeles County, California) 2024 General Obligation Refunding Bonds (the “Refunding Bonds,” and together with the 2008 Series E Bonds and 2014 Series D Bonds, the “Bonds”) are being issued by the District to currently refund certain of the District’s outstanding bonded indebtedness, and to pay the costs of issuance thereof.

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of Los Angeles County is empowered and obligated to annually levy such *ad valorem* property taxes, without limitation as to rate or amount, upon all property within the District subject to taxation by the District (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due.

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 The Depository Trust Company, New York, New York (collectively referred to herein as “DTC”). Purchasers of the Bonds (the “Beneficial Owners”) will not receive physical certificates representing their interests in the Bonds, but will instead receive credit balances on the books of their respective nominees. The Bonds will be dated as of their date of initial delivery (the “Date of Delivery”) and will be issued as current interest bonds, such that interest thereon will accrue from the Date of Delivery. Interest on the 2008 Series E Bonds and 2014 Series D Bonds will be payable semiannually on February 1 and August 1 of each year, commencing August 1, 2024. Interest on the Refunding Bonds will be payable semiannually on May 1 and November 1 of each year, commencing May 1, 2024. The Bonds are issuable in denominations of \$5,000 principal amount or any integral multiple thereof.

Payments of principal of and interest on the Bonds will be made by the designated Paying Agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Bonds. U.S. Bank Trust Company, National Association, Los Angeles, California, has been appointed as agent of the Treasurer and Tax Collector of Los Angeles County to act as Paying Agent for the Bonds.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY.



The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as further described herein.

MATURITY SCHEDULES

(see inside front cover pages)

The Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Stradling Yocca Carlson & Rauth LLP, San Francisco, California, Bond Counsel. Certain matters will be passed on for the District by Stradling Yocca Carlson & Rauth LLP, as Disclosure Counsel, and for the Underwriter by Norton Rose Fulbright US LLP, Los Angeles, California. The Bonds, in book-entry form, will be available for delivery through The Depository Trust Company in New York, New York on or about February 1, 2024.



**Capital
Markets**

MATURITY SCHEDULES

\$3,250,000
EL MONTE CITY SCHOOL DISTRICT
(Los Angeles County, California)
Election of 2008 General Obligation Bonds, Series E

Base CUSIP[†]: 283309

\$3,250,000 Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP[†] Suffix
2025	\$90,000	5.000%	2.790%	PD8
2026	125,000	5.000	2.570	PE6
2039	770,000	5.000	3.070 ⁽¹⁾	PF3
2040	845,000	5.000	3.130 ⁽¹⁾	PG1
2041	920,000	5.000	3.190 ⁽¹⁾	PH9
2042	500,000	4.000	3.750 ⁽¹⁾	PJ5

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP® data is provided by CUSIP Global Services (CGS) which is owned by FactSet Research Systems Inc. ("FactSet"). FactSet will manage the CUSIP system on behalf of the American Bankers Association. CUSIP® data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers have been assigned by an independent company not affiliated with the District, the Municipal Advisor or the Underwriter and are provided for convenience of reference only. None of the District, the Municipal Advisor or the Underwriter takes any responsibility for the accuracy or usage of such numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP® number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions, including, but not limited to a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

⁽¹⁾ Yield to call at par on August 1, 2033.

MATURITY SCHEDULES

\$7,250,000
EL MONTE CITY SCHOOL DISTRICT
(Los Angeles County, California)
Election of 2014 General Obligation Bonds, Series D

Base CUSIP[†]: 283309

\$5,195,000 Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP[†] Suffix
2025	\$145,000	5.000%	2.790%	PK2
2026	270,000	5.000	2.570	PL0
2036	335,000	5.000	2.670 ⁽¹⁾	PM8
2037	410,000	5.000	2.820 ⁽¹⁾	PN6
2038	490,000	5.000	2.970 ⁽¹⁾	PP1
2039	570,000	5.000	3.070 ⁽¹⁾	PQ9
2040	670,000	5.000	3.130 ⁽¹⁾	PR7
2041	935,000	5.000	3.190 ⁽¹⁾	PS5
2042	380,000	5.000	3.250 ⁽¹⁾	PT3
2043	430,000	5.000	3.300 ⁽¹⁾	PU0
2044	560,000	4.000	3.870 ⁽¹⁾	PV8

\$1,000,000 – 5.000% Term Bonds due August 1, 2049 – Yield 3.670%⁽¹⁾; CUSIP[†] Suffix: PW6

\$1,055,000 – 5.000% Term Bonds due August 1, 2052 – Yield 3.730%⁽¹⁾; CUSIP[†] Suffix: PX4

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⁽¹⁾ Yield to call at par on August 1, 2033.

MATURITY SCHEDULES*

\$6,175,000
EL MONTE CITY SCHOOL DISTRICT
(Los Angeles County, California)
2024 General Obligation Refunding Bonds

Base CUSIP[†]: 283309

\$6,175,000 Serial Bonds

Maturity (May 1)	Principal Amount	Interest Rate	Yield	CUSIP[†] Suffix
2024	\$45,000	5.000%	3.000%	PY2
2025	1,435,000	5.000	2.830	PZ9
2026	845,000	5.000	2.580	QA3
2027	890,000	5.000	2.430	QB1
2028	940,000	5.000	2.320	QC9
2029	985,000	5.000	2.230	QD7
2030	1,035,000	5.000	2.230	QE5

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

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

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

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGES HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

The District maintains a website and certain social media accounts. However, the information presented on there is not incorporated into this Official Statement by any reference, and should not be relied upon in making investment decisions with respect to the Bonds.

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE” and “APPENDIX F — SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

EL MONTE CITY SCHOOL DISTRICT

Board of Education

Elizabeth Rivas, *President*
Christina Flores, *Vice President*
David Siegrist, *Clerk*
Jennifer Cobian, *Member*
Lisette Mendez Garcia, *Member*

District Administration

Dr. Maribel Garcia, *Superintendent*
José Marcelino Herrera, *Assistant Superintendent of Business Services*

PROFESSIONAL SERVICES

Bond and Disclosure Counsel

Stradling Yocca Carlson & Rauth LLP
San Francisco, California

Municipal Advisor

KNN Public Finance, LLC
Berkeley, California

Paying Agent, Registrar and Transfer Agent

U.S. Bank Trust Company, National Association, as agent of the
Treasurer and Tax Collector of the County of Los Angeles
Los Angeles, California

Escrow Agent

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

Verification Agent

Causey Demgen & Moore PC
Denver, Colorado

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\$6,175,000
EL MONTE CITY SCHOOL DISTRICT
(Los Angeles County, California)
2024 General Obligation Refunding Bonds

INTRODUCTION

This Official Statement, which includes the cover page, inside cover pages and appendices hereto, provides information in connection with the sale of (i) El Monte City School District (Los Angeles County, California) Election of 2008 General Obligation Bonds, Series E (the “2008 Series E Bonds”), (ii) El Monte City School District (Los Angeles County, California) Election of 2014 General Obligation Bonds, Series D (the “2014 Series D Bonds,” and together with the 2008 Series E Bonds, the “New Money Bonds”), and (iii) El Monte City School District (Los Angeles County, California) 2024 General Obligation Refunding Bonds (the “Refunding Bonds,” and together with the New Money Bonds, the “Bonds”).

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

The District

The El Monte City School District (the “District”) was established in 1851 and covers approximately 11 square miles within the east-central portion of Los Angeles County (the “County”), serving most of the City of El Monte, as well as portions of the Cities of Temple City, South El Monte, Arcadia and Irwindale. The District currently operates eight K-6 schools, six K-8 schools, one special education facility, one community education center, and one child care center. For fiscal year 2023-24, the District’s average daily attendance (“ADA”) is expected to be 6,794 students, and taxable property within the District has an assessed valuation of \$10,371,731,254.

The District is governed by a five-member Board of Education (the “Board”), each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. The management and policies of the District are administered by a Superintendent appointed by the Board who is responsible for day-to-day District operations as well as the supervision of the District’s other personnel. Dr. Maribel Garcia is currently the District Superintendent.

See “EL MONTE CITY SCHOOL DISTRICT” and “DISTRICT FINANCIAL INFORMATION” herein for information regarding the District generally and “TAX BASE FOR REPAYMENT OF BONDS” herein for information regarding the District’s assessed valuation. The audited financial statements of the District for fiscal year ending June 30, 2023, are attached hereto as APPENDIX B, and should be read in their entirety. The Board received such audited financial statements at their January 22, 2024 meeting.

Purpose of the Bonds

New Money Bonds. The New Money Bonds are being issued by the District to (i) finance the acquisition, construction, modernization and equipping of District sites and facilities, and (ii) pay the costs of issuance of the New Money Bonds.

Refunding Bonds. The Refunding Bonds are being issued by the District to (i) currently refund certain of the District's outstanding 2014 General Obligation Refunding Bonds, Series A and 2014 General Obligation Refunding Bonds, Series B (together, the "Prior Bonds"), and (ii) pay the costs of issuance of the Refunding Bonds.

See also "THE BONDS – Application and Investment of Bond Proceeds" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Authority for Issuance

The Bonds are being issued pursuant to certain provisions of the Government Code, California Constitution and other applicable law, and the Resolutions (as defined herein). See also "THE BONDS – Authority for Issuance" herein.

Sources of Payment for the Bonds

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to levy such *ad valorem* property taxes, without limitation as to rate or amount, upon all property within the District subject to taxation by the District (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due. See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

Description of the Bonds

Form and Registration. The Bonds will be issued in fully registered book-entry form only, without coupons. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. See "THE BONDS – General Provisions" and "– Book-Entry Only System" herein. Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds purchased, but will instead receive credit balances on the books of their respective nominees. In the event that the book-entry only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolutions described herein. See "THE BONDS – Discontinuation of Book-Entry Only System; Payment to Beneficial Owners" herein.

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

Denominations. Individual purchases of interests in the Bonds will be available to purchasers of the Bonds in the denominations of \$5,000 principal amount or any integral multiple thereof.

Redemption. The New Money Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as further described herein. The Refunding Bonds are not subject to redemption prior to their stated maturity dates. See “THE BONDS – Redemption” herein.

Payments. The Bonds will be dated as of the date of their initial issuance and delivery (the “Date of Delivery”). The Bonds will be issued as current interest bonds, such that interest thereon will accrue from the Date of Delivery. Interest on the New Money Bonds will be payable semiannually on each February 1 and August 1, commencing August 1, 2024, while interest on the Refunding Bonds will be payable semiannually on each May 1 and November 1, commencing May 1, 2024 (each, a “Bond Payment Date”). Principal of the New Money Bonds is payable on August 1, in the amounts and years as shown on the inside cover pages hereof. Principal of the Refunding Bonds is payable on May 1, in the amounts and years shown on the inside front cover pages hereof.

Payments of the principal of and interest on the Bonds will be made by the designated paying agent, registrar and transfer agent for the Bonds (the “Paying Agent”), to DTC for subsequent disbursement through DTC Participants (as defined herein) to the Beneficial Owners of the Bonds. U.S. Bank Trust Company, National Association has been appointed as agent of the Treasurer and Tax Collector of the County (the “Treasurer”) to act as Paying Agent for the Bonds.

Bond Insurance. The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under the Policy (as defined herein) to be issued concurrently with the delivery of the Bonds by BAM (as defined herein).

In the event of a default in the payment of principal of or interest on the Bonds, when all or some becomes due, any Owner of such Bonds may have a claim under the Policy secured in connection with the Bonds. The Policy may not insure against redemption premium, if any, with respect to the Bonds.

In the event that BAM is unable to make payments of principal of or interest on the Bonds, as such payments become due under the Policy, such Bonds will be payable solely as otherwise described herein. In the event that BAM becomes obligated to make payments with respect to the Bonds, no assurance can be given that such event would not adversely affect the market price of such Bonds or the marketability or liquidity of such Bonds.

As result of obtaining the Policy, the long-term ratings on the Bonds will be dependent in part on the financial strength of BAM, and its claims paying ability. BAM’s financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of BAM and of the ratings on the Bonds insured thereby will not be subject to downgrade, and such event could adversely affect the market price of the Bonds, or the marketability or liquidity for such Bonds.

Neither the District, nor the Municipal Advisor or Underwriter (each as defined herein), have made independent investigations into the claims paying ability of BAM and no assurance or representation regarding the financial strength or projected financial strength of BAM is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the County to levy and collect sufficient *ad valorem* property taxes to pay principal and interest on the Bonds, and the claims paying ability of BAM, particularly over the life of the investment.

Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth LLP, San Francisco, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of

certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California (“State”) personal income tax. See “TAX MATTERS” with respect to tax consequences relating to the Bonds, including with respect to the alternative minimum tax imposed on certain large corporations for tax years beginning after December 31, 2022.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York, on or about February 1, 2024.

Bond Owner’s Risks

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes which may be levied on all taxable property in the District, without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates). For more complete information regarding the District’s financial condition and taxation of property within the District, and certain other considerations, see “TAX BASE FOR REPAYMENT OF BONDS” and “LIMITATION ON REMEDIES; BANKRUPTCY” herein.

Continuing Disclosure

Pursuant to that certain Continuing Disclosure Certificate relating to the Bonds (the “Continuing Disclosure Certificate”), the District will covenant for the benefit of the Owners and Beneficial Owners of the Bonds to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain listed events. The specific nature of the information to be made available and of the notices of listed events is summarized below under “LEGAL MATTERS – Continuing Disclosure” and “APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS” herein. These covenants have been made in order to assist the Underwriter (as defined herein) in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934, as amended (the “Rule”).

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth LLP, San Francisco, California, is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. KNN Public Finance, LLC, Berkeley, California, is acting as Municipal Advisor to the District. Stradling Yocca Carlson & Rauth LLP, and KNN Public Finance, LLC will receive compensation from the District contingent upon the sale and delivery of the Bonds. Certain matters will be passed on for the Underwriter by Norton Rose Fulbright US LLP, Los Angeles, California. In addition to acting as Paying Agent, U.S. Bank Trust Company, National Association will act as Escrow Agent for the Prior Bonds, while Causey Demgen & Moore PC, Denver, Colorado will act as Verification Agent (defined herein) for the Prior Bonds. From time to time, Bond Counsel represents the Underwriter on matters unrelated to the Bonds and the District.

Forward-Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “intend,” “budget” or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District herein.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available from the El Monte City School District, 3540 N. Lexington Avenue, El Monte, California 91731. The District may impose a charge for copying, mailing and handling.

No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

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

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

Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Resolutions.

THE BONDS

Authority for Issuance

2008 Series E Bonds. The 2008 Series E Bonds are issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the “Government Code”), Article XIII A of the California Constitution (“Article XIII A”) and other applicable law, and pursuant to a resolution adopted by the Board on December 11, 2023 (the “2008 Series E Bonds Resolution”).

The District received authorization at an election held on November 4, 2008 by more than fifty-five percent of the votes cast by eligible voters within the District to issue \$75,000,000 aggregate principal amount of general obligation bonds (the “2008 Authorization”). The Bonds are the fifth issuance of bonds pursuant to the 2008 Authorization, and following the issuance thereof, \$23,099,253.30 of the 2008 Authorization will remain unissued.

2014 Series D Bonds. The 2014 Series D Bonds are issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, Article XIII A and other applicable law, and pursuant to a resolution adopted by the Board on December 11, 2023 (the “2014 Series D Bonds Resolution”).

The District received authorization at an election held on November 4, 2014 by more than fifty-five percent of the votes cast by eligible voters within the District to issue \$78,000,000 aggregate principal amount of general obligation bonds (the “2014 Authorization”). The Bonds are the third issuance of bonds pursuant to the 2014 Authorization, and following the issuance thereof, \$9,750,000 of the 2014 Authorization will remain unissued.

Refunding Bonds. The Refunding Bonds are issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, and pursuant to a resolution adopted by the Board on December 11, 2023 (the “Refunding Resolution,” and together with the 2008 Series E Bonds Resolution and the 2014 Series D Bonds Resolution, the “Resolutions”).

Security and Sources of Payment

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. The County Board is empowered and obligated to annually levy such *ad valorem* property taxes, without limitation as to rate or amount (except certain personal property which is taxable at limited rates), upon all property within the District subject to taxation thereby, for the payment of the principal of and interest on the Bonds when due.

Such *ad valorem* property taxes will be levied annually in addition to all other taxes during the period that the Bonds are outstanding in an amount sufficient to pay the principal of and interest thereon when due. The levy may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. While the County has historically levied *ad valorem* property taxes to establish such a reserve for other bonds of the District, the County is not obligated to establish or maintain such a reserve, and the District can make no representations that the County will do so in future years. Such taxes, when collected, will be placed by the County in the respective Debt Service Funds (as defined herein) established by the Resolutions, which funds are required to be segregated and maintained by the

County and which are designated for the payment of the series of Bonds to which such fund relates and interest thereon when due, and for no other purpose. Pursuant to the Resolutions, the District has pledged funds on deposit in each Debt Service Fund to the payment of the respective series of the Bonds to which such fund relates. Although the County is obligated to levy *ad valorem* property taxes for the payment of the Bonds as described above, and will maintain the Debt Service Funds, the Bonds are not a debt of the County.

The moneys in the Debt Service Funds, to the extent necessary to pay the principal of, and interest on the related series of the Bonds, as the same becomes due and payable, will be transferred by the County to the Paying Agent, who will in turn transfer such funds to DTC for remittance of such principal and interest to its Participants (as defined herein) for subsequent disbursement to the respective Beneficial Owners of such Bonds.

The amount of the annual *ad valorem* property taxes levied by the County to repay the Bonds as described above will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds in any year. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rates to fluctuate. Economic and other factors beyond the District's control, such as general market decline in land values, outbreaks of disease, disruption in financial markets that may reduce the availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State of California (the "State") and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, fire, flood, drought or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the respective annual tax rates. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the State Constitution" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

Statutory Lien

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

This statutory lien, by its terms, secures not only the Bonds, but also any other bonds of the District issued after January 1, 2016 and payable, both as to principal and interest, from the proceeds of *ad valorem* property taxes that may be levied pursuant to paragraphs (2) and (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution. The statutory lien provision does not specify the relative priority of obligations so secured or a method of allocation in the event that the revenues received pursuant to the levy and collection of such *ad valorem* property taxes are insufficient to pay all amounts then due and owing that are secured by the statutory lien.

General Provisions

The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co. Beneficial Owners will not receive certificates representing their interests in the Bonds, but will instead receive credit balances on the books of their respective nominees.

The Bonds will be issued as current interest bonds, such that interest thereon will accrue from the Date of Delivery. Interest on the New Money Bonds will be payable semiannually on February 1 and August 1 of each year, commencing August 1, 2024. Interest on the Refunding Bonds will be payable semiannually on May 1 and November 1 of each year, commencing May 1, 2024. Interest on the Bonds will be computed on the basis of a 360-day year of 12, 30-day months. Each such Bond will bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it will bear interest from such Bond Payment Date, or unless it is authenticated on or before the Record Date (as defined herein) preceding the first respective Bond Payment Date, in which event it will bear interest from the Date of Delivery. The Bonds are issuable in denominations of \$5,000 principal amount or any integral multiple thereof. The Bonds mature on August 1, in the years and amounts set forth on the inside cover pages hereof.

Payment of interest on any Bond on any Bond Payment Date will be made to the person appearing on the registration books of the Paying Agent as the registered Owner thereof as of the 15th day of the month immediately preceding such Bond Payment Date (the “Record Date”), such interest to be paid by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The principal of and redemption premiums, if any, payable on the Bonds shall be payable upon maturity upon surrender at the principal office of the Paying Agent. The principal of and interest, and redemption premiums, if any, on the Bonds shall be payable in lawful money of the United States of America. The Paying Agent is authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. So long as the Bonds are held in the book-entry system of DTC, all payments of principal of and interest on the Bonds will be made by the Paying Agent to Cede & Co. (as a nominee of DTC), as the registered Owner of the Bonds. See “THE BONDS – Book-Entry Only System” herein.

Annual Debt Service

The table on the following page displays the annual debt service requirements of the District for the Bonds, together with the combined debt service of the District’s other outstanding general obligation bonds (assuming no further optional redemptions).

Year Ending Aug. 1	Total	<u>2008 Series E Bonds</u>		<u>2014 Series D Bonds</u>		<u>Refunding Bonds</u>		Total Annual Debt Service Payment
	Outstanding Bonded Debt Service ⁽¹⁾	Annual Principal Payment ⁽²⁾	Annual Interest Payment ⁽²⁾	Annual Principal Payment ⁽²⁾	Annual Interest Payment ⁽²⁾	Annual Principal Payment ⁽³⁾	Annual Interest Payment ⁽³⁾	
2024	\$10,412,431.60	--	\$78,750.00	--	\$178,450.00	\$45,000.00	\$77,187.50	\$10,791,819.10
2025	8,283,703.00	\$90,000.00	157,500.00	\$145,000.00	356,900.00	1,435,000.00	306,500.00	10,774,603.00
2026	8,617,703.00	125,000.00	153,000.00	270,000.00	349,650.00	845,000.00	234,750.00	10,595,103.00
2027	9,014,528.00	--	146,750.00	--	336,150.00	890,000.00	192,500.00	10,579,928.00
2028	9,524,028.00	--	146,750.00	--	336,150.00	940,000.00	148,000.00	11,094,928.00
2029	9,932,278.00	--	146,750.00	--	336,150.00	985,000.00	101,000.00	11,501,178.00
2030	10,584,303.00	--	146,750.00	--	336,150.00	1,035,000.00	51,750.00	12,153,953.00
2031	12,116,978.00	--	146,750.00	--	336,150.00	--	--	12,599,878.00
2032	12,757,510.00	--	146,750.00	--	336,150.00	--	--	13,240,410.00
2033	13,628,285.00	--	146,750.00	--	336,150.00	--	--	14,111,185.00
2034	8,108,923.00	--	146,750.00	--	336,150.00	--	--	8,591,823.00
2035	7,850,285.00	--	146,750.00	--	336,150.00	--	--	8,333,185.00
2036	7,858,135.00	--	146,750.00	335,000.00	336,150.00	--	--	8,676,035.00
2037	8,111,235.00	--	146,750.00	410,000.00	319,400.00	--	--	8,987,385.00
2038	8,368,160.00	--	146,750.00	490,000.00	298,900.00	--	--	9,303,810.00
2039	6,390,385.00	770,000.00	146,750.00	570,000.00	274,400.00	--	--	8,151,535.00
2040	6,596,860.00	845,000.00	108,250.00	670,000.00	245,900.00	--	--	8,466,010.00
2041	6,648,060.00	920,000.00	66,000.00	935,000.00	212,400.00	--	--	8,781,460.00
2042	6,780,935.00	500,000.00	20,000.00	380,000.00	165,650.00	--	--	7,846,585.00
2043	4,398,425.00	--	--	430,000.00	146,650.00	--	--	4,975,075.00
2044	4,488,175.00	--	--	560,000.00	125,150.00	--	--	5,173,325.00
2045	4,581,675.00	--	--	120,000.00	102,750.00	--	--	4,804,425.00
2046	4,758,100.00	--	--	120,000.00	96,750.00	--	--	4,974,850.00
2047	2,430,850.00	--	--	180,000.00	90,750.00	--	--	2,701,600.00
2048	2,439,250.00	--	--	275,000.00	81,750.00	--	--	2,796,000.00
2049	2,535,750.00	--	--	305,000.00	68,000.00	--	--	2,908,750.00
2050	2,637,750.00	--	--	305,000.00	52,750.00	--	--	2,995,500.00
2051	2,739,500.00	--	--	350,000.00	37,500.00	--	--	3,127,000.00
2052	<u>2,845,500.00</u>	--	--	<u>400,000.00</u>	<u>20,000.00</u>	--	--	3,265,500.00
Total	\$205,439,700.60	<u>\$3,250,000.00</u>	<u>\$2,491,250.00</u>	<u>\$7,250,000.00</u>	<u>\$6,585,200.00</u>	<u>\$6,175,000.00</u>	<u>\$1,111,687.50</u>	<u>\$232,302,838.10</u>

(1) Interest payments on outstanding bonds of the District are made semiannually on either February 1 and August 1, or alternatively on May 1 and November 1, as further shown under the heading “EL MONTE CITY SCHOOL DISTRICT – District Debt Structure – *General Obligation Bonds*” herein. Does not include debt service on the Prior Bonds.

(2) Interest payments on the New Money Bonds will be made semiannually on February 1 and August 1 of each year, commencing August 1, 2024.

(3) Interest payments on the Refunding Bonds will be made semiannually on May 1 and November 1 of each year, commencing May 1, 2024.

See “EL MONTE CITY SCHOOL DISTRICT – District Debt Structure – *General Obligation Bonds*” herein for a debt service schedule of all the District’s outstanding general obligation bond debt.

Application and Investment of Bond Proceeds

New Money Bonds. The proceeds of the New Money Bonds will be used to (i) finance the acquisition, construction, modernization and equipping of District sites and facilities, and (ii) pay the costs of issuing the New Money Bonds.

The net proceeds of the sale from the New Money Bonds will be deposited by the County to the credit of the building funds created by each of the 2008 Series E Bonds Resolution and 2014 Series D Bonds Resolution (the “Building Funds”), and will be applied solely for the purposes for which the related series of such Bonds are being issued. Interest earnings in the Building Funds will be retained therein. Any excess proceeds of such Bonds not needed for the authorized purposes for which such Bonds are being issued, upon written notice from the District, will be transferred to the respective Debt Service Funds and applied to the payment of the principal and interest on the series of the Bonds relating thereto.

Refunding Bonds. The Refunding Bonds are being issued to (i) currently refund the Prior Bonds, and (ii) pay the costs of issuing the Refunding Bonds. The maturities of the Prior Bonds to be refunded are shown below:

PRIOR BONDS El Monte City School District 2014 General Obligation Refunding Bonds, Series A

<u>Maturity Date</u> <u>(May 1)</u>	<u>CUSIP⁽¹⁾</u>	<u>Principal</u> <u>Amount</u>	<u>Principal to</u> <u>be Refunded</u>	<u>Redemption</u> <u>Date</u>	<u>Redemption Price</u> <u>(% of Principal Amount)</u>
2025	283309KC5	\$965,000	\$965,000	5/1/2024	100
2026	283309KD3	420,000	420,000	5/1/2024	100
2027	283309KE1	435,000	435,000	5/1/2024	100
2028	283309KF8	445,000	445,000	5/1/2024	100
2029	283309KG6	460,000	460,000	5/1/2024	100
2030	283309KH4	475,000	475,000	5/1/2024	100

PRIOR BONDS El Monte City School District 2014 General Obligation Refunding Bonds, Series B

<u>Maturity Date</u> <u>(May 1)</u>	<u>CUSIP⁽¹⁾</u>	<u>Principal</u> <u>Amount</u>	<u>Principal to</u> <u>be Refunded</u>	<u>Redemption</u> <u>Date</u>	<u>Redemption Price</u> <u>(% of Principal Amount)</u>
2025	283309KU5	\$575,000	\$575,000	5/1/2024	100
2026	283309KV3	510,000	510,000	5/1/2024	100
2027	283309KW1	530,000	530,000	5/1/2024	100
2028	283309KX9	555,000	555,000	5/1/2024	100
2029	283309KY7	575,000	575,000	5/1/2024	100
2030	283309KZ4	600,000	600,000	5/1/2024	100

⁽¹⁾ CUSIP® is a registered trademark of the American Bankers Association. CUSIP® data is provided by CUSIP Global Services (CGS) which is owned by FactSet Research Systems Inc. (“FactSet”). FactSet will manage the CUSIP system on behalf of the American Bankers Association. CUSIP® data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers have been assigned by an independent company not affiliated with the District, the Municipal Advisor or the Underwriter and are provided for convenience of reference only. None of the District, the Municipal Advisor or the Underwriter takes any responsibility for the accuracy or usage of such numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP® number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions, including, but not limited to a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

The net proceeds from the sale of the Refunding Bonds will be deposited with U.S. Bank Trust Company, National Association, as Escrow Agent, to the credit of an escrow fund (the “Escrow Fund”) held pursuant to that certain escrow agreement, dated as of February 1, 2024, by and between the District and the Escrow Agent (the “Escrow Agreement”). A portion of the amount deposited in the Escrow Fund will be used to purchase certain non-callable direct and general obligations of the United States of America, or non-callable obligations the payment of which is unconditionally guaranteed by the United States of America (collectively, the “Federal Securities”), the principal of and interest on which will be sufficient, together with funds deposited in the Escrow Fund which will be held as cash, to enable the Escrow Agent to pay the redemption prices of the Prior Bonds on the first optional redemption date described above, as well as the interest due on the Prior Bonds on such date.

The sufficiency of the amounts on deposit in the Escrow Fund, together with realizable interest and earnings thereon, to refund the Prior Bonds as described above will be verified by Causey Demgen & Moore PC, as the verification agent (the “Verification Agent”). See also “LEGAL MATTERS – Escrow Verification” herein. As a result of the deposit and application of funds so provided in the Escrow Agreement, and assuming the accuracy of the computations of the Underwriter and the Verification Agent, the Prior Bonds will be defeased and the obligation of the County to levy *ad valorem* property taxes for payment thereof will terminate.

Debt Service Funds. *Ad valorem* property taxes levied by the County for the payment of each series of the Bonds, when collected, shall be kept separate and apart in the debt service funds relating to each series of the Bonds created by the Resolutions (each, a “Debt Service Fund”) and used only for payment of principal of and interest on the series of the Bonds to which such Debt Service Fund relates. Any premium received upon the sale of each series of the Bonds will be deposited in the Debt Service Fund relating thereto. Any interest earnings on moneys held in the Debt Service Funds will be retained therein. If, after all of the Bonds have been redeemed or paid and otherwise cancelled, there are moneys remaining in any Debt Service Fund, said moneys will be applied to the payment of other general obligation bonds of the District, and afterwards transferred to the general fund of the District as provided and permitted by law.

Investment of Funds. Moneys in the Escrow Fund will be invested as described above. Moneys in the Building Funds and the Debt Service Funds will be invested through the Los Angeles County Treasury Pool. See “APPENDIX E – LOS ANGELES COUNTY TREASURY POOL” attached hereto.

Redemption

Optional Redemption. The 2008 Series E Bonds maturing on and before August 1, 2026 are not subject to redemption prior to their stated maturity dates. The 2008 Series E Bonds maturing on and after August 1, 2039 are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after August 1, 2033 at a redemption price equal to the principal amount of such 2008 Series E Bonds selected for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

The 2014 Series D Bonds maturing on and before August 1, 2026 are not subject to redemption prior to their stated maturity dates. The 2014 Series D Bonds maturing on and after August 1, 2036 are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after August 1, 2033 at a redemption price equal to the principal amount of such 2014 Series D Bonds selected for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

The Refunding Bonds are not subject to redemption prior to their stated maturity dates.

Mandatory Sinking Fund Redemption. The 2014 Series D Bonds maturing on August 1, 2049 (the “2049 Term Bonds”), are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 2045, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amount of such 2049 Term Bonds to be so redeemed and the dates therefor and the final payment date is as indicated in the following table:

Year Ending August 1	Principal To Be Redeemed
2045	\$120,000
2046	120,000
2047	180,000
2048	275,000
2049 ⁽¹⁾	305,000

⁽¹⁾ Maturity.

The 2014 Series D Bonds maturing on August 1, 2052 (the “2052 Term Bonds,” and together with the 2049 Term Bonds, the “Term Bonds”), are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 2050, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amount of such 2052 Term Bonds to be so redeemed and the dates therefor and the final payment date is as indicated in the following table:

Year Ending August 1	Principal To Be Redeemed
2050	\$305,000
2051	350,000
2052 ⁽¹⁾	400,000

⁽¹⁾ Maturity.

In the event that a portion of the Term Bonds shown above is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of \$5,000 of principal amount, in respect of the portion of such Term Bonds optionally redeemed.

Selection of Bonds for Redemption. Whenever provision is made for the optional redemption of Bonds and less than all Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, will select Bonds for redemption as so directed and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent will select Bonds for redemption as directed by the District, and if not so directed by lot. Redemption by lot will be in such manner as the Paying Agent shall determine; provided, however, that with respect to redemption by lot, the portion of any Bond to be redeemed in part will be in the principal amount of \$5,000, or any integral multiple thereof.

Redemption Notice. When optional redemption is authorized or required pursuant to the applicable Resolutions, the Paying Agent, upon written instruction from the District, will give notice (a “Redemption Notice”) of the redemption of the Bonds to be redeemed. Each Redemption Notice will specify (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the portion of the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part.

The Paying Agent will take the following actions with respect to each such Redemption Notice: (a) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given to the respective Owners of Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the bond register; (b) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail, postage prepaid, telephonically confirmed facsimile transmission, or overnight delivery service, to the Securities Depository; (c) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail, postage prepaid, or overnight delivery service, to one of the Information Services; and (d) a Redemption Notice will be given to such other persons as may be required pursuant to the Continuing Disclosure Certificate.

“Information Services” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System; or, such other services providing information with respect to called municipal obligations as the District may specify in writing to the Paying Agent or as the Paying Agent may select.

“Securities Depository” shall mean The Depository Trust Company, 55 Water Street, New York, New York 10041.

A certificate of the Paying Agent or the District that a Redemption Notice has been given as provided in the applicable Resolution will be conclusive as against all parties. Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given will affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each transfer of funds made by the Paying Agent for the purpose of redeeming Bonds will bear or include the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Payment of Redeemed Bonds. When a Redemption Notice has been given substantially as described above, and, when the amount necessary for the redemption of the Bonds called for redemption (principal, interest, and premium, if any) is irrevocably set aside in trust for that purpose, as described in “– Defeasance,” the Bonds designated for redemption in such notice will become due and payable on the date fixed for redemption thereof and upon presentation and surrender of said Bonds at the place specified in the Redemption Notice, said Bonds will be redeemed and paid at the redemption price out of such funds. All unpaid interest payable at or prior to the redemption date will continue to be payable to the respective Owners, but without interest thereon.

Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the Paying Agent will execute and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in principal amounts to the unredeemed portion of the Bond surrendered. Such partial redemption is 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.

Effect of Redemption Notice. If on the applicable designated redemption date, money for the redemption of the Bonds to be redeemed, together with interest to such redemption date, is held by an independent escrow agent selected by the District so as to be available therefor on such redemption date as described in “– Defeasance,” and if a Redemption Notice thereof will have been given substantially as described above, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue and become payable.

Rescission of Redemption Notice. With respect to any Redemption Notice in connection with the optional redemption of Bonds (or portions thereof) as described above, unless upon the giving of such notice such Bonds or portions thereof shall be deemed to have been defeased as described in “– Defeasance,” such Redemption Notice will state that such redemption will be conditional upon the receipt by an independent escrow agent selected by the District, on or prior to the date fixed for such redemption, of the moneys necessary and sufficient to pay the principal of, premium, if any, and interest on, such Bonds (or portions thereof) to be redeemed, and that if such moneys shall not have been so received said Redemption Notice will be of no force and effect, no portion of the Bonds will be subject to redemption on such date and such Bonds will not be required to be redeemed on such date. In the event that such Redemption Notice contains such a condition and such moneys are not so received, the redemption will not be made and the Paying Agent will within a reasonable time thereafter (but in no event later than the date originally set for redemption) give notice to the persons to whom and in the manner in which the Redemption Notice was given that such moneys were not so received. In addition, the District will have the right to rescind any Redemption Notice, by written notice to the Paying Agent, on or prior to the date fixed for such redemption. The Paying Agent will distribute a notice of the rescission of such Redemption Notice in the same manner as such notice was originally provided.

Bonds No Longer Outstanding. When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be held irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, and, accrued interest thereon to the date fixed for redemption, then such Bonds will no longer be deemed outstanding and shall be surrendered to the Paying Agent for cancellation.

Book-Entry Only System

The information under this caption concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but neither the District nor the Underwriter takes any responsibility for the accuracy or completeness thereof. The District and the Underwriter cannot and do not give any assurances that DTC, Direct Participants or Indirect Participants (as defined herein) (collectively, the "DTC Participants") will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates 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, Direct Participants or Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each of maturity of the Bonds, each in the aggregate principal amount of such bond, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 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. However, the information presented on such website is not incorporated herein by any reference to such website.

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 Beneficial Owner is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not

receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as 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 DTC 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.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as 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 notices be provided directly to them.

Redemption notices shall 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds or distributions on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds or distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered. The

District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

Discontinuation of Book-Entry Only System; Payment to Beneficial Owners

So long as any of the Bonds remain outstanding, the District will cause the Paying Agent to maintain at its principal office all books and records necessary for the registration, exchange and transfer of such Bonds, which shall at all times be open to inspection by the District, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register, exchange or transfer or cause to be registered, exchanged or transferred, on said books, Bonds as provided in the Resolutions.

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

The principal of, as applicable, premium, if any, and interest on the Bonds upon the redemption thereof will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the principal trust office of the Paying Agent. Interest on the Bonds will be paid by the Paying Agent by wire to a bank and account number on file with the Paying Agent as of the Record Date.

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

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

Defeasance

All or any portion of the outstanding maturities of the Bonds of each series may be defeased prior to maturity in the following ways:

(a) Cash: by irrevocably depositing with an independent escrow agent selected by the District an amount of cash which together with amounts transferred from the applicable Debt Service Fund, if any, is sufficient to pay and discharge all such Bonds outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premium, if any) at or before their maturity date; or

(b) Government Obligations: by irrevocably depositing with an independent escrow agent selected by the District noncallable Government Obligations together with amounts transferred from the applicable Debt Service Fund, if any, and any other cash, if required, in such amount as will, together with interest to accrue thereon, in the opinion of an independent certified public accountant, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premium, if any) at or before their maturity date;

then, notwithstanding that any Bonds shall not have been surrendered for payment, all obligations of the District with respect to all such designated outstanding Bonds shall cease and terminate, except only the obligation of the independent escrow agent selected by the District to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) above, to the Owners of the Bonds not so surrendered and paid all sums due with respect thereto.

“Government Obligations” means direct and general obligations of the United States of America, obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), or obligations the payment of the principal of and interest on which is secured, guaranteed or otherwise backed by, directly or indirectly, a pledge of the full faith and credit of the United States of America. In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account, segregated from the custodian’s general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed at least as high as direct and general obligations of the United States of America by either Moody’s Investors Service (“Moody’s”) or by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”).

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as APPENDIX F to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “AA/Stable” by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM. BAM’s total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2023 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$502.8 million, \$217.0 million and \$285.8 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM.

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at www.buildamerica.com/videos. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at www.buildamerica.com/credit-profiles. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise

ESTIMATED SOURCES AND USES OF FUNDS

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

	2008 Series E Bonds	2014 Series D Bonds	Refunding Bonds
Sources of Funds			
Principal Amount of Bonds	\$3,250,000.00	\$7,250,000.00	\$6,175,000.00
Original Issue Premium	<u>406,297.05</u>	<u>902,617.50</u>	<u>555,689.80</u>
Total Sources	<u>\$3,656,297.05</u>	<u>\$8,152,617.50</u>	<u>\$6,730,689.80</u>
Uses of Funds			
Deposit to Building Funds	3,111,231.78	7,043,897.48	0.00
Deposit to Debt Service Funds	406,297.05	902,617.50	0.00
Deposit to Escrow Fund	--	--	6,584,089.21
Costs of Issuance ⁽¹⁾	125,518.22	169,852.52	115,725.59
Underwriter's Discount	<u>16,250.00</u>	<u>36,250.00</u>	<u>30,875.00</u>
Total Uses	<u>\$3,659,297.05</u>	<u>\$8,152,617.50</u>	<u>\$6,730,689.80</u>

⁽¹⁾ Represents all costs of issuance to be paid from proceeds of the Bonds, including but not limited to municipal advisory and legal fees, bond insurance premium, printing costs, rating agency fees, and the costs and fees of the Paying Agent, Escrow Agent and Verification Agent.

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TAX BASE FOR REPAYMENT OF BONDS

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

Ad Valorem Property Taxation

District property taxes are assessed and collected by the County at the same time and on the same tax rolls as county, city and special district taxes. Assessed valuations are the same for both District and County taxing purposes.

Taxes are levied for each fiscal year on taxable real and personal property which is located within the boundaries of the District as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Property not attached to land, such as personal or business property, is assessed on the "unsecured roll." A supplemental roll is developed when property changes hands or new construction is completed. The County levies and collects all property taxes for property falling within the County's taxing boundaries.

The valuation of secured property is established as of January 1 and is subsequently enrolled in August. Property taxes on the secured roll are payable in two installments, due November 1 and February 1 of the calendar year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent installment plus any additional amount determined by the Treasurer. After the second installment of taxes on the secured roll is delinquent, the tax collector shall collect a cost of \$10 for preparing the delinquent tax records and giving notice of delinquency. Property on the secured roll with delinquent taxes is declared tax-defaulted on July 1 of the calendar year. Such property may thereafter be redeemed, until the right of redemption is terminated, by payment of the delinquent taxes and the delinquency penalty, plus a \$15 redemption fee and a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the Treasurer.

Property taxes on the unsecured roll as of July 31 become delinquent if they are not paid by August 31 and are thereafter subject to a delinquent penalty of 10%. Taxes added to the unsecured tax roll after July 31, if unpaid are delinquent and subject to a penalty of 10% on the last day of the month succeeding the month of enrollment. In the case of unsecured property taxes, an additional penalty of 1.5% per month begins to accrue when such taxes remain unpaid on the last day of the second month after the 10% penalty attaches. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the assessee; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on specific property of the assessee; (3) filing a certificate of delinquency for record in the county recorder's office in order to obtain a lien on specified property of the assessee; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. See also "– Secured Tax Charges and Delinquencies" herein.

State law exempts from taxation \$7,000 of the full cash value of an owner-occupied dwelling, but this exemption does not result in any loss of revenue to local agencies, since the State reimburses local agencies for the value of the exemptions.

All property is assessed using full cash value as defined by Article XIII A of the California Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions.

Future assessed valuation growth allowed under Article XIII A (new construction, certain changes of ownership, 2% inflation) is allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies, including school districts, will share the growth of “base” revenues from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation in the following year.

Assessed Valuations

The assessed valuation of property in the District is established by the tax assessing authority for the County, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the “full cash value” of the property, as defined in Article XIII A of the California Constitution. For a discussion of how properties currently are assessed, see “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS” herein. 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 represents the 10-year history of assessed valuations in the District, each as of the date the equalized assessment roll is established in August of each year.

ASSESSED VALUATIONS Fiscal Years 2014-15 through 2023-24 El Monte City School District

	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>	<u>% Change</u>
2014-15	\$6,048,419,762	\$1,917,957	\$236,042,085	\$6,286,379,804	--
2015-16	6,354,226,984	1,628,181	215,244,461	6,571,099,626	4.53%
2016-17	6,686,517,726	2,827,041	222,240,754	6,911,585,521	5.18
2017-18	7,117,533,861	405,105	224,236,101	7,342,175,067	6.23
2018-19	7,499,373,338	405,105	295,200,502	7,794,978,945	6.17
2019-20	8,085,041,378	405,105	250,580,370	8,336,026,853	6.94
2020-21	8,585,233,025	216,056	258,658,064	8,844,107,145	6.09
2021-22	8,882,057,695	216,056	307,345,496	9,189,619,247	3.91
2022-23	9,411,302,037	216,056	363,305,396	9,774,823,489	6.37
2023-24	9,960,583,798	216,056	410,931,400	10,371,731,254	6.11

Source: California Municipal Statistics, Inc. (except the percent change).

Economic and other factors beyond the District’s control, such as general market decline in property values, outbreaks of disease, disruption in financial markets that may reduce availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, drought, fire, wildfire, flood or toxic contamination could cause a reduction in the assessed value of taxable property within the boundaries of the District. Any such reduction would result in a corresponding increase in the annual tax rates levied by the County to pay the debt service with respect to the Bonds. See “THE BONDS – Security and Sources of Payment” and “DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19” herein.

Seismic Events. The District is located in a seismically active region of the State. The Raymond Fault runs along the northern end of the San Gabriel Valley, less than 10 miles from the District's boundaries. In addition, much of the District lies within a liquefaction zone identified by the State Department of Conservation, California Geological Survey pursuant to the Seismic Hazards Mapping Act of 1990. 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.

Drought. California has experienced cyclical severe drought conditions over the past several years. Most recently, in April 2021, the Governor announced regional drought emergencies in two Northern California counties following two years of dry conditions. These drought emergencies were eventually expanded to include all California counties by October of 2021. Among other actions, the Governor also issued Executive Order N0-27-22, which directed the State Water Control Board to issue drought declarations, including a recommendation to have urban water suppliers initiate water shortage contingency plans. Significant snowfall and precipitation in the State commencing in late 2022 and early 2023 have generally eliminated most of the State's drought conditions. According to the U.S. Drought Monitor, portions of the State in the far north and lower south-west regions continue to be classified in the abnormally to severe drought categories, however the majority of the State, including the County, is currently classified as having no drought conditions. In addition, on March 24, 2023, the Governor rescinded most of his emergency drought declarations, including Executive Order N0-27-22. The District cannot predict if there will be future drought conditions and related water usage restrictions imposed in the future. The District cannot make any representation regarding the effects that the drought had, or, if it should reoccur, may have on the value of taxable property within the District, or to what extent future droughts could cause disruptions to economic activity within the boundaries of the District.

Wildfires. Major wildfires have occurred in recent years in different regions of the State, including in the fall of 2020 and in the summer of 2021. None of these fires occurred within the boundaries of the District. However, serious and significant property damage has resulted in other areas of the State due to fire damage. The Governor has previously signed a number of measures into law intended to address a variety of issues related to mitigating the risk of wildfires, including forest management, mutual aid for fire departments, emergency alerts and other safety mandates.

Climate Change. In addition to the events described above, climate change caused by human activities may have adverse effects on the assessed value of property within the District. As greenhouse gas emissions continue to accumulate in the atmosphere as a result of economic activity, many scientists expect that climate change will intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, drought, wildfires, floods, heat waves, and rising sea levels. See also "—Drought" and "—Wildfires" above. 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.

Appeals and Adjustments of Assessed Valuation. Under State law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization (the “SBE”), with the appropriate county board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. Such reductions are subject to yearly reappraisals and may be adjusted back to their original values 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. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution” herein.

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

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as earthquakes, floods, fire, drought or toxic contamination pursuant to relevant provisions of the California Constitution. See also “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution” herein. Such reductions are subject to yearly reappraisals by the county assessor and may be adjusted back to their original values when real estate market conditions improve. Once property has regained its prior assessed value, adjusted for inflation, it once again is subject to the annual inflationary growth rate factor allowed under Article XIII A.

No assurance can be given that property tax appeals, actions by a county assessor, or other factors in the future will not significantly reduce the assessed valuation of property within the District.

Assembly Bill 102. On June 27, 2017, the Governor of the State (the “Governor”) signed into law Assembly Bill 102 (“AB 102”). AB 102 restructured the functions of the SBE and created two new separate agencies: (i) the California Department of Tax and Fee Administration, and (ii) the Office of Tax Appeals. Under AB 102, the California Department of Tax and Fee Administration took over programs previously in the SBE Property Tax Department, such as the Tax Area Services Section, which is responsible for maintaining all property tax-rate area maps and for maintaining special revenue district boundaries. Under AB 102, the SBE continues to perform the duties assigned by the California Constitution related to property taxes, however, effective January 1, 2018, the SBE will only hear appeals related to the programs that it constitutionally administers and the Office of Tax Appeals will hear appeals on all other taxes and fee matters, such as sales and use tax and other special taxes and fees. AB 102 obligates the Office of Tax Appeals to adopt regulations as necessary to carry out its duties, powers, and responsibilities.

Assessed Valuation by Jurisdiction. The following table shows the District's assessed valuation by jurisdiction for fiscal year 2023-24.

ASSESSED VALUATION AND PARCELS BY JURISDICTION
Fiscal Year 2023-24
El Monte City School District

<u>Jurisdiction:</u>	<u>Assessed Valuation in District</u>	<u>% of District</u>	<u>Assessed Valuation % of Jurisdiction of Jurisdiction</u>	<u>in District</u>
City of Arcadia	\$533,358,970	5.14%	\$20,477,124,306	2.60%
City of El Monte	6,391,488,652	61.62	10,187,772,360	62.74
City of Irwindale	176,308,851	1.70	3,635,312,706	4.85
City of Monrovia	15,169,090	0.15	7,413,787,217	0.20
City of Rosemead	16,008	0.00	5,823,611,902	0.00
City of South El Monte	1,433,178,888	13.82	3,221,934,142	44.48
City of Temple City	1,075,027,316	10.36	6,641,681,781	16.19
Unincorporated Los Angeles County	<u>747,183,479</u>	<u>7.20</u>	137,490,774,283	0.54
Total District	\$10,371,731,254	100.00%		
Los Angeles County	\$10,371,731,254	100.00%	\$2,005,261,690,790	0.52%

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use. The following table shows the distribution of taxable property within the District by principal use, as measured by assessed valuation and parcels in fiscal year 2023-24.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2023-24
El Monte City School District

	<u>2023-24 Assessed Valuation⁽¹⁾</u>	<u>% of Total</u>	<u>No. of Parcels</u>	<u>% of Total</u>
<u>Non-Residential:</u>				
Agricultural	\$28,270,302	0.28%	2	0.01%
Commercial	1,202,923,506	12.08	845	4.80
Vacant Commercial	23,087,638	0.23	87	0.49
Industrial	2,067,636,515	20.76	1,165	6.62
Vacant Industrial	174,281,181	1.75	152	0.86
Recreational	56,718,949	0.57	20	0.11
Government/Social/Institutional	101,670,970	1.02	351	1.99
Miscellaneous/ Water Company	<u>12,102,411</u>	<u>0.12</u>	<u>99</u>	<u>0.56</u>
Subtotal Non-Residential	\$3,666,691,472	36.81%	2,721	15.46%
<u>Residential:</u>				
Single Family Residence	\$4,538,926,286	45.57%	11,335	64.40%
Condominium/Townhouse	366,969,300	3.68	1,031	5.86
Mobile Home	4,569,867	0.05	152	0.86
Mobile Home Park	35,828,753	0.36	27	0.15
2-4 Residential Units	873,416,204	8.77	1,744	9.91
5+ Residential Units/Apartments	450,312,324	4.52	318	1.81
Vacant Residential	<u>23,869,592</u>	<u>0.24</u>	<u>273</u>	<u>1.55</u>
Subtotal Residential	\$6,293,892,326	63.19%	14,880	84.54%
Total	\$9,960,583,798	100.00%	17,601	100.00%

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

Source: California Municipal Statistics, Inc.

Assessed Valuation of Single Family Homes. The following table shows the distribution of single family homes within the District among various fiscal year 2023-24 assessed valuation ranges, as well as the average and median assessed valuation of single family homes within the District.

PER PARCEL ASSESSED VALUATION OF SINGLE FAMILY HOMES
Fiscal Year 2023-24
El Monte City School District

	No. of Parcels	2023-24 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	11,335	\$4,538,926,286	\$400,435	\$368,957

2023-24 Assessed Valuation	No. of Parcels⁽¹⁾	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
\$0 - \$49,999	236	2.082%	2.082%	\$9,518,235	0.210%	0.210%
\$50,000 - \$99,999	851	7.508	9.590	59,808,207	1.318	1.527
\$100,000 - \$149,999	490	4.323	13.913	62,305,663	1.373	2.900
\$150,000 - \$199,999	769	6.784	20.697	135,964,873	2.996	5.896
\$200,000 - \$249,999	1,040	9.175	29.872	235,663,393	5.192	11.088
\$250,000 - \$299,999	1,057	9.325	39.197	290,274,880	6.395	17.483
\$300,000 - \$349,999	916	8.081	47.278	297,975,889	6.565	24.048
\$350,000 - \$399,999	777	6.855	54.133	291,313,339	6.418	30.466
\$400,000 - \$449,999	763	6.731	60.865	323,312,677	7.123	37.589
\$450,000 - \$499,999	731	6.449	67.314	347,069,859	7.647	45.236
\$500,000 - \$549,999	734	6.476	73.789	384,560,688	8.473	53.708
\$550,000 - \$599,999	708	6.246	80.035	407,384,090	8.975	62.683
\$600,000 - \$649,999	571	5.037	85.073	356,587,566	7.856	70.540
\$650,000 - \$699,999	444	3.917	88.990	298,682,961	6.580	77.120
\$700,000 - \$749,999	395	3.485	92.475	286,032,811	6.302	83.422
\$750,000 - \$799,999	274	2.417	94.892	211,882,501	4.668	88.090
\$800,000 - \$849,999	207	1.826	96.718	170,467,338	3.756	91.846
\$850,000 - \$899,999	142	1.253	97.971	124,146,347	2.735	94.581
\$900,000 - \$949,999	76	0.670	98.641	70,197,580	1.547	96.127
\$950,000 - \$999,999	46	0.406	99.047	44,641,045	0.984	97.111
\$1,000,000 and greater	108	0.953	100.000	131,136,344	2.889	100.000
	11,335	100.000%		\$4,538,926,286	100.000%	

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

Tax Levies, Collections and Delinquencies

The following table shows secured *ad valorem* property tax levies within the District, and amounts delinquent as of June 30, for fiscal years 2013-14 through 2022-23.

SECURED TAX CHARGES AND DELINQUENCIES Fiscal Years 2013-14 through 2022-23 El Monte City School District

	Secured Tax Charge⁽¹⁾	Amt. Del. June 30	% Del. June 30
2013-14	\$4,312,213.91	\$63,467.85	1.47%
2014-15	4,491,051.38	64,620.21	1.44
2015-16	4,707,755.00	66,699.97	1.42
2016-17	4,942,556.65	58,646.75	1.19
2017-18	5,286,436.13	65,619.36	1.24
2018-19	5,603,270.54	76,487.92	1.37
2019-20	6,023,126.08	150,324.51	2.25
2020-21	6,397,840.61	108,967.01	1.70
2021-22	6,645,090.03	103,920.54	1.56
2022-23	7,050,749.67	110,064.64	1.56

	Secured Tax Charge⁽²⁾	Amt. Del. June 30	% Del. June 30
2013-14	\$7,320,230.71	\$90,863.63	1.24%
2014-15	7,084,169.56	79,259.80	1.12
2015-16	9,265,880.54	111,266.98	1.20
2016-17	9,772,651.61	143,736.21	1.47
2017-18	10,418,605.74	130,155.31	1.25
2018-19	11,009,787.64	119,746.98	1.09
2019-20	8,749,477.26	150,324.51	1.72
2020-21	6,507,413.12	112,360.80	1.73
2021-22	7,111,573.66	142,791.76	2.01
2022-23	8,528,928.40	79,540.09	0.93

(1) 1% general fund apportionment. Excludes redevelopment agency tax-increment impounds. Reflects county-wide delinquency rate.

(2) Reflects general obligation bond debt service levy only.

Source: California Municipal Statistics, Inc.

Pursuant to Revenue and Taxation Code Section 4985.2, the Treasurer may cancel any penalty, costs or other charges resulting from tax delinquency upon a finding that the late payment is due to reasonable cause and circumstances beyond the taxpayer's control, and occurred notwithstanding the exercise of ordinary care in the absence of willful neglect, provided the property taxes are paid within four fiscal years of such taxes coming due.

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 "DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19" herein. However, State law requires the

County to levy *ad valorem* property taxes sufficient to pay the principal of and interest on the Bonds when due.

Alternative Method of Tax Apportionment - Teeter Plan

Certain counties in the State operate under a statutory program entitled Alternate Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”). Under the Teeter Plan local taxing entities receive 100% of their tax levies net of delinquencies, but do not receive interest or penalties on delinquent taxes collected by the county. **The County has not adopted the Teeter Plan, and consequently the Teeter Plan is not available to local taxing entities within the County, such as the District. The District’s receipt of property taxes is therefore subject to delinquencies.**

The District participates in the California Statewide Delinquent Tax Finance Authority (“CSDTFA”). CSDTFA is a joint exercise of powers agency formed for the purpose of purchasing delinquent *ad valorem* property taxes of its members in accordance with Government Code Section 6516.6. The District anticipates that CSDTFA will from time to time purchase delinquent *ad valorem* property tax receivables from the District. For the most recent fiscal year for which CSDTFA purchased delinquencies (the 2021-22 fiscal year) such delinquencies were purchased from the District at a purchase price equal to 110% thereof. Any penalty charges collected with respect to such delinquencies will be retained by CSDTFA. CSDTFA does not currently purchase *ad valorem* property tax receivables related to the payment of general obligation bonds of the District. Thus, the District’s participation in CSDTFA’s program does not ensure that the District will receive the timely payment of *ad valorem* property taxes levied to secure the Bonds. See also “– *Ad Valorem* Property Taxation” herein.

Tax Rates

The following table summarizes the total *ad valorem* property tax rates, as a percentage of assessed value, levied by all taxing entities in a typical tax rate area (“TRA”) within the District during the five-year fiscal year period from 2019-20 through 2023-24.

SUMMARY OF *AD VALOREM* PROPERTY TAX RATES (TRA 3621) Fiscal Years 2019-20 through 2023-24 El Monte City School District

	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24⁽¹⁾</u>
General	1.000000	1.000000%	1.000000%	1.000000%	1.000000%
City of El Monte	.150000	.150000	.150000	.100000	.120000
El Monte School District	.108025	.075128	.079894	.090656	.088481
El Monte Union High School District	.109694	.092938	.076511	.067495	.069054
Rio Hondo Community College District	.025712	.013613	.015263	.015347	.021824
Metropolitan Water District	<u>.003500</u>	<u>.003500</u>	<u>.003500</u>	<u>.003500</u>	<u>.003500</u>
Total	1.396931%	1.335179%	1.325168%	1.276998%	1.302859%

⁽¹⁾ Fiscal year 2023-24 assessed valuation of TRA 3621 is \$3,077,921,057, reflecting approximately 29.68% of the District’s total assessed valuation.

Source: California Municipal Statistics, Inc.

Principal Taxpayers

The more property (by assessed value) which is owned by a single taxpayer within the District, the greater amount of tax collections that are exposed to weaknesses in such a taxpayer's financial situation and ability or willingness to pay property taxes. The following table lists the 20 largest local secured taxpayers in the District in terms of their fiscal year 2023-24 secured assessed valuations. Each taxpayer listed below is a name listed on the tax rolls. The District cannot make any representations as to 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.

LARGEST LOCAL SECURED TAXPAYERS

Fiscal Year 2023-24

El Monte City School District

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2023-24 Assessed Valuation</u>	<u>% of Total⁽¹⁾</u>
1.	GLC El Monte LLC	Industrial	\$218,200,449	2.19%
2.	Scannell Properties 255 LLC	Industrial	109,260,112	1.10
3.	Realty Income Properties 11 LLC	Auto Dealership	92,366,693	0.93
4.	A and J Training Institute	Industrial	50,357,400	0.51
5.	BTC III El Monte Logistics Center LP	300V	48,454,073	0.49
6.	Penske Realty Inc.	Commercial	44,456,654	0.45
7.	SCRS Santa Fe Trail Plaza LLC	Shopping Center	44,389,149	0.45
8.	Uhon Arden Way Fee Owner LLC	Apartments	43,352,960	0.44
9.	Natmi LPF Core II LLC	Industrial	40,716,443	0.41
10.	Irwindale Industrial LLC	Recreational - Race Track	33,580,449	0.34
11.	Safeway Inc.	Industrial	31,617,299	0.32
12.	Pace Center LLC	Commercial	29,077,610	0.29
13.	Driftwood Dairy	Dairy	27,496,954	0.28
14.	San Gabriel Valley Water Co.	Water Company	26,902,962	0.27
15.	Ju Fat LLC	Industrial	26,053,394	0.26
16.	GW4 LLC	Mixed-Use Development	25,974,708	0.26
17.	ALC Building 1 LLC	Industrial	25,591,991	0.26
18.	3464 Peck LLC	Auto Dealership	23,358,000	0.23
19.	Hickson Industrial Investors LLC	Industrial	21,891,015	0.22
20.	ALC Building 3 LLC	Industrial	<u>19,790,304</u>	<u>0.20</u>
			\$982,888,619	9.87%

⁽¹⁾ Fiscal year 2023-24 local secured assessed valuation: \$9,960,583,798.

Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt

Set forth on the following page is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. effective as of January 1, 2024. 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.

The table shows the percentage of each overlapping entity's assessed value located within the boundaries of the District. The table also shows the corresponding portion of the overlapping entity's existing debt payable from property taxes levied within the District. The total amount of debt for each overlapping entity is not given in the table. The first column in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

**STATEMENT OF DIRECT AND OVERLAPPING DEBT
El Monte City School District**

2023-24 Assessed Valuation: \$10,371,731,254

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 1/1/24</u>
Metropolitan Water District	0.268%	\$51,496
Rio Hondo Community College District	12.994	21,410,094
Pasadena Area Community College District	3.236	5,652,968
El Monte Union High School District	53.428	124,648,975
El Monte City School District	100.000	115,320,081⁽¹⁾
City of Arcadia	2.605	184,642
City of Monrovia Parcel Tax Obligations	0.205	7,062
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$267,275,318
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Los Angeles County General Fund Obligations	0.517%	\$13,055,950
Los Angeles County Superintendent of Schools Certificates of Participation	0.517	14,772
Pasadena Area Community College District Certificates of Participation	3.236	931,483
El Monte Union High School District General Fund Obligations	53.428	5,225,258
City of Arcadia Pension Obligation Bonds	2.605	2,070,584
City of El Monte Certificates of Participation	62.737	21,468,601
City of El Monte Pension Obligation Bonds	62.737	72,022,076
City of Monrovia General Fund and Pension Obligation Bonds	0.205	245,509
TOTAL OVERLAPPING GENERAL FUND DEBT		\$115,034,233
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>		\$33,832,820
 COMBINED TOTAL DEBT		\$416,142,371⁽²⁾

Ratios to 2023-24 Assessed Valuation:

Direct Debt (\$115,320,081)..... 1.11%
Total Direct and Overlapping Tax and Assessment Debt..... 2.58%
Combined Total Debt 4.01%

Ratios to Redevelopment Incremental Valuation (\$2,300,258,948):

Total Overlapping Tax Increment Debt..... 1.47%

⁽¹⁾ Excludes the Bonds but includes the Prior Bonds.

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

Source: California Municipal Statistics, Inc.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds are payable from the proceeds of an ad valorem property tax levied by the County for the payment thereof. See “THE BONDS – Security and Sources of Payment” herein. Articles XIII A, XIII B, XIII C and XIII D of the Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the County to levy taxes and the District 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 County to levy ad valorem property 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, Article XIII C, and all applicable laws.

Article XIII A of the California Constitution

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

Article XIII A has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the adjusted base year value described above. Proposition 8—approved by the voters in November of 1978—provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the base year value, adjusted for inflation. Reductions in assessed value could result in a corresponding increase in the annual tax rate levied by the County to pay debt service on the Bonds. See “THE BONDS – Security and Sources of Payment” and “TAX BASE FOR REPAYMENT OF BONDS” herein.

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

Proposition 19

On November 3, 2020, State voters approved Proposition 19, a legislatively referred constitutional amendment (“Proposition 19”), which amends Article XIII A to: (i) expand special rules that give property tax savings to homeowners that are over the age of 55, severely disabled, or whose property has been impacted by wildfire or natural disaster, when they buy a different home; (ii) narrow existing special rules for inherited properties; and (iii) dedicate most of the potential new State revenue generated from Proposition 19 toward fire protection. The District cannot make any representation regarding the effect Proposition 19 may have on District revenues or the assessed valuation of real property in the District. However, any reduction of assessed valuation would result in a corresponding increase in the annual tax rate levied by the County to pay the debt service on the Bonds.

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.

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

Both the United States Supreme Court and the State Supreme Court have upheld the general validity of Article XIII A.

Proposition 50 and Proposition 171

On June 3, 1986, the voters of the State approved Proposition 50. Proposition 50 amends Section 2 of Article XIII A to allow owners of property that was “substantially damaged or destroyed” by a disaster, as declared by the Governor, (the “Damaged Property”), to transfer their existing base year value (the “Original Base Year Value”) to a comparable replacement property within the same county, which is acquired or constructed within five years after the disaster. At the time of such transfer, the Damaged Property will be reassessed at its full cash value immediately prior to damage or destruction (the “Original Cash Value”); however, such property will retain its base year value notwithstanding such a transfer. Property is substantially damaged or destroyed if either the land or the improvements sustain physical damage amounting to more than 50% of either the land or improvements full cash value immediately prior to the disaster. There is no filing deadline, but the assessor can only correct four years of assessments when the owner fails to file a claim within four years of acquiring a replacement property.

Under Proposition 50, the base year value of the replacement property (the “Replacement Base Year Value”) depends on the relation of the full cash value of the replacement property (the “Replacement Cash Value”) to the Original Cash Value: if the Replacement Cash Value exceeds 120% of the Original Cash Value, then the Replacement Base Year Value is calculated by combining the Original Base Year Value with such excessive Replacement Cash Value; if the Replacement Cash Value does not exceed 120% of the Original Cash Value, then the Replacement Base Year Value equals the

Original Base Year Value; if the Replacement Cash Value is less than the Original Cash Value, then the Replacement Base Year Value equals the Replacement Cash Value. The replacement property must be comparable in size, utility, and function to the Damaged Property.

On November 2, 1993, the voters of the State approved Proposition 171. Proposition 171 amends subdivision (e) of Section 2 of Article XIII A to allow owners of Damaged Property to transfer their Original Base Year Value to a “comparable replacement property” located within another county in the State, which is acquired or newly constructed within three years after the disaster.

Inter-county transfers under Proposition 171 are more restrictive than intra-county transfers under Proposition 50. For example, Proposition 171 (1) only applies to (a) structures that are owned and occupied by property owners as their principal place of residence and (b) land of a “reasonable size that is used as a site for a residence;” (2) explicitly does not apply to property owned by firms, partnerships, associations, corporations, companies, or legal entities of any kind; (3) only applies to replacement property located in a county that adopted an ordinance allowing Proposition 171 transfers; (4) claims must be timely filed within three years of the date of purchase or completion of new construction; and (5) only applies to comparable replacement property, which has a full cash value that is of “equal or lesser value” than the Original Cash Value.

Within the context of Proposition 171, “equal or lesser value” means that the amount of the Replacement Cash Value does not exceed either (1) 105% of the Original Cash Value when the replacement property is acquired or constructed within one year of the destruction, (2) 110% of the Original Cash Value when the replacement property is acquired or constructed within two years of the destruction, or (3) 115% of the Original Cash Value when the replacement property is acquired or constructed within three years of the destruction.

The District cannot provide make any representation regarding the effect Propositions 50 and 171 may have on District revenues or the assessed valuation of real property in the District. However, any reduction of assessed valuation would result in a corresponding increase in the annual tax rate levied by the County to pay the debt service on the Bonds.

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 California Constitution, such property is assessed by the 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 the 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. So long as the District is not a community supported district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State’s school financing formula. See also “DISTRICT FINANCIAL INFORMATION” herein.

Article XIII B of the California Constitution

Article XIII B (“Article XIII B”) of the California Constitution, as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living

and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. As amended, Article XIII B defines:

- (a) “change in the cost of living” with respect to school districts to mean the percentage change in State per capita income from the preceding year, and
- (b) “change in population” with respect to a school district to mean the percentage change in the ADA of the school district from the preceding fiscal year.

For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year pursuant to the provisions of Article 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 such as the Bonds, (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 XIII B includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

Article XIII B also includes a requirement that fifty percent of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the California Constitution. See “– Propositions 98 and 111” herein.

Article XIII C and Article XIII D of the California Constitution

On November 5, 1996, the voters of the State approved Proposition 218, popularly known as the “Right to Vote on Taxes Act.” Proposition 218 added to the California Constitution Articles XIII C and XIII D (respectively, “Article XIII C” and “Article XIII D”), 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 State Attorney General, Proposition 218 limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.” Among other things, Article XIII C 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 XIII C 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. Article XIII D deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIII C or XIII D will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

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

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIII C 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 XIII D. 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.

Propositions 98 and 111

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

increases in enrollment and changes in the cost of living. The Accountability Act permits the Legislature to suspend this formula for a one-year period.

The Accountability Act also changed how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount are, instead of being returned to taxpayers, is 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 is automatically increased by the amount of such transfer. These additional moneys 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 can be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Since the Accountability Act is unclear in some details, there can be no assurances that the Legislature or a court might not interpret the Accountability Act to require a different percentage of State general fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's budget.

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

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

- a. 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 State per capita personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.
- b. Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article 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 such districts' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the school districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.
- c. Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIII B spending limit" (i) for "qualified capital outlay projects" as defined by the Legislature, and (ii) 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 was expected to raise over \$15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

- d. 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.
- e. School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues ("Test 1") 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 ("Test 2"). Under Proposition 111, K-14 school districts will receive the greater of (1) Test 1, (2) Test 2, or (3) a third test ("Test 3"), which will replace Test 2 in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in State per capita personal income. Under Test 3, K-14 school districts 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 Test 3 is used in any year, the difference between Test 3 and Test 2 will become a "credit" (also referred to as a "maintenance factor") to K-14 school districts which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, State voters approved an amendment (commonly known as Proposition 39) to the California Constitution. This amendment (1) allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1% limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional 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, including the District, community college districts, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1 percent of the value of property, and property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to 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 placed certain limitations on local school bonds to be

approved by 55% of the voters. These provisions require that such bonds may be issued only if the tax rate per \$100,000 of taxable property value projected to be levied as the result of any single election will not exceed \$60 (for a unified school district), \$30 (for a high school or elementary school district), or \$25 (for a community college district), when assessed valuation is projected to increase in accordance with Article XIII A of the California Constitution. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

Jarvis vs. Connell

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

Proposition 1A and Proposition 22

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

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

consequence of the passage of Proposition 22 was expected to be approximately \$1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1 percent of the State's total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, will be an increase in the State's general fund costs by approximately \$1 billion annually for several decades.

Proposition 55

The California Children's Education and Health Care Protection Act of 2016 (also known as "Proposition 55") is a constitutional amendment approved by the voters of the State on November 8, 2016. Proposition 55 extends, through 2030, the increases to personal income tax rates for high-income taxpayers that were approved as part of Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"). Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over \$250,000 but less than \$300,001 for single filers (over \$500,000 but less than \$600,001 for joint filers and over \$340,000 but less than \$408,001 for head-of-household filers), (ii) 2% for taxable income over \$300,000 but less than \$500,001 for single filers (over \$600,000 but less than \$1,000,001 for joint filers and over \$408,000 but less than \$680,001 for head-of-household filers), and (iii) 3% for taxable income over \$500,000 for single filers (over \$1,000,000 for joint filers and over \$680,000 for head-of-household filers).

The revenues generated from the personal income tax increases will be included in the calculation of the Proposition 98 minimum funding guarantee (defined herein) for school districts and community college districts. See "– Propositions 98 and 111" herein. From an accounting perspective, the revenues generated from the personal income tax increases are being deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the "EPA"). Pursuant to Proposition 30, funds in the EPA will be allocated quarterly, with 89% of such funds provided to school 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 board is prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

Proposition 2

On November 4, 2014, voters approved the Rainy Day Budget Stabilization Fund Act (also known as "Proposition 2"). Proposition 2 is a legislatively-referred constitutional amendment which makes certain changes to State budgeting practices, including substantially revising the conditions under which transfers are made to and from the State's Budget Stabilization Account (the "BSA") established by the California Balanced Budget Act of 2004 (also known as Proposition 58).

Under Proposition 2, and beginning in fiscal year 2015-16 and each fiscal year thereafter, the State will generally be required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the "Annual BSA Transfer"). Supplemental transfers to the BSA (a "Supplemental BSA Transfer") are also required in any fiscal year in which the estimated State general fund revenues that are allocable to capital gains taxes exceed 8% of total estimated general fund tax revenues. Such excess capital gains taxes—net of any portion thereof owed to K-14 school districts pursuant to Proposition 98—will be transferred to the BSA. Proposition 2 also increases the maximum size of the BSA to an amount equal to 10% of estimated State general fund revenues for any given fiscal year. In any fiscal year in which a required transfer to the BSA would result in an amount in excess of the

10% threshold, Proposition 2 requires such excess to be expended on State infrastructure, including deferred maintenance.

For the first 15-year period ending with the 2029-30 fiscal year, Proposition 2 provides that half of any required transfer to the BSA, either annual or supplemental, must be appropriated to reduce certain State liabilities, including making certain payments owed to K-14 school districts, repaying State interfund borrowing, reimbursing local governments for State mandated services, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. Following the initial 15-year period, the Governor and the Legislature are given discretion to apply up to half of any required transfer to the BSA to the reduction of such State liabilities. Any amount not applied towards such reduction must be transferred to the BSA or applied to infrastructure, as described above.

Proposition 2 changes the conditions under which the Governor and the Legislature may draw upon or reduce transfers to the BSA. The Governor does not retain unilateral discretion to suspend transfers to the BSA, nor does the Legislature retain discretion to transfer funds from the BSA for any reason, as previously provided by law. Rather, the Governor must declare a “budget emergency,” defined as an emergency within the meaning of Article XIII B or a determination that estimated resources are inadequate to fund State general fund expenditures, for the current or ensuing fiscal year, at a level equal to the highest level of State spending within the three immediately preceding fiscal years. Any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the BSA are limited to the amount necessary to address the budget emergency, and no draw in any fiscal year may exceed 50% of funds on deposit in the BSA unless a budget emergency was declared in the preceding fiscal year.

Proposition 2 also requires the creation of the Public School System Stabilization Account (the “PSSSA”) into which transfers will be made in any fiscal year in which a Supplemental BSA Transfer is required (as described above). Such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would be otherwise paid to K-14 school districts as part of the minimum funding guarantee. A transfer to the PSSSA will only be made if certain additional conditions are met, as follows: (i) the minimum funding guarantee was not suspended in the immediately preceding fiscal year, (ii) the operative Proposition 98 formula for the fiscal year in which a PSSSA transfer might be made is “Test 1,” (iii) no maintenance factor obligation is being created in the budgetary legislation for the fiscal year in which a PSSSA transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the minimum funding guarantee for the fiscal year in which a PSSSA transfer might be made is higher than the immediately preceding fiscal year, as adjusted for enrollment growth and cost of living. Proposition 2 caps the size of the PSSSA at 10% of the estimated minimum guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Reductions to any required transfer to the PSSSA, or draws on the PSSSA, are subject to the same budget emergency requirements described above. However, Proposition 2 also mandates draws on the PSSSA in any fiscal year in which the estimated minimum funding guarantee is less than the prior year’s funding level, as adjusted for enrollment growth and cost of living.

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

waiver from this limitation on reserves for up to two consecutive years within a three-year period if there are certain extraordinary fiscal circumstances.

The District, which has an ADA of less than 400,000, is required to maintain a reserve for economic uncertainty in an amount equal to 3% of its general fund expenditures and other financing uses.

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

The Bonds are payable from *ad valorem* property taxes to be levied within the District pursuant to the California Constitution and other State law. Accordingly, the District does not expect SB 858 or SB 751 to adversely affect its ability to pay the principal of and interest on the Bonds as and when due.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C and Article XIII D of the California Constitution and Propositions 98, 39, 22, 26, 30 and 55 were each adopted as measures that qualified for the ballot pursuant to the State’s initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District’s ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

DISTRICT FINANCIAL INFORMATION

The information in this section concerning the District’s general fund finances and State funding of public education is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of and interest on the Bonds is payable from the general fund of the District. The Bonds are payable solely from the proceeds of an ad valorem property tax required to be levied by the County within the boundaries of the District in an amount sufficient for the payment thereof. See “THE BONDS – Security and Sources of Payment” herein.

State Funding of Education

School district revenues consist primarily of guaranteed State moneys, local property taxes and funds received from the State in the form of categorical aid under ongoing programs of local assistance. All State aid is subject to the appropriation of funds in the State’s annual budget.

Revenue Limit Funding. Previously, school districts operated under general purpose revenue limits established by the State Department of Education. In general, revenue limits were calculated for each school district by multiplying the ADA for such district by a base revenue limit per unit of ADA. Revenue limit calculations were subject to adjustment in accordance with a number of factors designed to provide cost of living adjustments (“COLAs”) and to equalize revenues among school districts of the same type. Funding of a school district’s revenue limit was provided by a mix of local property taxes and State apportionments of basic and equalization aid. Since fiscal year 2013-14, school districts have been funded based on a uniform system of funding grants assigned to certain grade spans. See “– Local Control Funding Formula” herein.

Local Control Funding Formula. State Assembly Bill 97 (Stats. 2013, Chapter 47) (“AB 97”), as amended by Senate Bill 91 (Stats. 2013, Chapter 49) (“SB 91”), established the current system for funding school districts, charter schools and county offices of education.

The primary component of AB 97 was the implementation of the Local Control Funding Formula (“LCFF”), which replaced the revenue limit funding system for determining State apportionments, as well as the majority of categorical program funding. State allocations are now provided on the basis of target base funding grants per unit of ADA (a “Base Grant”) assigned to each of four grade spans. Each Base Grant is subject to certain adjustments and add-ons, as discussed below. During the implementation period of the LCFF, an annual transition adjustment was calculated for each school district, equal to such district’s proportionate share of appropriations included in the State budget to close the gap between the prior-year funding level and the target allocation following full implementation of the LCFF. In each year, school 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 Base Grants per unit of ADA for each grade span, as of the first year of the LCFF’s implementation, were as follows: (i) \$6,845 for grade K-3; (ii) \$6,947 for grades 4-6; (iii) \$7,154 for grades 7-8; and (iv) \$8,289 for grades 9-12. During the implementation period of the LCFF, Base Grants were required to be adjusted annually for COLAs by applying the implicit price deflator for government goods and services. The provision of COLAs is now subject to appropriation for such adjustment in the annual State budget. The differences among Base Grants are linked to differentials in statewide average revenue limit rates by district type, and are intended to recognize the generally higher costs of education at higher grade levels. See “– State Budget” herein for information on the adjusted Base Grants provided by current State budgetary legislation.

The Base Grants for grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in early grades and the provision of career technical education in high schools. Unless otherwise collectively bargained for, school districts serving students in grades K-3 must maintain an average class enrollment of 24 or fewer students in grades K-3 at each school site in order to continue receiving the adjustment to the K-3 Base Grant. Such school districts must also make progress towards this class size reduction goal in proportion to the growth in their funding over the implementation period.

The State budget for fiscal year 2021-22 also implemented a plan to expand the LCFF to include Transitional Kindergarten (TK) to all four-year olds. This plan is expected to phase in cohorts of TK students over a four-year period, concluding in fiscal year 2025-26. As a result, school districts that serve TK students will be eligible to receive an add-on equal to \$2,813, multiplied by such district’s second principal reporting period ADA for TK students for the current fiscal year. Beginning in fiscal year 2023-24, this add-on is subject to COLA adjustments to the same degree as LCFF Base Grants. For fiscal year 2023-24, the District has a projected ADA of approximately 190 TK students. AB 97 also provides additional add-ons to school districts that received categorical block grant funding pursuant to the Targeted Instructional Improvement and Home-to-School Transportation programs during fiscal year 2012-13.

School districts that serve students of limited English proficiency (“EL” students), students from low income families that are eligible for free or reduced priced meals (“LI” students) and foster youth are eligible to receive additional funding grants. Enrollment counts are unduplicated, such that students may not be counted as both EL and LI (foster youth automatically meet the eligibility requirements for free or reduced priced meals, and are therefore not discussed herein separately). AB 97 authorizes a supplemental grant add-on (each, a “Supplemental Grant”) for school districts that serve EL/LI students, equal to 20% of the applicable Base Grant multiplied by such districts’ percentage of unduplicated EL/LI

student enrollment. School districts whose EL/LI populations exceed 55% of their total enrollment are eligible for a concentration grant add-on (each, a “Concentration Grant”) equal to 65% of the applicable Base Grant multiplied by the percentage of such district’s unduplicated EL/LI student enrollment in excess of the 55% threshold.

The table below shows a breakdown of the District’s ADA by grade span, total enrollment, and the percentage of EL/LI student enrollment, for fiscal years 2013-14 through 2023-24. However, the District’s actual pupil attendance, and associated ADA and enrollment figures, may be impacted by the current coronavirus outbreak. See “– Considerations Regarding COVID-19” herein.

ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE
Fiscal Years 2013-14 through 2023-24
El Monte City School District

Fiscal Year	Average Daily Attendance⁽¹⁾				Enrollment⁽²⁾	
	<u>K-3</u>	<u>4-6</u>	<u>7-8</u>	<u>Total ADA</u>	<u>Total Enrollment</u>	<u>% of EL/LI Enrollment⁽³⁾</u>
2013-14	4,006	3,043	2,132	9,181	9,275	93.30%
2014-15	3,852	2,947	2,071	8,870	9,031	92.28
2015-16	3,684	2,937	1,986	8,607	8,709	90.95
2016-17	3,571	2,879	1,947	8,397	8,453	91.36
2017-18	3,444	2,797	1,875	8,116	8,233	93.34
2018-19	3,418	2,638	1,871	7,927	8,013	94.44
2019-20	3,373	2,513	1,877	7,763	7,823	94.29
2020-21 ⁽⁴⁾	3,373	2,513	1,877	7,763	7,589	93.25
2021-22 ⁽⁵⁾	3,089	2,433	1,628	7,150	7,276	91.68
2022-23	2,951	2,347	1,515	6,814	7,045	87.35
2023-24 ⁽⁶⁾	2,985	2,302	1,507	6,794	7,045	87.00

(1) Except for fiscal year 2023-24, reflects ADA as of the second principal reporting period (“P-2 ADA”), ending on or before the last attendance month prior to April 15 of each school year. An attendance month is equal to each four-week period of instruction beginning with the first day of school for a particular school district. For fiscal year 2019-20, due to the outbreak of COVID-19, P-2 ADA only reflects full school months from July 1, 2019 through February 29, 2020. See “– Considerations Regarding COVID-19” herein.

(2) Reflects certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System (“CALPADS”) in each school year and used to calculate each school district’s unduplicated EL/LI student enrollment. Adjustments may be made to the certified EL/LI counts by the State Department of Education. CALPADS figures exclude preschool, extended transitional kindergarten, adult transitional students. For purposes of calculating Supplemental and Concentration Grants, a school district’s percentage of unduplicated EL/LI students is based on a rolling average of such district’s EL/LI enrollment for the then-current fiscal year and the two immediately preceding fiscal years.

(3) For purposes of calculating Supplemental and Concentration Grants, a school district’s fiscal year 2013-14 percentage of unduplicated EL/LI students was expressed solely as a percentage of its total fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI enrollment was based on the two-year average of EL/LI enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, a school district’s percentage of unduplicated EL/LI students has been based on a rolling average of such district’s EL/LI enrollment for the then-current fiscal year and the two immediately preceding fiscal years.

(4) As a result of the hold-harmless enacted by budgetary legislation in response to the COVID-19 pandemic, the District was funded at its prior year’s ADA and did not report ADA for funding purposes in fiscal year 2020-21.

(5) The 2022-23 State budget allowed for a one-time attendance yield adjustment to mitigate losses of ADA in fiscal year 2021-22. The attendance yield or ADA to enrollment percentage is applied to fiscal year 2021-22 to maintain the same attendance rate in fiscal year 2021-22 as in fiscal year 2019-20, if the latter rate is higher.

(6) Projected.

Source: El Monte City School District.

For certain school districts that would have received greater funding levels under the prior revenue limit system, the LCFF provides for a permanent economic recovery target (“ERT”) add-on, equal to the difference between the revenue limit allocations such districts would have received under the prior system in fiscal year 2020-21, and the target LCFF allocations owed to such districts in the same year. To derive the projected funding levels, the LCFF assumed the discontinuance of deficit revenue limit funding, implementation of COLAs in fiscal years 2014-15 through 2020-21, and restoration of categorical funding to pre-recession levels. The ERT add-on was paid incrementally over the implementation period of the LCFF. The District does not qualify for the ERT add-on.

Prior to fiscal year 2022-23, the sum of a school district’s adjusted Base, Supplemental and Concentration Grants was multiplied by such district’s P-2 ADA for the current or prior year, whichever is greater. The 2022-23 State budget amended the LCFF calculation to allow the sum of a school district’s adjusted Base, Supplemental and Concentration Grants to be multiplied by such district’s P-2 ADA for the current year, prior year or average of three prior years, whichever is greater. The funding amount generated by this calculation, together with any applicable ERT, or categorical block or TK grant add-ons, will yield a district’s total LCFF allocation (with certain adjustments applicable to necessary small schools). Generally, the amount of annual State apportionments received by a school district will amount to the difference between such total LCFF allocation and such district’s share of applicable local property taxes. Most school districts receive a significant portion of their funding from such State apportionments. As a result, decreases in State revenues may significantly affect appropriations made by the Legislature to school districts.

Certain school districts, known as “community supported” districts (or “basic aid” districts), have allocable local property tax collections that equal or exceed such districts’ total LCFF allocation, and result in the receipt of no State apportionment aid. Community supported school districts receive only special categorical funding, which is deemed to satisfy the “basic aid” requirement of \$120 per student per year guaranteed by Article IX, Section 6 of the California Constitution. The implication for basic aid districts is that the legislatively determined allocations to school districts, and other politically determined factors, are less significant in determining their primary funding sources. Rather, property tax growth and the local economy are the primary determinants. The District does not currently qualify as a community supported district.

Accountability. Regulations adopted by the State Board of Education require that school districts increase or improve services for EL/LI students in proportion to the increase in funds apportioned to such districts on the basis of the number and concentration of such EL/LI students, and detail the conditions under which school districts can use supplemental or concentration funding on a school-wide or district-wide basis.

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

Support and Intervention. AB 97, as amended by SB 91, established a new system of support and intervention to assist school districts meet the performance expectations outlined in their respective LCAPs. School districts must adopt their LCAPs (or annual updates thereto) in tandem with their annual operating budgets, and not later than five days thereafter submit such LCAPs or updates to their respective county superintendents of schools. On or before August 15 of each year, a county

superintendent may seek clarification regarding the contents of a district's LCAP (or annual update thereto), and the district is required to respond to such a request within 15 days. Within 15 days of receiving such a response, the county superintendent can submit non-binding recommendations for amending the LCAP or annual update, and such recommendations must be considered by the respective school district at a public hearing within 15 days. A district's LCAP or annual update must be approved by the county superintendent by October 8 of each year if the superintendent determines that (i) the LCAP or annual update adheres to the State template, and (ii) the district's budgeted expenditures are sufficient to implement the actions and strategies outlined in the LCAP.

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

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

Other Revenue Sources

Other State Sources. In addition to State allocations determined pursuant to the LCFF, the District receives other State revenues consisting primarily of restricted revenues designed to implement State mandated programs. Beginning in fiscal year 2013-14, categorical spending restrictions associated with a majority of State mandated programs were eliminated, and funding for these programs was folded into the LCFF. Categorical funding for certain programs was excluded from the LCFF, and school districts will continue to receive restricted State revenues to fund these programs.

Federal and Local Sources. The federal government provides funding for several school district programs, including special education programs, programs under the Every Student Succeeds Act, and specialized programs such as Drug Free Schools, Innovative Strategies, and Vocational & Applied Technology. In addition, school districts may receive additional local revenues beyond local property tax collections, such as leases and rentals, interest earnings, interagency services, developer fees, redevelopment revenues, lottery funds and other local sources.

Developer Fees. The District maintains a fund, separate and apart from its general fund, to account for receives developer fees (the “Developer Fees”) levied on commercial and residential development within the District. The District currently levies \$3.36 per square foot on residential development and 0.54 per square foot of covered and enclosed space of commercial or industrial construction. Developer fees are legally required to be used for facility improvements and construction necessitated by student population increases resulting from such development. For fiscal years 2019-20 through 2022-23, the District received \$274,824, \$448,854, \$311,621 and \$485,371 respectively, in Developer Fees. To date, the District has collected \$37,410 (as of First Quarter 2023-24) in Developer Fees during fiscal year 2023-24.

Considerations Regarding COVID-19

General. An outbreak of disease or similar public health threat, such as the ongoing coronavirus (“COVID-19”) pandemic, or fear of such an event, could have an adverse impact on the District’s financial condition and operating results.

The spread of COVID-19 had significant negative impacts throughout the world, including in the District. The World Health Organization declared the COVID-19 outbreak to be a pandemic in 2020, and states of emergency were previously declared by the WHO, the State and the United States. The purpose behind these declarations was to coordinate and formalize emergency actions and across federal, State and local governmental agencies, and to proactively prepare for the then-expected wider spread of the virus. All such states of emergency have since been lifted.

To date there have been millions of confirmed cases in the United States, and over one million deaths related to COVID-19. Although vaccines and vaccine boosters are currently widely available, no representation can be made as to whether the number of cases will continue to grow. The COVID-19 outbreak resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools through much of 2020 and portions of 2021, as well as supply chain issues and significant increases in inflation as these restrictions and closures have been lifted. Stock markets in the U.S. and globally have been volatile, with significant declines attributed to coronavirus concerns.

Federal Response. On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) was signed by the President of the United States. The CARES Act appropriated over \$2 trillion to, among other things, (i) provide cash payments to individuals, (ii) expand unemployment assistance and eligibility, (iii) provide emergency grants and loans for small businesses, (iv) provide loans and other assistance to corporations, including the airline industry, (v) provide funding for hospitals and community health centers, (vi) expand funding for safety net programs, including child nutrition programs, and (vii) provide aid to state and local governments. On December 27, 2020, the President of the United States signed the Coronavirus Relief and Response Supplemental Appropriations Act, 2021 (“CRRSA”), which included approximately \$900 billion worth of provisions for additional COVID-related relief, including extension of or additional funding for various relief programs implemented by the CARES Act. The CRRSA provided approximately \$82 billion of COVID-19 related relief for education, including \$54.3 billion for K-12 schools (largely through Title I funding), \$22.7 billion for higher education and \$4 billion for state governors to spend at their discretion. On March 12, 2021, the President signed the American Rescue Plan Act of 2021 (the “American Rescue Plan”), which provides approximately \$1.9 trillion in federal economic stimulus intended to accelerate the recovery from the COVID-19 pandemic. The American Rescue Plan provides direct payments to individuals, extends unemployment benefits, provides funding to distribute COVID-19 vaccines and provides funding for schools, higher education institutions, state, tribal governments and businesses.

State Response. In response to the COVID-19 pandemic, on March 17, 2020, Senate Bill 89 (“SB 89”) and Senate Bill 117 (“SB 117”) were signed by the Governor, both of which took effect immediately. SB 89 amended the Budget Act of 2019 by appropriating \$500,000,000 from the State general fund for any purpose related to the Governor’s March 4, 2020 emergency proclamation. SB 117, among other things, (i) specified that for school districts that comply with Executive Order N–26–20, the ADA reported to the State Department of Education for the second period and the annual period for apportionment purposes for the 2019-20 school year only includes all full school months from July 1, 2019 through February 29, 2020, (ii) prevented the loss of funding related to an instructional time penalty because of a school closed due to the COVID–19 by deeming the instructional days and minutes requirements to have been met during the period of time the school was closed due to COVID–19, (iii) required a school district to be credited with the ADA it would have received had it been able to operate its After School Education and Safety Program during the time the school was closed due to COVID–19, and (iv) appropriated \$100,000,000 from the State general fund to the State Superintendent to be apportioned to certain local educational agencies for purposes of purchasing personal protective equipment, or paying for supplies and labor related to cleaning school sites. Additionally, the Governor, on March 4, 2021, signed into law Assembly Bill 86 (“AB 86”), urgency legislation which provided approximately \$6.6 billion to accelerate the return of in-person school instruction and expand student support.

On June 29, 2020, Senate Bill 98 (“SB 98”), the education omnibus bill to the 2020-21 State budget, was signed by the Governor, which took effect immediately. SB 98 provided that distance learning could be offered by a school district during the 2020-21 academic year on a local educational agency or schoolwide level as a result of an order or guidance from a State public health officer or a local public health officer or for pupils who are medically fragile or would be put at risk by in-person instruction, or who are self-quarantining because of exposure to COVID-19. SB 98 provided requirements for distance learning, including, but not limited to: (i) confirmation or provision of access for all pupils to connectivity and devices adequate to participate in the educational program and complete assigned work, (ii) content aligned to grade level standards that is provided at a level of quality and intellectual challenge substantially equivalent to in-person instruction, (iii) support for pupils who are not performing at grade level or need support in other areas, (iv) special education services, (v) designated and integrated instruction in English language development for English learners, and (vi) daily live interaction with certificated employees and peers.

State law allows school districts to apply for a waiver to hold them harmless from the loss of LCFF funding based on attendance and state instructional time penalties when they are forced to close schools due to emergency conditions. In addition, the Governor enacted Executive Order N-26-20 (“Executive Order N-26-20”), which (i) generally streamlined the process of applying for such waivers for closures related to COVID-19 and (ii) directed school districts to use LCFF apportionment to fund distance learning and high quality educational opportunities, provide school meals and, as practicable, arrange for the supervision of students during school hours.

State budgetary legislation also included provisions to mitigate ADA losses resulting from the pandemic. The fiscal year 2020-21 State budget included a temporary hold harmless provision for the purpose of calculating apportionments in fiscal year 2020-21 in which ADA for fiscal year 2020-21 was based on fiscal year 2019-20. While the fiscal year 2021-22 State budget did not extend the ADA hold harmless provision, in fiscal year 2021-22, school districts still retained the ability to receive their LCFF apportionment based on the higher of their prior fiscal year or current fiscal year ADA. To support the fiscal stability of all local educational agencies, including those with declining student populations, the 2022-23 State budget amended the LCFF calculation to consider the greater of a school district’s current year, prior year or average of three prior years’ ADA. Also, to minimize reductions in LCFF funding that would otherwise occur due to increased absences in fiscal year 2021-22, the 2022-23 State budget enabled

all classroom-based local educational agencies that could demonstrate they provided independent study offerings to students in fiscal year 2021-22 to be funded at the greater of their current year ADA or their current year enrollment, adjusted for pre-COVID-19 absence rates in the 2021-22 fiscal year.

Impact on the District. As a result of the outbreak of COVID-19, the District closed its schools for in-person learning for the remainder of the 2019-20 school year, and began instruction through distance learning. The District opened the 2020-21 school year in an all distance learning environment, and began in-person instruction in grades K-3 on April 19, 2021. The District began in-person instruction for the remaining grades levels in two groups (grades 4-6 and 7-8) in the following two weeks. The District has provided in-person instruction since the 2021-22 school year.

The District has received or has been awarded approximately \$60.3 million in COVID-19-related relief funding, including (i) \$10.7 million in learning loss mitigation funding pursuant to the CARES Act, (ii) \$14.3 million from the Elementary and Secondary School Emergency Relief Fund (“ESSER I” and “ESSER II”) funded by the Consolidated Appropriations Act, 2021, and (iii) \$25.5 million from ESSER (“ESSER III”) funded by the American Rescue Plan. The District has also received \$9.8 million of funding to reopen schools pursuant to AB 86.

Other potential impacts to the District associated with the COVID-19 outbreak include, but are not limited to, increasing costs and challenges relating to establishing distance learning programs or other measures to permit instruction if schools are required to close in the future, disruption of the regional and local economy with corresponding decreases in tax revenues, including property tax revenue, sales tax revenue and other revenues, increases in tax delinquencies, potential declines in property values, and decreases in new home sales, and real estate development. The economic consequences and the volatility in the U.S. and global stock markets resulting from the spread of COVID-19, and responses thereto by local, State, and the federal governments, have had a material impact on the investments in the State pension trusts. Such investments could continue to be impacted by the lingering effects of the COVID-19 pandemic, which could materially increase the unfunded actuarial accrued liability of the STRS Defined Benefit Program and PERS Schools Pool and, in turn, result in material changes to the District’s required contribution rates in future fiscal years. See “EL MONTE CITY SCHOOL DISTRICT – District Retirement Systems” herein.

Although the public health emergencies previously declared by state, federal and international entities have ended, the COVID-19 outbreak is ongoing, and the duration and severity of the outbreak, the effectiveness of available vaccines in containing the spread or mutation of the virus, and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. Additional information with respect to events surrounding the outbreak of COVID-19 and responses thereto can be found on State and local government websites, including but not limited to: the Los Angeles County Department of Health (<https://publichealth.lacounty.gov/>), the Governor’s office (<http://www.gov.ca.gov>) and the California Department of Public Health (<https://covid19.ca.gov/>). The District has not incorporated by reference the information on such websites, and the District does not assume any responsibility for the accuracy of the information on such websites.

The ultimate impact of COVID-19 on the District’s operations and finances is unknown. There can be no assurances that the spread of COVID-19, or the responses thereto by local, State, or the federal government, will not materially adversely impact the local, state and national economies or the assessed valuation of property within the District, or adversely impact enrollment or FTES within the District and, notwithstanding available state or federal assistance, materially adversely impact the financial condition or operations of the District. See also “TAX BASE FOR REPAYMENT OF BONDS –Assessed Valuations” herein.

Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Education Code Section 41010, is to be followed by all State school districts. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

Comparative Financial Statements

Audited financial statements for the District for the fiscal year ended June 30, 2023, and prior fiscal years are on file with the District and available for public inspection at the Office of the Assistant Superintendent of Business Services of the District, 3540 N. Lexington Avenue, El Monte, California 91731, telephone: (626) 453-3700. Such audited financial statements are attached hereto as APPENDIX B, and the District Board received them at its January 22, 2024 meeting. The following table reflects the District's general fund revenues, expenditures and changes in fund balance for fiscal years 2018-19 through 2022-23.

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**AUDITED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GENERAL FUND
Fiscal Years 2018-19 through 2022-23
El Monte City School District**

	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23⁽¹⁾
REVENUES					
Revenue Limit/LCFF Sources	\$89,335,551	\$90,586,699	\$88,851,703	\$96,661,469	\$105,304,767
Federal Sources	8,092,370	6,633,498	15,466,834	13,507,245	26,674,811
Other State sources	15,167,709	13,752,738	17,580,034	23,293,188	47,898,003
Other Local Revenue	<u>6,798,121</u>	<u>8,274,618</u>	<u>7,866,175</u>	<u>9,961,164</u>	<u>6,376,365</u>
Total Revenues	119,393,751	119,247,553	129,764,746	143,423,066	186,253,946
EXPENDITURES					
Instruction	75,928,205	71,769,381	72,638,414	85,821,684	100,017,720
Instruction-Related Services:					
Supervision of Instruction	6,922,026	8,793,098	10,140,419	9,770,242	10,457,363
Instructional Library, Media and Technology	1,720,664	1,618,706	2,713,387	1,792,055	2,077,799
School Site Administration	7,114,607	6,991,066	7,000,397	8,374,973	9,478,023
Pupil Services:					
Home-to-School Transportation	2,219,124	1,940,979	367,286	2,200,390	2,646,036
Food Services	76,066	39,714	39	115,482	313,156
All Other Pupil Services	6,153,587	6,217,492	5,741,019	8,649,732	9,898,110
Community Services	75,667	167,160	127,654	199,493	160,384
General Administration:					
Data Processing	1,373,301	1,247,699	1,281,074	1,477,312	1,581,935
All Other General Administration	4,443,429	4,413,557	4,597,399	4,831,250	5,738,404
Plant Services	7,756,987	6,934,710	10,117,054	11,940,094	13,070,665
Transfers of indirect costs	(423,060)	(387,823)	(185,829)	(204,002)	(316,273)
Facility Acquisition and Construction	543,280	59,207	28,144	--	--
Capital Outlay	--	--	--	8,583	428,427
Other Outgo:					
Transfers between agencies	310,096	274,975	4,663	29,255	47,253
Debt service – issuance costs	--	--	--	--	1,500
Debt service – principal	--	--	410,000	2,750,000	--
Debt service - interest	--	--	<u>100,364</u>	<u>47,852</u>	--
Total Expenditures	114,213,979	110,079,921	115,081,484	137,804,395	155,600,502
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,179,772	9,167,632	14,683,262	5,618,671	30,653,444
OTHER FINANCING SOURCES (USES)	(3,103,161)	(3,500,000)	95,289	--	--
Net Change in Fund Balances	2,076,611	5,667,632	14,778,551	5,618,671	30,653,444
Beginning Fund Balances, July 1, as adjusted	<u>22,515,380</u>	<u>24,591,991</u>	<u>30,259,623</u>	<u>45,038,174</u>	<u>50,656,845</u>
Ending Fund Balances, June 30	<u>\$24,591,991</u>	<u>\$30,259,623</u>	<u>\$45,038,174</u>	<u>\$50,656,845</u>	<u>\$81,310,289</u>

⁽¹⁾ The District Board received the fiscal year 2022-23 audited financial statements of the District at its January 22, 2024 meeting.
Source: El Monte City School District.

Budget Process

State Budgeting Requirements. The District is required by provisions of the Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 (“AB 1200”), which became State law on October 14, 1991. Portions of AB 1200 are summarized below. Additional amendments to the budget process were made by Assembly Bill 2585, effective as of September 9, 2014, including the elimination of the dual budget cycle option for school districts. All school districts must now be on a single budget cycle.

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. The county superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, and will determine if the budget allows the district to meet its current obligations, if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments, whether the budget includes the expenditures necessary to implement LCAP, and whether the budget’s ending fund balance exceeds the minimum recommended reserve for economic uncertainties.

On or before September 15, the county superintendent will approve, conditionally approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district board must be notified by September 15 of the county superintendent’s recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the superintendent’s recommendations. The committee must report its findings no later than September 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. No later than October 22, the county superintendent must notify the State Superintendent of all school districts whose budget may be disapproved.

A school district whose budget has been disapproved must revise and readopt its budget by October 8, reflecting changes in projected income and expense since July 1, including responding to the county superintendent’s recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final school district budgets and not later than November 8, must approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to Education Code Section 42127.1.

No later than November 8, the county superintendent must notify the State Superintendent of all school districts whose budget has been disapproved. No later than December 31, the County Superintendent, in consultation with the governing board of the school district and the State Superintendent, must develop and adopt a fiscal plan and budget for school districts with disapproved budgets. Until a school district’s budget is approved, the school district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

Interim Financial Reports. Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent two fiscal years. The county office of education reviews the certification and issues either a

positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and the subsequent two fiscal years. A negative certification is assigned to any school district that will be unable to meet its financial obligations for the remainder of the current fiscal year or subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or the two subsequent fiscal years.

For school districts under fiscal distress, the county superintendent is authorized to take a number of actions to ensure that the school district meets its financial obligations, including budget revisions. However, the county superintendent is not authorized to approve any diversion of revenue from *ad valorem* taxes levied to pay debt service on district general obligation bonds. A school district that becomes insolvent, may, upon the approval of a fiscal plan by the county superintendent, request an emergency appropriation from the State, in which case the county superintendent, the Superintendent of Public Instruction and the president of the State board or the president's designee will appoint a trustee at the direction of the county superintendent to serve the school district until it has adequate fiscal systems and controls in place. In connection with appointing such a trustee, some or all of the legislative powers of the governing board of such a school district can be suspended until the district achieves fiscal stability.

Within the past five years, the District has submitted, and the County superintendent of schools has accepted, "positive" certifications on each of its interim financial reports.

Budgeting Trends. The table on the following page summarizes the District's general fund adopted budgets for fiscal years 2020-21 through 2023-24, ending results for fiscal year 2020-21 through 2022-23 and projected results for fiscal year 2023-24.

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GENERAL FUND BUDGETING
Fiscal Years 2020-21 through 2023-24⁽¹⁾
El Monte City School District

	Fiscal Year 2020-21⁽²⁾		Fiscal Year 2021-22⁽²⁾		Fiscal Year 2022-23⁽²⁾		Fiscal Year 2023-24	
REVENUES	Budget	Ending	Budget	Ending	Budget	Ending	Budgeted⁽³⁾	Projected⁽³⁾
LCFF Sources	\$81,891,618	\$88,851,703	\$92,960,117	\$96,661,469	\$101,986,355	\$105,304,767	\$107,924,365	\$108,151,683
Federal Sources	15,944,494	15,466,834	8,224,088	13,507,245	34,351,410	26,674,811	27,308,233	27,308,233
Other State Sources	10,645,932	17,580,034	12,789,369	23,293,188	38,204,805	47,898,003	26,391,376	27,079,109
Other Local Sources	<u>5,164,320</u>	<u>7,857,086</u>	<u>6,057,849</u>	<u>9,950,859</u>	<u>8,502,127</u>	<u>6,410,323</u>	<u>7,720,746</u>	<u>7,721,417</u>
TOTAL REVENUES	113,646,364	129,755,657	120,031,423	143,412,761	183,044,697	186,287,904	169,344,720	170,260,442
EXPENDITURES								
Certificated Salaries	49,942,475	50,456,397	58,272,253	53,778,944	65,843,875	60,506,780	62,563,744	63,130,379
Classified Salaries	18,227,952	17,801,761	20,565,157	19,881,844	23,788,182	22,470,039	22,436,558	22,668,037
Employee Benefits	29,440,405	28,645,124	34,214,735	32,854,136	40,158,402	36,433,226	37,771,263	38,509,661
Books & Supplies	3,917,242	4,781,891	7,974,673	11,060,862	11,426,247	7,140,995	22,942,640	23,464,792
Services & Operating Expenditures	16,739,232	13,043,550	20,365,072	17,586,069	38,882,946	28,776,363	29,809,213	30,481,778
Capital Outlay	50,000	26,314	50,000	20,784	--	542,120	3,417,683	3,280,103
Other Outgo	(347,798)	512,276	1,349,980	2,825,758	19,283	47,252	19,283	19,283
Transfers of Indirect Costs	<u>802,261</u>	<u>(185,829)</u>	<u>(305,589)</u>	<u>(204,002)</u>	<u>(230,017)</u>	<u>(316,273)</u>	<u>(230,017)</u>	<u>(286,700)</u>
TOTAL EXPENDITURES	118,771,769	115,081,484	142,486,281	137,804,395	179,888,918	155,600,502	178,730,367	181,267,333
EXCESS (DEFICIENCY) OF OVER EXPENDITURES	(5,125,405)	14,674,173	(22,454,858)	5,608,366	3,155,779	30,687,402	(9,385,647)	(11,006,891)
OTHER FINANCING SOURCES								
Transfers Out	=	<u>95,289</u>	=	=	=	=	=	=
NET OTHER FINANCING SOURCES	--	95,289	--	--	--	--	--	--
NET CHANGE IN FUND BALANCES	(5,125,405)	14,769,462	(22,454,858)	5,608,366	3,155,779	30,687,402	(9,385,647)	(11,006,891)
FUND BALANCE – JULY 1	28,597,246	28,597,246	43,366,708	43,366,708	43,080,925	48,975,074	84,043,320	84,022,448
Audit Adjustments	=	=	=	=	=	=	=	=
FUND BALANCE – JUNE 30	<u>\$23,471,841</u>	<u>\$43,366,708</u>	<u>\$20,911,850</u>	<u>\$48,975,074</u>	<u>\$46,236,704</u>	<u>\$79,662,476</u>	<u>\$74,657,673</u>	<u>\$73,015,557</u>

⁽¹⁾ All numbers rounded to the nearest whole number; may not sum due to rounding.

⁽²⁾ From the District's audited financial statements for each fiscal year. Audited amounts reported are for General Fund only, and do not agree with amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the Special Reserve Fund for Postemployment Benefits, in accordance with GASB Statement No. 54. The District Board received the fiscal year 2022-23 audited financial statements of the District at its January 22, 2024 meeting.

⁽³⁾ From the District's first interim financial report for fiscal year 2023-24.

Source: El Monte City School District.

State Budget

The following information concerning the State's budget has been obtained from publicly available information which the District believes to be reliable; however, the District does not guarantee the accuracy or completeness of this information and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information in this Official Statement that the principal of and interest on the Bonds is payable from the general fund of the District. The Bonds are payable from the proceeds of an ad valorem property tax required to be levied by the County on taxable property within the District in an amount sufficient for the payment thereof.

2023-24 State Budget. On June 27, 2023, the Governor signed the State budget for fiscal year 2023-24 (the "2023-24 Budget"). The following information is drawn from the DOF and LAO summaries of the 2023-24 Budget.

The 2023-24 Budget reports that, after two years of growth, the State is projected to face a downturn in revenues driven by a declining stock market, persistently high inflation, rising interest rates and job losses in high-wage sectors. The 2023-24 Budget forecasts that the State will face a \$31.7 billion shortfall in fiscal year 2023-24. In its summary of the 2023-24 Budget, the LAO calculates the State's budget shortfall to be lower, at \$26.5 billion, and results from the administration including in its calculation the cost of some policies that had not yet been adopted by the State legislature.

To close the budget gap, the 2023-24 Budget includes a series of measures intended to avoid deep reductions to priority programs that marked budgetary shortfalls over the past two decades:

- *Fund Shifts* – \$9.3 billion in shifts of spending commitments from the State general fund to other sources.
- *Reductions/Pullbacks* – \$8.1 billion in State general fund spending reductions or pullbacks of previously approved spending.
- *Delays* – \$7.9 billion in delayed spending across multiple years, without reducing the amount of funding over the same period.
- *Revenue and Internal Borrowing* – \$6.1 billion in revenue, primarily from the Managed Care Organization tax, and internal borrowing from special fund balances not projected for programmatic purposes.
- *Trigger Reductions* – \$340 million in reductions that will be restored in the proposed State budget for fiscal year 2024-25 if there are sufficient resources to do so.

For fiscal year 2022-23, the 2023-24 Budget projects total general fund revenues and transfers of \$205.1 billion and authorizes expenditures of \$234.6 billion. The State is projected to end the 2022-23 fiscal year with total reserves of \$54.2 billion, including \$21.1 billion in the traditional general fund reserve, \$22.3 billion in the BSA, \$9.9 billion in the PSSSA and \$900 million in the Safety Net Reserve Fund. For fiscal year 2023-24, the 2023-24 Budget projects total general fund revenues and transfers of \$208.7 billion and authorizes expenditures of \$225.9 billion. The State is projected to end the 2023-24 fiscal year with total reserves of \$37.8 billion, including \$3.8 billion in the traditional general fund reserve, \$22.3 billion in the BSA, \$10.8 billion in the PSSSA and \$900 million in the Safety Net Reserve Fund. The 2023-24 Budget indicates that maintaining this level of reserves provides a prudent insurance policy, as the State continues to face revenue risks and uncertainty. Significantly, prolonged storm activity over the winter caused a tax filing delay affecting over 99% of tax filers in 55 of the State's 58

counties. This delay pushed the projected receipt of \$42 billion in State tax receipts into October, representing nearly one-fourth of the 2022-23 fiscal year's total projected personal income taxes, and nearly one third of the corporation tax.

The ending balance in the BSA is at the constitutional maximum amount, requiring any amounts in excess thereof to be dedicated to infrastructure improvements. The 2023-24 Budget also includes revised deposits to the PSSSA of \$4.8 billion and \$1.8 billion attributable to fiscal years 2021-22 and 2022-23, respectively, and authorizes a deposit in fiscal year 2023-24 of \$902 million. The balance of \$9.9 billion in the PSSSA in fiscal year 2022-23 triggers school district reserve caps in fiscal year 2023-24. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2" herein.

The 2023-24 Budget sets total funding for all K-12 education programs at \$129.2 billion, including \$79.5 billion from the State general fund and \$49.7 billion from other sources. The minimum funding guarantee in fiscal year 2023-24 is set at \$108.3 billion, including \$77.5 billion from the State general fund. The 2023-24 Budget also makes retroactive increases to the minimum funding guarantee in fiscal years 2021-22 and 2022-23, setting them at \$110.6 billion and \$107.4 billion, respectively. Test 1 is projected to be in effect over this three year period. For fiscal year 2023-24, the minimum funding guarantee increases by \$952 million (or 0.90%) relative to the revised 2022-23 level, and results from projected increases in property tax revenues that offset declines associated with lower State general fund revenue estimates. To accommodate enrollment increases related to the expansion of transitional kindergarten (as further described below), the 2023-24 Budget rebenchs the Test 1 percentage, from approximately 38.2% to 38.5%, to increase the percentage of State general fund revenues that count towards the minimum funding guarantee.

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

- *Local Control Funding Formula:* The 2023-24 Budget funds a COLA of 8.22% to LCFF apportionments. When combined with declining enrollment adjustments, this increases year-over-year discretionary funds available to local educational agencies by approximately \$3.4 billion. As a result, the adjusted LCFF Base Grants for fiscal year 2023-24 are as follows: (i) \$10,951 for grades TK-3, (ii) \$10,069 for grades 4-6, (iii) \$10,367 for grades 7 and 8, and (iv) \$12,327 for grades 9-12. The LAO notes that the 2023-24 Budget uses approximately \$1.6 billion in one-time, prior-year Proposition 98 resources to support the ongoing costs of the LCFF in fiscal year 2023-24. The LAO notes that this creates a structural gap, in that using one-time funds to cover ongoing costs will create a deficit in the Proposition 98 budget the following year. The 2023-24 Budget also provides an increase of \$80 million in ongoing Proposition 98 funding for county offices of education serving students in juvenile court and other alternative school settings. Finally, to complement efforts to identify and address student group and school site equity gaps through school district LCAPs, the 2023-24 Budget provides \$300 million in ongoing Proposition 98 funding to establish an Equity Multiplier as an add-on to the LCFF to accelerate gains in closing opportunity and outcome gaps, and \$2 million in ongoing Proposition 98 funding to support the work of equity leads within the Statewide system of support.
- *Categorical Programs:* \$556.3 million in ongoing Proposition 98 funding to reflect an 8.22% COLA for specified categorical programs that remain outside of the LCFF.
- *Universal Transitional Kindergarten:* The funding levels in the 2023-24 Budget reflect \$357 million in ongoing Proposition 98 funding to support the first year of expanded eligibility for transitional kindergarten to include all children turning five years old between September 2,

and February 2 in fiscal year 2022-23 (roughly 29,000 children). Additionally, the 2023-24 Budget reflects \$238 million of Proposition 98 funding to support one additional classified or certificated staff person in every transitional kindergarten class in fiscal year 2022-23. The 2023-24 Budget includes \$597 million in ongoing Proposition 98 funding to support the second year of expanded eligibility to include all children turning five years old between September 2 and April 2 (roughly 42,000 children), beginning in fiscal year 2023-24. Additionally, the 2023-24 Budget includes \$165 million to support one additional certificated or classified employee in every transitional kindergarten class. The 2023-24 Budget also makes certain adjustments to the transitional kindergarten program, including (i) requiring that, commencing with the 2025-26 fiscal year, transitional kindergarten classrooms maintain a 1:10 adult-to-student ratio, (ii) enabling local educational agencies, in fiscal years 2023-24 and 2024-25, to enroll children whose fourth birthday falls between June 2 and September 1 in transitional kindergarten if classrooms meet the 1:10 ratio and maintain a total class size of 20 or less students, and (iii) extending the deadline for credentialed teachers to have earned 24 early education college credits, or its equivalent, or earned a child development teacher permit or early childhood education specialist credential. Finally, the 2023-24 Budget delays, to fiscal year 2024-25, \$550 million of funding previously approved to support the construction or retrofit of full-day kindergarten and preschool facilities.

- *Literacy*: \$250 million in one-time Proposition 98 funding for high-poverty schools, using evidence-based practices, to train and hire literacy coaches and reading specialists for one-on-one and small group interventions for struggling readers. The 2023-24 Budget also provides \$1 million in one-time Proposition 98 funding to support efforts to begin screening students in kindergarten through second grade for risk of reading difficulties, including dyslexia. Finally, the 2023-24 Budget provides \$1 million in one-time Proposition 98 funding to create a literacy roadmap to help educators navigate literacy resources provided by the State.
- *Educator Workforce*: The 2023-24 Budget includes a number of statutory changes to reduce barriers for those interested in entering the teacher profession, including (i) increasing the per-candidate allocation for the Teacher and School Counselor Residency Program, (ii) allowing greater time for residency candidates to complete their service requirements, (iii) providing additional ways for teachers to complete their teaching credentials, and (iv) allowing relocated U.S. military service members, or their spouses, to be issued a State teaching credential if they possess a valid, out-of-state credential. The 2023-24 Budget also provides \$10 million in one-time Proposition 98 funding for grants to local education agencies to provide culturally relevant support and mentorship for educators to become school administrators.
- *Arts and Cultural Enrichment*: On November 8, 2022, State voters approved Proposition 28, which requires that an amount equal to 1% of the prior year's minimum funding guarantee be allocated to schools to increase arts instruction and arts programs in public education. The 2023-24 Budget includes approximately \$938 million to fund this mandate. The 2023-24 Budget also reflects a reduction of approximately \$200 million in one-time Proposition 98 funding previously approved for the Arts, Music and Instructional Materials Block Grant.
- *Learning Recovery*: The 2022-23 State budget established the Learning Recovery Emergency Fund and appropriated \$7.9 billion in one-time Proposition 98 funding to establish a block grant to support local educational agencies in establishing learning recovery initiatives. The 2023-24 Budget delays approximately \$1.1 billion of such funding to fiscal years 2025-26 through 2027-28.

- *Home-to-School Transportation:* The 2022-23 State budget provided \$1.5 billion in one-time Proposition 98 funding, available over five years, to support the greening of school buses as part of a Statewide zero-emissions initiative. The 2023-24 Budget delays \$1 billion of this funding to fiscal years 2024-25 and 2025-26.
- *Nutrition:* \$154 million in additional ongoing Proposition 98 funding, and \$110 million in one-time Proposition 98 funding, to fully fund the universal school meals program in fiscal years 2022-23 and 2023-24.
- *Teacher Development:* \$20 million in one-time Proposition 98 funding to support the Bilingual Teacher Professional Development Program. The 2023-24 Budget also provides \$6 million in one-time federal funds to support grants to teacher candidates enrolled in a special education teacher preparation program who agree to teach at a high-need school site.
- *Reversing Opioid Overdoses:* \$3.5 million in ongoing Proposition 98 funding for all middle school, high school and adult school sites to maintain at least two doses of medication to reverse an opioid overdose on campus.
- *Restorative Justice:* \$7 million in one-time Proposition 98 funding to support local educational agencies opting to implement restorative justice best practices.
- *School Safety:* \$119.6 million in one-time federal funds authorized by the Bipartisan Safer Communities Act to support local educational agency activities related to improving school climates and school safety.
- *After School Education:* \$3 million in one-time federal funds to support after school programs in rural school districts.
- *Facilities:* The 2023-24 Budget reflects a decrease of \$100 million in State general fund support for the State school facilities program. The 2023-24 Budget includes \$30 million in one-time Proposition 98 funding to support eligible facilities costs for the Charter School Facility Grant Program, and \$15 million in one-time Proposition 98 funding to support grants to local educational agencies to acquire and install commercial dishwashers.

For additional information regarding the 2023-24 Budget, see the DOF and LAO websites at www.dof.ca.gov and www.lao.ca.gov. However, the information presented on such website is not incorporated herein by any reference.

LAO Fiscal Outlook. On December 7, 2023, the LAO issued its Fiscal Outlook report (the “Fiscal Outlook”), an annual publication released in anticipation of State budgetary discussions that lead to the January release of the Governor’s proposed State budget. The Fiscal Outlook provides the LAO’s independent estimates and analysis of the State’s budgetary condition.

In the Fiscal Outlook, the LAO reports that the State entered an economic downturn in 2022, precipitated by federal efforts to cool the U.S. economy by making borrowing more expensive and reducing the amount of money available for investment. The Fiscal Outlook notes that there have been signs of revenue weakness over the past year that came into full focus with the arrival of postponed tax collections. The LAO estimates that State revenue collections could come in \$58 billion below the levels assumed by the 2023-24 Budget across the three year budgetary window (2022-23 through 2024-25), with approximately half of the difference (\$26 billion) attributable to fiscal year 2022-23.

Under the LAO's revenue outlook, across the three year budgetary window, the Proposition 98 minimum funding guarantee is \$18.8 billion lower than the estimates included in the 2023-24 Budget. This reduction includes \$9.6 billion in fiscal year 2022-23, \$6.3 billion in fiscal year 2023-24 and \$3.5 billion in fiscal year 2024-25. Although the minimum funding guarantee is down, most school spending is not automatically adjusted. The automatic reduction in school spending over this period is only \$4.3 billion, most of which relates to the automatic elimination of required deposits to the PSSSA. Under the LAO's baseline assumptions, the State would provide approximately \$11.9 billion in funding to K-14 school districts above the minimum funding guarantee in fiscal years 2022-23 and 2023-24. The State could choose to reduce previously approved spending, which historically has taken the form of across-the-board reductions to per-pupil allocations and payment deferrals. The LAO notes that decisions about whether to reduce funding could significantly impact the minimum funding guarantee in fiscal year 2024-25. Under the LAO's outlook, and without special action by the Legislature, the reductions in the minimum funding guarantee would require the State to withdraw the entire current PSSSA balance (\$8.1 billion) in fiscal years 2023-24 and 2024-25. Alternatively, the State could elect to withdraw up to \$7.7 billion of those funds preemptively to cover costs that exceed the minimum funding guarantee in fiscal year 2022-23. This approach would require the Governor to declare a budgetary emergency.

For additional information regarding the Fiscal Outlook, see the LAO website www.lao.ca.gov. However, the information presented on such website is not incorporated herein by any reference.

Proposed 2024-25 State Budget. On January 10, 2024, the Governor released his proposed State budget for fiscal year 2024-25 (the "Proposed 2024-25 Budget"). The following is drawn from the DOF summary of the Proposed 2024-25 Budget.

The Proposed 2024-25 Budget reports that the State is facing a budgetary shortfall in 2024 of approximately \$37.9 billion. The shortfall is rooted in two separate but related developments that have occurred over the past two fiscal years—a substantial decline in the stock market that drove down revenues and an unprecedented delay in critical income tax collections. The Proposed 2024-25 Budget indicates that, typically, the bulk of cash data relating to the prior tax year is available by April, leading to a revised May budget informed by actual cash collections. In calendar year 2023, due to federal and state income tax deadline delays resulting from several winter storms, the majority of the State's revenues did not arrive until October and November. As a result, the corrections that would have been necessary to account for the decline in State revenues that would have normally come as part of last year's May revision are instead being made in the Proposed 2024-25 Budget.

The Proposed 2024-25 Budget includes a series of measures intended to close the projected shortfall, including:

- *Reserve Draws* – \$13.1 billion of draws on existing State reserves, including \$12.2 billion in total draws from the BSA, and \$900 million from the Safety Net Reserve. The Proposed 2024-25 Budget also authorizes a draw from the PSSSA to support ongoing LCFF costs in fiscal year 2024-25 (as further described below).
- *Spending Reductions* – \$8.5 billion of reductions to a variety of State programs, including to (i) climate change programs, (ii) various housing programs, (iii) the School Facilities Aid program, (iv) the Student Housing Revolving Loan Fund Program, and (v) a reduction in vacant State administrative positions.
- *Revenue/Internal Borrowing* – \$5.7 billion in support from revenue sources and borrowing from special funds, including an increase to the Managed Care Organization

Tax to support the Medi-Cal program and conforming to the Tax Cuts and Jobs Act Net Operating Loss Limitation.

- *Funding Delays* – \$5.1 billion of delays in funding to multiple programs, spread over a three-year period beginning in fiscal year 2025-26, without reducing the total amount of funding, including to (i) the Transfer and Intercity Rail Capital Program, (ii) rate reform for disability service providers, (iii) the Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program, (iv) the Clean Energy Reliability Investment Plan, (v) Behavioral Health Bridge Housing Program and (vi) the Vulnerable Community Toxic Clean Up program.
- *Fund Shifts* – \$3.4 billion in shifts of certain expenditures from the State general fund to other funds, including to the Greenhouse Gas Reduction Fund, the Proposition 2 Debt Repayment Fund and the Unemployment Insurance Interest Payment fund.
- *Deferrals* – \$2.1 billion in deferrals of specific obligations to the 2025-26 fiscal year, including a June-to-July payroll deferral and deferrals to the University of California and California State University Systems.

For fiscal year 2023-24, the Proposed 2024-25 Budget projects total general fund revenues and transfers of \$196.9 billion and authorizes expenditures of \$230.9 billion. The State is projected to end the 2023-24 fiscal year with total reserves of \$29.7 billion, including \$23.1 billion in the BSA, \$5.7 billion in the PSSSA and \$900 million in the Safety Net Reserve Fund. The Proposed 2024-25 Budget also projects a deficit balance in the traditional general fund reserve of \$2.5 billion. For fiscal year 2024-25, the Proposed 2024-25 Budget projects total general fund revenues and transfers of \$214.7 billion and authorizes expenditures of \$208.7 billion. The State is projected to end the 2024-25 fiscal year with total reserves of \$18.4 billion, including \$3.4 billion in the traditional general fund reserve, \$11.1 billion in the BSA, and \$3.9 billion in the PSSSA. The Safety Net Reserve is projected to have a zero balance.

The Proposed 2024-25 Budget sets total funding for all K-12 education programs at \$126.8 billion, including \$76.4 billion from the State general fund and \$50.4 billion from other sources. K-12 per-pupil funding totals \$23,519, including \$17,653 from Proposition 98 sources. The minimum funding guarantee in fiscal year 2024-25 is set at \$109.1 billion. The Proposed 2024-25 Budget also makes retroactive increases to the minimum funding guarantee in fiscal years 2022-23 and 2023-24, setting them at \$98.3 billion and \$105.6 billion, respectively. These revised Proposition 98 levels represent a decrease of approximately \$11.3 billion over the three-year period relative to the levels set in the 2023-24 Budget. Recognizing that the delay in the tax filing deadline to November 2023 impacted State revenue projections for 2022-23 available at the time the 2023-24 Budget was enacted, the Proposed 2024-25 Budget includes statutory changes to address roughly \$8 billion of this decrease to avoid impacting current budgets for local educational agencies.

Test 1 is projected to be in effect over the three-year period of 2022-23 through 2024-25. To accommodate enrollment increases related to the expansion of transitional kindergarten (as further described herein), the Proposed 2024-25 Budget rebenchs the Test 1 percentage, from approximately 38.6% to 39.5%, to increase the percentage of State general fund revenues that count towards the minimum funding guarantee.

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

- *LCFF* – The Proposed 2024-25 Budget includes an LCFF COLA of 0.76%. When combined with population growth adjustments, this would result in a decrease of roughly

\$1.4 billion in discretionary funds for local educational agencies. However, to fully fund the LCFF and to maintain the level of current year principal apportionments, the Proposed 2024-25 Budget authorizes a withdrawal of approximately \$2.8 billion from the PSSSA to support ongoing LCFF costs in fiscal year 2023-24, an additional withdrawal of approximately \$2.2 billion from the PSSSA to support ongoing LCFF costs in 2024-25, and using available reappropriation and reversion funding totaling \$38.6 million to support ongoing LCFF costs in 2024-25. The Proposed 2024-25 Budget also provides \$65 million in ongoing Proposition 98 funding to reflect a 0.76% COLA for specified categorical programs and the LCFF Equity Multiplier. Finally, the Proposed 2024-25 Budget reflects a decrease of \$5 million in ongoing Proposition 98 funding to reflect ADA changes applicable to county officers of education LCFF funding and a 0.76% COLA.

- *Instructional Continuity* – \$6 million in one-time Proposition 98 funding to research existing, and develop new, models of hybrid and remote learning to support student attendance, and investigate local student information systems to allow local educational agencies to report student absence data in a manner that allows local and statewide disaggregation of absences related to emergency events. The Proposed 2024-25 Budget also includes proposed statutory changes to allow local educational agencies to provide attendance recovery opportunities to make up lost instructional time, offset student absences and mitigate learning loss and chronic absenteeism.
- *Teacher Preparation and Professional Development* – \$25 million in ongoing Proposition 98 funding to support training for educators to administer literacy screenings. The Proposed 2024-25 Budget also provides \$20 million in ongoing Proposition 98 funding for county offices of education to develop and provide training for mathematics coaches and leaders to support the delivery of high-quality math instruction.
- *Nutrition* – An increase of \$122.2 million in ongoing Proposition 98 funding to fully fund the universal school meals program in 2024-25. Over 845 million meals are projected to be served through this program in 2024-25.
- *Home-to-School Transportation* – The Proposed 2024-25 Budget maintains \$500 million in one-time Proposition 98 funding to support the greening of school bus fleets through programs operated by the California Air Resources Board and the California Energy Commission.
- *Facilities* – The Proposed 2024-25 Budget delays \$500 million of funds approved as part of previous State budgets to support the construction of new school facilities or the retrofit of existing facilities for the purpose of providing TK, full-day kindergarten or preschool classrooms.

For additional information regarding the Proposed 2024-25 Budget, see the DOF website www.dof.ca.gov. However, the information presented on such website is not incorporated herein by any reference.

Future Actions and Events. The District cannot predict what additional actions will be taken in the future by the State legislature and the Governor to address changing State revenues and expenditures. The District also cannot predict the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Certain actions

or results could produce a significant shortfall of revenue and cash, and could consequently impair the State’s ability to fund schools. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the District. However, the obligation to levy *ad valorem* property taxes upon all taxable property within the District for the payment of principal of and interest on the Bonds would not be impaired.

EL MONTE CITY SCHOOL DISTRICT

The information in this section concerning the operations of the District and the District’s finances are 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 only from the revenues generated by an ad valorem property tax levied by the County on properties within the District for the payment thereof. See “THE BONDS – Security and Sources of Payment” herein.

Introduction

The District was established in 1851 and covers approximately 11 square miles within the east-central portion of the County, serving most of the City of El Monte, as well as portions of the Cities of Temple City, South El Monte, Arcadia and Irwindale. The District currently operates eight K-6 schools, six K-8 schools, one special education facility, one community education center, and one child care center. For fiscal year 2023-24, the District’s ADA is expected to be 6,794 students, and taxable property within the District has an assessed valuation of \$10,371,731,254.

Administration

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

BOARD OF EDUCATION El Monte City School District

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Elizabeth Rivas	President	November 2026
Christina Flores	Vice President	November 2026
David Siegrist	Clerk	November 2024
Jennifer Cobian	Member	November 2024
Lisette Mendez Garcia	Member	November 2026

The Superintendent of the District is responsible for administering the affairs of the District in accordance with the policies of the Board. Brief biographies of key personnel follow.

Dr. Maribel Garcia, Superintendent. Dr. Maribel Garcia was appointed as Superintendent of the District in 2013, and previously served the District as a Principal, Assistant Principal and teacher. Dr. Garcia begin her teaching career in 1998 at the District’s Columbia School. Dr. Garcia received her Bachelor of Arts degree in political science and a Doctoral Degree in education leadership from the University of California, Los Angeles.

José Marcelino Herrera, Assistant Superintendent of Business Services. Mr. Herrera was appointed as the Assistant Superintendent of Business Services in 2018. Prior to serving the District, he served as the Director of Budget and Accounting at East Whittier City School District. In addition to being licensed as a Certified Public Accountant, Mr. Herrera is certified as a Chief Business Official through the California Association of School Business Officials. He graduated with honors from the University of California, Los Angeles with a dual degree in Economics and Latin American Studies.

Employee Relations

The District currently employs 540 full-time equivalent (“FTE”) certificated employees and 524 FTE classified employees. District employees, except management, confidential employees and some part-time employees, are represented by the following bargaining units.

BARGAINING UNITS El Monte City School District

<u>Labor Organization</u>	<u>Contract Expiration Date</u>
California School Employees Association	6/30/2024
El Monte Elementary Teachers Association	6/30/2026

Source: El Monte City School District.

District Retirement Systems

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, the Municipal Advisor or the Underwriter.

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

Prior to fiscal year 2014-15, and unlike typical defined benefit programs, none of the employee, employer nor State contribution rates to the STRS Defined Benefit Program varied annually to make up funding shortfalls or assess credits for actuarial surpluses. Previously, the combined employer, employee and State contributions to the STRS Defined Benefit Program have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial liability of the STRS Defined Benefit Program increased significantly prior to the implementation of AB 1469 (defined below). In September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, the State passed the legislation described below to increase contribution rates.

Prior to July 1, 2014, K-14 school districts were required by such statutes to contribute 8.25% of eligible salary expenditures, while participants contributed 8% of their respective salaries. On June 24, 2014, the Governor signed AB 1469 (“AB 1469”) into law as a part of the State’s fiscal year 2014-15 budget. AB 1469 seeks to fully fund the unfunded actuarial obligation with respect to service credited to members of the STRS Defined Benefit Program before July 1, 2014 (the “2014 Liability”), within 32 years, by increasing member, K-14 school district and State contributions to STRS. Commencing July 1, 2014, the employee contribution rate increased over a three-year phase-in period in accordance with the following schedule:

**MEMBER CONTRIBUTION RATES
STRS (Defined Benefit Program)**

<u>Effective Date</u>	<u>STRS Members Hired Prior to January 1, 2013</u>	<u>STRS Members Hired After January 1, 2013</u>
July 1, 2014	8.150%	8.150%
July 1, 2015	9.200	8.560
July 1, 2016	10.250	9.205

Source: AB 1469.

Pursuant to the Reform Act (defined below), the contribution rates for members (“PEPRA Members”) hired after the Implementation Date (defined below) will be adjusted if the normal cost increases by more than 1% since the last time the member contribution was set. The contribution rate for employees (“Classic Members”) hired before the Implementation Date (defined below) increased from 9.205% of creditable compensation for fiscal year commencing July 1, 2017 to 10.205% of creditable compensation effective July 1, 2018. For fiscal year commencing July 1, 2021, the contribution rate was 10.250% for Classic Members and 10.205% for PEPRA Members. For fiscal year commencing July 1, 2022, the contribution rate was 10.250% for Classic Members and 10.205% for PEPRA Members. For fiscal year commencing July 1, 2023, the contribution rate is 10.250% for Classic Members and 10.205% for PEPRA Members.

Pursuant to AB 1469, K-14 school districts’ contribution rate increased over a seven-year phase-in period in accordance with the following schedule:

**K-14 SCHOOL DISTRICT CONTRIBUTION RATES
STRS (Defined Benefit Program)**

<u>Effective Date</u>	<u>K-14 school districts</u>
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	18.13
July 1, 2020	19.10

Source: AB 1469.

Based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter the STRS Teachers’ Retirement Board (the “STRS Board”), is required to increase or decrease the K-14 school districts’ contribution rate to reflect the contribution required to eliminate the remaining 2014 Liability by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1%

of creditable compensation upon which members' contributions to the STRS Defined Benefit Program are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. In addition to the increased contribution rates discussed above, AB 1469 also requires the STRS Board to report to the State Legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the STRS Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify adjustments required in contribution rates for K-14 school districts and the State in order to eliminate the 2014 Liability.

On June 27, 2019, the Governor signed SB 90 ("SB 90") into law as a part of the 2019-20 Budget. Pursuant to SB 90, the State Legislature appropriated \$2.246 billion to be transferred to the Teacher's Retirement Fund for the STRS Defined Benefit Program to pay in advance, on behalf of employers, part of the contributions required for fiscal years 2019-20 and 2020-21, resulting in K-14 school districts having to contribute 1.03% less in fiscal year 2019-20 and 0.70% less in fiscal year 2020-21, resulting in employer contribution rates of 17.1% in fiscal year 2019-20 and 18.4% in fiscal year 2020-21. In addition, the State made a contribution of \$1.117 billion to be allocated to reduce the employer's share of the unfunded actuarial obligation determined by the STRS Board upon recommendation from its actuary. This additional payment was reflected in the June 30, 2020 actuarial valuation. Subsequently, the State's 2020-21 Budget redirected \$2.3 billion previously appropriated to STRS and PERS pursuant to SB 90 for long-term unfunded liabilities to further reduce the employer contribution rates in fiscal year 2020-21 and 2021-22. As a result, the effective employer contribution rate was 16.15% in fiscal year 2020-21 and 16.92% in fiscal year 2021-22. The employer contribution rate was 19.1% in fiscal year 2022-23 and is 19.1% in fiscal year 2023-24.

The District's contributions to STRS were \$7,112,878 in fiscal year 2019-20, \$6,965,715 in fiscal year 2020-21, \$8,723,688 in fiscal year 2021-22 and \$11,028,920 in fiscal year 2022-23. The District currently projects \$12,765,961 for its contribution to STRS for fiscal year 2023-24.

The State also contributes to STRS, currently in an amount equal to 8.328% for fiscal year 2023-24. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990. However, the maximum increase or decrease in a given year is limited to 0.5% of payroll under the STRS valuation policy. Once the State has eliminated its share of the STRS' unfunded actuarial obligation, the State contribution will be immediately reduced to the base contribution rate of 2.017% of payroll.

In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

PERS. Classified employees working four or more hours per day are members of the California Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2022 included 1,601 public agencies and 1,335 K-14 school districts and charter schools. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14

school districts (for “classified employees,” which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the “Schools Pool”).

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. Pursuant to SB 90, the State Legislature appropriated \$904 million to the Schools Pool, including transfers in fiscal years 2019-20 and 2020-21 to the Public Employees Retirement Fund to pay, in advance on behalf of K-14 school district employers, part of the contributions required for K-14 school district employers for such fiscal years, as well as additional amounts to be applied toward certain unfunded liabilities for K-14 school district employers. In June 2020, SB 90 was amended by Assembly Bill 84/Senate Bill 111 (“AB 84”). Under AB 84, \$144 million of the State contribution under SB 90 was deemed to satisfy a portion of the State’s required contribution in fiscal year 2019-20, and the amounts previously allocated toward future liabilities were redirected such that, \$430 million will satisfy a portion of the employer contribution rate in fiscal year 2020-21, and \$330 million will satisfy a portion of the employer contribution rate in fiscal year 2021-22. As a result of the payments made by the State pursuant to SB 90, as amended by AB 84, the employer contribution rate was 19.721% for fiscal year 2019-20, 20.7% in fiscal year 2020-21, and 22.91% for fiscal year 2021-22. The employer contribution rate was 25.37% in fiscal year 2022-23 and is 26.68% in fiscal year 2023-24. Classic Members contribute at a rate established by statute, which is 7% in fiscal year 2023-24, while PEPRA Members contribute at an actuarially determined rate, which is 8% in fiscal year 2023-24. See “—California Public Employees’ Pension Reform Act of 2013” herein.

The District’s contributions to PERS were \$3,870,289 in fiscal year 2019-20, \$4,120,764 in fiscal year 2020-21, \$5,974,513 in fiscal year 2021-22 and \$7,570,372 in fiscal year 2022-23. The District currently projects \$8,750,706 for its contribution to PERS for fiscal year 2023-24.

State Pension Trusts. Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703. Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: www.calstrs.com; (ii) PERS: www.calpers.ca.gov. However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS. Actuarial assessments are “forward-looking” information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

FUNDED STATUS
STRS (Defined Benefit Program) and PERS (Schools Pool)
(Dollar Amounts in Millions) ⁽¹⁾
Fiscal Years 2012-13 through 2021-22

<u>STRS</u>					
<u>Fiscal Year</u>	<u>Accrued Liability</u>	Value of Trust Assets <u>(MVA)</u>⁽²⁾	Unfunded Liability <u>(MVA)</u>⁽²⁾	Value of Trust Assets <u>(AVA)</u>⁽³⁾	Unfunded Liability <u>(AVA)</u>⁽³⁾
2012-13	\$222,281	\$157,176	\$74,374	\$148,614	\$73,667
2013-14	231,213	179,749	61,807	158,495	72,718
2014-15	241,753	180,633	72,626	165,553	76,200
2015-16	266,704	177,914	101,586	169,976	96,728
2016-17	286,950	197,718	103,468	179,689	107,261
2017-18	297,603	211,367	101,992	190,451	107,152
2018-19	310,719	225,466	102,636	205,016	105,703
2019-20	322,127	233,253	107,999	216,252	105,875
2020-21	332,082	292,980	60,136	242,363	89,719
2021-22	346,089	283,340	85,803	257,537	88,552

<u>PERS</u>					
<u>Fiscal Year</u>	<u>Accrued Liability</u>	Value of Trust Assets <u>(MVA)</u>	Unfunded Liability <u>(MVA)</u>	Value of Trust Assets <u>(AVA)</u>⁽³⁾	Unfunded Liability <u>(AVA)</u>⁽³⁾
2012-13	\$61,487	\$49,482	\$12,005	\$56,250	\$5,237
2013-14	65,600	56,838	8,761	-- ⁽⁴⁾	-- ⁽⁴⁾
2014-15	73,325	56,814	16,511	-- ⁽⁴⁾	-- ⁽⁴⁾
2015-16	77,544	55,785	21,759	-- ⁽⁴⁾	-- ⁽⁴⁾
2016-17	84,416	60,865	23,551	-- ⁽⁴⁾	-- ⁽⁴⁾
2017-18	92,071	64,846	27,225	-- ⁽⁴⁾	-- ⁽⁴⁾
2018-19 ⁽⁵⁾	99,528	68,177	31,351	-- ⁽⁴⁾	-- ⁽⁴⁾
2019-20 ⁽⁶⁾	104,062	71,400	32,662	-- ⁽⁴⁾	-- ⁽⁴⁾
2020-21	110,507	86,519	23,988	-- ⁽⁴⁾	-- ⁽⁴⁾
2021-22	116,982	79,386	37,596	-- ⁽⁴⁾	-- ⁽⁴⁾

⁽¹⁾ Amounts may not add due to rounding.

⁽²⁾ Reflects market value of assets, including the assets allocated to the SBPA reserve. Since the benefits provided through the SBPA are not a part of the projected benefits included in the actuarial valuations summarized above, the SBPA reserve is subtracted from the STRS Defined Benefit Program assets to arrive at the value of assets available to support benefits included in the respective actuarial valuations.

⁽³⁾ Reflects actuarial value of assets.

⁽⁴⁾ Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.

⁽⁵⁾ For the fiscal year 2020-21 actuarially determined contribution, the additional \$430 million State contribution made pursuant to AB 84 did not directly impact the actuarially determined contribution as it was not yet in the Schools Pool by the June 30, 2019 actuarial valuation date. The additional State contribution was treated as an advance payment toward the unfunded accrued liability contribution with required employer contribution rate correspondingly reduced.

⁽⁶⁾ For the fiscal year 2021-22 actuarially required contribution, the impact of the additional \$330 million State contribution made pursuant to AB 84 is directly reflected in the actuarially determined contribution, because the additional payment was in the Schools Pool as of the June 30, 2020 actuarial valuation date, which served to reduce the required employer contribution rate by 2.16% of payroll.

Source: PERS Schools Pool Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

The STRS Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the STRS Defined Benefit Program. Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2010, through June 30, 2015) (the “2017 Experience Analysis”), on February 1, 2017, the STRS Board adopted a new set of actuarial assumptions that reflect member’s increasing life expectancies and current economic trends. These new assumptions were first reflected in

the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2016 (the “2016 STRS Actuarial Valuation”). The new actuarial assumptions include, but are not limited to: (i) adopting a generational mortality methodology to reflect past improvements in life expectancies and provide a more dynamic assessment of future life spans, (ii) decreasing the investment rate of return (net of investment and administrative expenses) to 7.25% for the 2016 STRS Actuarial Valuation and 7.00% for the June 30, 2017 actuarial evaluation, and (iii) decreasing the projected wage growth to 3.50% and the projected inflation rate to 2.75%.

Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2015, through June 30, 2018) (the “2020 Experience Analysis”), on January 31, 2020, the STRS Board adopted a new set of actuarial assumptions that were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2019 (the “2019 STRS Actuarial Valuation”). While no changes were made to the actuarial assumptions discussed above, which were established as a result of the 2017 Experience Analysis, certain demographic changes were made, including: (i) lowering the termination rates to reflect a continued trend of lower than expected teachers leaving their employment prior to retirement, and (ii) adopting changes to the retirement rates for both Classic Members and PEPRAs Members to better reflect the anticipated impact of years of service on retirements. The 2022 STRS Actuarial Valuation (defined below) continues using the Entry Age Normal Actuarial Cost Method.

The STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2022 (the “2022 STRS Actuarial Valuation”) reports that, based on an actuarial value of assets, the unfunded actuarial obligation decreased by approximately \$1.17 billion since the 2021 STRS Actuarial Valuation and the funded ratio increased by 1.4% to 74.4% over such time period, despite a negative investment return in 2021-22. The main reason for the increase in the funded ratio was the recognition of the deferred investment gains from prior years, primarily an investment gain of 27.2% in 2020-21, which has been partially offset by the impact of the less-than-assumed investment return for the most recently completed fiscal year (2021-22). For actuarial purposes, the STRS Board has approved the use of an actuarial value of assets, which smooths the volatility of investment returns by reflecting only one-third of the net accumulated investment gains or losses in a year. The investment gains that were set aside in the 2021 STRS Actuarial Valuation were more than sufficient to cover the full impact of the negative investment return in 2021-22. Another reason for the improved funding levels and decrease in unfunded actuarial obligation were the additional supplemental payments made by the State in 2021-22 (\$584 million in 2021-22 above what was required by the contribution rate adopted by the STRS Board). Using the Fair Market Value of Assets, the funded ratio has decreased by 6.7% since 2021 Actuarial Valuation from 81.9% to 75.2%, primarily due to the actual market returns for the 2021-22 fiscal year being less than the assumed investment return of 7%. The STRS Board has no authority to adjust rates to pay down the portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990 (the “Unallocated UAO”). There was a decrease in the surplus (a negative unfunded actuarial obligation) for the Unallocated UAO from \$469 million as of June 30, 2021 to \$359 million as of June 30, 2022.

According to the 2022 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be approximately sufficient to finance its obligations with a projected ending funded ratio in fiscal year ending June 30, 2046 of 100.3%. This finding assumes adjustments to contribution rates in line with the funding plan and STRS Board policies, the future recognition of the currently deferred asset gains, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption.

In its Annual Comprehensive Financial Report for fiscal year ending June 30, 2022, STRS reported a money weighted net return on investment of negative 2.4% and time-weighted net return on

investments of negative 1.3% for fiscal year 2021-22, ending with the total fund value of \$301.6 billion as of June 30, 2022. When STRS released the preliminary investment return for fiscal year 2021-22 on July 29, 2022, STRS noted that it is the first negative return since 2009, reflecting the ongoing volatility in the global financial markets impacted by inflation, rising interest rates, COVID-19 and the war in Ukraine. Due in part to the 27.2% return in fiscal year 2020-21, STRS projected in the Annual Comprehensive Financial Report that it remains in position to be fully funded by 2046.

On November 2, 2022, STRS released its 2022 Review of Funding Levels and Risks (the “STRS 2022 Review of Funding Levels and Risks”), which is based on the 2021 STRS Actuarial Valuation and reflects all relevant changes that have occurred since 2021 STRS Actuarial Valuation, including the negative 2.4% money-weighted investment loss reported for the 2021-22 fiscal year. The key results and findings noted in the STRS 2022 Review of Funding Levels and Risks were that (i) the State’s share of the STRS unfunded actuarial obligation is still projected to be eliminated prior to 2046 (currently projected to be eliminated by fiscal year 2029-30), but not as early as projected in the June 30, 2021 valuation, (ii) the current contribution rates for the State and employers are projected to be sufficient to eliminate their share of the STRS unfunded actuarial obligation by 2046 and contribution rate increases are not expected to be needed for fiscal year 2023-24, (iii) the largest risk facing STRS’ ability to reach full funding remains investment-related risk, especially considering the Defined Benefit Program continues to mature, which will increase the system’s sensitivity to investment experience, and the State’s share of the unfunded actuarial obligation could quickly increase if STRS were to experience another year in which the investment return is significantly below the assumed rate of return, (iv) anticipated continued decreases in enrollment in K-12 public schools could lead to future declines in the size of the active membership, resulting in lower than anticipated payroll growth, which could negatively impact STRS’ ability to achieve full funding, requiring contribution rate increases, especially among employers, (v) a recession resulting in a period of low investment returns and a decline in the size of the active membership could hurt STRS ability to reach full funding, and (vi) the ability of the funding plan to allow STRS to reach full funding is dependent on STRS meeting its current actuarial assumptions over the long term, while uncertainty around inflation, investment markets and payroll growth could put pressure on STRS’ ability to meet some of its long-term actuarial assumptions. In addition, with respect to investment related risks, the STRS 2022 Review of Funding Levels and Risks notes that once the State’s supplemental contribution rate is reduced to zero (as discussed above), if it were ever needed to be increased again, the STRS Board will be limited to increases of only 0.5% of payroll each year, which could take the STRS Board years before it is able to increase the rate to the levels necessary to reduce any newly realized unfunded actuarial obligation.

Between 2019 and 2020, the number of teachers actively working dropped from 451,000, to about 448,000. Between 2020 and 2021, the number of active teachers continued to drop to about 429,000, which resulted in a payroll that remained flat, below the 3.5% annual payroll growth assumption. In 2022, the total number of active members was back to the levels last seen prior to the start of the COVID-19 pandemic, increasing by approximately 20,000 over the last fiscal year. The total payroll increased by more than 6% over the last fiscal year, resulting in STRS collecting more contributions from employers than expected. The STRS 2022 Review of Funding Levels and Risks notes that, a likely contributor to the decline in active membership in 2020-21 was the higher than expected retirements STRS experienced that fiscal year and the uncertainties related to the COVID-19 pandemic. Although an increase in retirements would normally not impact long-term funding, decisions made by employers about whether to replace the teachers who have retired can impact STRS ability to reach full funding by 2046, especially if it leads to an overall reduction in the number of teachers working in the State and a reduction in total payroll. The STRS 2022 Review of Funding Levels and Risks, also notes that another area of particular concern related to payroll growth and the number of teachers in the State is the decreasing population of children enrolled in K-12 schools in the State. Total enrollment in public schools in the State dropped 271,000, or 4.4% reduction, between 2019-20 and 2021-22. Several factors

contributed to the drop of enrollment during that time period, including the increase in the number of homeschool students and students enrolled in private schools during the COVID-19 pandemic. The STRS 2022 Review of Funding Levels and Risks notes that it is unclear whether the decrease in overall enrollment is permanent or simply a temporary effect of the COVID-19 pandemic. See “DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19.” In September 2022, the State updated its projection of K-12 enrollment for the State, which assumes the number of children enrolled in K-12 schools will decline approximately 9% over the next 10 years.

On July 27, 2023, STRS reported a net return on investments of 6.3% for fiscal year 2022-23, ending with the total fund value of \$315.6 billion as of June 30, 2023. The 2022-23 return keeps STRS on track long term, as the 3-, 5-, 10-, 20-, and 30-year returns, including the 10.1% 3-year return, all surpass the actuarial assumption of 7.0%, despite inflation, rising interest rates and global uncertainty. Due in part to the 27.2% return in fiscal year 2020-21, STRS remains in position to be fully funded by 2046.

In recent years, the PERS Board of Administration (the “PERS Board”) has taken several steps, as described below, intended to reduce the amount of the unfunded accrued actuarial liability of its plans, including the Schools Pool.

On March 14, 2012, the PERS Board voted to lower the PERS’ rate of expected price inflation and its investment rate of return (net of administrative expenses) (the “PERS Discount Rate”) from 7.75% to 7.5%. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS Discount Rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS Discount Rate by at least four percentage points. On December 21, 2016, the PERS Board voted to lower the PERS Discount Rate to 7.0% over a three year phase-in period in accordance with the following schedule: 7.375% for the June 30, 2017 actuarial valuation, 7.25% for the June 30, 2018 actuarial valuation and 7.00% for the June 30, 2019 actuarial valuation. The new discount rate went into effect July 1, 2017 for the State and July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS Discount Rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act (defined below) will also see their contribution rates rise. The PERS Funding Risk Mitigation Policy recently triggered an automatic decrease of 0.2% in the PERS Discount Rate due to the investment return in fiscal year 2020-21, lowering such rate to 6.8%.

On April 17, 2013, the PERS Board approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies included a rate smoothing method with a 30-year fixed amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate at the onset of such amortization period, and a five year reduction of public agency contribution rates at the end of such amortization period. The new actuarial policies were first included in the June 30, 2014 actuarial valuation and were implemented with respect the State, K-14 school districts and all other public agencies in fiscal year 2015-16.

Also, on February 20, 2014, the PERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the PERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The new actuarial assumptions were first reflected in the Schools Pool in the June 30, 2015 actuarial valuation. The increase in liability due to the new assumptions will be amortized over 20 years with increases phased in over five years, beginning with the contribution

requirement for fiscal year 2016-17. The new demographic assumptions affect the State, K-14 school districts and all other public agencies.

On February 14, 2018, the PERS Board approved a new actuarial amortization policy with an effective date for actuarial valuations beginning on or after June 30, 2019, which includes (i) shortening the period over which actuarial gains and losses are amortized from 30 years to 20 years, (ii) requiring that amortization payments for all unfunded accrued liability bases established after the effective date be computed to remain a level dollar amount throughout the amortization period, (iii) removing the 5-year ramp-up and ramp-down on unfunded accrued liability bases attributable to assumptions changes and non-investment gains/losses established on or after the effective date and (iv) removing the 5-year ramp-down on investment gains/losses established after the effective date. While PERS expects that reducing the amortization period for certain sources of unfunded liability will increase future average funding ratios, provide faster recovery of funded status following market downturns, decrease expected cumulative contributions, and mitigate concerns over intergenerational equity, such changes may result in increases in future employer contribution rates.

The PERS Board is required to undertake an experience study every four years under its Actuarial Assumptions Policy and State law. As a result of the most recent experience study, on November 17, 2021 (the “2021 Experience Study”), the PERS Board approved new actuarial assumptions, including (i) lowering the inflation rate to 2.30% per year, (ii) increasing the assumed real wage inflation assumption to 0.5%, which results in a total wage inflation of 2.80%, (iii) increasing the payroll growth rate to 2.80%, and (iv) certain changes to demographic assumptions relating to modifications to the mortality rates, retirement rates, and disability rates (both work and non-work related), and rates of salary increases due to seniority and promotion. These actuarial assumptions will be incorporated into the actuarial valuation for fiscal year ending June 30, 2021 and will first impact contribution rates for school districts in fiscal year 2022-23. Based on the timing of the study, the member data used in the analysis, which runs through June 30, 2019, does not include the impacts of COVID-19. Preliminary analysis of the system experience since the beginning of the pandemic has shown demographic experience (e.g. retirements, deaths, etc.) did differ from the current actuarial assumptions in some areas, which will be more precisely quantified in future actuarial valuations.

On November 15, 2021, the PERS Board selected a new asset allocation mix through its periodic Asset Liability Management Study that will guide the fund’s investment portfolio for the next four years, retained the current 6.8% discount rate and approved adding 5% leverage to increase diversification. The new asset allocation takes effect July 1, 2022 and will impact contribution rates for employers and PEPPRA employees beginning in fiscal year 2022-23.

In November 2022, PERS released its 2022 Annual Review of Funding Levels and Risk (the “2022 PERS Funding Levels and Risk Report”), which provided a summary of the current funding levels of the system, the near-term outlook for required contributions and risks faced by the system in the near and long-term. The results presented in the 2022 PERS Funding Levels and Risk Report are based on the June 30, 2021 annual valuations, which have been projected forward to June 30, 2022 based on preliminary investment performance for the year ending June 30, 2022. The unfavorable investment returns during the year ending June 30, 2022 resulted in decreases to the funded ratios for PERS plans. The funded status of the Schools Pool decreased from 78.3% as of June 30, 2021 to a projected 69% as of June 30, 2022. The 2022 PERS Funding Levels and Risk Report notes that the pandemic has potential to alter the experience of the retirement in several different areas, including investment returns, inflation, deaths, retirements, terminations, disability retirements, and pay increases. See “DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19.” The 2022 PERS Funding Levels and Risk Report notes that over the next several years, inflation and near-term economic decline, also have the potential to either increase required contributions or add additional financial strain on

employers and their ability to make required contributions. PERS and its members are potentially impacted by high inflation because wages generally keep pace with inflation over the long-term, many retirees are likely to receive higher cost-of-living adjustments but will likely still lose purchasing power, and increases in wages exceeding the assumed increases and higher COLAs result in higher contributions for employers. In addition, many forecasters are predicting an economic slowdown in the near future, which could lead to lower investment returns, increased investment volatility, and higher unemployment. If the system experiences lower than expected investment returns, the potential impact on required contributions, combined with the impacts of high inflation, could push contribution rates to levels that would prove challenging for some employers.

The Schools Pool Actuarial Valuation as of June 30, 2022 (the “2022 PERS Actuarial Valuation”), reported that from June 30, 2021 to June 30, 2022 the funded ratio of the Schools Pool decreased by 10.4% (from 78.3% to 67.9%), which was primarily due to investment return in 2021-22 being lower than expected. The investment return for the year ending June 30, 2022 was approximately -6.1% reduced for administrative expenses, lower than the assumed return of 6.8%, leading to an investment experience loss. This loss will be amortized over 20 years with a five-year ramp (phase-in). When PERS released the preliminary investment returns for fiscal year 2021-22 on July 20, 2022, PERS noted that volatile global financial markets, geopolitical instability, domestic interest rate hikes, and inflation all had an impact on the investment return. Non-investment experience produced a net loss of approximately \$1.6 billion, driven by annuitant cost-of-living adjustments greater than assumed and salary increases greater than assumed. These experience losses generated new unfunded liability, increasing the unfunded liability component of the required employer contribution rate for the next 20 years in accordance with the actuarial amortization policy. The 2022 PERS Actuarial Valuation reports that the contribution rate for fiscal year 2024-25 is projected to be 27.8%, the contribution rate for fiscal year 2025-26 is projected to be 28.5%, the contribution rate for fiscal year 2026-27 is projected to be 28.9%, the contribution rate for fiscal year 2027-28 is projected to be 30.3%, and the contribution rate for fiscal year 2028-29 is projected to be 30.1%. The projected contribution rates in the 2022 PERS Actuarial Valuation reflect an investment loss for fiscal year 2022-23 based on preliminary investment return information released by the PERS Investment Office. Further, projected rates reflect the anticipated decrease in normal cost due to new hires entering lower cost benefit tiers. The projections assume that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits or funding will occur during the projection period. Future contribution requirements may differ significantly. The actual long-term cost of the plan will depend on the actual benefits and expenses paid and the actual investment experience of the fund. The PERS actuary noted in the 2022 PERS Actuarial Valuation that, during the period between the valuation date and the publication of the 2022 PERS Actuarial Valuation, inflation has been higher than the expected inflation rate of 2.3% per annum. Since Inflation influences cost-of-living increases for retirees and beneficiaries and active member pay increases, higher inflation is likely to put at least some upward pressure on contribution requirements and downward pressure on the funded status in the June 30, 2023 valuation.

On July 19, 2023, PERS reported a preliminary net return on investment of 5.8% for fiscal year 2022-23. When factoring in PERS’ discount rate of 6.8% — comparable to an assumed annual rate of return — and the 2022-23 preliminary return of 5.8%, the estimated funded status now stands at 72%. As of June 30, 2023, assets were valued at \$462.8 billion. The final investment return for fiscal year 2022-23 will be calculated based on audited figures and will be reflected in contribution levels for the State and school district employers in fiscal year 2024-25.

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

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

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

As of June 30, 2023, the District reported its proportionate shares of the net pension liabilities for the STRS and PERS programs to be \$62,877,202 and \$58,382,992, respectively. See also "APPENDIX B – 2022-23 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 9" attached hereto.

Other Postemployment Benefits

Benefit Plan. The District administers a single-employer defined benefit plan that provides medical, dental and vision insurance to eligible retirees and their spouses (the “Benefits”). Eligibility for the Benefits varies primarily by the date on which a retiree was hired and total years of service. See also “APPENDIX B – 2022-23 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 7” herein. As of June 30, 2023, there were 472 inactive employees or beneficiaries currently receiving benefits, as well as 1,140 active employees participating in the District’s plan.

Funding Policy. The District’s funding policy is based on a “pay-as-you-go” basis to cover the cost of premiums for current retirees, with additional amounts from surplus available funds, as determined annually by the District Board, to begin funding its accrued liability for the Benefits (as discussed below). The District realized expenditures in connection with the Benefits in fiscal years 2019-20 through 2022-23 of \$1,127,092, \$1,085,859, \$1,592,477 and \$1,186,992 respectively. The District has projected \$1,704,907 of expenditures for the Benefits for fiscal year 2023-24.

The District has established a Special Reserve for Post-Employment Benefits to begin funding its accrued liability for the Benefits, into which the District, from time to time, transfers excess funds. As of June 30, 2023, the balance in this fund was \$1,730,626. This fund, however, has not been irrevocably pledged to the payment of the Benefits, and can be accessed upon Board action for other purposes.

Accrued Liability. The District has implemented *Governmental Accounting Standards Board Statement #75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (“GASB Statement No. 75”), pursuant to which the District has commissioned and received an actuarial study of its liability with respect to the Program benefits. GASB Statements No. 75 (discussed below) require biennial actuarial valuations for all plans. The most recent actuarial study (the “Study”) had a valuation date of July 1, 2022. The Study concluded that the Total OPEB Liability (the “TOL”) with respect to such Program benefits, was \$45,826,566. Because the District does not maintain a qualifying irrevocable trust, the District’s Net OPEB Liability (the “NOL”) is equal to the TOL.

GASB Statement No. 75. On June 2, 2015, GASB issued Statement No. 75 with respect to accounting and financial reporting standards for public sector post-retirement benefit programs and the employers that sponsor them. GASB Statement No. 75 replaces GASB Statement No. 45.

GASB Statement No. 75 will require a liability for OPEB obligations, known as the NOL, to be recognized on the balance sheet of the plan and the participating employer’s financial statements. In addition, an OPEB expense (service cost plus interest on total OPEB liability plus current-period benefit changes minus member contributions minus assumed earning on plan investments plus administrative expenses plus recognition of deferred outflows minus recognition of deferred inflows) will be recognized in the income statement of the participating employers. In the notes to its financial statements, employers providing other post-employment benefits will also have to include information regarding the year-to-year change in the NOL and a sensitivity analysis of the NOL to changes in the discount rate and healthcare trend rate. The required supplementary information will also be required to show a 10-year schedule of the plan’s net OPEB liability reconciliation and related ratios, and any actuarially determined contributions and investment returns.

GASB Statement No. 75 is effective for employer fiscal years beginning after June 15, 2017. The District has recognized GASB Statement No. 75 in its financial statements for fiscal year 2017-18.

Medicare Premium Payment Program. The District participates in the Medicare Premium Payment (“MPP”) Program, a cost-sharing multiple-employer other postemployment benefit plan. STRS

administers the MPP Program through the Teachers' Health Benefit Fund (the "THBF"). 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 Defined Benefit Program ("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 MPP Program is funded on a pay-as-you-go basis from a portion of the monthly District benefit payments. Benefit payments 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.

At June 30, 2023, the District reported a liability of \$447,358 for its proportionate share of the net OPEB liability for the MPP Program. The TOL for the MPP Program as of June 30, 2021 was determined by applying update procedures to the actuarial valuation as of June 30, 2020 and rolling forward the TOL to June 30, 2021. 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. See "APPENDIX B – 2022-23 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 7" herein.

Cybersecurity

The District, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the District is subject to multiple 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 access to the District's digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. To date, the District has not experienced an attack on its computer operating systems which resulted in a breach of its cybersecurity systems that are in place. However, no assurances can be given that the District's efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of the District. Additionally, the District carries cybersecurity insurance. See also "—Risk Management" below.

Risk Management

The District is exposed to various risks of loss related to property, general liability, workers' compensation, cyber intrusions and employee benefits. These risks are addressed through a combination of commercial insurance, self-insurance (for workers' compensation only), and participation in certain public entity risk pools.

The District participates in two joint ventures under joint powers agreements: (1) the MERGE Risk Management Joint Powers Authority ("MERGE"), and (2) the Alliance of Schools for Cooperation Insurance Programs ("ASCIP"). MERGE and ASCIP (collectively, the "JPAs") arrange for and provide coverage for workers' compensation excess coverage, property liability insurance and employee benefits programs for their member school districts. The District pays annual premiums which serve as pools for payment of claims. The relationships between the District and the JPAs are such that none of the JPAs is a component unit of the District for financial reporting purposes. See also "APPENDIX B – 2022-23 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 10" and "—Note 11" herein.

District Debt Structure

Long-Term Debt. A schedule of changes in long-term debt for the year ended June 30, 2023, is shown below:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2023</u>
General Obligation Bonds				
Principal Payments	\$103,206,627	\$19,000,000	\$3,440,000	\$118,766,627
Accreted Interest	12,294,628	1,525,633	--	13,830,261
Unamortized Premium	<u>7,923,993</u>	<u>1,175,001</u>	<u>672,401</u>	<u>8,426,593</u>
Sub-total G.O. Bonds	123,425,248	21,710,634	4,112,401	141,023,481
Bond Anticipation Notes				
Principal Payments	6,139,499	--	6,139,499	--
Accreted Interest	694,843	190,658	885,501	--
Unamortized Premium	<u>8,442</u>	<u>--</u>	<u>8,442</u>	<u>--</u>
Sub-total BANs	6,842,784	190,658	7,033,442	--
Compensated Absences	<u>1,209,135</u>	<u>428,708</u>	<u>--</u>	<u>1,637,843</u>
Total Long-Term liabilities	<u>\$131,477,167</u>	<u>\$22,330,000</u>	<u>\$11,145,843</u>	<u>\$142,661,324</u>

Source: El Monte City School District.

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General Obligation Bond Debt. The District has issued general obligation bonds pursuant to several voter-approved authorizations. The proceeds of such bonds have been used to acquire, construct and equip District sites and facilities. The District has also issued several series of general obligation refunding bonds to refinance portions of its outstanding bonded indebtedness.

The following table summarizes the outstanding general obligation bond issuances by the District.

<u>Issuance</u>	<u>Initial Principal Amount</u>	<u>Principal Outstanding⁽¹⁾</u>	<u>Date of Delivery</u>
Election of 2004 Series C Bonds	\$5,998,158.55	\$5,253,335.00	December 19, 2008
Election of 2008, Series B Bonds	9,150,746.70	5,321,745.31	March 14, 2012
Election of 2014, Series A	35,000,000.00	31,920,000.00	August 17, 2015
Election of 2014, Series B	10,000,000.00	8,935,000.00	December 20, 2016
Election of 2008, Series C	8,500,000.00	8,500,000.00	May 5, 2022
Election of 2008, Series D	3,000,000.00	3,000,000.00	January 31, 2023
Election of 2014, Series C	16,000,000.00	15,290,000.00	January 31, 2023
2014 Refunding Bonds, Series A	16,595,000.00	4,125,000.00	June 12, 2014
2014 Refunding Bonds, Series B	16,910,000.00	3,910,000.00	June 12, 2014
2015 Refunding Bonds	10,590,000.00	8,475,000.00	August 17, 2015
2017 Refunding Bonds, Series A	4,845,000.00	1,140,000.00	February 9, 2017
2017 Refunding Bonds, Series B	17,505,000.00	17,505,000.00	February 9, 2017
2022 Refunding Bonds, Series A	2,230,000.00	1,945,000.00	May 5, 2022

⁽¹⁾ As of August 1, 2023. Reflects outstanding principal of the Prior Bonds prior to the issuance of the Refunding Bonds.

Source: *The Municipal Advisor*.

The table on the following page displays the annual debt service requirements of the District for each of its outstanding general obligation bond issues, including the Bonds (and assuming no further optional redemptions).

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OUTSTANDING BONDED INDEBTEDNESS
El Monte City School District

Year Ending (Aug. 1)	Election of 2004 Series C Bonds⁽¹⁾	Election of 2008, Series B Bonds⁽¹⁾	Election of 2014 Series A Bonds⁽¹⁾	2014 Refunding Bonds, Series A/B	2015 Refunding Bonds⁽¹⁾	Election of 2014 Series B Bonds⁽¹⁾	2017 Refunding Bonds, Series A⁽¹⁾	2017 Refunding Bonds, Series B⁽¹⁾	Election of 2008 Series C Bonds⁽¹⁾	2022 Refunding Bonds Series A	Election of 2008 Series D Bonds⁽¹⁾	Election of 2014 Series C Bonds⁽¹⁾	The Bonds
2024	\$795,000.00	\$455,000.00	\$1,751,828.00	\$1,522,978.60	\$1,199,350.00	\$489,550.00	\$1,197,000.00	\$829,050.00	\$388,325.00	\$377,100.00	\$136,400.00	\$1,270,850.00	\$379,387.50
2025	895,000.00	410,000.00	1,862,828.00	--	1,201,100.00	489,550.00	--	2,024,050.00	488,325.00	72,600.00	136,400.00	703,850.00	2,490,900.00
2026	1,120,000.00	550,000.00	1,886,828.00	--	1,200,850.00	489,550.00	--	2,074,300.00	383,325.00	72,600.00	136,400.00	703,850.00	1,977,400.00
2027	1,300,000.00	--	1,971,153.00	--	1,203,600.00	489,550.00	--	2,114,050.00	383,325.00	712,600.00	136,400.00	703,850.00	1,565,400.00
2028	1,625,000.00	740,000.00	2,037,653.00	--	1,199,100.00	489,550.00	--	2,168,550.00	383,325.00	40,600.00	136,400.00	703,850.00	1,570,900.00
2029	1,825,000.00	825,000.00	2,114,153.00	--	1,207,600.00	489,550.00	--	2,206,800.00	383,325.00	40,600.00	136,400.00	703,850.00	1,568,900.00
2030	2,270,000.00	895,000.00	2,200,390.00	--	1,200,888.00	489,550.00	--	2,264,300.00	383,325.00	40,600.00	136,400.00	703,850.00	1,569,650.00
2031	3,585,000.00	985,000.00	2,281,640.00	--	1,201,813.00	489,550.00	--	2,309,800.00	383,325.00	40,600.00	136,400.00	703,850.00	482,900.00
2032	4,000,000.00	1,065,000.00	2,375,385.00	--	1,199,850.00	489,550.00	--	2,363,550.00	383,325.00	40,600.00	136,400.00	703,850.00	482,900.00
2033	5,810,000.00	1,155,000.00	2,464,760.00	--	--	509,550.00	--	2,424,800.00	383,325.00	40,600.00	136,400.00	703,850.00	482,900.00
2034	--	1,205,000.00	2,560,998.00	--	--	528,550.00	--	2,475,200.00	458,325.00	40,600.00	136,400.00	703,850.00	482,900.00
2035	--	1,645,000.00	2,663,310.00	--	--	546,550.00	--	--	2,114,575.00	40,600.00	136,400.00	703,850.00	482,900.00
2036	--	1,645,000.00	2,345,910.00	--	--	738,550.00	--	--	2,247,825.00	40,600.00	136,400.00	703,850.00	817,900.00
2037	--	1,650,000.00	2,419,510.00	--	--	775,800.00	--	--	2,385,075.00	40,600.00	136,400.00	703,850.00	876,150.00
2038	--	1,650,000.00	2,492,710.00	--	--	814,025.00	--	--	2,530,575.00	40,600.00	136,400.00	703,850.00	935,650.00
2039	--	1,645,000.00	2,570,310.00	--	--	859,225.00	--	--	--	40,600.00	571,400.00	703,850.00	1,761,150.00
2040	--	1,645,000.00	2,646,910.00	--	--	900,850.00	--	--	--	40,600.00	659,650.00	703,850.00	1,869,150.00
2041	--	1,650,000.00	2,447,310.00	--	--	1,058,900.00	--	--	--	40,600.00	747,400.00	703,850.00	2,133,400.00
2042	--	65,000.00	2,375,310.00	--	--	1,166,775.00	--	--	--	1,055,600.00	1,414,400.00	703,850.00	1,065,650.00
2043	--	--	2,482,900.00	--	--	1,211,675.00	--	--	--	--	--	703,850.00	576,650.00
2044	--	--	2,492,700.00	--	--	1,291,625.00	--	--	--	--	--	703,850.00	685,150.00
2045	--	--	2,498,400.00	--	--	1,379,425.00	--	--	--	--	--	703,850.00	222,750.00
2046	--	--	--	--	--	2,479,250.00	--	--	--	--	--	2,278,850.00	216,750.00
2047	--	--	--	--	--	--	--	--	--	--	--	2,430,850.00	270,750.00
2048	--	--	--	--	--	--	--	--	--	--	--	2,439,250.00	356,750.00
2049	--	--	--	--	--	--	--	--	--	--	--	2,535,750.00	373,000.00
2050	--	--	--	--	--	--	--	--	--	--	--	2,637,750.00	357,750.00
2051	--	--	--	--	--	--	--	--	--	--	--	2,739,500.00	387,500.00
2052	--	--	--	--	--	--	--	--	--	--	--	<u>2,845,500.00</u>	<u>420,000.00</u>
Total	<u>\$23,225,000.00</u>	<u>\$19,880,000.00</u>	<u>\$50,942,896.00</u>	<u>\$1,522,978.60</u>	<u>\$10,814,151.00</u>	<u>\$18,666,700.00</u>	<u>\$1,197,000.00</u>	<u>\$23,254,450.00</u>	<u>\$13,679,625.00</u>	<u>\$2,858,900.00</u>	<u>\$5,438,850.00</u>	<u>\$33,959,150.00</u>	<u>\$26,863,137.50</u>

Note: Does not include debt service on the Prior Bonds.

⁽¹⁾ Interest payments thereon due on February 1 and August 1 of each year. Principal thereof due on August 1 of each year.

⁽²⁾ Interest payments thereon are due on May 1 and November 1 of each year; principal thereof due on May 1 of each year.

Source: The Municipal Advisor.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth LLP, San Francisco, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. However, it should be noted that for tax years beginning after December 31, 2022, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”), generally certain corporations with more than \$1,000,000,000 of average annual adjusted financial statement income, interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed by Section 55 of the Code on such corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

The excess of the stated redemption price at maturity of a Bond over the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner’s basis in the applicable Bond.

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

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

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

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

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolutions and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) on the Bonds for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth LLP.

Although Bond Counsel has rendered an opinion that interest on the Bonds is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest with respect to the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

A copy of the proposed form of opinions of Bond Counsel for the Bonds is attached hereto as APPENDIX A.

LIMITATION ON REMEDIES; BANKRUPTCY

General

State law contains certain safeguards to protect the financial solvency of school districts. See "DISTRICT FINANCIAL INFORMATION – Budget Process" herein. If the safeguards are not successful in preventing a school district from becoming insolvent, the State Superintendent, operating through an administrator appointed thereby, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") on behalf of the school district for the adjustment of its debts, assuming that the school district meets certain other requirements contained in the Bankruptcy Code necessary for filing a petition under Chapter 9. School districts are not themselves authorized to file a bankruptcy proceeding, and they are not subject to involuntary bankruptcy.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the automatic stay provisions of Bankruptcy Code Sections 362 and 922 generally would prohibit creditors

from taking any action to collect amounts due from the District or to enforce any obligation of the District related to such amounts due, without consent of the District or authorization of the bankruptcy court (although such stays would not operate to block creditor application of pledged special revenues to payment of indebtedness secured by such revenues). In addition, as part of its plan of adjustment in a Chapter 9 bankruptcy case, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Moreover, regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

Statutory Lien

Pursuant to Government Code Section 53515, the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the *ad valorem* property tax, and such lien automatically arises, without the need for any action or authorization by the local agency or its governing board, and is valid and binding from the time the Bonds are executed and delivered. See “THE BONDS – Statutory Lien” herein. Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the District, the automatic stay provisions of the Bankruptcy Code would apply and payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed, unless the Bonds are determined to be secured by a pledge of “special revenues” within the meaning of the Bankruptcy Code and the pledged *ad valorem* property taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code.

Special Revenues

If the *ad valorem* property tax revenues that are pledged to the payment of the Bonds are determined to be “special revenues” within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* property tax revenues should not be subject to the automatic stay. “Special revenues” are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. State law prohibits the use of the tax proceeds for any purpose other than payment of the Bonds and the Bond proceeds can only be used to finance or refinance the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* property tax revenues collected for the payments of bonds in the State, so no assurance can be given that a bankruptcy court would not hold otherwise.

Possession of Tax Revenues; Remedies

The County on behalf of the District is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the County’s pooled investment fund, as described in “THE BONDS – Application and Investment of Bond Proceeds” herein and “APPENDIX E – LOS ANGELES COUNTY TREASURY POOL” attached hereto. If the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County does not voluntarily pay such tax revenues to the owners of the Bonds, it is not entirely clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such

procedures to be completed, or whether such procedures would ultimately be successful. Further, should those investments suffer any losses, there may be delays or reductions in payments on the Bonds.

Opinions of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor's Rights

The proposed forms of the approving opinions of Bond Counsel attached hereto as APPENDIX A are qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. Bankruptcy proceedings, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

LEGAL MATTERS

Escrow Verification

Upon delivery of the Refunding Bonds, Causey Demgen & Moore PC, will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to them by the Underwriter relating to the adequacy of the maturing principal of and interest on the Federal Securities in the Escrow Fund, together with any moneys held therein as cash, to pay the redemption price of and interest on with respect to the Prior Bonds

Legality for Investment in California

Under provisions of the Financial Code, the Bonds are legal investments for commercial banks in the State 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 Government Code, are eligible for security for deposits of public moneys in the State.

Information Reporting Requirements

Under Section 6049 of the Internal Revenue Code of 1986, as amended by the Tax Increase Prevention and Reconciliation Act of 2005 ("TIPRA"), interest paid on tax-exempt obligations will be subject to information reporting in a manner similar to interest paid on taxable obligations. The effective date for this provision is for interest paid after December 31, 2005, regardless of when the tax-exempt obligations were issued. The purpose of this change was to assist in relevant information gathering for the IRS relating to other applicable tax provisions. TIPRA provides that backup withholding may apply to such interest payments made after March 31, 2007 to any bondholder who fails to file an accurate Form W-9 or who meets certain other criteria. The information reporting and backup withholding requirements of TIPRA do not affect the excludability of such interest from gross income for federal income tax purposes.

Continuing Disclosure

Current Undertaking. In connection with the issuance of the Bonds, the District has covenanted for the benefit of Owners and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than nine months following the end of the District's fiscal year (which currently ends June 30), commencing with the report for the 2023-24 Fiscal Year, and to provide notices of the occurrence of certain listed events. The Annual Report and notices of material events will be filed by the District in accordance with the requirements of the Rule. The specific nature of the information to be contained in the Annual Report or the notices of listed

events is included in “APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE” attached hereto. These covenants have been made in order to assist the Underwriter in complying with the Rule.

Prior Undertakings. Within the past five years, the District has not failed to timely file annual reports and notices of listed events required by its prior undertakings pursuant to the Rule.

Absence of Material Litigation

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

Legal Opinions

The legal opinions of Bond Counsel, approving the validity of the Bonds, will be supplied to the respective original purchasers of the respective series of Bonds without cost. The proposed forms of such legal opinions are attached to this Official Statement as APPENDIX A.

MISCELLANEOUS

Ratings

The Bonds have been assigned a rating of “AA” by S&P, based upon the issuance of the Policy by BAM. The Bonds have also been assigned an underlying rating of “A+” by S&P. Such ratings reflect only the views of S&P and any desired explanation of the significance of such ratings should be obtained from S&P. There is no assurance that the ratings will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by S&P if, in its judgment, circumstances so warrant. The District undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the ratings obtained may have an adverse effect on the market price of the Bonds.

Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.

The District has covenanted in a Continuing Disclosure Certificate to file on the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access website (“EMMA”) notices of any ratings changes on the Bonds. See “APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE” attached hereto. Notwithstanding such covenant, information relating to ratings changes on the Bonds may be publicly available from the rating agencies prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change on EMMA. Purchasers of the Bonds are directed to S&P, and its website and official media outlets for the most current ratings changes with respect to the Bonds after the initial issuance of the Bonds.

Financial Statements

The financial statements with supplemental information for the year ended June 30, 2023, the independent auditor's report of the District, and the related statements of activities and of cash flows for the year then ended, and the report of Nigro & Nigro, PC (the "Auditor") dated December 8, 2023, are included in this Official Statement as APPENDIX B. In connection with the inclusion herein, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

Underwriting

RBC Capital Markets, LLC (the "Underwriter") has agreed, pursuant to the purchase contracts relating to the Bonds, by and between the District and the Underwriter, to purchase all of the Bonds.

The Underwriter will purchase the 2008 Series E Bonds for a purchase price of \$3,640,047.05 (consisting of the principal amount thereof, plus original issue premium of \$406,297.05, less an Underwriter's discount of \$16,250.00). The Underwriter will purchase the 2014 Series D Bonds for a purchase price of \$8,116,367.50 (consisting of the principal amount thereof, plus original issue premium of \$902,617.50, less an Underwriter's discount of \$36,250.00). The Underwriter will purchase the Refunding Bonds for a purchase price of \$6,699,814.80 (which is equal to the principal amount of the Bonds of \$6,175,000.00, plus a premium of \$555,689.80 and less an Underwriter's discount of \$30,875.00).

The purchase contracts for the Bonds provide that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase contracts, the approval of certain legal matters by bond counsel and certain other conditions. The initial offering prices stated on the inside cover pages of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than such initial offering prices.

The Underwriter has provided the following information for inclusion in this Official Statement. The District does not guarantee the accuracy or completeness of the following information, and the inclusion thereof should not be construed as a representation of the District.

The Underwriter made a voluntary contribution to the campaign committee formed to support the 2008 Authorization.

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

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APPENDIX A

FORMS OF OPINIONS OF BOND COUNSEL

Upon issuance and delivery of the New Money Bonds, Stradling Yocca Carlson & Rauth LLP, Bond Counsel, proposes to render its final approving opinions with respect to the New Money Bonds substantially in the following form:

February 1, 2024

Board of Education
El Monte City School District

Members of the Board of Education:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of [\$3,250,000][\$7,250,000] El Monte City School District Election of [2008][2014] General Obligation Bonds, Series [E][D] (the “Bonds”). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the “Act”), commencing with Section 53506 *et seq.*, a vote of 55% of the qualified electors of the El Monte City School District (the “District”) voting at an election held on November 4, [2008][2014], and a resolution of the Board of Education of the District (the “Resolution”).
2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.
3. Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, for tax years beginning after December 31, 2022, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”), interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for the purposes of computing the alternative minimum tax imposed on such corporations.
4. Interest on the Bonds is exempt from State of California personal income tax.
5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds constitutes original issue discount.

Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond.

6. The amount by which a Bondowner's original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bondowner realizing a taxable gain when a Bond is sold by the Bondowner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bondowner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases, and by the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted

Upon the issuance and delivery of the Refunding Bonds, Stradling Yocca Carlson & Rauth LLP, Bond Counsel, proposes to render its final approving opinion with respect to the Refunding Bonds substantially in the following form:

February 1, 2024

Board of Education
El Monte City School District

Members of the Board of Education:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of \$6,175,000 El Monte City School District (Los Angeles County, California) 2024 General Obligation Refunding Bonds (the “Bonds”). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Government Code Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5, and a resolution of the Board of Education of the District adopted on December 11, 2023 (the “Resolution”).
2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.
3. Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, for tax years beginning after December 31, 2022, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”), interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for the purposes of computing the alternative minimum tax imposed on such corporations.
4. Interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.
5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner’s basis in the applicable Bond.

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

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

APPENDIX B

2022-23 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

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**EL MONTE CITY
SCHOOL DISTRICT
LOS ANGELES COUNTY
AUDIT REPORT
For the Fiscal Year Ended
June 30, 2023**

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& NIGRO^{PC}**

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EL MONTE CITY SCHOOL DISTRICT

For the Fiscal Year Ended June 30, 2023

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EL MONTE CITY SCHOOL DISTRICT

For the Fiscal Year Ended June 30, 2023

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Financial Section

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INDEPENDENT AUDITORS' REPORT

Board of Education
El Monte City School District
El Monte, California

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information, except for the LEA Organization Structure, 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 Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of contents, except for the LEA Organization Structure, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The LEA Organization Structure has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Nigro + Nigro, PC".

Murrieta, California
December 8, 2023

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EL MONTE CITY SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2023

This discussion and analysis of El Monte City School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

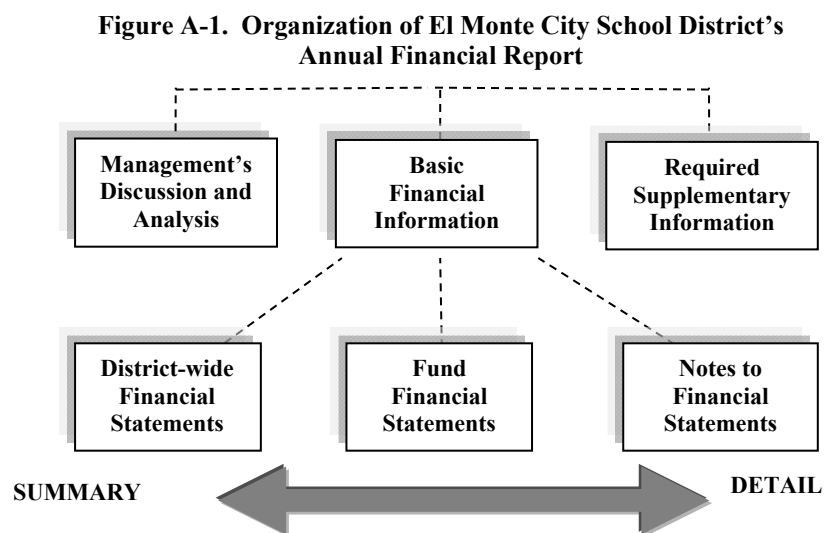
- The District's overall financial status increased from last year, as the net position increased by 66.3% to \$(17.8) million.
- Total governmental revenues were \$214.6 million, about \$35.0 million more than expenses.
- The total cost of basic programs was \$179.6 million. Because a portion of these costs was paid for with charges, fees, and intergovernmental aid, the net cost that required taxpayer funding was \$79.7 million.
- Governmental funds increased by \$46.5 million, or 59.8%.
- Reserves for the General Fund increased by \$0.5 million, or 11.8%. Revenues were \$186.3 million and expenditures were \$155.6 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *District-wide financial* statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *Fund financial* statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
 - The *Governmental funds* statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.

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



EL MONTE CITY SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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

District-Wide Statements

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

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

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of school buildings and other facilities.
- In the District-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that is properly using certain revenues.

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

EL MONTE CITY SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2023

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was higher on June 30, 2023, than it was the year before – increasing 66.3% to \$(17.8) million (See Table A-1).

Table A-1: Statement of Net Position

	Governmental Activities		Variance
	2023	2022	Increase (Decrease)
Assets			
Current assets	\$ 150,566,399	\$ 100,444,241	\$ 50,122,158
Capital assets	144,192,340	147,961,097	(3,768,757)
Total assets	294,758,739	248,405,338	46,353,401
Total deferred outflows of resources	55,342,874	31,587,609	23,755,265
Liabilities			
Current liabilities	27,533,327	23,333,007	4,200,320
Long-term liabilities	312,855,715	250,310,105	62,545,610
Total liabilities	340,389,042	273,643,112	66,745,930
Total deferred inflows of resources	27,552,666	59,213,682	(31,661,016)
Net position			
Net investment in capital assets	35,826,421	44,498,104	(8,671,683)
Restricted	85,678,196	51,660,331	34,017,865
Unrestricted	(139,344,712)	(149,022,282)	9,677,570
Total net position	\$ (17,840,095)	\$ (52,863,847)	\$ 35,023,752

Changes in net position, governmental activities. The District's total revenues increased 29.6% to \$214.6 million (See Table A-2). The increase is due primarily to additional state and federal grant funds.

The total cost of all programs and services increased 20.5% to \$179.6 million. The District's expenses are predominantly related to educating and caring for students, 80.9%. The purely administrative activities of the District accounted for just 4.3% of total costs. A significant contributor to the increase was negotiated salary increases.

EL MONTE CITY SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2023

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Table A-2: Statement of Activities

	Governmental Activities		Variance Increase (Decrease)
	2023	2022	
Revenues			
Program Revenues:			
Charges for services	\$ 999,704	\$ 528,761	\$ 470,943
Operating grants and contributions	98,859,465	56,555,089	42,304,376
General Revenues:			
Property taxes	27,289,512	24,434,050	2,855,462
Federal and state aid not restricted	90,180,503	82,214,796	7,965,707
Other general revenues	(2,697,940)	1,857,198	(4,555,138)
Total Revenues	214,631,244	165,589,894	49,041,350
Expenses			
Instruction-related	122,752,530	99,525,015	23,227,515
Pupil services	22,531,636	19,675,851	2,855,785
Administration	7,687,388	5,683,839	2,003,549
Plant services	14,390,037	12,632,964	1,757,073
All other activities	12,245,901	11,550,531	695,370
Total Expenses	179,607,492	149,068,200	30,539,292
Increase (decrease) in net position	35,023,752	16,521,694	\$ 18,502,058
Total net position	\$ (17,840,095)	\$ (52,863,847)	

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$124.3 million, which is above last year's ending fund balance of \$77.8 million. The primary cause of the increased fund balance is a surplus in the General Fund and the issuance of general obligation bonds.

Table A-3: The District's Fund Balances

	Fund Balances				
Fund	July 1, 2022	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2023
General Fund	\$ 48,975,074	\$ 186,287,904	\$ 155,600,502	\$ -	\$ 79,662,476
Student Activity Special Revenue Fund	81,233	52,831	77,468	-	56,596
Child Development Fund	323,363	14,148,349	14,153,542	-	318,170
Cafeteria Fund	5,851,268	11,747,745	9,794,080	-	7,804,933
Deferred Maintenance Fund	3,137,082	(61,669)	39,286	-	3,036,127
Special Reserve Fund (Postemployment Benefits)	1,681,771	(33,958)	-	-	1,647,813
Building Fund	9,031,707	(570,788)	7,389,839	19,000,000	20,071,080
Capital Facilities Fund	2,696,104	417,705	-	-	3,113,809
Special Reserve Fund (Capital Outlay)	476,938	13,855	-	-	490,793
Bond Interest and Redemption Fund	5,535,091	8,860,819	7,480,855	1,175,001	8,090,056
	\$ 77,789,631	\$ 220,862,793	\$ 194,535,572	\$ 20,175,001	\$ 124,291,853

EL MONTE CITY SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2023

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (continued)

General Fund Budgetary Highlights

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

- Revenues – increased by \$1.8 million primarily to reflect changes in federal and state categorical funding estimates.
- Salaries and benefits costs – decreased \$9.2 million due to revised staffing projections.
- Other expenditures – decreased by \$14.5 million due to changes in projected program costs.

While the District's final budget for the General Fund anticipated that revenues would exceed expenditures by about \$28.7 million, the actual results for the year show that revenues exceeded expenditures by roughly \$30.7 million. Actual revenues were \$1.4 million more than anticipated, and expenditures were \$0.6 million less than budgeted. That amount consists primarily of restricted program dollars that were not spent as of June 30, 2023, that will be carried over into the 2023-24 budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2022-23 the District had acquired \$1.0 million in new capital assets, related to land, construction in progress, site improvements, and equipment purchases. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year was \$4.8 million.

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

	Governmental Activities		Variance Increase (Decrease)
	2023	2022	
Land	\$ 6,040,402	\$ 6,040,402	\$ -
Improvement of sites	1,913,595	2,322,306	(408,711)
Buildings	135,521,858	139,144,676	(3,622,818)
Equipment	716,485	453,713	262,772
Total	<u>\$ 144,192,340</u>	<u>\$ 147,961,097</u>	<u>\$ (3,768,757)</u>

Long-Term Debt

At year-end the District had \$312.9 million in long-term liabilities – an increase of 25.0% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Notes 7-9 to the financial statements).

EL MONTE CITY SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2023

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

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

	Governmental Activities		Variance Increase (Decrease)
	2023	2022	
General obligation bonds	\$ 141,023,481	\$ 123,425,248	\$ 17,598,233
Bond anticipation notes	-	6,842,784	(6,842,784)
Compensated absences	1,637,843	1,209,135	428,708
Other postemployment benefits	48,934,197	46,348,384	2,585,813
Net pension liability	121,260,194	72,484,554	48,775,640
Total	<u>\$ 312,855,715</u>	<u>\$ 250,310,105</u>	<u>\$ 62,545,610</u>

FACTORS BEARING ON THE DISTRICT'S FUTURE

State Budget

The Legislature passed an initial budget package on June 15, 2023. The Legislature's budget package adopted LAO estimates of local property tax revenues, which resulted in an increase to the Proposition 98 guarantee by \$2.1 billion across 2022-23 and 2023-24. The legislative package used this additional funding primarily to help maintain previously approved programs. Relative to the May Revision, the Legislature's budget package also: (1) reallocated projected unspent funds in child care and State Preschool programs to increase provider rates and reduce family fees beginning October 1, 2023; (2) included a slightly different mix of reductions as the Governor from climate change-related packages (although a similar overall level); (3) restored \$1 billion in 2023-24 in proposed General Fund reductions to transit capital funding and added flexibility to allow local agencies to use this funding for operations; (4) rejected the Governor's proposals to use General Fund cash to pay for certain capital outlay project costs, instead using lease revenue bond financing to pay for these costs; and (5) accelerated the time line to spend funds for MCO tax-related augmentations to around four years from eight to ten years. The Legislature passed an amended budget act and associated trailer bills on June 27, 2023 and June 29, 2023.

K-14 Education

Funds Modest Increase in School and Community College Funding

The Proposition 98 minimum guarantee depends upon various formulas that adjust for several factors, including changes in state General Fund revenue. For 2022-23, the guarantee is down \$3 billion (2.7 percent) compared with the estimates made in June 2022. The decrease in the guarantee is primarily attributable to lower General Fund revenue estimates, somewhat offset by higher local property tax revenue. For 2023-24, the guarantee increases by \$953 million (0.9 percent) relative to the revised 2022-23 level. For 2023-24, projected increases in property tax revenue offset declines associated with lower General Fund revenue estimates.

Increase in Required Reserve Deposits

In certain circumstances, the Constitution requires the state to deposit some of the available Proposition 98 funding into a statewide reserve account for schools and community colleges. Under the adopted budget plan, the state deposits a total of \$7.5 billion into this account across the 2021-22 through 2023-24 period—an increase of \$1.3 billion compared with the estimates made in June 2022. The higher required deposits are primarily due to revenue estimates from the administration that have capital gains accounting for a larger share of General Fund revenue over the period.

EL MONTE CITY SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2023

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

Provides Large COLA to School and Community College Districts

In addition to the required reserve deposits, the budget package has several ongoing and one-time increases. The largest ongoing augmentation is \$4.8 billion to provide an 8.22 percent COLA for K-12 and community college programs. In K-12, the budget also includes \$300 million ongoing targeted to low-income schools with relatively high rates of student mobility within the school year, as well as \$250 million one time for literacy coaches and reading specialists.

Budget Has Notable K-14 Structural Gap

The 2023-24 Proposition 98 spending level is not sufficient to fully fund all ongoing spending authorized in the budget package. To cover these costs, the budget package uses \$1.9 billion in one-time, prior-year funding to fund the primary school and community college funding formulas (\$1.6 billion for schools and \$290 million for California Community Colleges). Using one-time funds to cover ongoing costs creates a deficit in the Proposition 98 budget the following year.

Funds School Facilities Grants

The 2022-23 budget package provided \$1.3 billion one-time non-Proposition 98 General Fund to cover the state share for new construction and modernization projects under the School Facility Program (SFP). The 2022-23 budget package also included intent language to provide an additional \$2.1 billion in 2023-24 and \$875 million in 2024-25. The budget provides about \$2 billion to the SFP in 2023-24, which is \$100 million less than the previously intended augmentation, and continues to assume an additional \$875 million will be provided in 2024-25. The budget also delays the intended \$550 million non-Proposition 98 General Fund increase to the California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program from 2023-24 to 2024-25.

All of these factors were considered in preparing the El Monte City School District budget for the 2023-24 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District's Business Office at (626) 453-3700.

EL MONTE CITY SCHOOL DISTRICT*Statement of Net Position**June 30, 2023*

	Total Governmental Activities
ASSETS	
Deposits and investments	\$ 128,479,861
Accounts receivable	20,765,839
Inventories	488,253
Prepaid expenses	94,936
Lease receivable	737,510
Capital assets:	
Non-depreciable assets	6,040,402
Depreciable assets	268,515,628
Less accumulated depreciation	(130,363,690)
Total assets	<u>294,758,739</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	51,026,267
Deferred outflows related to OPEB	3,072,828
Deferred amounts on refunding	1,243,779
Total deferred outflows of resources	<u>55,342,874</u>
LIABILITIES	
Accounts payable	22,661,597
Accrued interest payable	1,989,766
Unearned revenue	2,881,964
Noncurrent liabilities	
Due or payable within one year	6,478,620
Due in more than one year	
Other than OPEB and pensions	136,182,704
Total OPEB liability	48,934,197
Net pension liability	121,260,194
Total liabilities	<u>340,389,042</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	23,879,527
Deferred inflows related to OPEB	2,942,154
Deferred inflows related to leases	730,985
Total deferred inflows of resources	<u>27,552,666</u>
NET POSITION	
Net investment in capital assets	35,826,421
Restricted for:	
Capital projects	3,604,602
Debt service	8,090,056
Student activities	56,596
Categorical programs	73,926,942
Unrestricted	(139,344,712)
Total net position	<u>\$ (17,840,095)</u>

EL MONTE CITY SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
Governmental Activities				
Instructional Services:				
Instruction	\$ 98,164,824	\$ 549,757	\$ 62,066,457	\$ (35,548,610)
Instruction-Related Services:				
Supervision of instruction	13,407,245	262,725	11,952,142	(1,192,378)
Instructional library, media and technology	2,376,579	5,558	219,355	(2,151,666)
School site administration	8,803,882	152	592,517	(8,211,213)
Pupil Support Services:				
Home-to-school transportation	2,646,036	-	-	(2,646,036)
Food services	9,547,740	29,715	13,332,069	3,814,044
All other pupil services	10,337,860	93,407	5,937,996	(4,306,457)
General Administration Services:				
Data processing services	1,590,077	-	31,251	(1,558,826)
Other general administration	6,097,311	6,644	2,049,028	(4,041,639)
Plant services	14,390,037	32,517	2,189,728	(12,167,792)
Ancillary services	77,467	-	52,831	(24,636)
Community services	162,414	1,087	157,817	(3,510)
Interest on long-term debt	7,158,916	-	-	(7,158,916)
Other outgo	48,753	18,142	278,274	247,663
Depreciation (unallocated)	4,798,351	-	-	(4,798,351)
Total Governmental Activities	\$ 179,607,492	\$ 999,704	\$ 98,859,465	(79,748,323)
General Revenues:				
Property taxes				27,289,512
Federal and state aid not restricted to specific purpose				90,180,503
Interest and investment earnings				(4,428,377)
Miscellaneous				1,730,437
Total general revenues				114,772,075
Change in net position				35,023,752
Net position - July 1, 2022				(52,863,847)
Net position - June 30, 2023				\$ (17,840,095)

EL MONTE CITY SCHOOL DISTRICT*Balance Sheet – Governmental Funds**June 30, 2023*

	General Fund	Child Development Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Deposits and investments	\$ 87,978,076	\$ 44,805	\$ 19,864,833	\$ 20,592,147	\$ 128,479,861
Accounts receivable	15,088,701	3,276,642	206,247	2,194,249	20,765,839
Due from other funds	1,200,000	-	-	-	1,200,000
Inventories	156,688	-	-	331,565	488,253
Prepaid expenditures	94,936	-	-	-	94,936
Lease receivable	737,510	-	-	-	737,510
Total Assets	<u>\$ 105,255,911</u>	<u>\$ 3,321,447</u>	<u>\$ 20,071,080</u>	<u>\$ 23,117,961</u>	<u>\$ 151,766,399</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 20,422,466	\$ 1,803,277	\$ -	\$ 435,854	\$ 22,661,597
Due to other funds	-	1,200,000	-	-	1,200,000
Unearned revenue	2,792,171	-	-	89,793	2,881,964
Total Liabilities	<u>23,214,637</u>	<u>3,003,277</u>	<u>-</u>	<u>525,647</u>	<u>26,743,561</u>
Deferred Inflows	<u>730,985</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>730,985</u>
Fund Balances					
Nonspendable	326,624	-	-	331,565	658,189
Restricted	65,828,011	293,998	20,071,080	19,210,217	105,403,306
Committed	-	-	-	3,036,127	3,036,127
Assigned	10,487,994	24,172	-	14,405	10,526,571
Unassigned	4,667,660	-	-	-	4,667,660
Total Fund Balances	<u>81,310,289</u>	<u>318,170</u>	<u>20,071,080</u>	<u>22,592,314</u>	<u>124,291,853</u>
Total Liabilities and Fund Balances	<u>\$ 105,255,911</u>	<u>\$ 3,321,447</u>	<u>\$ 20,071,080</u>	<u>\$ 23,117,961</u>	<u>\$ 151,766,399</u>

EL MONTE CITY SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2023

Total fund balances - governmental funds \$ 124,291,853

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.

Capital assets at historical cost	274,556,030	
Accumulated depreciation	<u>(130,363,690)</u>	
Net:		144,192,340

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:

(1,989,766)

Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In the government-wide statements it is recognized as a deferred outflow of resources. The remaining deferred amounts on refunding at the end of the period were:

1,243,779

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

General obligation bonds payable	141,023,481	
Compensated absences payable	1,637,843	
Net OPEB obligation	48,934,197	
Net pension liability	<u>121,260,194</u>	
		(312,855,715)

In governmental funds, deferred outflows and inflows of resources relating to other postemployment benefits are not reported because they are applicable to future periods. In the statement of net position, deferred outflows relating to OPEB are reported.

Deferred outflows of resources	3,072,828	
Deferred inflows of resources	<u>(2,942,154)</u>	
Net:		130,674

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred outflows of resources	51,026,267	
Deferred inflows of resources	<u>(23,879,527)</u>	
Net:		<u>27,146,740</u>

Total net position - governmental activities \$ (17,840,095)

EL MONTE CITY SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Fiscal Year Ended June 30, 2023

	General Fund	Child Development Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
LCFF sources	\$ 105,304,767	\$ -	\$ -	\$ -	\$ 105,304,767
Federal sources	26,674,811	10,271,006	-	10,019,118	46,964,935
Other state sources	47,898,003	3,491,322	-	1,901,173	53,290,498
Other local sources	6,376,365	386,021	(570,788)	9,110,995	15,302,593
Total Revenues	186,253,946	14,148,349	(570,788)	21,031,286	220,862,793
EXPENDITURES					
Current:					
Instructional Services:					
Instruction	100,017,720	7,514,047	-	-	107,531,767
Instruction-Related Services:					
Supervision of instruction	10,457,363	4,133,300	-	-	14,590,663
Instructional library, media and technology	2,077,799	37,861	-	-	2,115,660
School site administration	9,478,023	24,743	-	-	9,502,766
Pupil Support Services:					
Home-to-school transportation	2,646,036	-	-	-	2,646,036
Food services	313,156	149,086	-	9,351,655	9,813,897
All other pupil services	9,898,110	1,022,758	-	-	10,920,868
Ancillary services	-	-	-	77,468	77,468
Community services	160,384	-	-	-	160,384
General Administration Services:					
Data processing services	1,581,935	-	-	-	1,581,935
Other general administration	5,738,404	-	-	-	5,738,404
Plant services	13,070,665	848,124	3,392	245,346	14,167,527
Transfers of indirect costs	(316,273)	119,194	-	197,079	-
Capital outlay	428,427	304,429	3,820	39,286	775,962
Intergovernmental transfers	47,253	-	-	-	47,253
Debt service:					
Issuance costs	1,500	-	410,349	-	411,849
Principal	-	-	6,139,499	3,440,000	9,579,499
Interest	-	-	832,779	4,040,855	4,873,634
Total Expenditures	155,600,502	14,153,542	7,389,839	17,391,689	194,535,572
Excess (Deficiency) of Revenues Over (Under) Expenditures	30,653,444	(5,193)	(7,960,627)	3,639,597	26,327,221
OTHER FINANCING SOURCES (USES)					
Issuance of debt - general obligation bonds	-	-	19,000,000	-	19,000,000
Premiums from issuance of debt	-	-	-	1,175,001	1,175,001
Total Other Financing Sources and Uses	-	-	19,000,000	1,175,001	20,175,001
Net Change in Fund Balances	30,653,444	(5,193)	11,039,373	4,814,598	46,502,222
Fund Balances, July 1, 2022	50,656,845	323,363	9,031,707	17,777,716	77,789,631
Fund Balances, June 30, 2023	\$ 81,310,289	\$ 318,170	\$ 20,071,080	\$ 22,592,314	\$ 124,291,853

EL MONTE CITY SCHOOL DISTRICT

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities For the Fiscal Year Ended June 30, 2023

Total net change in fund balances - governmental funds \$ 46,502,222

Amounts reported for governmental *activities* in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay	1,029,594	
Depreciation expense	<u>(4,798,351)</u>	
		(3,768,757)

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reduction of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

9,579,499

In governmental funds, proceeds from debt are recognized as other financing sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, including issue premium or discount, were:

(20,175,001)

Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In governmental funds these charges are recognized as an expenditure. However, in the statement of activities, these amounts are amortized over the life of the refunded debt. The difference between current year charges and the current year amortization is:

(120,301)

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:

(419,684)

In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The difference between compensated absences paid and compensated absences earned was:

(428,708)

In governmental funds, accreted interest is not recorded as an expenditure from current resources. In the government-wide statement of activities, however, this is recorded as interest expense for the period. The difference between accreted interest accrued during the year and accreted interest paid is:

(840,790)

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized as interest over the life of the debt. Amortization of premium or discount for the period is:

680,843

In governmental funds, other postemployment benefits expenses are recognized when employer contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was:

(3,024,037)

In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, differences between accrual-basis pension costs and actual employer contributions was:

7,038,466

Change in net position of governmental activities \$ 35,023,752

EL MONTE CITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

B. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

District-Wide Financial Statements

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

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

Fund Financial Statements

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

EL MONTE CITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Basis of Presentation (continued)

Major Governmental Funds

The District maintains the following major governmental funds:

General Fund: This is the chief operating fund for the District. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund. The District maintains a Special Reserve Fund for Postemployment Benefits which does not meet the criteria to be reported as a special revenue fund. Because this fund does not meet the definition of a special revenue fund under GASB 54, the activity in the fund is being reported within the General Fund.

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

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

Non-Major Governmental Funds

The District maintains the following non-major governmental funds:

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

Student Activity Fund: This fund is used to account for student body activities under GASB 84.

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

Deferred Maintenance Fund: This fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes.

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

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

EL MONTE CITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

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

Debt Service Funds: Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

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

2. Measurement Focus, Basis of Accounting

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

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

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

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

EL MONTE CITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

3. Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

C. Budgetary Data

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

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

D. Encumbrances

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

EL MONTE CITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Cash and Cash Equivalents

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

2. Inventories and Prepaid Items

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

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

3. Capital Assets

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

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

Description	Estimated Lives
Buildings and Improvements	25-50 years
Furniture and Equipment	15-20 years
Vehicles	8 years

4. Unearned Revenue

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

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

5. Deferred Outflows/Inflows of Resources

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

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

EL MONTE CITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

6. Compensated Absences

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

7. Leases

Lessee:

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long- term debt on the statement of net position.

Lessor:

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

EL MONTE CITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

7. Leases (continued)

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

8. Subscription-Based Information Technology Arrangements

A SBITA is defined as a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which the District has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend or to terminate.

The District recognizes a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. The District recognizes the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability is measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the interest rate the SBITA vendor charges the District which may be implicit, or the District's incremental borrowing rate if the interest rate is not readily determinable. The District recognizes amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

9. Postemployment Benefits Other Than Pensions (OPEB)

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

EL MONTE CITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

10. Pensions

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

11. Fund Balances

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

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

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

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

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

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

12. Net Position

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

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

EL MONTE CITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

12. Net Position (continued)

- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

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

F. Minimum Fund Balance Policy

During the 2010-11 fiscal year, pursuant to GASB Statement No. 54, the District adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of total General Fund expenditures and other financing uses.

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.

G. Property Tax Calendar

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

H. Use of Estimates

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

EL MONTE CITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 2 – DEPOSITS AND INVESTMENTS

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

Governmental funds/activities	\$ 128,479,861
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Deposits and investments at June 30, 2023, consist of the follows:

Cash on hand and in banks	\$ 57,173
Cash in revolving fund	75,000
Cash with fiscal agent	5,333
Investments	128,342,355
Total deposits and investments	\$ 128,479,861

Pooled Funds

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest-bearing Los Angeles County Treasurer's Pooled Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value provided by the Los Angeles 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 Los Angeles County Treasurer, which is recorded on the amortized basis.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to \$250,000 by the Federal Depositary Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

As of June 30, 2023, \$140,044 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agency, but not in the name of the District.

EL MONTE CITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Investments – Interest Rate Risk

The District's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investment policy limits investment purchases to investments with a term not to exceed three years. Investments purchased with maturity terms greater than three years require approval by the Board of Education. Investments purchased with maturities greater than one year require written approval by the Superintendent prior to commitment. Maturities of investments held at June 30, 2023 consist of the following:

	Reported Amount	Less Than One Year	One Year Through Five Years	Fair Value Measurement	Rating
Investments:					
County Pool	\$ 128,342,355	\$ 128,342,355	\$ -	uncategorized	N/A

Investments – Credit Risk

The District's investment policy limits investment choices to obligations of local, state and federal agencies, commercial paper, certificates of deposit, repurchase agreements, corporate notes, banker acceptances, and other securities allowed by State Government Code Section 53600. At June 30, 2023, all investments represented mutual funds and governmental securities which were issued, registered and held by the District's agent in the District's name.

Investments – Concentration of Credit Risk

The District does not place limits on the amount it may invest in any one issuer.

Fair Value Measurements

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

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

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

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

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

EL MONTE CITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 3 – RECEIVABLES

A. Accounts Receivable

Accounts receivable as of June 30, 2023, consisted of the following:

	General Fund	Child Development Fund	Building Fund	Non-Major Governmental Funds	Total
Federal Government:					
Categorical aid programs	\$ 8,912,262	\$ 2,180,098	\$ -	\$ 1,626,661	\$ 12,719,021
State Government:					
Lottery	317,235	-	-	-	317,235
Categorical aid programs	4,523,802	898,182	-	308,820	5,730,804
Local:					
Interest	615,342	17,865	206,247	143,251	982,705
Other local	720,060	180,497	-	115,517	1,016,074
Total	<u>\$ 15,088,701</u>	<u>\$ 3,276,642</u>	<u>\$ 206,247</u>	<u>\$ 2,194,249</u>	<u>\$ 20,765,839</u>

B. Leases Receivable

In accordance with GASB No. 87, the District recognizes a lease receivable and a deferred inflow of resources for various real property leases. The District used either the stated interest rate or the State's incremental borrowing rate, 0.9%, to discount the lease revenue to the net present value. For the fiscal year ended June 30, 2023, the District reported lease revenue of \$158,151 and interest revenue of \$6,924 related to lease payments received. These leases have initial terms that range from five to ten years. There are no variable payments not considered in the measurement of the lease receivable and the District has not issued debt for which the principal and interest payments are secured by the lease payments. Measurement policies and key estimates related to leases can be found in Note 1.E.

The annual payments receivable as of June 30, 2023 are as follows:

Fiscal Year	Principal	Interest
2023-2024	\$ 159,577	\$ 5,507
2024-2025	161,016	4,068
2025-2026	138,613	2,643
2026-2027	91,938	1,662
2027-2028	92,766	835
2028-2029	93,600	-
Totals	<u>\$ 737,510</u>	<u>\$ 14,715</u>

Deferred inflows related to this receivable were \$730,985 as of June 30, 2023.

EL MONTE CITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 4 – INTERFUND ACTIVITIES

Balances Due To/From Other Funds

Balances due to/from other funds at June 30, 2023, consisted of the following:

Child Development Fund due to General Fund for temporary borrowing	<u><u>\$ 1,200,000</u></u>
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NOTE 5 – FUND BALANCES

At June 30, 2023, fund balances of the District's governmental funds were classified as follows:

	General Fund	Child Development Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable:					
Revolving cash	\$ 75,000	\$ -	\$ -	\$ -	\$ 75,000
Stores inventories	156,688	-	-	331,565	488,253
Prepaid expenditures	94,936	-	-	-	94,936
Total Nonspendable	<u>326,624</u>	<u>-</u>	<u>-</u>	<u>331,565</u>	<u>658,189</u>
Restricted:					
Categorical programs	65,828,011	293,998	-	-	66,122,009
Nutrition services	-	-	-	7,473,368	7,473,368
Student activities	-	-	-	56,596	56,596
Capital projects	-	-	20,071,080	3,590,197	23,661,277
Debt service	-	-	-	8,090,056	8,090,056
Total Restricted	<u>65,828,011</u>	<u>293,998</u>	<u>20,071,080</u>	<u>19,210,217</u>	<u>105,403,306</u>
Committed:					
Deferred maintenance program	-	-	-	3,036,127	3,036,127
Total Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,036,127</u>	<u>3,036,127</u>
Assigned:					
Postemployment benefits	1,647,813	-	-	-	1,647,813
Other assignments	8,840,181	24,172	-	14,405	8,878,758
Total Assigned	<u>10,487,994</u>	<u>24,172</u>	<u>-</u>	<u>14,405</u>	<u>10,526,571</u>
Unassigned:					
Reserve for economic uncertainties	4,667,660	-	-	-	4,667,660
Total Unassigned	<u>4,667,660</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,667,660</u>
Total	<u><u>\$ 81,310,289</u></u>	<u><u>\$ 318,170</u></u>	<u><u>\$ 20,071,080</u></u>	<u><u>\$ 22,592,314</u></u>	<u><u>\$ 124,291,853</u></u>

EL MONTE CITY SCHOOL DISTRICT*Notes to Financial Statements**June 30, 2023***NOTE 6 – CAPITAL ASSETS AND DEPRECIATION**

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

	Balance, July 1, 2022	Additions	Retirements	Balance, June 30, 2023
Capital assets not being depreciated:				
Land	\$ 6,040,402	\$ -	\$ -	\$ 6,040,402
Total capital assets not being depreciated	6,040,402	-	-	6,040,402
Capital assets being depreciated:				
Improvement of sites	8,174,220	-	-	8,174,220
Buildings	245,974,906	571,500	-	246,546,406
Equipment	13,336,908	458,094	-	13,795,002
Total capital assets being depreciated	267,486,034	1,029,594	-	268,515,628
Accumulated depreciation for:				
Improvement of sites	(5,851,914)	(408,711)	-	(6,260,625)
Buildings	(106,830,230)	(4,194,318)	-	(111,024,548)
Equipment	(12,883,195)	(195,322)	-	(13,078,517)
Total accumulated depreciation	(125,565,339)	(4,798,351)	-	(130,363,690)
Total capital assets being depreciated, net	141,920,695	(3,768,757)	-	138,151,938
Governmental activity capital assets, net	\$ 147,961,097	\$ (3,768,757)	\$ -	\$ 144,192,340

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS

Changes in long-term debt for the year ended June 30, 2023, were as follows:

	Balance, July 1, 2022	Additions	Deductions	Balance, June 30, 2023	Amount Due Within One Year
General Obligation Bonds:					
Principal	\$ 103,206,627	\$ 19,000,000	\$ 3,440,000	\$ 118,766,627	\$ 4,936,547
Accreted interest	12,294,628	1,535,633	-	13,830,261	848,453
Unamortized premiums	7,923,993	1,175,001	672,401	8,426,593	693,620
Sub-total G.O. bonds	123,425,248	21,710,634	4,112,401	141,023,481	6,478,620
Bond Anticipation Notes:					
Principal	6,139,499	-	6,139,499	-	-
Accreted interest	694,843	190,658	885,501	-	-
Unamortized premiums	8,442	-	8,442	-	-
Sub-total BANs	6,842,784	190,658	7,033,442	-	-
Compensated Absences	1,209,135	428,708	-	1,637,843	-
Total	\$ 131,477,167	\$ 22,330,000	\$ 11,145,843	\$ 142,661,324	\$ 6,478,620

Payments on the General Obligation Bonds are made by the Bond Interest and Redemption Fund with local property tax revenues. Bond Anticipation Notes were paid by the Building Fund. Compensated absences are paid for by the fund for which the employee worked.

EL MONTE CITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

A. General Obligation Bonds

Measure "J"

An election of the registered voters of the District was held on November 2, 2004, at which more than 55 percent of the voters approved Measure "J", which authorizes the issuance and sale of \$50 million general obligation bonds. The bonds are general obligations of the District. The County is obligated to levy ad valorem taxes upon all property within the District for the payment of interest on and principal of the bonds.

Measure "KC"

These bonds were authorized at an election of the registered voters of the District held on November 4, 2008, at which more than 55 percent of the voters authorized the issuance and sale of \$75,000,000 general obligation bonds. The bonds are general obligations of the District. The County is obligated to levy ad valorem taxes upon all property within the District for the payment of interest on and principal of the bonds. The bonds were issued to renovate and modernize school facilities and to pay costs of issuance associated with the bonds.

On May 5, 2022, the District issued Series C of Measure KC in the amount of \$8,500,000. The bonds were issued with interest rates ranging from 3.5% to 5.0% and will mature on August 1, 2038.

On January 31, 2023, the District issued \$3,000,000 of Series D General Obligation Bonds. The bonds bear fixed interest rates ranging between 4.0% and 5.0% with annual maturities from August 1, 2039 through August 1, 2042.

Measure "M"

On November 4, 2014, voters approved by more than 55% the issuance and sale of \$78 million in general obligation bonds to upgrade classroom technology, complete energy-efficient upgrades, construct and equip classrooms, and to pay costs of issuance associated with the bonds. The bonds are general obligations of the District. The county is obligated to levy ad valorem taxes upon all the property within the District for the payment of interest on and principal of the bonds.

On January 31, 2023, the District issued \$16,000,000 of Series C General Obligation Bonds. The bonds bear fixed interest rates ranging between 4.0% and 5.0% with maturities occurring from August 1, 2023 through August 1, 2052.

Prior-Year Defeasance of Debt

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new refunding bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2023, none of the defeased bonds remain outstanding.

The difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. At June 30, 2023, deferred amounts on refunding were \$1,243,779.

EL MONTE CITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2023

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

A. General Obligation Bonds (continued)

A summary of outstanding bonds is shown below:

Bond Description	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2022	Additions	Deductions	Balance, June 30, 2023
Measure J (2004)								
Series C	12/19/2008	8/1/2031	6.11%-7.3%	5,998,159	\$ 5,719,717	\$ -	\$ -	\$ 5,719,717
Measure KC (2008)								
Series B	3/14/2012	8/1/2042	2.0%-4.25%	9,150,747	5,876,910	-	330,000	5,546,910
Series C	5/5/2022	8/1/2038	3.5%-5.0%	8,500,000	8,500,000	-	-	8,500,000
Series D	1/31/2023	8/1/2042	4.0%-5.0%	3,000,000	-	3,000,000	-	3,000,000
Measure M (2014)								
Series A	8/17/2015	8/1/2045	2.25%-5.25%	35,000,000	31,920,000	-	-	31,920,000
Series B	12/20/2016	8/1/2046	2.0%-5.0%	10,000,000	8,935,000	-	-	8,935,000
Series C	1/31/2023	8/1/2052	4.0%-5.0%	16,000,000	-	16,000,000	-	16,000,000
Refunding Issues								
2014 Refunding	6/12/2014	5/1/2030	0.517%-5.0%	33,505,000	9,465,000	-	1,430,000	8,035,000
2015 Refunding	8/17/2015	8/1/2032	2.0%-5.25%	10,590,000	9,900,000	-	695,000	9,205,000
2017 Refunding	2/9/2017	8/1/2034	4.0%-5.0%	22,350,000	20,660,000	-	965,000	19,695,000
2022 Refunding	5/5/2022	8/1/2042	4.0%-5.0%	2,230,000	2,230,000	-	20,000	2,210,000
Totals					\$ 103,206,627	\$ 19,000,000	\$ 3,440,000	\$ 118,766,627
Accreted Interest:								
				2004, Series C	\$ 8,039,282	\$ 953,529	\$ -	\$ 8,992,811
				2008, Series B	4,255,346	582,104	-	4,837,450
				Total	\$ 12,294,628	\$ 1,535,633	\$ -	\$ 13,830,261

The annual requirements to amortize general obligation bonds outstanding as of June 30, 2023 were as follows:

Fiscal Year	Principal	Interest	Total
2023-24	\$ 4,936,547	\$ 5,744,899	\$ 10,681,446
2024-25	4,914,535	4,901,696	9,816,231
2025-26	4,348,217	5,780,183	10,128,400
2026-27	3,946,041	4,608,098	8,554,139
2027-28	5,337,670	5,825,445	11,163,115
2028-33	25,759,101	30,927,446	56,686,547
2033-38	21,998,584	23,110,716	45,109,300
2038-43	20,390,932	13,986,101	34,377,033
2043-48	15,750,000	4,547,638	20,297,638
2048-53	11,385,000	1,528,125	12,913,125
Total	\$ 118,766,627	\$ 100,960,347	\$ 219,726,974

EL MONTE CITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

B. Bond Anticipation Notes

On May 8, 2018, the District issued \$6,139,499 of General Obligation Bond Anticipation Notes to finance the acquisition, construction, modernization, and equipping of certain District sites and facilities. The notes were issued in anticipation of the receipt of proceeds of General Obligation Bonds to be issued under Measure “M” as previously described. The notes accreted at a rate of 2.77% and matured on April 1, 2023, at which time the District repaid all principal and interest totaling \$7,025,000.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

Pension Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 48,486,839	\$ 3,072,828	\$ 2,942,154	\$ 3,759,588
MPP Program	447,358	-	-	(74,459)
Total	<u>\$ 48,934,197</u>	<u>\$ 3,072,828</u>	<u>\$ 2,942,154</u>	<u>\$ 3,685,129</u>

The details of each plan are as follows:

District Plan

Plan Description

The District’s defined benefit OPEB plan provides OPEB for eligible certificated, classified, and management employees of the District. The plan is a single employer defined benefit plan administered by the district. The authority to establish and amend the benefit terms and financing requirements are governed by collective bargaining agreements with plan members. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

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

Hired Prior to July 1, 2004

Retirees age 55 to age 65 with 15 years or more of service are offered a subsidy equal to the actual cost of their healthcare benefits, up to \$1,255.67 per month. Retirees over age 65 with 15 years or more of service are offered a subsidy equal to the actual HMO or PPO premium, up to \$125.00 per month. Costs for other post-retirement benefits are at the retiree’s expense. Retirees age 55 with less than 15 years of service and eligible for a PERS or STRS pension are offered a subsidy equal to the actual HMO or PPO premium, up to \$125.00 per month for the fiscal year beginning July 1, 2017. Part time employee’s subsidy is pro-rated based on a percent of scheduled hours worked, not less than 50% of a full-time equivalent. The subsidy for retirees over age 65 is \$125.00 per month for the fiscal year beginning July 1, 2017.

EL MONTE CITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

Hired After July 1, 2004

Retirees age 55 to age 65 with 15 years or more of service are offered a subsidy equal to the actual cost of their healthcare benefits, up to \$1,255.67 per month. No benefits are available after age 65. Part time employee's subsidy is pro-rated based on a percent of scheduled hours worked, not less than 50% of a full-time equivalent.

Retirees can elect or change coverage once a year during the annual open enrollment period, effective the following October 1.

Employees Covered by Benefit Terms

At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	472
Active employees	1,140
Total	<u>1,612</u>

Total OPEB Liability

The District's total OPEB liability of \$48,486,839 for the Plan was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2022
Inflation	2.70 percent
Salary increases	2.75 percent
Healthcare cost trend rates	7.00 percent for 2023-24 and grading down to an ultimate rate of 4.14 percent

Discount Rate

The discount rate used is a blend of the long-term expected rate of return to the extent funded and the 20-year municipal bond rate. For years in which the net position is not projected to cover projected benefit payments, the discount rate used is equal to the 20-year municipal bond yield. As of June 30, 2023, a rate of 4.13% was used.

Mortality Rates

Mortality rates are based on the most recent rates used by CalPERS and CalSTRS for the pension valuations. CalSTRS mortality rates are from the 2020 experience study and the CalPERS rates are from the 2017 experience study.

EL MONTE CITY SCHOOL DISTRICT*Notes to Financial Statements**June 30, 2023*

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)**District Plan (continued)***Changes in the Total OPEB Liability*

	Total OPEB Liability
Balance at July 1, 2022	\$ 45,826,566
Changes for the year:	
Service cost	1,829,648
Interest	1,912,721
Changes of assumptions	716,791
Benefit payments	(1,798,887)
Net changes	2,660,273
Balance at June 30, 2023	\$ 48,486,839

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 percentage-point lower or one percentage-point higher than the current discount rate:

Discount Rate	OPEB Liability
1% decrease	\$ 52,946,623
Current discount rate	48,486,839
1% increase	44,404,521

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 percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

Healthcare Cost Trend Rate	OPEB Liability
1% decrease	\$ 43,803,232
Current trend rate	48,486,839
1% increase	53,613,927

EL MONTE CITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the District recognized OPEB expense of \$3,759,588. In addition, at June 30, 2023, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,176,827
Changes of assumptions	3,072,828	765,327
Total	<u>\$ 3,072,828</u>	<u>\$ 2,942,154</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ 17,219
2024	(21,378)
2025	(135,427)
2026	146,475
2027	44,973
Thereafter	78,812
Total	<u>\$ 130,674</u>

Medicare Premium Payment (MPP) Program

Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021 annual actuarial valuation report, Medicare Premium Payment Program. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <https://www.calstrs.com/general-information/gasb-6768>.

EL MONTE CITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the 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. Members who retire on or after July 1, 2012, are not eligible for coverage under the MPP Program.

As of June 30, 2022, 4,770 retirees participated in the MPP Program; however, the number of retired members who will participate in the program in the future is unknown as eligibility cannot be predetermined.

The MPP Program is funded on a pay-as-you-go basis from a portion of monthly employer contributions. In accordance with Education Code section 22950, 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.

Total OPEB Liability

At June 30, 2023, the District reported a liability of \$447,358 for its proportionate share of the net OPEB liability for the MPP Program. The total OPEB liability for the MPP Program as of June 30, 2022, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total OPEB liability to June 30, 2022. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net OPEB liability for the two most recent measurement periods were:

	Percentage Share of MPP Program		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2023	Fiscal Year Ending June 30, 2022	
Measurement Date	June 30, 2022	June 30, 2021	
Proportion of the Net OPEB Liability	0.135806%	0.130826%	0.004980%

For the year ended June 30, 2023, the District reported OPEB expense of \$(74,459).

EL MONTE CITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Actuarial Assumptions and Other Inputs

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

Measurement Date	June 30, 2022
Valuation Date	June 30, 2021
Experience Study	June 30, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	3.54%
Healthcare Cost Trend Rates	4.5% for Medicare Part A, and 5.4% for Medicare Part B

Assumptions were made about future participation (enrollment) into the MPP Program as CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' ages increase. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility but are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 209 or an average of 0.14% of the potentially eligible population of 145,282.

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

Discount Rate

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2022, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund (SMIF), which is a pooled investment program administered by the California State Treasurer.

As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer's 20-Bond GO Index from Bondbuyer.com as of June 30, 2022, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2022, was 3.54%, which is an increase of 1.38% from 2.16% as of June 30, 2021.

EL MONTE CITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Medicare Premium Payment (MPP) Program (continued)

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

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

Discount Rate	MPP OPEB Liability
1% decrease	\$ 597,080
Current discount rate	447,358
1% increase	412,423

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

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

Medicare Cost Trend Rates	MPP OPEB Liability
1% decrease	\$ 410,468
Current trend rate	447,358
1% increase	489,176

NOTE 9 – PENSION PLANS

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

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

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 62,877,202	\$ 18,728,306	\$ 10,308,188	\$ 1,971,161
CalPERS	58,382,992	32,297,961	13,571,339	7,234,553
Total	<u>\$ 121,260,194</u>	<u>\$ 51,026,267</u>	<u>\$ 23,879,527</u>	<u>\$ 9,205,714</u>

EL MONTE CITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 9 – PENSION PLANS (continued)

The details of each plan are as follows:

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <https://www.calstrs.com/general-information/gasb-6768>.

Benefits Provided

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

The STRP is a multiple-employer, cost-sharing defined benefit plan composed of four programs: Defined Benefit (DB) Program, Defined Benefit Supplement (DBS) Program, Cash Balance Benefit (CBB) Program and Replacement Benefits (RB) Program. A Supplemental Benefit Maintenance Account (SBMA) exists within the STRP and provides purchasing power protection for DB Program benefits. The STRP holds assets for the exclusive purpose of providing benefits to members of these programs and their beneficiaries. 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 and obligor of the trust. In addition, the state is both an employer and non-employer contributing entity to the STRP. The District contributes exclusively to the STRP Defined Benefit Program; thus, disclosures are not included for the other plans.

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

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	60	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0%-2.4%	2.0%-2.4%
Required Member Contribution Rate	10.25%	10.205%
Required Employer Contribution Rate	19.10%	19.10%
Required State Contribution Rate	10.828%	10.828%

EL MONTE CITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 9 – PENSION PLANS (continued)

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

Contributions

The parameters for member, employer and state contribution rates are set by the California Legislature and the Governor and detailed in the Teachers' Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014, and various subsequent legislation.

The CalSTRS Funding Plan established a schedule of contribution rate increases shared among members, employers and the state to bring CalSTRS toward full funding by 2046. California Senate Bill 90 (Chapter 33, Statutes of 2019) and California Assembly Bill 84 (Chapter 16, Statutes of 2020) (collectively, special legislation)—signed into law in June 2019 and June 2020, respectively—provided supplemental contributions to the DB Program along with supplemental contribution rate relief to employers through fiscal year 2021–22.

The contribution rates for each program for the year ended June 30, 2023, are presented above, and the District's total contributions were \$11,028,921.

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

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

District's proportionate share of net pension liability	\$	62,877,202
State's proportionate share of the net pension liability associated with the District		<u>31,488,657</u>
Total	\$	<u><u>94,365,859</u></u>

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2023	Fiscal Year Ending June 30, 2022	
Measurement Date	June 30, 2022	June 30, 2021	
Proportion of the Net Pension Liability	0.090489%	0.087034%	0.003455%

EL MONTE CITY SCHOOL DISTRICT*Notes to Financial Statements**June 30, 2023*

NOTE 9 – PENSION PLANS (continued)**A. California State Teachers' Retirement System (CalSTRS) (continued)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

For the year ended June 30, 2023, the District recognized pension expense of \$1,971,161. In addition, the District recognized pension expense and revenue of \$(2,355,122) for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 11,028,921	\$ -
Net change in proportionate share of net pension liability	4,529,555	2,518,893
Difference between projected and actual earnings on pension plan investments	-	3,074,817
Changes of assumptions	3,118,252	-
Differences between expected and actual experience	51,578	4,714,478
Totals	<u>\$ 18,728,306</u>	<u>\$ 10,308,188</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. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 7 years.

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2024	\$ 3,667,511	\$ 4,526,362
2025	1,081,335	3,922,068
2026	773,900	5,134,621
2027	773,900	(4,403,821)
2028	606,497	783,010
Thereafter	796,242	345,948
Totals	<u>\$ 7,699,385</u>	<u>\$ 10,308,188</u>

EL MONTE CITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 9 – PENSION PLANS (continued)

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

Actuarial Methods and Assumptions

The total pension liability for the STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Valuation Date	June 30, 2021
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.00%
Inflation	2.75%
Payroll Growth	3.50%

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

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

For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2022, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public Equity	42.0%	4.8%
Real Estate	15.0%	3.6%
Private Equity	13.0%	6.3%
Fixed Income	12.0%	1.3%
Risk Mitigating Strategies	10.0%	1.8%
Inflation Sensitive	6.0%	3.3%
Cash/Liquidity	2.0%	(0.4%)

EL MONTE CITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 9 – PENSION PLANS (continued)

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 106,788,810
Current discount rate (7.10%)	62,877,202
1% increase (8.10%)	26,417,365

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS pursuant to Sections 22954, 22955, and 22955.1 of the Education Code and Public Resources Code Section 6217.5. Through the special legislation approved in June 2019 and June 2020, the State made supplemental contributions of approximately \$2.2 billion to CalSTRS on behalf of employers to supplant the amounts submitted by employers for fiscal years 2019–20 through 2021–22. Under accounting principles generally accepted in the United States of America, these amounts are reported as revenues and expenditures in the fund financial statements. The total amount recognized by the District for its proportionate share of the State's on-behalf contributions is \$5,051,435.

B. California Public Employees Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020 annual actuarial valuation report, Schools Pool Accounting Report. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/employers/actuarial-resources/gasb>.

EL MONTE CITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 9 – PENSION PLANS (continued)

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

Benefits Provided

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

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

	Schools 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
Required Employee Contribution Rate	7.00%	8.00%
Required Employer Contribution Rate	25.37%	25.37%

Contributions

The benefits for the defined benefit pension plans are funded by contributions from members, employers, non-employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. In some circumstances, contributions are made by the employer to satisfy member contribution requirements. Member and employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Non-employer contributions are not expected each year, but when provided they are accrued for. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023 are presented above, and the total District contributions were \$7,570,373.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$58,382,992. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined.

EL MONTE CITY SCHOOL DISTRICT*Notes to Financial Statements**June 30, 2023***NOTE 9 – PENSION PLANS (continued)****B. California Public Employees Retirement System (CalPERS) (continued)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2023	Fiscal Year Ending June 30, 2022	
Measurement Date	June 30, 2022	June 30, 2021	
Proportion of the Net Pension Liability	0.169673%	0.161682%	0.007991%

For the year ended June 30, 2023, the District recognized pension expense of \$7,234,553. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 7,570,373	\$ -
Net change in proportionate share of net pension liability	2,203,815	1,071,065
Difference between projected and actual earnings on pension plan investments	17,941,074	11,047,630
Changes of assumptions	4,318,842	-
Differences between expected and actual experience	263,857	1,452,644
Totals	<u>\$ 32,297,961</u>	<u>\$ 13,571,339</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. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARS� for the measurement period is 3.9 years.

EL MONTE CITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 9 – PENSION PLANS (continued)

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

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

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2024	\$ 7,131,619	\$ 4,666,718
2025	6,775,227	4,636,405
2026	6,108,790	4,268,216
2027	4,711,952	-
2028	-	-
Thereafter	-	-
Totals	<u>\$ 24,727,588</u>	<u>\$ 13,571,339</u>

Actuarial Methods and Assumptions

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

Valuation Date	June 30, 2021
Experience Study	2000-2019
Actuarial Cost Method	Entry age normal
Discount Rate	6.9%
Inflation Rate	2.3%
Salary Increases	Varies by entry age and service

Post-retirement mortality rates are based on CalPERS' experience and include generational mortality improvement using 80 percent of Scale MP 2020 published by the Society of Actuaries. These tables are used to estimate the value of benefits expected to be paid for service and disability retirements. For disability retirements, impaired longevity is recognized by a separate table.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term.

EL MONTE CITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 9 – PENSION PLANS (continued)

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

Actuarial Methods and Assumptions (continued)

The target asset allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Real Return
Global Equity Cap-weighted	30.00%	4.54%
Global Equity Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

Discount Rate

The discount rate used to measure the total pension liability was 6.9%. The discount rate is not adjusted for administrative expenses. The fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return for the pension plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (5.9%)	\$ 84,337,189
Current discount rate (6.9%)	58,382,992
1% increase (7.9%)	36,932,803

C. Social Security

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

D. Payables to the Pension Plans

At June 30, 2023, the District reported payables of \$1,142,152 and \$401,519 for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, for the fiscal year ended June 30, 2023.

EL MONTE CITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 10 – JOINT VENTURES

El Monte City School District participates in joint ventures under joint powers agreements (JPAs) with the MERGE Risk Management JPA and the Alliance of Schools for Cooperative Insurance Programs (ASCIP). The relationships between the District and the JPAs are such that the JPAs are not a component unit 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. Audited financial statements are available from the respective entities.

The JPAs provide medical, property and liability insurance coverage and workers compensation insurance coverage for their members. The JPAs are governed by a board consisting of a representative from each member district. The governing board controls the operations of its JPAs independent of any influence by the member districts beyond their representation on the governing board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in the JPAs.

NOTE 11 – RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2023, the District participated in the MERGE public entity risk pool for property and liability insurance coverage with ASCIP acting as the claims administrator. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2021, the District was in the MERGE JPA for workers compensation, with Hazelrigg Claims Management Services (HCMS) acting as claims administrator.

Employee Medical Benefits

The District has contracted with ASCIP to provide employee health and welfare benefits.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards and Grants

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

B. Construction Commitments

As of June 30, 2023, the District had no commitments with respect to unfinished capital projects.

C. Litigation

The District is involved in certain legal matters that arose out of the normal course of business. The District has not accrued a liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30, 2023.

Required Supplementary Information

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EL MONTE CITY SCHOOL DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Pos (Neg)
	Original	Final		
Revenues				
LCFF Sources	\$ 101,986,355	\$ 105,241,566	\$ 105,304,767	\$ 63,201
Federal Sources	34,351,410	28,515,729	26,674,811	(1,840,918)
Other State Sources	38,204,805	42,496,706	47,898,003	5,401,297
Other Local Sources	8,502,127	8,620,912	6,410,323	(2,210,589)
Total Revenues	183,044,697	184,874,913	186,287,904	1,412,991
Expenditures				
Current:				
Certificated Salaries	65,843,875	60,772,440	60,506,780	265,660
Classified Salaries	23,788,182	22,879,900	22,470,039	409,861
Employee Benefits	40,158,402	36,914,659	36,433,226	481,433
Books and Supplies	11,426,247	7,664,283	7,140,995	523,288
Services and Other Operating Expenditures	38,882,946	27,992,063	28,776,363	(784,300)
Transfers of indirect costs	(230,017)	(230,017)	(316,273)	86,256
Capital Outlay	-	188,408.00	542,120	(353,712)
Other Outgo	19,283	19,283	47,252	(27,969)
Total Expenditures	179,888,918	156,201,019	155,600,502	600,517
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,155,779	28,673,894	30,687,402	2,013,508
Fund Balance, July 1, 2022	43,080,925	48,975,074	48,975,074	-
Fund Balance, June 30, 2023	<u>\$ 46,236,704</u>	<u>\$ 77,648,968</u>	<u>79,662,476</u>	<u>\$ 2,013,508</u>
Other Fund Balances included in the Statement of Revenues, Expenditures and Changes in Fund Balances:				
Special Revenue Fund for Postemployment Benefits			<u>1,647,813</u>	
Total reported General Fund balance on the Statement of Revenues, Expenditures and Changes in Fund Balances:			<u>\$ 81,310,289</u>	

EL MONTE CITY SCHOOL DISTRICT*Budgetary Comparison Schedule – Child Development Fund**For the Fiscal Year Ended June 30, 2023*

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Pos (Neg)
	Original	Final		
Revenues				
Federal Sources	\$ 9,062,308	\$ 9,231,818	\$ 10,271,006	\$ 1,039,188
Other State Sources	1,907,055	2,400,035	3,491,322	1,091,287
Other Local Sources	184,800	349,999	386,021	36,022
Total Revenues	11,154,163	11,981,852	14,148,349	2,166,497
Expenditures				
Current:				
Certificated Salaries	3,409,476	3,528,716	4,206,987	(678,271)
Classified Salaries	3,497,567	3,658,600	3,773,912	(115,312)
Employee Benefits	3,170,726	3,388,294	3,851,767	(463,473)
Books and Supplies	461,331	719,570	1,398,177	(678,607)
Services and Other Operating Expenditures	550,063	614,672	449,596	165,076
Indirect costs	65,000	65,000	119,194	(54,194)
Capital Outlay	-	7,000	353,909	(346,909)
Total Expenditures	11,154,163	11,981,852	14,153,542	(2,171,690)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(5,193)	(5,193)
Fund Balance, July 1, 2022	391,319	323,363	323,363	-
Fund Balance, June 30, 2023	\$ 391,319	\$ 323,363	\$ 318,170	\$ (5,193)

EL MONTE CITY SCHOOL DISTRICT*Schedule of Proportionate Share of the Net Pension Liability - CalSTRS
For the Fiscal Year Ended June 30, 2023*

	Last Ten Fiscal Years*				
	2021-22	2020-21	2019-20	2018-19	2017-18
CalSTRS					
District's proportion of the net pension liability	0.0905%	0.0870%	0.0880%	0.0863%	0.0860%
District's proportionate share of the net pension liability	\$ 62,877,202	\$ 39,607,377	\$ 85,280,036	\$ 77,954,721	\$ 79,058,916
State's proportionate share of the net pension liability associated with the District	31,488,657	19,928,896	43,961,869	42,529,505	45,264,927
Totals	\$ 94,365,859	\$ 59,536,273	\$ 129,241,905	\$ 120,484,226	\$ 124,323,843
District's covered-employee payroll	\$ 51,558,442	\$ 48,144,638	\$ 46,861,202	\$ 45,586,746	\$ 46,467,807
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	121.95%	87.11%	181.98%	167.33%	170.14%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%
		2016-17	2015-16	2014-15	2013-14
District's proportion of the net pension liability		0.0888%	0.0860%	0.0940%	0.0840%
District's proportionate share of the net pension liability		\$ 82,136,973	\$ 69,557,660	\$ 63,284,560	\$ 49,087,080
State's proportionate share of the net pension liability associated with the District		48,591,539	39,603,765	33,470,466	29,641,196
Totals		\$ 130,728,512	\$ 109,161,425	\$ 96,755,026	\$ 78,728,276
District's covered-employee payroll		\$ 46,429,372	\$ 44,719,842	\$ 42,054,786	\$ 39,598,400
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll		176.91%	155.54%	150.48%	123.96%
Plan fiduciary net position as a percentage of the total pension liability		69%	70%	74%	77%

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

EL MONTE CITY SCHOOL DISTRICT*Schedule of Proportionate Share of the Net Pension Liability - CalPERS
For the Fiscal Year Ended June 30, 2023*

	Last Ten Fiscal Years*				
	2021-22	2020-21	2019-20	2018-19	2017-18
CalPERS					
District's proportion of the net pension liability	0.1697%	0.1617%	0.1634%	0.1685%	0.1691%
District's proportionate share of the net pension liability	\$ 58,382,992	\$ 32,877,177	\$ 50,125,413	\$ 49,094,891	\$ 45,082,459
District's covered-employee payroll	\$ 26,078,193	\$ 23,877,720	\$ 23,625,004	\$ 23,324,377	\$ 22,370,073
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	223.88%	131.18%	212.17%	210.49%	201.53%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%
		2016-17	2015-16	2014-15	2013-14
District's proportion of the net pension liability		0.1655%	0.1640%	0.1611%	0.1567%
District's proportionate share of the net pension liability		\$ 39,510,675	\$ 32,390,101	\$ 23,746,299	\$ 17,789,265
District's covered-employee payroll		\$ 21,084,569	\$ 19,713,379	\$ 17,865,398	\$ 16,569,114
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll		187.39%	164.31%	132.92%	107.36%
Plan fiduciary net position as a percentage of the total pension liability		72%	74%	79%	83%

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

EL MONTE CITY SCHOOL DISTRICT
Schedule of Pension Contributions – CalSTRS
For the Fiscal Year Ended June 30, 2023

	Last Ten Fiscal Years*				
	2022-23	2021-22	2020-21	2019-20	2018-19
CalSTRS					
Contractually required contribution	\$ 11,028,921	\$ 8,723,688	\$ 7,775,359	\$ 8,013,266	\$ 7,584,322
Contributions in relation to the contractually required contribution	11,028,921	8,723,688	7,775,359	8,013,266	7,584,322
Contribution deficiency (excess):	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 57,743,042	\$ 51,558,442	\$ 48,144,638	\$ 46,861,202	\$ 45,586,746
Contributions as a percentage of covered-employee payroll	19.10%	16.92%	16.15%	17.10%	16.64%
		2017-18	2016-17	2015-16	2014-15
Contractually required contribution		\$ 6,705,304	\$ 5,840,815	\$ 4,798,439	\$ 3,734,465
Contributions in relation to the contractually required contribution		6,705,304	5,840,815	4,798,439	3,734,465
Contribution deficiency (excess):		\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll		\$ 46,467,807	\$ 46,429,372	\$ 44,719,842	\$ 42,054,786
Contributions as a percentage of covered-employee payroll		14.43%	12.58%	10.73%	8.88%
* This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.					

EL MONTE CITY SCHOOL DISTRICT
Schedule of Pension Contributions - CalPERS
For the Fiscal Year Ended June 30, 2023

	Last Ten Fiscal Years*				
	2022-23	2021-22	2020-21	2019-20	2018-19
CalPERS					
Contractually required contribution	\$ 7,570,373	\$ 5,974,514	\$ 4,942,688	\$ 4,659,087	\$ 4,212,849
Contributions in relation to the contractually required contribution	7,570,373	5,974,514	4,942,688	4,659,087	4,212,849
Contribution deficiency (excess):	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 29,839,862	\$ 26,078,193	\$ 23,877,720	\$ 23,625,004	\$ 23,324,377
Contributions as a percentage of covered-employee payroll	25.37%	22.91%	20.70%	19.72%	18.06%
		2017-18	2016-17	2015-16	2014-15
Contractually required contribution		\$ 3,474,296	\$ 2,928,225	\$ 2,335,444	\$ 2,102,936
Contributions in relation to the contractually required contribution		3,474,296	2,928,225	2,335,444	2,102,936
Contribution deficiency (excess):		\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll		\$ 22,370,073	\$ 21,084,569	\$ 19,713,379	\$ 17,865,398
Contributions as a percentage of covered-employee payroll		15.531%	13.888%	11.847%	11.771%

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

EL MONTE CITY SCHOOL DISTRICT

Schedule of Changes in the District's Total OPEB Liability and Related Ratios For the Fiscal Year Ended June 30, 2023

Employer's Fiscal Year Measurement Period	Last Ten Fiscal Years*					
	2022-23 2022-23	2021-22 2021-22	2020-21 2020-21	2019-20 2019-20	2018-19 2018-19	2017-18 2017-18
Total OPEB liability						
Service cost	\$ 1,829,648	\$ 1,755,897	\$ 1,657,699	\$ 1,381,891	\$ 1,384,015	\$ 1,417,998
Interest	1,912,721	987,053	1,132,010	1,228,274	1,261,791	1,289,724
Changes of benefit terms	-	2,044,903	-	-	560,427	325,447
Differences between expected and actual experience	-	(2,769,396)	-	(382,897)	-	-
Changes of assumptions or other inputs	716,791	1,328,001	1,878,970	(1,785,763)	751,368	579,011
Benefit payments	(1,798,887)	(2,072,154)	(2,017,749)	(2,348,756)	(2,197,821)	(2,034,637)
Net change in total OPEB liability	2,660,273	1,274,304	2,650,930	(1,907,251)	1,759,780	1,577,543
Total OPEB liability - beginning	45,826,566	44,552,262	41,901,332	43,808,583	42,048,803	40,471,260
Total OPEB liability - ending	\$ 48,486,839	\$ 45,826,566	\$ 44,552,262	\$ 41,901,332	\$ 43,808,583	\$ 42,048,803
 Covered-employee payroll	 \$ 67,721,677	 \$ 69,621,994	 \$ 67,281,741	 \$ 69,498,348	 \$ 61,891,365	 \$ 65,075,751
 Total OPEB liability as a percentage of covered-employee payroll	 71.60%	 65.82%	 66.22%	 60.29%	 70.78%	 64.62%

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

EL MONTE CITY SCHOOL DISTRICT*Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program**For the Fiscal Year Ended June 30, 2023*

Employer's Fiscal Year Measurement Period	Last Ten Fiscal Years*					2017-18 2016-17
	2022-23 2021-22	2021-22 2020-21	2020-21 2019-20	2019-20 2018-19	2018-19 2017-18	
District's proportion of net OPEB liability	0.1358%	0.1308%	0.1334%	0.1334%	0.1353%	0.1414%
District's proportionate share of net OPEB liability	\$ 447,358	\$ 521,818	\$ 565,177	\$ 496,788	\$ 517,777	\$ 594,707
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A
District's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	(0.94%)	(0.80%)	(0.71%)	(0.81%)	0.40%	0.01%

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

EL MONTE CITY SCHOOL DISTRICT

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2023

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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

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

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

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

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

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

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

Schedule of District Contributions

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

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

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

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

Change of assumptions – Liability changes resulting from changes in economic and demographic assumptions are deferred based on the average working life. The discount rate was changed from 4.09 percent to 4.13 percent since the previous valuation.

EL MONTE CITY SCHOOL DISTRICT

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2023*

NOTE 1 – PURPOSE OF SCHEDULES (continued)

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

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

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

Change of assumptions – The discount rate was changed from 2.16 percent to 3.54 percent since the previous valuation.

Supplementary Information

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EL MONTE CITY SCHOOL DISTRICT

Local Educational Agency Organization Structure

June 30, 2023

The El Monte City School District was established in 1851 and is comprised of an area of approximately 11 square miles located in the east central portion of Los Angeles County. There were no changes in the boundaries of the District during the current year. The District operates 14 elementary schools, one special education facility, one childcare center, and one community education center.

The Board of Education and the District Administration for the fiscal year ending June 30, 2023 were as follows:

GOVERNING BOARD		
Member	Office	Term Expires
Ms. Lisette Mendez	President	November, 2026
Mrs. Elizabeth Rivas	Vice President	November, 2026
Ms. Christina Flores	Clerk	November, 2026
Ms. Jennifer Cobian	Member	November, 2024
Mr. David Siegrist	Member	November, 2024

DISTRICT ADMINISTRATORS

Dr. Maribel Garcia,
Superintendent

Mr. José Marcelino Herrera,
Assistant Superintendent, Business Services

Mr. Steve Sallenbach,
Assistant Superintendent, Personnel Services

Ms. Teresa Pinedo,
Assistant Superintendent, Educational Services

EL MONTE CITY SCHOOL DISTRICT
Combining Balance Sheet – Non-Major Funds
June 30, 2023

	Student Activity Special Revenue Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
ASSETS							
Deposits and investments	\$ 56,596	\$ 5,987,289	\$ 3,004,506	\$ 2,967,750	\$ 485,950	\$ 8,090,056	\$ 20,592,147
Accounts receivable	-	2,011,726	31,621	146,059	4,843	-	2,194,249
Inventories	-	331,565	-	-	-	-	331,565
Total Assets	<u>\$ 56,596</u>	<u>\$ 8,330,580</u>	<u>\$ 3,036,127</u>	<u>\$ 3,113,809</u>	<u>\$ 490,793</u>	<u>\$ 8,090,056</u>	<u>\$ 23,117,961</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ -	\$ 435,854	\$ -	\$ -	\$ -	\$ -	\$ 435,854
Unearned revenue	-	89,793	-	-	-	-	89,793
Total Liabilities	<u>-</u>	<u>525,647</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>525,647</u>
Fund Balances							
Nonspendable	-	331,565	-	-	-	-	331,565
Restricted	56,596	7,473,368	-	3,113,809	476,388	8,090,056	19,210,217
Committed	-	-	3,036,127	-	-	-	3,036,127
Assigned	-	-	-	-	14,405	-	14,405
Total Fund Balances	<u>56,596</u>	<u>7,804,933</u>	<u>3,036,127</u>	<u>3,113,809</u>	<u>490,793</u>	<u>8,090,056</u>	<u>22,592,314</u>
Total Liabilities and Fund Balances	<u>\$ 56,596</u>	<u>\$ 8,330,580</u>	<u>\$ 3,036,127</u>	<u>\$ 3,113,809</u>	<u>\$ 490,793</u>	<u>\$ 8,090,056</u>	<u>\$ 23,117,961</u>

EL MONTE CITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Non-Major Funds For the Fiscal Year Ended June 30, 2023

	Student Activity Special Revenue Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
REVENUES							
Federal sources	\$ -	\$ 10,019,118	\$ -	\$ -	\$ -	\$ -	\$ 10,019,118
Other state sources	-	1,853,278	-	-	-	47,895	1,901,173
Other local sources	52,831	(124,651)	(61,669)	417,705	13,855	8,812,924	9,110,995
Total Revenues	52,831	11,747,745	(61,669)	417,705	13,855	8,860,819	21,031,286
EXPENDITURES							
Current:							
Pupil Support Services:							
Food services	-	9,351,655	-	-	-	-	9,351,655
Plant services	-	245,346	-	-	-	-	245,346
Transfers of indirect costs	-	197,079	-	-	-	-	197,079
Ancillary services	77,468	-	-	-	-	-	77,468
Capital outlay	-	-	39,286	-	-	-	39,286
Debt service:							
Principal	-	-	-	-	-	3,440,000	3,440,000
Interest	-	-	-	-	-	4,040,855	4,040,855
Total Expenditures	77,468	9,794,080	39,286	-	-	7,480,855	17,391,689
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,637)	1,953,665	(100,955)	417,705	13,855	1,379,964	3,639,597
OTHER FINANCING SOURCES (USES)							
Premiums from issuance of debt	-	-	-	-	-	1,175,001	1,175,001
Total Other Financing Sources and Uses	-	-	-	-	-	1,175,001	1,175,001
Net Change in Fund Balances	(24,637)	1,953,665	(100,955)	417,705	13,855	2,554,965	4,814,598
Fund Balances, July 1, 2022	81,233	5,851,268	3,137,082	2,696,104	476,938	5,535,091	17,777,716
Fund Balances, June 30, 2023	\$ 56,596	\$ 7,804,933	\$ 3,036,127	\$ 3,113,809	\$ 490,793	\$ 8,090,056	\$ 22,592,314

See accompanying note to supplementary information.

EL MONTE CITY SCHOOL DISTRICT*Schedule of Average Daily Attendance**For the Fiscal Year Ended June 30, 2023*

	Second Period Report	Annual	
		As reported to CDE	As Audited
Regular ADA:			
Grades TK-3	2,951.17	2,978.43	2,978.26
Grades 4-6	2,346.77	2,362.70	2,361.98
Grades 7-8	1,514.34	1,526.21	1,524.68
Total Regular ADA	6,812.28	6,867.34	6,864.92
Special Education-Nonpublic, Nonsectarian Schools:			
Grades TK-3	0.80	0.98	0.98
Grades 4-6	0.47	1.11	1.08
Grades 7-8	2.71	3.29	3.29
Total Special Education, Nonpublic, Nonsectarian Schools	3.98	5.38	5.35
Total ADA	6,816.26	6,872.72	6,870.27

EL MONTE CITY SCHOOL DISTRICT*Schedule of Instructional Time**For the Fiscal Year Ended June 30, 2023*

Grade Level	Instructional Minute Requirement	Instructional Minutes Offered	Instructional Days Offered	Status
Kindergarten	36,000	37,410	180	Complied
Grade 1	50,400	51,360	180	Complied
Grade 2	50,400	51,360	180	Complied
Grade 3	50,400	51,360	180	Complied
Grade 4	54,000	54,075	180	Complied
Grade 5	54,000	54,075	180	Complied
Grade 6	54,000	54,075	180	Complied
Grade 7	54,000	57,036	180	Complied
Grade 8	54,000	57,036	180	Complied

EL MONTE CITY SCHOOL DISTRICT
Schedule of Financial Trends and Analysis
For the Fiscal Year Ended June 30, 2023

General Fund	(Budget) 2024 ²	2023 ³	2022	2021
Revenues and other financing sources	\$ 169,344,720	\$ 186,287,904	\$ 143,412,761	\$ 129,850,946
Expenditures	178,730,367	155,600,502	137,804,395	115,081,484
Total outgo	178,730,367	155,600,502	137,804,395	115,081,484
Change in fund balance (deficit)	(9,385,647)	30,687,402	5,608,366	14,769,462
Ending fund balance	\$ 74,657,673	\$ 79,662,476	\$ 48,975,074	\$ 43,366,708
Available reserves ¹	\$ 5,361,920	\$ 4,667,660	\$ 4,173,169	\$ 17,170,643
Available reserves as a percentage of total outgo	3.0%	3.0%	3.0%	14.9%
Total long-term debt	\$ 306,377,095	\$ 312,855,715	\$ 250,310,105	\$ 308,723,302
Average daily attendance at P-2	6,652	6,816	6,925	N/A

The General Fund balance has increased by \$36.3 million over the past two years. The fiscal year 2023-24 adopted budget projects a decrease of \$9.4 million. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo). Long-term debt has increased by \$4.1 million over the past two years.

The District experienced an operating surplus in the past three years, but anticipates an operating deficit during the 2023-24 fiscal year.

Average daily attendance decreased by 109 ADA compared to prior year. Budgeted ADA for fiscal year 2023-24 is 6,652

¹ Available reserves consist of all unassigned fund balances in the General Fund.

² As of June 2023.

³ The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Postemployment Benefits, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

EL MONTE CITY SCHOOL DISTRICT*Reconciliation of Annual Financial and Budget Report with Audited Financial Statements**For the Fiscal Year Ended June 30, 2023*

	<u>General Fund</u>	<u>Cafeteria Fund</u>	<u>Deferred Maintenance Fund</u>	<u>Special Reserve Fund for Postemployment</u>	<u>Building Fund</u>	<u>Capital Facilities Fund</u>	<u>Bond Interest and Redemption Fund</u>
June 30, 2023, annual financial and budget report (SACS) fund balances	\$ 84,043,320	\$ 8,108,953	\$ 3,188,703	\$ 1,730,626	\$ 21,079,864	\$ 3,264,518	\$ 8,500,877
Adjustments and reclassifications:							
Increasing (decreasing) the fund balance:							
Fair Market Adjustment to Cash in County	<u>(4,380,844)</u>	<u>(304,020)</u>	<u>(152,576)</u>	<u>(82,813)</u>	<u>(1,008,784)</u>	<u>(150,709)</u>	<u>(410,821)</u>
June 30, 2023, audited financial statement fund balances	<u>\$ 79,662,476</u>	<u>\$ 7,804,933</u>	<u>\$ 3,036,127</u>	<u>\$ 1,647,813</u>	<u>\$ 20,071,080</u>	<u>\$ 3,113,809</u>	<u>\$ 8,090,056</u>

EL MONTE CITY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
Child Nutrition Cluster				
School Breakfast Program - Needy	10.553	13526	\$ 5,078,773	
Summer Food Service Program Operations	10.559	13004	2,389,260	
Supply Chain Assistance (SCA) Funds	10.555	15655	189,654	
USDA - Donated Foods	10.555	13391	538,280	
Total Child Nutrition Cluster				\$ 8,195,967
Child and Adult Care Food Program Cluster				
Child and Adult Care Food Program	10.558	13393	1,411,826	
Cash in Lieu of Commodities	10.558	13389	95,783	
Total Child and Adult Food Program Cluster				1,507,609
Total U.S. Department of Agriculture				9,703,576
U.S. Department of Communications:				
Emergency Connectivity Fund Program	32.009	N/A		1,165,598
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
Every Student Succeeds Act (ESSA):				
Title I, Part A, Low Income and Neglected	84.010	14329		3,387,053
Migrant Education Cluster				
Title I, Part C, Migrant Education (Regular and Summer Program)	84.011	14326	195,750	
Title I, Part C, Migrant Education Summer Program	84.011	10005	45,231	
Total Migrant Education Cluster				240,981
Title II, Part A, Supporting Effective Instruction	84.367	14341		479,424
English Language Acquisition Grants:				
Title III, Limited English Proficient (LEP) Student Program	84.365	14346	300,120	
Title III, Immigrant Education Program	84.365	15146	772	
Total English Language Acquisition Grants				300,892
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396		720,841
COVID-19 Education Stabilization Fund:				
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	10,999,691	
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	5,950,822	
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	381,743	
Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425D	15618	1,019,344	
American Rescue Plan - Homeless Children and Youth II (ARP HCY II)	84.425U	15566	63,053	
Subtotal Education Stabilization Fund				18,414,653
Individuals with Disabilities Education Act (IDEA):				
Special Education (IDEA) Cluster, passed through the West San Gabriel SELPA:				
Basic Local Assistance Entitlement, Part B	84.027	13379	1,425,897	
Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	70,279	
Mental Health Allocation Plan, Part B, Section 611	84.027	14468	88,969	
Preschool Staff Development, Part B, Section 619	84.173A	13431	725	
COVID-19 ARP IDEA Part B, Sec. 611, Local Assistance Entitlement	84.027	15638	308,460	
COVID-19 ARP IDEA Part B, Sec. 619, Preschool Grants	84.173	15639	71,039	
Total Special Education (IDEA) Cluster				1,965,369
Total U.S. Department of Education				25,509,213
U.S. Department of Health & Human Services:				
Passed through Los Angeles County Office of Education (LACOE):				
Head Start	93.600	10016		10,271,006
Passed through California Dept. of Education (CDE):				
COVID-19 ARP California State Preschool Program One-time Stipend	93.575	15640		45,935
Total U.S. Department of Health & Human Services				10,316,941
Total Expenditures of Federal Awards				\$ 46,695,328

Of the Federal expenditures presented in the schedule, the District provided no Federal awards to subrecipients.

EL MONTE CITY SCHOOL DISTRICT*Schedule of Head Start Expenditures**For the Fiscal Year Ended June 30, 2023*

	Federal Expenditures	Local In-Kind Match
Basic Program	\$ 6,328,919	\$ 1,563,833
Inclusive Early Education	4,788	-
HS Cares Carryover	108,653	-
Badic Carry Over	182,783	-
Early Head Start Basic	1,652,629	92,068
Training & Technical Assistance (T & TA)	12,482	3,984
HS Cares OTS	34,539	-
ARP Cares	302,626	-
Head Start Extended Duration	458,716	124,679
Early Head Start CCP Expansion	846,465	24,161
Early Head Start CCP Expansion CO I	103,741	-
Early Head Start Expansion Startup CO II	103,741	-
HS Basic Carryover I	85,307	-
HS Basic Carryover I	45,617	-
2022-23 Federal Expenditures, per audit	<u>\$ 10,271,006</u>	<u>\$ 1,808,725</u>

EL MONTE CITY SCHOOL DISTRICT

Note to the Supplementary Information

June 30, 2023

NOTE 1 – PURPOSE OF SCHEDULES

Combining Financial Statements

These financial statements report the financial activity of the individual non-major funds.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

This schedule presents information on the number of instructional days offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 Part 26 of the *Education Code*.

Schedule of Financial Trends and Analysis

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Expenditures of Federal Awards

The schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. The District did not elect to use the ten percent de minimis indirect cost rate.

	Asst. Listing	Amount
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances		\$ 46,964,935
Differences between Federal Revenues and Expenditures:		
ARP California State Preschool Program One-time Stipend	93.575	45,935
Child and Adult Care Food Program	10.558	(315,542)
Total Schedule of Expenditures of Federal Awards		<u>\$ 46,695,328</u>

Schedule of Head Start Expenditures

This schedule presents the financial activity for the District's different Head Start grants received from Los Angeles County Office of Education (LACOE).

Other Independent Auditors' Reports

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Education
El Monte City School District
El Monte, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of El Monte City School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 8, 2023.

Report on Internal Control Over Financial Reporting

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

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

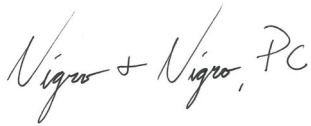
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Nigro + Nigro, PC".

Murrieta, California
December 8, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Education
El Monte City School District
El Monte, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the El Monte City School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the El Monte City School District's major federal programs for the year ended June 30, 2023. The El Monte City 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.

In our opinion, the El Monte City School District compiled, 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the El Monte City School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the El Monte City School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the El Monte City School District's federal program.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the El Monte City School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the El Monte City School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the El Monte City School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the El Monte City School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the El Monte City School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

A handwritten signature in cursive script that reads "Nigro + Nigro, PC".

Murrieta, California
December 8, 2023

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INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Education
El Monte City School District
El Monte, California

Report on Compliance

Qualified and Unmodified Opinions

We have audited the El Monte City School District's (District) compliance with the requirements specified in the 2022-23 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the District's state program requirements identified below for the year ended June 30, 2023.

Qualified Opinion on Certain State Programs

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, El Monte City School District complied in all material aspects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2023.

Unmodified Opinion on Each of the Other State Programs

In our opinion, El Monte City School District complied in all material aspects, with the laws and regulations of the other state programs noted in the table below for the year ended June 30, 2023.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the 2022-23 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on Certain State Programs

As described in the accompanying schedule of findings and questioned costs, the El Monte City School District did not comply with requirements regarding Classroom Teacher Salaries, as described in finding number 2023-003, etc. Compliance with such requirements is necessary, in our opinion, for the El Monte City School District to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above, and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the El Monte City School District's state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the 2022-23 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the 2022-23 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the 2022-23 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes

Description	Procedures Performed
School Districts, County Offices of Education, and Charter Schools:	
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes
Independent Study Certification for ADA Loss Mitigation	Yes
Local Education Agencies Other Than Charter Schools:	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study – Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not Applicable
Transitional Kindergarten	Yes
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom-Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

Areas marked as “Not Applicable” were not operated by the District.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identify in the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as Findings 2023-001 and 2023-002.

Government Auditing Standards requires the auditor to perform limited procedures on the District’s response to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Nigro + Nigro, PC". The signature is written in a cursive, flowing style.

Murrieta, California
December 8, 2023

Schedule of Findings and Questioned Costs

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EL MONTE CITY SCHOOL DISTRICT

Summary of Auditors' Results

For the Fiscal Year Ended June 30, 2023

Financial Statements

Type of auditors' report issued	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>None Reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>None Reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, Section 200.516(a)?	<u>No</u>

Identification of major programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.425C, 84.425D, 84.425U</u>	<u>COVID-19 Education Stabilization Fund</u>
<u>84.027, 84.173, 84.173A</u>	<u>Special Education (IDEA) Cluster</u>
<u>84.010</u>	<u>Title I, Part A, Low Income and Neglected</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,400,860</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

State Awards

Type of auditors' report issued on compliance for state programs:	<u>Qualified</u>
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EL MONTE CITY SCHOOL DISTRICT

Financial Statement Findings

For the Fiscal Year Ended June 30, 2023

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

Five Digit Code	AB 3627 Finding Types
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no financial statement findings in 2022-23.

EL MONTE CITY SCHOOL DISTRICT
Federal Award Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

This section identifies the audit findings required to be reported by the Uniform Guidance, Section 200.516 (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or questioned costs in 2022-23.

EL MONTE CITY SCHOOL DISTRICT
State Award Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

Finding 2023-001: Annual Attendance Accounting (10000)
(Repeat finding of 2022-001)

Criteria: California *Education Code* Section 46000 states: Attendance in all schools and classes shall be recorded and kept according to regulations prescribed by the State Board of Education, subject to the provisions of this chapter. Good internal controls require the District to review its pupil attendance reporting processes and ensure that attendance policies and procedures are maintained and followed at all school sites.

Condition: During our review of ADA totals reported by the District to CDE, we noted the following misstatements:

- Based on our recalculation, the District overstated ADA reported on the Annual Report of Attendance (Line A-1) by 0.17 (see Schedule of ADA for details).
- Based on our recalculation, the District overstated ADA reported on the Annual Report of Attendance (Line A-3) by 0.03 (see Schedule of ADA for details).

Context: These discrepancies were isolated to the annual attendance report.

Cause: The District noted this error while reviewing their annual calculations and attempted to make revisions, but was unable to do so because of a closure in the reporting window.

Effect: The District is funded off of their P-2 ADA reporting, therefore there is no derived value of ADA questioned cost for the line A-1 overstatement. The Line A-3 overstatement of grades 4-6 results in a derived value of ADA of \$395.

Recommendation: We recommend that the District develop policies and procedures, and implement controls, to ensure that pupil attendance is recorded and reported consistently and accurately.

Views of Responsible Officials: The Annual Average Daily Attendance (ADA) report needs to be adjusted down. The District was able to revise its P-2 ADA report since the California Department of Education Principal Apportionment Data Collection (PADC) Web Application opened the 22-23 Revised P-2 reporting period. However, the revised annual report is not yet open in PADC as such the District is not yet able to submit a revised report. The District plans to submit the 2022-23 revised annual ADA report as soon as the period is opened in PADC.

EL MONTE CITY SCHOOL DISTRICT
State Award Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Finding 2023-002: After/Before School Education and Safety Program (40000)

Criteria: The After School Education and Safety Program (ASES) was established to serve pupils in kindergarten through grade nine. In accordance with *Education Code* Section 8483 (a)(1), there are stringent regulations in operating and reporting attendance for the program.

Condition: Auditor tested After School Program attendance at three of 14 sites, Gidley, Columbia, and Wilkerson. All three sites showed missing early release codes and could not be reconciled from the sign-out sheets to the semi-annual report. Due to systemic lack of early release codes, we were unable to determine the total impact to reported attendance numbers.

Context: Exceptions were noted at the three sites selected for testing out of 14 sites operating the program.

Cause: Due to newly adopted systems, attendance was based on headcounts and not reconciled to sign-out sheets. Furthermore, sites were not consistently obtaining early release documentation for students who left before 6:00.

Effect: No financial impact.

Recommendation: We recommend the District reconcile their attendance monthly, follow-up on any variances between the two forms of back-up, and provide training to all levels of employees involved with the program regarding all policies and procedures.

Views of Responsible Official: The district is committed to enhancing attendance tracking through collaboration with our third-party provider. We will establish a systematic procedure for reconciling sign-in sheets with semi-annual reports, fostering a more streamlined and accurate process. Furthermore, an oversight procedure will be implemented to ensure rigorous checks and balances, guaranteeing adherence to program procedures as intended.

In addition, a comprehensive training program will be initiated for program staff, focusing on a thorough review of program policies, procedures, and requirements. Special attention will be given to aspects such as reason codes and early releases, ensuring staff members are well-versed and compliant with all relevant guidelines. This proactive approach aims to foster a more efficient and accountable system within our operations.

Finding 2023-003: Classroom Teacher Salaries (61000)

Criteria: Education Code 41372 states that elementary school districts shall expend an amount equal to or greater than 60 percent of the district's current expense of education on classroom teacher salaries.

Condition: The District did not meet the minimum requirement, having spent only 58.3 percent on classroom compensation.

Effect: The District was required to spend \$80,907,231 for current education expense during the 2022-23 fiscal year; however, it only spent \$78,680,787, resulting in a deficiency amount of \$2,226,352. The county superintendent of schools may designate this amount from future apportionments, thereby restricting the funds pending determination of exemption.

Cause: The District spent a similar amount on salaries in previous years; however, other spending related to Coronavirus funds and expenses resulted in a deficiency in achieving the required percentage.

EL MONTE CITY SCHOOL DISTRICT
State Award Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Finding 2023-003: Classroom Teacher Salaries (61000) (continued)

Context: This affects only the 2022-23 fiscal year.

Recommendation: The District should seek a waiver from the County, and plan accordingly for future years to bring the District back into compliance.

Views of Responsible Officials: Due to the infusion of both one-time and new ongoing resources in 2022-23, the district's Current Expense of Attendance (CEA) has fallen below the mandated 60% threshold for elementary school districts. In response, the District intends to request a waiver for the CEA requirement for the 2022-23 through the Los Angeles County Office of Education. Looking ahead to subsequent years, the district anticipates regaining compliance with the required CEA percentages after the expiration of one-time funding and full implementation of the new resources.

EL MONTE CITY SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2023

Original Finding No.	Finding	Code	Recommendation	Current Status
<i>Finding 2022-001: Annual Attendance Accounting</i>	<p>California <i>Education Code</i> Section 46000 states: Attendance in all schools and classes shall be recorded and kept according to regulations prescribed by the State Board of Education, subject to the provisions of this chapter. Good internal controls require the District to review its pupil attendance reporting processes and ensure that attendance policies and procedures are maintained and followed at all school sites.</p> <p>During our review of ADA totals reported by the District to CDE, we noted the following misstatements:</p> <ul style="list-style-type: none">• Based on our recalculation, the District overstated ADA reported on the Annual Report of Attendance (Line A-1) by 94.44 (see Schedule of ADA for details).• On line B-5, the District underreported TK ADA by 123.65.• On line B-7, the District listed the correct total opportunity ADA (6.63), but did not break out by grade level (2.36 for grades 4-6 and 4.27 for grades 7-8).	10000	We recommend that the District develop policies and procedures, and implement controls, to ensure that pupil attendance is recorded and reported consistently and accurately.	Not Implemented

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Board of Education
El Monte City School District
El Monte, California

In planning and performing our audit of the basic financial statements of El Monte City School District for the year ending June 30, 2023, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are an opportunity for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 8, 2023 on the financial statements of El Monte City School District.

Observation:

During our review of disbursements at the District, we noted 5 expenditures in our sample of 36 which had purchase orders or other forms of approval dated subsequent to the invoices. All exceptions noted were credit card purchases. It is important that all expenditures be preapproved and supported by adequate and complete supporting documentation to ensure that only allowable expenses, which are in line with the budget, are incurred. Incurring costs prior to purchase order approval may result in inappropriate expenditures and/or expenditures exceeding budgeted amounts.

Recommendation: We recommend establishing additional open purchase orders to alleviate the number of purchases that occur without a documented approval. We further recommend that the District adopt a written credit card purchasing policy that incorporates a documented pre-approval process.

Observation: The collective bargaining agreement with CSEA specifies that employees will be permitted to hold over, from one fiscal year to the next, up to five (5) days of vacation, any additional amount carried from year to year is subject to Board approval. A significant number of classified employees are carrying large vacation balances, several in excess of 1,000 hours. The liability for those accrued vacation balances continues to grow each year as each employee's hourly rate of pay is increased for step and column changes, as well as negotiated salary increases.

Recommendation: In order to prevent the liability from continuing to grow to excessive amounts, the District should investigate either requiring employees to take more vacation, paying off some of the excessive balances, or enforcing the cap limitation so that once employees reach the accrued vacation cap, they may not accrue additional vacation.

We will review the status of the current year comments during our next audit engagement.

A handwritten signature in cursive script that reads "Nigro + Nigro, PC".

Murrieta, California
December 8, 2023

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the El Monte City School District (the “District”) in connection with the issuance of (i) \$3,250,000 of the District’s Election of 2008 General Obligation Bonds, Series E (ii) \$7,250,000 of the District’s Election of 2014 General Obligation Bonds, Series D, and (iii) \$6,175,000 of the District’s 2024 General Obligation Refunding Bonds (collectively, the “Bonds”). The Bonds are being issued pursuant to resolutions adopted by the Board of Education of the District dated December 11, 2023 (collectively, the “Resolutions”). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolutions, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” shall mean initially KNN Public Finance, LLC, or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

“Financial Obligation” shall mean: (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) a guarantee of (a) or (b). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the Repository consistent with the Rule.

“Holders” shall mean the registered owners of the Bonds.

“Listed Events” shall mean any of the events listed in Sections 5(a) or 5(b) of this Disclosure Certificate.

“Official Statement” shall mean that certain official statement, dated January 17, 2024, relating to the offering and sale of the Bonds.

“Participating Underwriter” shall mean RBC Capital Markets, LLC as the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean the Municipal Securities Rulemaking Board, which can be found at <http://emma.msrb.org/>, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District’s fiscal year (presently ending June 30), commencing with the report for the 2023-24 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than thirty (30) days (nor more than sixty (60) days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send a timely notice to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent. The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided and to the Repository.

SECTION 4. Content and Form of Annual Reports. (a) The District’s Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the prior fiscal year, 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 time the Annual Report is required to be filed pursuant to Section 3(a), 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.

2. Material financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District’s audited financial statements):

- (a) State funding received by the District for the last completed fiscal year;
- (b) average daily attendance of the District for the last completed fiscal year;
- (c) outstanding District indebtedness;
- (d) summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the current fiscal year;
- (e) The current fiscal year assessed valuation of taxable property within the District; and
- (f) Secured tax levy collections and delinquencies, unless the Teeter Plan is adopted by County of Los Angeles and such plan applies to both the 1% general purpose property tax levy and to the tax levy for general obligation bonds of the District.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

- (b) The Annual Report shall be filed in an electronic format, and accompanied by identifying information, prescribed by the Municipal Securities Rulemaking Board.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

- 1. principal and interest payment delinquencies.
- 2. tender offers.
- 3. defeasances.
- 4. rating changes.
- 5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).
- 6. unscheduled draws on the debt service reserves reflecting financial difficulties.
- 7. unscheduled draws on credit enhancement reflecting financial difficulties.
- 8. substitution of the credit or liquidity providers or their failure to perform.
- 9. 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.

10. bankruptcy, insolvency, receivership or similar event of the District. For the purposes of the event identified in this Section 5(a)(10), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(b) Pursuant to the provisions of this Section 5(b), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. non-payment related defaults.
2. modifications to rights of Bondholders.
3. optional, contingent or unscheduled bond calls.
4. unless described under Section 5(a)(5) above, material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
5. release, substitution or sale of property securing repayment of the Bonds.
6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.
7. appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.
8. incurrence of a Financial Obligation of the District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect Bondowners.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 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(a) or Section 5(b), as applicable.

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon fifteen (15) days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and

(d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(b), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolutions, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriter, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: February 1, 2024

EL MONTE CITY SCHOOL DISTRICT

By: _____
Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: EL MONTE CITY SCHOOL DISTRICT

Name of Bond Issue: Election of 2008 General Obligation Bonds, Series E
Election of 2014 General Obligation Bonds, Series D
2024 General Obligation Refunding Bonds

Date of Issuance: February 1, 2024

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The District anticipates that the Annual Report will be filed by _____.

Dated: _____

EL MONTE CITY SCHOOL DISTRICT

By _____ [form only; no signature required]

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APPENDIX D

ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF EL MONTE AND LOS ANGELES COUNTY

The following information regarding the City of El Monte (the “City”), and Los Angeles County (the “County”) is included only for the purpose of supplying general information regarding the local community and economy. The Bonds are not a debt of the City or of the County. This material has been prepared by or excerpted from the sources as noted herein and has not been reviewed for accuracy by the District, Bond Counsel, the Underwriter or the Financial Advisor.

General

City of El Monte. Located approximately 12 miles east of downtown Los Angeles, between the San Gabriel and Rio Hondo Rivers, the City of El Monte is the hub of the San Gabriel Valley, where two major freeways – Interstates 605 and 10 – intersect. It is the ninth largest city (out of 88) in the County and has an area of 10 square miles. Although historically the core of the City’s economy has been agriculture, currently affordable housing project construction is underway, and manufacturing, wholesale and retail businesses are thriving.

The City is a general law city and was incorporated on November 18, 1912. The City has a Council/Manager form of municipal government. The City Council appoints the City Manager, who is responsible for the day-to-day administration of city business and the coordination of all departments of El Monte. The City Council is composed of a mayor and four council members elected biennially at large to four-year alternating terms.

Los Angeles County. Established by an act of the legislature of the State of California (the “State”) on February 18, 1850, the County is one of the original 27 counties of the State. With 4,061 square miles, the county borders 70 miles of coast on the Pacific Ocean. The County is home to 88 incorporated cities and many unincorporated areas. In between the large desert portions of the county — which make up around 40% of its land area — and the heavily urbanized central and southern portions sits the San Gabriel Mountains containing Angeles National Forest. Significant portions of the County are heavily urbanized. Los Angeles is a Charter County governed by a five-member elected Board of Supervisors, each of whom serves alternating four-year terms.

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Population

The following table shows historical population figures for the City, the County and the State for the past 10 years.

POPULATION ESTIMATES
2013 through 2022
City of El Monte, Los Angeles County and the State of California

<u>Year⁽¹⁾</u>	<u>City of El Monte</u>	<u>Los Angeles County</u>	<u>State of California</u>
2013	115,444	10,025,721	38,269,864
2014	115,749	10,078,942	38,556,731
2015	116,045	10,124,800	38,865,532
2016	116,565	10,150,386	39,103,587
2017	116,315	10,181,162	39,352,398
2018	116,312	10,192,593	39,519,535
2019	116,901	10,163,139	39,605,361
2020	109,133	10,014,009	39,538,223
2021	108,728	9,931,338	39,303,157
2022	107,706	9,861,224	39,185,605

⁽¹⁾ As of January 1.

Source: 2013-19 (2010 Demographic Research Unit Benchmark); 2020-22 (2020 Demographic Research Unit Benchmark):
California Department of Finance for May 2022.

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Income

The following table summarizes per capita personal income for the County, the State and the United States for 2012 through 2021.

PER CAPITA PERSONAL INCOME
2012 through 2021
Los Angeles County, State of California, and United States

<u>Year</u>	<u>Los Angeles County</u>	<u>State of California</u>	<u>United States</u>
2012	\$48,502	\$48,121	\$44,548
2013	48,011	48,502	44,798
2014	50,789	51,266	46,887
2015	53,870	54,546	48,725
2016	55,568	56,560	49,613
2017	57,325	58,804	51,550
2018	59,617	61,508	53,786
2019	63,252	64,919	56,250
2020	68,541	70,647	59,765
2021	74,141	76,614	64,143

Note: Per capital personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. Last updated: November 16, 2022 – new statistics for 2021; revised statistics for 2010-2020. All dollar estimates are in current dollars (not adjusted for inflation).

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

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Principal Employers

The following tables list the principal employers located in the City and the County.

**PRINCIPAL EMPLOYERS
2021
City of El Monte**

<u>Employer Name</u>	<u>Industry</u>	<u>Number of Employees</u>
El Monte City School District	Services: Educational	1500 ⁽¹⁾
Geocyntec Consultants	Services: Engineering	1000
Longo Toyota/Longo Scion	Retail Trade: Automotive Dealers	620
The Gill Corporation	Manufacturing: Fabricated Metal Products	460
Asian Pacific Health Care Venture Inc.	Services: Health	260
House Foods America Corp.	Manufacturing: Food and Kindred Products	250
The Home Depot #6673	Retail Trade: Building Materials	243
Longo Lexus	Retail Trade: Automotive Dealers	226
Sam's Club #6614	Retail Trade: General Merchandise Stores	203
Arroyo High School	Services: Educational	188

⁽¹⁾ For additional information on District full time equivalent employee counts, see "EL MONTE CITY SCHOOL DISTRICT – Employee Relations" in the front part of this Official Statement.

Source: City of El Monte 'Comprehensive Annual Financial Report' for Fiscal Year Ended June 30, 2021.

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PRINCIPAL EMPLOYERS
2022
Los Angeles County

<u>Employer Name</u>	<u>Industry</u>	<u>Number of Employees</u>
Cedars-Sinai Medical Center	Health Care Services	10,000+
Los Angeles County Sheriff	Government Services	10,000+
Los Angeles International Airport - LAX	Airports	10,000+
UCLA Community Based Learning	Junior Community College-Tech Institutes	10,000+
University of CA Los Angeles	Education Services	10,000+
Vision X	Call Centers	10,000+
AHMC Healthcare Inc.	Health Care Services	5,000-9,999
Kaiser Permanente Los Angeles	Health Care Services	5,000-9,999
LA County Office of Education	Educational Service-Business	5,000-9,999
LAC & USC Medical Center	Health Care Services	5,000-9,999
Long Beach City Hall	Government Services	5,000-9,999
Longshore Dispatch	Non-classified Establishments	5,000-9,999
Los Angeles Medical Center	Pathologists	5,000-9,999
Los Angeles Police Department	Police Departments	5,000-9,999
National Institutes of Health	Health Care Services	5,000-9,999
Six Flags	Amusement & Theme Parks	5,000-9,999
Sony Pictures Entertainment	Motion Picture Producers & Studios	5,000-9,999
Space Exploration Tech Corp.	Aerospace Industries (Manufacturer)	5,000-9,999
Twentieth Century Fox	Motion Picture Producers & Studios	5,000-9,999
University of CA Los Angeles	University-College Dept/Facility/Office	5,000-9,999
Walt Disney Co.	Motion Picture Producers & Studios	5,000-9,999
All Nations Church	Churches	1,000-4,999
California State University-Northridge	Education Services	1,000-4,999
Infineon Technologies America	Semiconductor (Manufacturer)	1,000-4,999
Live Nation	Entertainment	1,000-4,999
Security Industry Specialists	Security Systems Consultant	1,000-4,999
Water Garden Management	Office Building & Parks	1,000-4,999

Source: America's Labor Market Information System (ALMIS) Employer Database, 2022 1st Edition. California Employment Development Department.

Employment

The following table summarizes the labor force, employment and unemployment figures for the years 2017 through 2021 for the City, the County, the State and the United States.

LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT ANNUAL AVERAGES

2017 through 2021⁽¹⁾

City of El Monte, Los Angeles County, State of California, and United States

<u>Year and Area</u>	<u>Labor Force</u>	<u>Employment</u> ⁽²⁾	<u>Unemployment</u>	<u>Unemployment Rate (%)</u> ⁽³⁾
<u>2017</u>				
City of El Monte	51,800	49,300	2,500	4.8
Los Angeles County	5,109,800	4,864,100	245,700	4.8
State of California	19,173,800	18,246,800	927,000	4.8
United States	160,320,000	153,337,000	6,982,000	4.4
<u>2018</u>				
City of El Monte	52,000	49,600	2,400	4.6
Los Angeles County	5,121,300	4,885,300	236,000	4.6
State of California	19,263,900	18,442,400	821,500	4.3
United States	162,075,000	155,761,000	6,314,000	3.9
<u>2019</u>				
City of El Monte	52,500	50,300	2,200	4.2
Los Angeles County	5,153,100	4,926,100	227,000	4.4
State of California	19,353,700	18,550,500	803,200	4.2
United States	163,539,000	157,538,000	6,001,000	3.7
<u>2020</u>				
City of El Monte	50,500	43,700	6,800	13.4
Los Angeles County	4,968,900	4,355,900	613,000	12.3
State of California	18,821,200	16,913,100	1,908,100	10.0
United States	160,742,000	147,795,000	12,947,000	8.1
<u>2021</u>				
City of El Monte	50,200	45,600	4,500	9.1
Los Angeles County	4,994,100	4,548,900	445,200	8.9
State of California	19,041,000	18,127,700	913,300	4.8
United States	161,204,000	152,581,000	8,623,000	5.3

Note: Data is not seasonally adjusted.

(1) Annual averages, unless otherwise specified.

(2) Includes persons involved in labor-management trade disputes.

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

Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2021 Benchmark.

Industry

The County is included in the Los Angeles-Long Beach-Glendale Metropolitan Division (the “Metropolitan Division”). The distribution of employment in the Metropolitan Division is presented in the following table for the last five years.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES
2017 through 2021
Los Angeles County (Los Angeles-Long Beach-Glendale Metropolitan Division)

<u>Category</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total Farm	5,700	4,600	4,400	4,400	4,600
Total Nonfarm	4,449,300	4,516,100	4,561,800	4,167,300	4,295,400
Total Private	3,863,100	3,925,500	3,974,900	3,597,100	3,737,200
Goods Producing	491,100	490,800	492,500	463,300	463,100
Mining and Logging	2,000	1,900	1,900	1,700	1,600
Construction	138,700	146,300	149,800	146,500	149,800
Manufacturing	350,400	342,600	340,700	315,100	311,700
Durable Goods	201,400	199,900	201,500	190,100	185,500
Nondurable Goods	148,900	142,600	139,200	125,000	126,300
Service Providing	3,958,100	4,025,300	4,069,300	3,704,000	3,832,300
Private Service Providing	3,372,000	3,434,700	3,482,400	3,133,800	3,274,100
Trade, Transportation & Utilities	845,600	851,400	851,000	788,000	817,600
Wholesale Trade	221,500	223,200	220,500	200,000	202,000
Retail Trade	425,900	424,600	417,700	380,200	401,400
Transportation, Warehousing & Utilities	198,200	203,600	212,900	207,800	214,200
Information	214,000	214,700	215,300	191,000	213,200
Financial Activities	221,600	223,200	223,600	212,600	210,800
Professional & Business Services	613,200	632,300	647,000	599,800	629,500
Educational & Health Services	797,400	817,900	839,900	820,300	839,600
Leisure & Hospitality	524,600	536,500	547,200	393,500	429,300
Other Services	155,700	158,800	158,400	128,700	134,100
Government	<u>586,100</u>	<u>590,600</u>	<u>586,900</u>	<u>570,200</u>	<u>558,200</u>
Total, All Industries	<u>4,455,000</u>	<u>4,520,700</u>	<u>4,565,100</u>	<u>4,171,700</u>	<u>4,300,000</u>

Note: The “Total, All Industries” data is not directly comparable to the employment data found herein.

Source: State of California, Employment Development Department, Labor Market Information Division, Annual Average Labor Force and Industry Employment. March 2021 Benchmark.

Commercial Activity

Summaries of annual taxable sales for the City and the County from 2017 through 2021 are shown in the following tables.

ANNUAL TAXABLE SALES 2017 through 2021 City of El Monte (Dollars in Thousands)

<u>Year</u>	Total Retail and Food Services: <u>Permits</u>	Retail and Food Services: Taxable <u>Transactions</u>	Total All Outlets: <u>Permits</u>	Total All Outlets: Taxable <u>Transactions</u>
2017	1,419	\$1,286,650	2,385	\$1,494,589
2018	1,465	1,270,171	2,529	1,503,433
2019	1,508	1,299,542	2,631	1,539,662
2020	1,644	1,163,250	2,829	1,401,099
2021	1,522	1,552,777	2,722	1,822,716

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 on are not comparable to that of prior years.

Source: "Taxable Sales in California," California Department of Tax and Fee Administration.

ANNUAL TAXABLE SALES 2017 through 2021 Los Angeles County (Dollars in Thousands)

<u>Year</u>	Total Retail and Food Services: <u>Permits</u>	Retail and Food Services: Taxable <u>Transactions</u>	Total All Outlets: <u>Permits</u>	Total All Outlets: Taxable <u>Transactions</u>
2017	197,452	\$114,298,559	313,226	\$160,280,129
2018	200,603	119,145,053	328,047	166,023,795
2019	206,732	122,444,678	342,359	172,313,602
2020	226,643	113,415,974	376,990	157,737,984
2021	208,412	138,932,924	349,061	192,273,117

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 on are not comparable to that of prior years.

Source: "Taxable Sales in California," California Department of Tax and Fee Administration.

Construction Activity

The annual building permit valuations and number of permits for new dwelling units issued for the past five years for the City and the County are shown in the following tables.

BUILDING PERMITS AND VALUATIONS 2017 through 2021 City of El Monte (Dollars in Thousands)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Valuation					
Residential	\$42,170	\$47,648	\$19,640	\$24,984	\$7,280
Non-Residential	<u>10,815</u>	<u>70,364</u>	<u>59,194</u>	<u>24,227</u>	<u>3,269</u>
Total	\$52,985	\$118,012	\$78,834	\$49,211	\$10,549
Units					
Single Family	31	56	48	29	16
Multiple Family	<u>162</u>	<u>236</u>	<u>14</u>	<u>100</u>	<u>15</u>
Total	193	292	62	129	31

Note: Totals may not add to sum due to rounding.

Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS 2017 through 2021 Los Angeles County (Dollars in Thousands)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Valuation					
Residential	\$7,368,352	\$7,441,001	\$6,554,316	\$5,678,400	\$6,020,503
Non-Residential	<u>6,037,503</u>	<u>6,694,097</u>	<u>6,589,602</u>	<u>3,513,049</u>	<u>1,863,348</u>
Total	\$13,405,855	\$14,135,098	\$13,143,918	\$9,191,449	\$7,883,851
Units					
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

Note: Totals may not add to sum because of rounding.

Source: Construction Industry Research Board.

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APPENDIX E

LOS ANGELES COUNTY TREASURY POOL

The following information concerning the Los Angeles County Treasury Pool (the “Treasury Pool”) has been provided by the Treasurer, and has not been confirmed or verified by the District, the Municipal Advisor or the Underwriter. The District, the Municipal Advisor and the Underwriter have not made an independent investigation of the investments in the Treasury Pool and have made no assessment of the current County investment policy. The value of the various investments in the Treasury Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the County Board of Supervisors may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Treasury Pool will not vary significantly from the values described herein. Finally, none of the District, the Municipal Advisor nor the Underwriter make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date. Additional information regarding the Treasurer Pool may be obtained from the Treasurer at <http://ttc.lacounty.gov/Proptax/MonInvestment.asp>; however, the information presented on such website is not incorporated herein by any reference.

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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 November 30, 2023, 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	\$23.149
Schools and Community Colleges	27.688
Discretionary Participants	<u>3.180</u>
Total	\$54.017

The Treasury Pool participation composition is as follows:

Non-discretionary Participants	94.11%
Discretionary Participants:	
Independent Public Agencies	5.75%
County Bond Proceeds and Repayment Funds	<u>0.14%</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 21, 2023, 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 December 29, 2023, the November 30, 2023 book value of the Treasury Pool was approximately \$54.017 billion, and the corresponding market value was approximately \$51.406 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 November 30, 2023:

<u>Type of Investment</u>	<u>% of Pool</u>
Certificates of Deposit	4.16
U.S. Government and Agency Obligations	67.33
Bank Acceptances	0.00
Commercial Paper	28.44
Municipal Obligations	0.05
Corporate Notes & Deposit Notes	0.02
Repurchase Agreements	0.00
Asset Backed Instruments	0.00
Other	<u>0.00</u>
	100.00

The Treasury Pool is highly liquid. As of November 30, 2023, approximately 35.16% of the investments mature within 60 days, with an average of 757 days to maturity for the entire portfolio.

APPENDIX F

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____
Member Surplus Contribution: \$ _____
Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN



CALIFORNIA
ENDORSEMENT TO
MUNICIPAL BOND
INSURANCE POLICY
NO.

This Policy is not covered by the California Insurance Guaranty Association established pursuant to Article 15.2 of Chapter 1 of Part 2 of Division 1 of the California Law.

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language

IN WITNESS WHEREOF, BUILDAMERICA MUTUAL ASSURANCE COMPANY has caused this policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By

Authorized Officer

