

PRELIMINARY OFFICIAL STATEMENT DATED MAY 21, 2025

NEW ISSUE - FULL BOOK-ENTRY
BANK QUALIFIED

RATINGS: S&P: Insured: "AA"
S&P Underlying: "A+"
See "RATINGS" herein.

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. The Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" herein.

\$4,000,000*

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
(El Dorado County, California)
General Obligation Bonds
Election of 2024, Series A
(Bank Qualified)

Dated: Date of Delivery.

Due: As shown on inside front cover.

Authority and Purposes. The above-captioned bonds (the "Bonds") are being issued by the Pollock Pines Elementary School District (the "District") of El Dorado County (the "County"), California, pursuant to applicable provisions of the California Government Code and a resolution adopted by the Board of Trustees of the District on May 14, 2025. Proceeds of the Bonds will be applied to finance school facility improvement projects authorized by District voters at an election held on November 5, 2024, which authorized the issuance of up to \$11,500,000 principal amount of general obligation bonds for school facility improvement projects (the "2024 Bond Authorization"), and to pay related costs of issuance. See "THE FINANCING PLAN" and "THE BONDS – Authority for Issuance" herein.

Security. The Bonds are general obligations of the District payable solely from *ad valorem* property taxes levied on taxable property within the District and collected by the County. The County Board of Supervisors is empowered and is obligated to annually levy *ad valorem* taxes for the payment by the District of principal of and interest on the Bonds upon all property subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates). The District has other series of general obligation bonds outstanding that are similarly secured by *ad valorem* property taxes levied on the taxable property in the District and are secured on a co-equal basis with the Bonds described herein. See "SECURITY FOR THE BONDS."

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

Payments. The Bonds are dated the date of delivery. The Bonds will accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity or earlier redemption, commencing August 1, 2025. Payments of principal of and interest on the Bonds will be made by The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, as the designated paying agent, registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS - Description of the Bonds."

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

Bond Insurance. 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 Assured Guaranty Inc.

**ASSURED
GUARANTY**

MATURITY SCHEDULE

(See inside cover)

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

*The Bonds will be offered when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, and subject to certain other conditions. Jones Hall is also serving as Disclosure Counsel to the District. Norton Rose Fulbright US LLP, Los Angeles, California is serving as counsel to the Underwriter. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about June 12, 2025.**

RAYMOND JAMES®

The date of this Official Statement is _____, 2025.

*Preliminary; subject to change.

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

MATURITY SCHEDULE*

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
(El Dorado County, California)
General Obligation Bonds, Election of 2024
Series A

Base CUSIP[†]: 731517

| Maturity Date (August 1) | Principal Amount | Interest Rate | Yield | Price | CUSIP[†] |
|-------------------------------------|-----------------------------|----------------------|--------------|--------------|--------------------------|
|-------------------------------------|-----------------------------|----------------------|--------------|--------------|--------------------------|

** Preliminary; subject to change.*

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services ("CGS"), managed on behalf of the American Bankers Association by FactSet Research Systems Inc. © 2025 CUSIP Global Services. All rights reserved. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience only. Neither of the District nor the Underwriter takes any responsibility for the accuracy of such numbers. The CUSIP number for a specific maturity is subject to being changed after the issuance 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.

**POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
EL DORADO COUNTY
STATE OF CALIFORNIA**

DISTRICT BOARD OF TRUSTEES

Susan McVey, *President*
Dave Campbell, *Clerk*
Patrick Atkins, *Trustee*
Michael Bird, *Trustee*
Brent Malicote, *Trustee*

DISTRICT ADMINISTRATION

Kim Little, *Superintendent*
Tara Clark, *Chief Business Official*

MUNICIPAL ADVISOR

Isom Advisors, a Division of Urban Futures, Inc.
Walnut Creek, California

BOND and DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

BOND REGISTRAR, TRANSFER AGENT and PAYING AGENT

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

UNDERWRITER'S COUNSEL

Norton Rose Fulbright US LLP
Los Angeles, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

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

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

Information in Official Statement. The information set forth in this Official Statement has been furnished by the District and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. The presentation of information, including tables of receipts from taxes and other revenues, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the District. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the District in any press release and in any oral statement made with the approval of an authorized officer of the District or any other entity described or referenced herein, the words or phrases “will likely result,” “are expected to”, “will continue”, “is anticipated”, “estimate”, “project,” “forecast”, “expect”, “intend” and similar expressions identify “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the District or any other entity described or referenced herein since the date hereof.

Bond Insurance. Assured Guaranty Inc. (“AG” or the “Bond Insurer”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, the Bond Insurer 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 the Bond Insurer, supplied by the Bond Insurer and presented under the heading “BOND INSURANCE” and in APPENDIX H.

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

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

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

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

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

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

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OFFICIAL STATEMENT

\$4,000,000*

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT

(El Dorado County, California)

General Obligation Bonds

Election of 2024, Series A

(Bank Qualified)

The purpose of this Official Statement, which includes the cover page, inside cover page and attached appendices, is to set forth certain information concerning the sale and delivery of the captioned General Obligation Bonds, Election of 2024, Series A (Bank Qualified) (the “**Bonds**”), by the Pollock Pines Elementary School District (the “**District**”) of El Dorado County (the “**County**”), State of California (the “**State**”).

INTRODUCTION

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

The District. The District serves Pollock Pines, an unincorporated area of the County, and is located 50 miles east of Sacramento and 45 miles west of Lake Tahoe. The District encompasses approximately 199 square miles and serves a population of approximately 9,400 residents. The District is an elementary school district serving students in kindergarten through eighth grades. The District operates Pinewood Elementary School for students in grades K-4 and Sierra Ridge Middle School for students in grades 5-8. The District also provides administrative services to the Silver Fork School District. Enrollment in the District is approximately 586 students in fiscal year 2024-25. Total assessed value in the District for fiscal year 2024-25 is over \$1.3 billion.

For more information regarding the District and its finances, see Appendix A and Appendix B attached hereto. See also Appendix C hereto for demographic and other information regarding the County.

Purpose of the Bonds. The net proceeds of the Bonds will be used to finance improvements to District school facilities as authorized by District voters at an election held in the District on November 5, 2024 (the “**2024 Bond Authorization**”), and to pay related costs of issuance. See “THE FINANCING PLAN.”

Authority for Issuance of the Bonds. The Bonds will be issued pursuant to applicable provisions of the California Government Code and pursuant to a resolution adopted by the Board of Trustees of the District on May 14, 2025 (the “**Bond Resolution**”). See “THE BONDS – Authority for Issuance” herein.

**Preliminary; subject to change.*

Payment and Registration of the Bonds. The Bonds mature in the years and in the amounts as set forth on the inside cover pages hereof. The Bonds will accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity or earlier redemption, commencing August 1, 2025. The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Bonds. See “THE BONDS” and “APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

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

The District has other series of general obligation bonds outstanding that are payable from *ad valorem* property taxes levied on taxable property in the District. The Bonds have a co-equal lien on the *ad valorem* property taxes levied to pay debt service thereon with all other outstanding general obligation bonds of the District. See “DEBT SERVICE SCHEDULES” and “DISTRICT FINANCIAL INFORMATION – Existing Debt Obligations - General Obligation Bonds” in APPENDIX A.

Bond Insurance. Concurrently with the issuance of the Bonds, Assured Guaranty Inc. (“AG” or the “Bond Insurer”) 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 H to this Official Statement. See “BOND INSURANCE” and APPENDIX H.

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

Tax Matters; Bank Qualified. Assuming compliance with certain covenants and provisions of the Internal Revenue Code of 1986, in the opinion of Bond Counsel, interest on the Bonds will not be includable in gross income for federal income tax purposes although it may be includable in the calculation for certain taxes. Interest on the Bonds may be subject to the corporate alternative minimum tax. Also, in the opinion of Bond Counsel, interest on the Bonds will be exempt from the State personal income taxes. The District has designated the Bonds as “qualified tax-exempt obligations” pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986. Such section provides an exception to the prohibition against the ability of a “financial institution” (as defined in the Internal Revenue Code of 1986) to deduct its interest expense allocable to tax-exempt interest. See “TAX MATTERS” and APPENDIX D hereto for the form of Bond Counsel’s opinion to be delivered concurrently with the Bonds.

*Preliminary, subject to change.

Other Information. This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this Official Statement and information concerning the Bonds are available from the Superintendent's Office at 300 El Cerrito Avenue, Hillsborough, California 94010, Telephone: (650) 342-5193. The District may impose a charge for copying, mailing and handling.

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 entirety by reference to each of such documents, statutes and constitutional provisions.

Certain of the information set forth herein has been obtained from official sources which are believed to be reliable, but this information 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.

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THE FINANCING PLAN

The proceeds of the Bonds will be used to finance projects approved by the voters in connection with the 2024 Bond Authorization, which authorized the issuance of \$11,500,000 principal amount of general obligation bonds for the purpose of financing the construction and improvement of school facilities, together with related costs of issuing the Bonds. The abbreviated form of the 2024 Bond Authorization, known as “Measure P”, is as follows:

To improve the quality of education; replace leaky roofs; renovate and modernize outdated classrooms, restrooms and school facilities; replace deteriorating plumbing systems; and make safety and security improvements; shall Pollock Pines Elementary School District's measure be adopted authorizing \$11,500,000 of bonds at legal rates, generating on average \$693,000 annually as long as bonds are outstanding with levies of approximately \$30 per \$100,000 assessed value, with annual audits, independent citizens' oversight, NO money for salaries and all money staying local?

As part of the ballot materials presented to District voters in connection with the 2024 Bond Authorization, the voters authorized a specific list of projects (the “**Project List**”) eligible to be funded with proceeds of bonds sold pursuant to the 2024 Bond Authorization, including the Bonds described herein. The District makes no representation as to the specific application of the proceeds of the Bonds, the completion of any projects listed on the Project List, or whether bonds authorized by the 2024 Bond Authorization will provide sufficient funds to complete any particular project listed in the Project List. The Bonds will be the first series of general obligation bonds issued by the District pursuant to the 2024 Bond Authorization. Following the issuance of the Bonds, \$7,500,000* principal amount of the 2024 Bond Authorization will be authorized but unissued.

[Remainder of page intentionally left blank]

*Preliminary, subject to change.

SOURCES AND USES OF FUNDS

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

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT Sources and Uses

Sources of Funds

Principal Amount of Bonds
Plus Original Issue Premium

Total Sources

Uses of Funds

Deposit to Building Fund
Deposit to Debt Service Fund
Costs of Issuance⁽¹⁾

Total Uses

(1) Estimated costs of issuance include, but are not limited to, Underwriter's discount, printing costs, and fees of Bond Counsel, Disclosure Counsel, Municipal Advisor, the Paying Agent, the premium for the bond insurance policy, and fees of the rating agency.

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THE BONDS

Authority for Issuance

The Bonds will be issued pursuant to the 2024 Bond Authorization, certain provisions of the Government Code of the State commencing with Section 53506 thereof (the “**Bond Law**”), and the Bond Resolution.

Description of the Bonds

The Bonds are being issued as bonds which bear current interest. The Bonds mature in the years and in the amounts as set forth on the inside cover page hereof. The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company (“**DTC**”). See “-Book-Entry Only System” below and “APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM.” See also the maturity schedules on the inside cover page of this Official Statement and “DEBT SERVICE SCHEDULES” herein.

The Bonds shall be issued in the denominations of \$5,000 principal amount each or any integral multiple thereof. Interest on the Bonds is payable semiannually on each February 1 and August 1, commencing on August 1, 2025 (each, an “**Interest Payment Date**”). Each Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it will bear interest from such date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the fifteenth (15th) day of the month preceding the Interest Payment Date (each, a “**Record Date**”), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to July 15, 2025, in which event it will bear interest from the date of delivery of the Bonds identified on the cover page hereof. Notwithstanding the foregoing, if interest on any Bond is in default at the time of authentication thereof, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Payments of principal of and interest on the Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, as the designated paying agent, registrar and transfer agent (the “**Paying Agent**”) to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Bonds.

Book-Entry Only System

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

As long as DTC’s book-entry method is used for the Bonds, the Paying Agent will send any notice of prepayment or other notices to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the prepayment of the Bonds called for prepayment or of any other action premised on such notice. See “APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

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

Optional Redemption*

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

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

Mandatory Sinking Fund Redemption*

The Bonds maturing on August 1, 20__, and August 1, 20__, (together, the “**Term Bonds**”), are subject to mandatory sinking fund redemption on August 1 of each year in accordance with the schedules set forth below. The Term Bonds so called for mandatory sinking fund redemption will be redeemed in the sinking fund payment amounts and on the dates set forth below, without premium.

| Term Bonds Maturing August 1, 20__ | |
|---|------------------------------------|
| Redemption Date (August 1) | Sinking Fund Redemption |
| <hr/> | |

| Term Bonds Maturing August 1, 20__ | |
|---|------------------------------------|
| Redemption Date (August 1) | Sinking Fund Redemption |
| <hr/> | |

If any Term Bonds are redeemed pursuant to the optional redemption provisions described above, the total amount of all future sinking fund payments with respect to such Term Bonds shall be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among such payments on a pro rata basis in integral multiples of \$5,000 principal amount (or on such other basis as the District may determine) as set forth in written notice given by the District to the Paying Agent.

**Preliminary; subject to change.*

Notice of Redemption

The Paying Agent will cause notice of any redemption to be mailed, first class mail, postage prepaid, at least 20 days but not more than 60 days prior to the date fixed for redemption, to the respective owners of any Bonds designated for redemption, at their addresses appearing on the registration books maintained by the Paying Agent. Such notice may be a conditional notice of redemption and subject to rescission as set forth below. Such notice shall state the redemption date and the redemption price and, if less than all of the then outstanding Bonds are to be called for redemption, shall designate the serial numbers of the Bonds to be redeemed by giving the individual number of each Bond or by stating that all Bonds between two stated numbers, both inclusive, or by stating that all of the Bonds of one or more maturities have been called for redemption, and shall require that such Bonds be then surrendered at the office of the Paying Agent for redemption at the said redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

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

Partial Redemption of Bonds

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

Right to Rescind Notice of Optional Redemption

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

Registration, Transfer and Exchange of Bonds

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

If the book entry system is discontinued, the person in whose name a Bond is registered on the Bond Register will be regarded as the absolute owner of that Bond. Payment of the principal of and interest on any Bond will be made only to or upon the order of that person; neither

the District, the County nor the Paying Agent will be affected by any notice to the contrary, but the registration may be changed as provided in the Bond Resolution.

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

No exchange of Bonds is required to be made 15 days prior to the date established by the Paying Agent for selection of Bonds for redemption or with respect to a Bond after it has been selected for redemption.

Defeasance

The Bonds may be paid by the District, in whole or in part, in any one or more of the following ways:

- (a) by paying or causing to be paid the principal or redemption price of and interest on such Bonds, as and when the same become due and payable;
- (b) by irrevocably depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Bond Resolution) to pay or redeem such Bonds; or
- (c) by delivering such Bonds to the Paying Agent for cancellation by it.

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

- (i) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption is given as provided in the Bond Resolution or provision satisfactory to the Paying Agent is made for the giving of such notice, the amount to be deposited or held will be the principal amount or redemption price of such Bonds and all unpaid interest thereon to the redemption date; or
- (ii) Federal Securities (not callable by the issuer thereof prior to maturity) the principal of and interest on which when due, in the opinion of a certified public

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

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

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

DEBT SERVICE SCHEDULES

The Bonds. The following table shows the annual debt service schedule with respect to the Bonds (assuming no optional redemptions).

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT The Bonds Annual Debt Service Schedule

| Period Ending August 1 | Principal | Interest | Total Debt Service |
|---------------------------|-----------|----------|-----------------------|
| 2025 | | | |
| 2026 | | | |
| 2027 | | | |
| 2028 | | | |
| 2029 | | | |
| 2030 | | | |
| 2031 | | | |
| 2032 | | | |
| 2033 | | | |
| 2034 | | | |
| 2035 | | | |
| 2036 | | | |
| 2037 | | | |
| 2038 | | | |
| 2039 | | | |
| 2040 | | | |
| 2041 | | | |
| 2042 | | | |
| 2043 | | | |
| 2044 | | | |
| 2045 | | | |
| 2046 | | | |
| 2047 | | | |
| 2048 | | | |
| 2049 | | | |
| 2050 | | | |
| 2051 | | | |
| 2052 | | | |
| 2053 | | | |
| 2054 | | | |
| Total | | | |

Combined General Obligation Bonds Debt Service. The District has other series of general obligation bonds outstanding. The following table shows the combined debt service schedule with respect to the District's outstanding general obligation bonds and the Bonds, assuming no optional redemptions. See Appendix A under the heading "DISTRICT FINANCIAL INFORMATION – Existing Debt Obligations" for additional information.

**POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
Combined General Obligation Bonds Debt Service Schedule**

| Period Ending Aug. 1 | Outstanding GO Bonds Annual Debt Service* | The Bonds Annual Debt Service | Aggregate Annual Debt Service |
|-------------------------------------|--|--|--|
| 2025 | \$321,712.50 | | |
| 2026 | 365,362.50 | | |
| 2027 | 378,862.50 | | |
| 2028 | 392,212.50 | | |
| 2029 | 409,962.50 | | |
| 2030 | 427,250.00 | | |
| 2031 | 444,212.50 | | |
| 2032 | 460,862.50 | | |
| 2033 | 477,037.50 | | |
| 2034 | 497,587.50 | | |
| 2035 | 517,375.00 | | |
| 2036 | 536,350.00 | | |
| 2037 | 559,575.00 | | |
| 2038 | 582,050.00 | | |
| 2039 | 603,600.00 | | |
| 2040 | 629,400.00 | | |
| 2041 | 653,056.26 | | |
| 2042 | 680,850.00 | | |
| 2043 | 707,600.00 | | |
| 2044 | 695,600.00 | | |
| 2045 | 724,200.00 | | |
| 2046 | 750,800.00 | | |
| 2047 | 785,400.00 | | |
| 2048 | 812,600.00 | | |
| 2049 | 847,600.00 | | |
| 2050 | -- | | |
| 2051 | -- | | |
| 2052 | -- | | |
| 2053 | -- | | |
| 2054 | -- | | |
| 2055 | -- | | |
| TOTAL | \$14,261,118.76 | | |

*Represents debt service due on outstanding Election of 2012, Series A, Series B and Series C Bonds.

SECURITY FOR THE BONDS

Ad Valorem Taxes

Bonds Payable from Ad Valorem Property Taxes. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied and collected by the County. In accordance with Education Code 15250 and following, the County Board of Supervisors is empowered and obligated to annually levy *ad valorem* property taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates). In no event is the District obligated to pay principal of and interest on the Bonds out of any funds or properties of the District other than *ad valorem* property taxes levied upon all taxable property in the District; provided, however, nothing in the Bond Resolution prevents the District from making advances of its own moneys howsoever derived to any of the uses or purposes permitted by law.

Other Bonds Payable from Ad Valorem Property Taxes. The District has other general obligation bond issues outstanding which are payable from *ad valorem* property taxes on a parity basis. In addition to the general obligation bonds issued by the District, there is other debt issued by entities with jurisdiction in the District, which is payable from *ad valorem* property taxes levied on parcels in the District. See “DISTRICT FINANCIAL INFORMATION – Existing Debt Obligations” and “PROPERTY TAXATION – Tax Rates” and “- Direct and Overlapping Debt” below.

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

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

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

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

Economic and other factors beyond the District's control, such as economic recession, deflation of property values, a relocation out of the District or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire, drought, the impacts of climate change, the outbreak of disease or other natural disaster or man-made disaster, could cause a reduction in the assessed value within the District and necessitate a corresponding increase in the annual tax rate. See "PROPERTY TAXATION – Assessed Valuation – Factors Relating to Increases/Decreases in Assessed Value."

Debt Service Fund

Pursuant to the Bond Resolution, the County will establish a Debt Service Fund (the "**Debt Service Fund**"), for the Bonds, into which will be deposited all taxes levied by the County for the payment by the District of the principal of and interest on the Bonds. In addition, any premium received on the sale of the Bonds will be deposited therein. The Debt Service Funds are pledged by the District for the payment by it of the principal of and interest on the a Bonds when and as the same become due. The County will transfer amounts in the Debt Service Fund to the Paying Agent to the extent necessary to enable the District to pay the principal of and interest on the Bonds as the same becomes due and payable.

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

Not a County Obligation

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

PROPERTY TAXATION

Property Tax Collection Procedures

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

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

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

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

Disclaimer Regarding Property Tax Collection Procedures. The property tax collection procedures described above are subject to amendment based on legislation or executive order

which may be enacted by the State legislature or declared by the Governor from time to time. The District cannot predict whether future amendments or orders will occur, and what impact, if any, said future amendments or orders could have on the procedures relating to the levy and collection of property taxes, and related interest and penalties.

Taxation of State-Assessed Utility Property

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

Assessed Valuation

Assessed Valuation History. The table below shows a recent history of the District’s assessed valuation.

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT Historical Assessed Valuations Fiscal Year 2015-16 through Fiscal Year 2024-25

| <u>Fiscal Year</u> | <u>Local Secured</u> | <u>Utility</u> | <u>Unsecured</u> | <u>Total</u> |
|---------------------------|-----------------------------|-----------------------|-------------------------|---------------------|
| 2015-16 | \$864,930,592 | \$0 | \$6,715,697 | \$871,646,289 |
| 2016-17 | 896,863,774 | 0 | 8,064,300 | 904,928,074 |
| 2017-18 | 947,448,406 | 0 | 7,227,791 | 954,676,197 |
| 2018-19 | 995,766,242 | 0 | 9,662,473 | 1,005,428,715 |
| 2019-20 | 1,035,280,345 | 0 | 9,827,545 | 1,045,107,890 |
| 2020-21 | 1,070,226,413 | 0 | 9,895,213 | 1,080,121,626 |
| 2021-22 | 1,107,579,223 | 0 | 10,231,434 | 1,117,810,657 |
| 2022-23 | 1,169,184,150 | 0 | 13,521,476 | 1,182,705,626 |
| 2023-24 | 1,239,543,465 | 0 | 12,939,206 | 1,252,482,671 |
| 2024-25 | 1,292,014,069 | 0 | 13,705,843 | 1,305,719,912 |

Source: California Municipal Statistics, Inc.

Factors Relating to Increases/Decreases in Assessed Value: Economic Conditions; Disasters. As indicated in the previous table, assessed valuations are subject to change in each year. Increases or decreases in assessed valuation result from a variety of factors including but not limited to general economic conditions, supply and demand for real property in the area, government regulations such as zoning, and man-made or natural disasters which include but are not limited to earthquakes, fires/wildfires, floods, drought, mudslides and the consequences of climate change such as heat waves, droughts, sea level rise and floods, which could have an impact on assessed values. The State including the region in which the District is located has in recent years experienced natural disasters, such as wildfires, earthquakes, droughts, mudslides and flooding. The County is located near several fault systems, and the region is classified for fire hazard severity purposes as very high under the State’s Department of Forestry and Fire

Protection zoning map. Public health disasters such as the COVID-19 pandemic could also have direct and indirect impacts on economic conditions and property values.

Future Conditions and Disasters Cannot be Predicted. The District cannot predict or make any representations regarding the effects that any natural or manmade disasters, including health disasters such as the COVID-19 pandemic, and the effects of climate change, and related conditions have or may have on the value of taxable property within the District, or to what extent the effects said disasters might have on economic activity in the District or throughout the State.

Assessed Valuation by Land Use. The table below shows the recent land use of property within the District, as measured by assessed valuation and the number of parcels. As shown, the majority of the District's assessed valuation is represented by residential property.

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
Local Secured Property Assessed Valuation and Parcels by Land Use
Fiscal Year 2024-25

| | 2024-25 Assessed Valuation ⁽¹⁾ | % of Total | No. of Parcels | % of Total |
|---------------------------------|--|-----------------------|---------------------------|-----------------------|
| <u>Non-Residential:</u> | | | | |
| Rural | \$ 5,835,403 | 0.45% | 45 | 0.89% |
| Timber | 4,322,677 | 0.33 | 160 | 3.15 |
| Commercial | 41,256,766 | 3.19 | 52 | 1.02 |
| Vacant Commercial | 1,482,248 | 0.11 | 16 | 0.31 |
| Industrial | 787,972 | 0.06 | 4 | 0.08 |
| Vacant Industrial | 2,088,819 | 0.16 | 16 | 0.31 |
| Recreational | 7,392,223 | 0.57 | 18 | 0.35 |
| Social/Institutional | 0 | 0.00 | 4 | 0.08 |
| Subtotal Non-Residential | \$63,166,108 | 4.89% | 315 | 6.20% |
| <u>Residential:</u> | | | | |
| Single Family Residence | \$1,128,206,547 | 87.32% | 3,748 | 73.75% |
| Mobile Home | 34,014,570 | 2.63 | 319 | 6.28 |
| Mobile Home Park | 17,290,061 | 1.34 | 13 | 0.26 |
| 2-3 Residential Units | 10,405,332 | 0.81 | 43 | 0.85 |
| 4+ Residential Units/Apartments | 9,599,026 | 0.74 | 23 | 0.45 |
| Miscellaneous Residential | 3,141,894 | 0.24 | 34 | 0.67 |
| Vacant Residential | 26,190,531 | 2.03 | 587 | 11.55 |
| Subtotal Residential | \$1,228,847,961 | 95.11% | 4,767 | 93.80% |
| Total | \$1,292,014,069 | 100.00% | 5,082 | 100.00% |

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

Assessed Valuation of Single-Family Residential Parcels. The table below shows the recent breakdown of the assessed valuations of improved single-family residential parcels in the District, including the median and average assessed value per parcel.

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
Per Parcel Assessed Valuation of Single-Family Homes
Fiscal Year 2024-25

| | No. of Parcels | 2024-25 Assessed Valuation | Average Assessed Valuation | Median Assessed Valuation |
|---------------------------|---------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| Single Family Residential | 3,748 | \$1,128,206,547 | \$301,016 | \$288,989 |

| 2024-25 Assessed Valuation | No. of Parcels ⁽¹⁾ | % of Total | Cumulative % of Total | Total Valuation | % of Total | Cumulative % of Total |
|---------------------------------------|--|-----------------------|----------------------------------|----------------------------|-----------------------|----------------------------------|
| \$0 - \$49,999 | 46 | 1.227% | 1.227% | \$ 1,574,504 | 0.140% | 0.140% |
| \$50,000 - \$99,999 | 162 | 4.322 | 5.550 | 12,546,622 | 1.112 | 1.252 |
| \$100,000 - \$149,999 | 313 | 8.351 | 13.901 | 39,649,759 | 3.514 | 4.766 |
| \$150,000 - \$199,999 | 467 | 12.460 | 26.361 | 82,767,225 | 7.336 | 12.102 |
| \$200,000 - \$249,999 | 482 | 12.860 | 39.221 | 108,949,238 | 9.657 | 21.759 |
| \$250,000 - \$299,999 | 519 | 13.847 | 53.068 | 142,858,539 | 12.662 | 34.422 |
| \$300,000 - \$349,999 | 523 | 13.954 | 67.022 | 169,365,984 | 15.012 | 49.433 |
| \$350,000 - \$399,999 | 442 | 11.793 | 78.815 | 165,198,367 | 14.643 | 64.076 |
| \$400,000 - \$449,999 | 294 | 7.844 | 86.660 | 123,492,156 | 10.946 | 75.022 |
| \$450,000 - \$499,999 | 205 | 5.470 | 92.129 | 97,112,425 | 8.608 | 83.630 |
| \$500,000 - \$549,999 | 95 | 2.535 | 94.664 | 49,491,057 | 4.387 | 88.016 |
| \$550,000 - \$599,999 | 83 | 2.215 | 96.878 | 47,593,385 | 4.218 | 92.235 |
| \$600,000 - \$649,999 | 28 | 0.747 | 97.625 | 17,409,285 | 1.543 | 93.778 |
| \$650,000 - \$699,999 | 25 | 0.667 | 98.292 | 16,862,046 | 1.495 | 95.273 |
| \$700,000 - \$749,999 | 23 | 0.614 | 98.906 | 16,613,355 | 1.473 | 96.745 |
| \$750,000 - \$799,999 | 16 | 0.427 | 99.333 | 12,308,370 | 1.091 | 97.836 |
| \$800,000 - \$849,999 | 1 | 0.027 | 99.360 | 806,892 | 0.072 | 97.908 |
| \$850,000 - \$899,999 | 4 | 0.107 | 99.466 | 3,563,933 | 0.316 | 98.223 |
| \$900,000 - \$949,999 | 11 | 0.293 | 99.760 | 10,184,906 | 0.903 | 99.126 |
| \$950,000 - \$999,999 | 2 | 0.053 | 99.813 | 1,931,370 | 0.171 | 99.297 |
| \$1,000,000 and greater | 7 | 0.187 | 100.000 | 7,927,129 | 0.703 | 100.000 |
| | 3,748 | 100.000% | | \$1,128,206,547 | 100.000% | |

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

Reassessments and Appeals of Assessed Value

Reassessment or appeals of assessed values could adversely impact property tax revenues within the District.

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

Under California law, property owners may apply for a Proposition 8 reduction of their property tax assessment by filing a written application, in form prescribed by the SBE, with the County board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices)

cause the property to be worth less than its current assessed value. Proposition 8 reductions may also be unilaterally applied by the County Assessor.

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

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

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

Tax Rates

The table below summarizes the total *ad valorem* tax rates levied by all taxing entities for property in the District which lies in Tax Rate Area 59-040 for recent fiscal years.

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
Typical Tax Rates per \$100 of Assessed Valuation
(Tax Rate Area 59-040)⁽¹⁾
Fiscal Years 2020-21 through 2024-25

| | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|
| General | \$1.000000 | \$1.000000 | \$1.000000 | \$1.000000 | \$1.000000 |
| Pollock Pines School District | .026398 | .027590 | .023276 | .023000 | .022000 |
| El Dorado Union High School District | .012937 | .013761 | .010958 | .010229 | .010405 |
| Los Rios Community College District | <u>.022300</u> | <u>.024900</u> | <u>.022600</u> | <u>.019200</u> | <u>.020000</u> |
| Total All Property Tax Rate | \$1.061635 | \$1.066251 | \$1.056834 | \$1.052429 | \$1.052405 |

(1) 2024-25 assessed valuation of TRA 59-040 is \$1,167,891,632 which is 89.44% of the District's total assessed valuation.
Source: California Municipal Statistics, Inc.

Tax Levies and Delinquencies

The Board of Supervisors of the County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “**Teeter Plan**”), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, each entity levying property taxes in the County may draw on the amount of uncollected secured taxes credited to its fund, in the same manner as if the amount credited had been collected. The District participates in the Teeter Plan, and thus receives 100% of secured property taxes levied in exchange for foregoing any interest and penalties collected on delinquent taxes. Currently, the County includes general obligation bond levies, including for general obligation bonds issued by the District, in its Teeter Plan.

So long as the Teeter Plan remains in effect and the County continues to include the District in the Teeter Plan, the District’s receipt of revenues with respect to the levy of *ad valorem* property taxes will not be dependent upon actual collections of the *ad valorem* property taxes by the County. However, under the statute creating the Teeter Plan, the Board of Supervisors of the County could, under certain circumstances, terminate the Teeter Plan in its entirety and, in addition, the Board of Supervisors of the County could terminate the Teeter Plan with respect to the District if the delinquency rate for all *ad valorem* property taxes levied within the District in any year exceeds 3%. In the event that the Teeter Plan was terminated in the County with regard to the secured tax roll, the amount of the levy of *ad valorem* property taxes in the District would depend upon the collections of the *ad valorem* property taxes within the County and delinquency rates experienced with respect to the parcels within the District. With respect to general obligation bonds, county assessors are authorized to levy taxes sufficient to pay debt service on bonds coming due, including at a rate that will provide for a reserve in the event of delinquencies. The District cannot represent the sufficiency of any such reserve to the extent necessary to cover delinquent taxes, to the extent the Teeter Plan were amended or discontinued.

The District cannot provide any assurances that the County will continue to maintain the Teeter Plan described above, or will have sufficient funds available to distribute the full amount of the District’s share of property tax collections to the District. The ability of the County to maintain the Teeter Plan may depend on its financial resources and may be affected by future property tax delinquencies. 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 outbreak of disease or natural or manmade disaster, including earthquakes, firestorms, and other conflagrations.

Furthermore, the District cannot predict the impact, if any, that changes or modifications to property tax collection procedures, might have on the County’s Teeter Plan. See “PROPERTY TAXATION – Property Tax Collection Procedures” herein.

Major Taxpayers

The following table shows recent largest local secured taxpayers in the District as determined by their secured assessed valuations.

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT Largest 2024-25 Local Secured Taxpayers

| | <u>Property Owner</u> | <u>Primary Land Use</u> | <u>2024-25 Assessed Valuation</u> | <u>% of Total ⁽¹⁾</u> |
|-----|---------------------------------------|-------------------------|---------------------------------------|--------------------------------------|
| 1. | American Eagle Investments LLC | Supermarket | \$ 9,977,274 | 0.77% |
| 2. | Pollock Pines MHP LLC | Mobile Home Park | 3,859,429 | 0.30 |
| 3. | Sierra Pacific Industries | Timber | 3,524,739 | 0.27 |
| 4. | Fresh Pond Petro Inc. | Service Station/Market | 3,336,096 | 0.26 |
| 5. | Longs Drug Stores California Inc. | Commercial Store | 3,200,000 | 0.25 |
| 6. | Bonanza MHP LP | Mobile Home Park | 3,184,658 | 0.25 |
| 7. | Kayna Westley LLC | Motel | 3,153,898 | 0.24 |
| 8. | Bell PP Holdings LLC | Restaurant | 3,015,751 | 0.23 |
| 9. | Paws Estate LLC | Apartments | 2,944,732 | 0.23 |
| 10. | Michael H. & Norma L. Hansen Trust | Residential | 2,501,634 | 0.19 |
| 11. | Dean and Allison Valencia Trust | Residential | 2,209,767 | 0.17 |
| 12. | Sacramento Municipal Utility District | Vacant Land | 2,200,119 | 0.17 |
| 13. | James & Roisin Rodgers Trust | Mobile Home Park | 1,758,451 | 0.14 |
| 14. | James C. & Deborah Banducci Pierce | Mobile Home Park | 1,738,450 | 0.13 |
| 15. | Pollock Pines Pony Express LLC | Commercial Store | 1,680,000 | 0.13 |
| 16. | Paige and Kimberly Gillin | Residential | 1,675,268 | 0.13 |
| 17. | Michael J. & Diana L. Silva Trust | Residential | 1,576,358 | 0.12 |
| 18. | Ghost Mountain RV Resort LLC | RV Campground | 1,502,437 | 0.12 |
| 19. | Buri LLC | Mobile Home Park | 1,350,307 | 0.10 |
| 20. | Darlene Brower Trust | Residential | <u>1,347,733</u> | <u>0.10</u> |
| | | | \$55,737,101 | 4.31% |

(1) 2024-25 Local Secured Assessed Valuation: \$1,292,014,069

Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the “**Debt Report**”) prepared by California Municipal Statistics, Inc. dated May 1, 2025, for debt as of May 1, 2025. 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.

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT **Statement of Direct and Overlapping Bonded Debt** **Dated as of May 1, 2025**

2024-25 Assessed Valuation: \$1,305,719,912

| <u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u> | <u>% Applicable</u> | <u>Debt 5/1/25</u> |
|--|----------------------------|---------------------------------------|
| Los Rios Community College District | 0.467% | \$ 1,624,156 |
| El Dorado Union High School District | 4.226 | 2,325,392 |
| Pollock Pines Elementary School District | 100.000 | <u>8,178,004</u>⁽¹⁾ |
| TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT | | \$12,127,552 |
| <u>OVERLAPPING GENERAL FUND DEBT:</u> | | |
| El Dorado County Certificates of Participation | 2.886% | \$1,536,304 |
| El Dorado Union High School District Certificates of Participation | 4.226 | <u>618,264</u> |
| TOTAL OVERLAPPING GENERAL FUND DEBT | | \$2,154,568 |
| COMBINED TOTAL DEBT | | \$14,282,120 ⁽²⁾ |

Ratios to 2024-25 Assessed Valuation:

| | |
|--|--------------|
| Direct Debt (\$8,178,004) | 0.63% |
| Total Direct and Overlapping Tax and Assessment Debt | 0.93% |
| Combined Total Debt | 1.09% |

(1) Excludes the Bonds to be sold.

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

Source: California Municipal Statistics, Inc.

BOND INSURANCE

The following information has been furnished by the Bond Insurer for use in this Official Statement. No representation is made as to the accuracy or completeness of this information, or the absence of material adverse changes therein at any time subsequent to the date hereof. Reference is made to APPENDIX H for a specimen of the Policy.

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Inc. (“**AG**” or the “**Bond Insurer**”) will issue its Municipal Bond Insurance Policy (the “**Policy**”) for the Bonds. 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 an appendix to this Official Statement.

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

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL” and together with its subsidiaries, “Assured Guaranty”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO.” AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“**S&P**”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A1” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG 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 relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.

On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of AG (“AGM”), merged with and into AG, with AG

as the surviving company (such transaction, the “Merger”). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

Current Financial Strength Ratings

On October 18, 2024, KBRA announced it had affirmed AG’s insurance financial strength rating of “AA+” (stable outlook).

On July 10, 2024, Moody’s, following Assured Guaranty’s announcement of the Merger, announced that it had affirmed AG’s insurance financial strength rating of “A1” (stable outlook).

On May 28, 2024, S&P announced it had affirmed AG’s financial strength rating of “AA” (stable outlook). On August 1, 2024, S&P stated that following the Merger, there is no change in AG’s financial strength rating of “AA” (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody’s and/or KBRA may take. For more information regarding AG’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

Capitalization of AG

At March 31, 2025:

- The policyholders’ surplus of AG was approximately \$3,522 million.
- The contingency reserve of AG was approximately \$1,421 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately \$2,416 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG and (ii) the net unearned premium reserves and net deferred ceding commissions of AG’s wholly owned subsidiary Assured Guaranty UK Limited (“AGUK”), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA (“AGE”).

The policyholders’ surplus, contingency reserve, and net unearned premium reserves and net deferred ceding commission income of AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the “SEC”) that relate to AG are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2024 (filed by AGL with the SEC on February 28, 2025); and

- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2025 (filed by AGL with the SEC on May 9, 2025).

All information relating to AG included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG included herein under the caption "BOND INSURANCE – Assured Guaranty Inc." or included in a document incorporated by reference herein (collectively, the "AG Information") shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AG makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG 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 AG supplied by AG and presented under the heading "BOND INSURANCE".

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. The Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "**Tax Code**"), such that, in the case of certain financial institutions (within the meaning of section 265(b)(5) of the Tax Code), a deduction for federal income tax purposes is allowed for 80% of that portion of such financial institution's interest expense allocable to interest payable on the Bonds.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Tax Code relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenants in order to comply with each such requirement.

Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds, or may cause the Bonds to not be “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Tax Code.

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

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

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

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

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or cause the Bonds to not be “qualified tax-exempt obligations,” or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Bonds. It cannot be

predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

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

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

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

CERTAIN LEGAL MATTERS

No Material Litigation

Absence of Pending or Threatened Litigation Relating to the Bonds. No litigation is pending or threatened, nor is any audit or investigation premised on any assertion, concerning or contesting the validity of the Bonds or the District's ability to receive *ad valorem* property taxes and to collect other revenues, or contesting the District's ability to issue and retire the Bonds. The District is not aware of any litigation pending or threatened, nor is any audit or investigation premised on any assertion, questioning the political existence of the District or contesting the title to their offices of District officers who will execute the Bonds or District officials who will sign certifications relating to the Bonds, or the powers of those offices. A certificate (or certificates) to that effect will be furnished to the Underwriter (defined herein) at the time of the original delivery of the Bonds.

Absence of Material Litigation. The District is subject to lawsuits and claims that arise in the regular course of operating a public school district. In the opinion of the District, the aggregate amount of uninsured liabilities of the District under existing lawsuits and claims will not materially affect the financial position or operations of the District. The District maintains property and liability coverage and workers' compensation coverage as part of its risk management program. For more information on the District's insurance coverages, see Appendix A under the heading "GENERAL INFORMATION ABOUT THE DISTRICT - Insurance."

Legality for Investment

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

Government Code, the Bonds are eligible to secure deposits of public moneys in California.

Compensation of Certain Professionals

Payment of the fees and expenses of Jones Hall, A Professional Law Corporation, San Francisco, California as Bond Counsel and Disclosure Counsel to the District, Norton Rose Fulbright US LLP, Los Angeles, California as Underwriter's Counsel, and Isom Advisors, a Division of Urban Futures, Inc., as Municipal Advisor to the District, is contingent upon issuance of the Bonds.

CYBER RISKS

The District, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the District may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. District officials and staff may also be the target of online fraudsters, posing as legitimate vendors or other parties for the purpose of accessing District funds and other assets.

In the previous five years, the District has not had a major cyber breach or online fraud event that resulted in a financial loss. The District has taken steps to minimize cyber risks including: adopting multi-factor authentication across key systems, off-site hosted servers, monthly systems updates, phishing simulations for staff and other cyber-security training, implemented policies surrounding administrator rights, and following national cybersecurity standards and following guidance of the County Office of Education. The District includes coverage for cyber events in its insurance policies. No assurance can be given that the District's current efforts to manage cyber threats and security will, in all cases, be successful. The District cannot predict what future cyber security events may occur and what impact said events could have on its operations or finances.

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

CONTINUING DISCLOSURE

The District will execute a Continuing Disclosure Certificate in connection with the issuance of the Bonds in the form attached hereto as APPENDIX E. The District has covenanted therein, for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District to the Municipal Securities Rulemaking Board (an “**Annual Report**”) not later than nine months after the end of the District’s fiscal year, commencing March 31, 2026 with the report for the 2024-25 fiscal year, and to provide notices of the occurrence of certain enumerated events. Such notices will be filed by the District with the Municipal Securities Rulemaking Board (the “**MSRB**”). The specific nature of the information to be contained in an Annual Report or the notices of enumerated events is set forth in “APPENDIX E – FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the Underwriter of the Bonds in complying with S.E.C. Rule 15c2-12(b)(5) (the “**Rule**”).

The District has existing disclosure undertakings that have been made pursuant to the Rule in connection with the issuance of other outstanding general obligation bonds and refunding general obligation bonds. See Appendix A under the heading “DISTRICT FINANCIAL INFORMATION – Existing Debt Obligations.” A review of the District’s filing requirements and related filings in the previous five years has been undertaken and no instances of material non-compliance during said period were identified.

The District has engaged Isom Advisors, a Division of Urban Futures, Inc., to serve as dissemination agent for the District’s outstanding obligations, including the Bonds.

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

RATINGS

S&P is expected to assign an insured rating of “AA” to the Bonds, based on the understanding that the Bond Insurer will deliver the Policy for the Bonds. In addition, S&P has assigned an underlying rating of “A+” to the Bonds. Generally, rating agencies base their ratings on information and materials furnished to them and on investigations, studies and assumptions by the rating agencies. The District has provided certain additional information and materials to S&P (some of which does not appear in this Official Statement as has been determined not to be material to making an investment decision in the Bonds). Such ratings reflect only the views of S&P, and an explanation of the significance of such ratings may be obtained only from S&P. There is no assurance that any credit ratings given to the Bonds will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely by S&P, if in such agency’s judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds. The District has not undertaken any responsibility to bring to the attention of the owners of the Bonds any proposed revision or withdrawal of a rating of the Bonds or to oppose any such proposed revision or withdrawal.

The District has covenanted in a Continuing Disclosure Certificate to file notices of any rating changes on the Bonds (if any) at the times and in the manner described in the Continuing Disclosure Certificate. See “CONTINUING DISCLOSURE” herein and “APPENDIX E - Form of Continuing Disclosure Certificate” attached hereto. Notwithstanding such covenant, information

relating to rating changes on the Bonds may be publicly available from S&P 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 pursuant to the Rule. Purchasers of the Bonds are directed to the S&P website and official media outlets for the most current rating changes with respect to the Bonds after the initial issuance thereof. Information available on such website is not incorporated herein by reference.

UNDERWRITING

The Bonds are being purchased by Raymond James & Associates, Inc., as underwriter (in such capacity, the “**Underwriter**”). The Underwriter has agreed to purchase the Bonds at a purchase price of \$_____ (representing the aggregate principal amount of the Bonds of \$ _____, plus original issue premium of \$_____, less an Underwriter’s discount of \$_____).

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

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

ADDITIONAL INFORMATION

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

References are also made herein to certain documents and reports relating to the District; such references are brief summaries and do not purport to be complete or definitive. Copies of such documents are available upon written request to the District.

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

EXECUTION

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

**POLLOCK PINES ELEMENTARY SCHOOL
DISTRICT**

By: _____
Superintendent

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APPENDIX A

GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT

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

DISTRICT GENERAL INFORMATION

General Information

The Pollock Pines Elementary School District (the “**District**”) serves Pollock Pines, an unincorporated area of El Dorado County (the “**County**”), and is located 50 miles east of Sacramento and 45 miles west of Lake Tahoe. The District encompasses approximately 199 square miles and serves a population of approximately 9,400 residents. The District is an elementary school district serving students in kindergarten through eighth grades. The District operates Pinewood Elementary School for students in grades K-4 and Sierra Ridge Middle School for students in grades 5-8. The District also provides administrative services to the Silver Fork School District. Enrollment in the District is approximately 586 students in fiscal year 2024-25. For additional demographic and other information regarding the County, see Appendix C hereto.

Administration

Board of Trustees. The District is governed by a five-member Board of Trustees (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 office and the date their term expires, are listed below:

BOARD OF TRUSTEES Pollock Pines Elementary School District

| <u>Name</u> | <u>Office</u> | <u>Term Expires</u> |
|----------------|---------------|---------------------|
| Susan McVey | President | December 2026 |
| Dave Campbell | Clerk | December 2026 |
| Patrick Atkins | Trustee | December 2028 |
| Michael Bird | Trustee | December 2026 |
| Brent Malicote | Trustee | December 2028 |

Superintendent and Administrative Personnel. The Superintendent of the District, appointed by the Board, is responsible for management of the day-to-day operations and supervises the work of other District administrators. Kim Little is currently serving as the Superintendent and Tara Clark is serving as Chief Business Official.

Recent Enrollment Trends and ADA

The following table shows historical enrollment and average daily attendance (“**ADA**”) for the District.

ANNUAL ENROLLMENT AND ADA Fiscal Years 2017-18 through 2024-25 Pollock Pines Elementary School District

| Fiscal Year | Enrollment | % Change | ADA** | % Change |
|-------------|------------|----------|-------|----------|
| 2017-18 | 701 | --% | 652 | --% |
| 2018-19 | 663 | -5.4) | 626 | (4.0) |
| 2019-20* | 629 | (5.1) | 597 | (4.6) |
| 2020-21 | 584 | (7.2) | 597 | 0.0 |
| 2021-22 | 602 | 3.1 | 541 | (9.4) |
| 2022-23 | 590 | (2.0) | 537 | (0.7) |
| 2023-24 | 575 | (2.5) | 533 | (0.7) |
| 2024-25† | 586 | 1.9 | 546 | 2.4 |

*The COVID-19 Pandemic commenced in approximately March 2020.

**Funded ADA. In general, actual ADA in the District is 93% of enrollment. Commencing in fiscal year 2022-23, funded ADA is the greater of current, prior or the average of the three most recent prior years' ADA.

†Projected.

Source: California Department of Education; Pollock Pines Elementary School District.

The District does not currently sponsor any charter schools and no applications for charter schools are pending before the Board. Enrollment is expected to be stable in the next several years due to the expansion of transitional kindergarten.

Employee Relations

The District currently has approximately 33 full-time equivalent (“**FTE**”) certificated employees and 30 FTE classified employees. There are also 5 management, supervisor and confidential FTE positions. District employees are not represented by collective bargaining units.

Insurance – Risk Management

The District is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; injuries to employees; life and health of employees; and natural disasters. There were no significant reductions in coverage during the year. Settlements have not exceeded coverage for each of the past three years.

The District participates in one joint venture under a joint powers agreement (“**JPA**”) with Schools Insurance Authority (“**SIA**”) for workers’ compensation, property and liability insurance. The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

The JPA arranges for and/or provides coverages for its members. The JPA is governed by a board consisting of representatives from each member district. The board controls the operations of the JPA, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in the JPA. Financial information can be obtained by contacting the JPA’s management.

DISTRICT FINANCIAL INFORMATION

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

Education Funding Generally

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

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

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

- A base grant for each local education agency per unit of ADA, which varies with respect to different grade spans. The base grant is \$2,375 more than the average revenue limit provided prior to LCFF implementation. The base grants will be adjusted upward each year to reflect cost-of-living increases. In addition, grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in grades K-3 and the provision of career technical education in grades 9-12.
- A 20% supplemental grant for English learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.

- An additional concentration grant of up to 65% (which was increased from 50% as part of the State's trailer bill to the 2021-22 State Budget - Assembly Bill 130) of a local education agency's base grant, based on the number of English learners, students from low-income families and foster youth served by the local agency that comprise more than 55% of enrollment.
- An economic recovery target to ensure that almost every local education agency receives at least their pre-recession funding level, adjusted for inflation, at full implementation of the LCFF.

The LCFF was implemented for fiscal year 2013-14 and was phased in gradually. Beginning in fiscal year 2013-14, an annual transition adjustment was required to be calculated for each school district, equal to each district's proportionate share of the appropriations included in the State budget (based on the percentage of each district's students who are low-income, English learners, and foster youth ("**Targeted Students**")), to close the gap between the prior-year funding level and the target allocation at full implementation of LCFF. In each year, districts had the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district's funding gap. The legislation implementing LCFF also included a "hold harmless" provision which provided that a district or charter school would maintain total revenue limit and categorical funding at least equal to its 2012-13 level, unadjusted for changes in ADA or cost of living adjustments.

In 2021, legislation was passed that requires school districts operating a kindergarten program to also provide a transitional kindergarten ("**TK**") program for all 4-year-old children by fiscal year 2025–26.

Funding levels used in the LCFF entitlement calculations for fiscal year 2024-25 are set forth in the following table.

**Fiscal Year 2024-25 Base Grant Funding* Under LCFF
by Grade Span**

| Entitlement Factor | TK/K-3 | 4-6 | 7-8 | 9-12 |
|---|---------------|------------|------------|-------------|
| A. 2023-24 Base Grant per ADA | \$9,919 | \$10,069 | \$10,367 | \$12,015 |
| B. 2024-25 COLA for LCFF (A x 1.07%) | \$106 | \$108 | \$111 | \$129 |
| C. 2024-25 Base Grant per ADA before Grade Span Adjustments (A+B) | \$10,025 | \$10,177 | \$10,478 | \$12,144 |
| D. Grade Span Adjustments (TK-3: C x 10.4%; 9-12: C x 2.6%) | \$1,043 | n/a | n/a | \$316 |
| E. 2024-25 Base Grant/Adjusted Base Grant per ADA (C + D) | \$11,068 | \$10,177 | \$10,478 | \$12,460 |

*Add-ons to the Base Grant, as may be applicable, are: (1) Supplemental Grant: For the supplemental grant funding entitlement, for each grade span, the calculation is the base grant or adjusted base grant per ADA, times total funded ADA, times Unduplicated Pupil Percentage, times 20%, (2) Concentration Grant: For the concentration grant funding entitlement, the calculation is the base grant or adjusted base grant per ADA, times total funded ADA, times portion of Unduplicated Pupil Percentage that exceeds 55%, times 65%, and (3) Transitional Kindergarten Add-On: For the TK add-on funding, the amount is the rate of \$3,077 times the school district's current year TK ADA.

Source: California Department of Education.

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

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

District Accounting Practices

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

District accounting is organized on the basis of funds, with each group consisting of a separate accounting entity. The major fund classification is the general fund which accounts for all financial resources not requiring a special fund placement. The District's fiscal year begins on July 1 and ends on June 30.

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

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

Financial Statements

General. The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. The District's June 30, 2024 Audited Financial Statements were prepared by Stephen Roatch Accountancy Corporation, Folsom, California, and are attached hereto as Appendix B. Audited financial statements for the District for prior fiscal years are on file with the District at Pollock Pines Elementary School District, 2701 Amber Trail, Pollock Pines, California 95726; telephone (530) 644-5483. The District has not requested, and the auditor has not provided, any review or update of such financial statements in connection with inclusion in this Official Statement. Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to the District. The District may impose a charge for copying, mailing and handling.

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General Fund Revenues, Expenditures and Changes in Fund Balance. The following table shows the audited income and expense statements for the District for fiscal years 2019-20 through 2023-24.

**GENERAL FUND
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Years 2019-20 through 2023-24 (Audited)⁽¹⁾
Pollock Pines Elementary School District**

| | Audited 2019-20 | Audited 2020-21 | Audited 2021-22 | Audited 2022-23 | Audited 2023-24 |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| SOURCES | | | | | |
| LCFF Sources | \$6,077,384 | \$5,810,719 | \$6,032,282 | \$6,724,555 | \$7,031,615 |
| Federal Revenue | 216,983 | 625,320 | 403,920 | 1,060,375 | 571,936 |
| Other State Revenue | 682,034 | 753,683 | 1,013,291 | 2,015,952 | 1,240,938 |
| Other Local Revenue | 552,955 | 390,254 | 545,236 | 675,994 | 863,269 |
| Total Revenue Limit | 7,529,356 | 7,579,976 | 7,994,729 | 10,476,876 | 9,707,758 |
| EXPENDITURES | | | | | |
| Instruction | 4,140,701 | 4,193,570 | 4,303,146 | 5,375,960 | 6,283,800 |
| Instructional library and technology | 192,084 | 199,958 | 211,659 | 224,119 | 236,577 |
| School site administration | 575,781 | 569,435 | 558,673 | 588,290 | 627,117 |
| Home-to-school transportation | 446,791 | 383,510 | 308,353 | 362,931 | 480,240 |
| Food services | 155,227 | 141,806 | 149,238 | 150,095 | 280,291 |
| Other pupil services | 249,280 | 172,066 | 233,550 | 263,821 | 286,930 |
| Data processing services | 22,487 | 24,013 | 23,984 | 19,544 | 30,601 |
| Other general administration | 707,936 | 709,076 | 751,044 | 793,702 | 798,415 |
| Plant Services | 686,494 | 687,761 | 831,586 | 928,988 | 1,003,739 |
| Facility acquisition, maintenance | 54,231 | 38,569 | 2,672 | 387,650 | 41,168 |
| Ancillary services | 16,368 | 3,486 | 18,227 | 16,463 | 15,451 |
| Other outgo | 263,771 | 144,892 | 196,523 | 215,441 | 198,696 |
| Debt service- principal | -- | -- | -- | -- | -- |
| Debt service- interest and other | -- | -- | -- | -- | -- |
| Total Expenditures | 7,511,151 | 7,268,142 | 7,588,655 | 9,327,004 | 10,283,025 |
| Excess of (Deficiency) of Revenues Over Expenditures | 18,205 | 311,834 | 406,074 | 1,149,872 | (575,267) |
| OTHER FINANCING SOURCES | | | | | |
| Operating Transfers In | -- | -- | -- | -- | -- |
| Other Sources | -- | -- | -- | -- | -- |
| Subscriptions | -- | -- | -- | -- | -- |
| Operating Transfers Out | -- | -- | -- | -- | -- |
| Total Other Financing Sources (uses) | -- | -- | -- | -- | -- |
| Net Change in Fund Balance | 18,205 | 311,834 | 406,074 | 1,149,872 | (575,267) |
| Fund Balance, July 1 | 1,367,473 | 1,385,678 | 1,697,512 | 2,103,586 | 3,253,458 |
| Fund Balance, June 30 | \$1,385,678 | \$1,697,512 | \$2,103,586 | \$3,253,458 | \$2,678,191 |

(1) Columns may not sum to totals due to rounding.

Source: Pollock Pines Elementary School District - Audited Financial Statements.

District Budget and Interim Financial Reporting

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

Under current law, a school district governing board must adopt and file with the county superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the El Dorado County Superintendent of Schools (the "**County Superintendent**"). The County Superintendent is separate from the County, and is not an official of the County.

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

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

A State law adopted in 1991 ("**A.B. 1200**") imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200, each school district is required to file interim certifications with the County Superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent two fiscal years. The County Superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that is deemed unable to meet its financial obligations for the remainder of the current fiscal year or the subsequent fiscal

year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or two subsequent fiscal years.

Under California law, any school district and office of education that has a qualified or negative certification in any fiscal year may not issue, in that fiscal year or in the next succeeding fiscal year, certificates of participation, tax anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the district, unless the applicable county superintendent of schools determines that the district's repayment of indebtedness is probable. This prohibition does not apply to voter-approved general obligation bonds, such as the Bonds described in this Official Statement.

District Budget Approval/Disapproval and Certification History. In the past five fiscal years, the County Superintendent has approved each of the District's adopted budgets, and the District has certified each of its interim reports as positive.

Copies of the District's budget, interim reports and certifications may be obtained upon request from the District Office at 2701 Amber Trail, Pollock Pines, California 95726; telephone (530) 644-5483. The District may impose charges for copying, mailing and handling.

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General Fund for Fiscal Year 2024-25 (Budgeted and Second Interim Projections).

The following table shows a summary of the general fund for fiscal year 2024-25 (budgeted and second interim projections).

**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Year 2024-25 (Budgeted and Second Interim Projections)⁽¹⁾
Pollock Pines Elementary School District**

| Revenues | Budgeted 2024-25 | Second Interim 2024-25 |
|---|-----------------------------|-----------------------------------|
| LCFF Revenues | \$6,900,959 | \$6,943,522 |
| Federal Revenues | 212,859 | 212,859 |
| Other State Revenues | 913,890 | 986,018 |
| Other Local Revenues | 908,581 | 913,331 |
| Total Revenues | 8,936,289 | 9,055,730 |
| Expenditures | | |
| Certificated Salaries | 3,246,428 | 3,235,687 |
| Classified Salaries | 1,728,835 | 1,713,077 |
| Employee Benefits | 2,277,438 | 2,275,828 |
| Books and Supplies | 428,393 | 566,230 |
| Contract Services & Operating Exp. | 1,862,150 | 1,840,836 |
| Capital Outlay | 18,430 | 22,792 |
| Other Outgo (excluding indirect costs) | 349,745 | 395,026 |
| Other Outgo – Transfers of Indirect Costs | -- | -- |
| Total Expenditures | 9,911,420 | 10,049,475 |
| Excess of Revenues Over/(Under) Expenditures | (975,131) | (993,745) |
| Other Financing Sources (Uses) | | |
| Operating transfers in | -- | -- |
| Operating transfers out | -- | -- |
| Total Other Financing Sources (Uses) | -- | -- |
| Net change in fund balance | (975,131) | (993,745) |
| Fund Balance, July 1 | 2,690,691 | 2,690,691 |
| Fund Balance, June 30 | \$1,715,560 | \$1,696,945 |

(1) Columns may not sum to totals due to rounding.
Source: Pollock Pines Elementary School District.

District Reserves. The District's ending fund balance is the accumulation of surpluses from prior years. This fund balance is used to meet the State's minimum required reserve of 4% of expenditures, plus any other allocation or reserve which might be approved as an expenditure by the District in the future. The District has historically had a reserve in excess of 4% of expenditures.

Under State law (Education Code Section 42127.01), there are certain restrictions on the amount of reserves that can be maintained by school districts under certain circumstances. This reserve cap requirement does not apply to small school districts (ADA of fewer than 2,501 students) or Basic Aid school districts. When applicable, the reserve cap requires that a school district's adopted or revised budget shall not contain a combined assigned or unassigned ending general fund balance of more than 10% of those funds. The applicability of the reserve cap is

based on the balance in the State's Public School System Stabilization Account and is triggered in a fiscal year when the balance is equal to or exceeds 3% of the combined total of general fund revenues appropriated for school districts. A county superintendent of schools may grant a school district under its jurisdiction an exemption from the requirements for up to two consecutive fiscal years within a three-year period if the school district provides documentation indicating that extraordinary fiscal circumstances, including, but not limited to, multiyear infrastructure or technology projects, substantiate the need for a combined assigned or unassigned ending general fund balance that is in excess of the reserve cap. The reserve cap was triggered in fiscal years 2022-23 and 2023-24 but was not triggered for fiscal year 2024-25 and is not projected to be triggered in fiscal year 2025-26.

The reserve cap does not and will not apply to the District because it is a small school district with ADA below 2,501 students.

Average Daily Attendance - LCFF Funding Trends

LCFF Funding Trends. As described herein, prior to fiscal year 2013-14, school districts in California derived most State funding based on a formula that considered a revenue limit per unit of ADA. With the implementation of the LCFF, commencing in fiscal year 2013-14, school districts receive base funding based on ADA, and may also be entitled to supplemental funding, concentration grants and funding based on an economic recovery target. The following table sets forth the District's funding trends from State sources since implementation of LCFF.

LCFF FUNDING TRENDS Fiscal Years 2019-20 through 2024-25 Pollock Pines Elementary School District

| Fiscal Year | ADA | Total LCFF Funding |
|------------------------|------------|---------------------------|
| 2019-20 | 597 | \$6,077,384 |
| 2020-21 | 597 | 5,810,719 |
| 2021-22 | 541 | 6,032,282 |
| 2022-23 | 537 | 6,724,555 |
| 2023-24 | 533 | 7,031,615 |
| 2024-25 ⁽¹⁾ | 546 | 6,943,522 |

(1) Second interim projection.
Source: Pollock Pines Elementary School District.

Unduplicated Pupil Count. Under LCFF, school districts are entitled to supplemental funding based on the unduplicated count of targeted students. Concentration grant funding is available for districts with unduplicated counts above 55%. The District's percentage of unduplicated students is approximately 52% and, as such, is not eligible for concentration grant funding.

Revenue Sources

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

LCFF Sources. District funding is provided by a mix of (1) local property taxes and (2) State apportionments of funding under the LCFF. Generally, the State apportionments will

amount to the difference between a district's LCFF funding entitlement and its local property tax revenues.

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

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

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

Since Donald Trump was sworn in as President in January 2025, the federal government has announced possible cuts to federal funding for educational agencies. In addition, President Trump has signed an executive order aimed at dismantling the federal Department of Education, from which California school districts receive funding aimed at low-income and special needs students. The District cannot predict the types of possible federal funding cuts that may occur, the extent of such cuts, if any, and the impact on the District's revenues or operations, if any, as a result of the reduction or elimination of federal funding or the possible termination of the Department of Education.

Other State Revenues. As discussed above, the District receives State apportionment of basic and equalization aid in an amount equal to the difference between the District's revenue limit and its property tax revenues. In addition to such apportionment revenue, the District receives other State revenues.

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

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

District Retirement Systems

Qualified employees of the District are covered under multiple-employer defined benefit pension plans maintained by agencies of the State. Certificated employees are members of the State Teachers' Retirement System ("**STRS**") and classified employees are members of the Public Employees' Retirement System ("**PERS**"). Both STRS and PERS are operated on a Statewide basis. *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 be construed as a representation by either the District or the Underwriter.

STRS. All full-time certificated employees participate in STRS, a cost-sharing, multiple-employer contributory public employee retirement system. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. The plan is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers, and the State. The benefit provisions and contribution amounts are established by State laws, as amended from time to time.

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

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

STRS EMPLOYER CONTRIBUTION RATES
Effective Dates of July 1, 2020 through July 1, 2024

| Effective Date | Employer Contribution Rate |
|-----------------------|---------------------------------------|
| July 1, 2020 | 16.15% |
| July 1, 2021 | 16.92 |
| July 1, 2022 | 19.10 |
| July 1, 2023 | 19.10 |
| July 1, 2024 | 19.10 |

Source: STRS.

The State also continues to contribute to STRS, and its contribution rate in fiscal year 2024-25 is 8.328%.

The District's recent contributions to STRS including the current budgeted fiscal year are set forth in the following table. These contributions represent 100% of the required contribution for each year.

STRS Contributions
Pollock Pines Elementary School District

| Fiscal Year | Amount |
|------------------------|---------------|
| 2019-20 | \$452,036 |
| 2020-21 | 412,845 |
| 2021-22 | 440,025 |
| 2022-23 | 569,709 |
| 2023-24 | 576,794 |
| 2024-25 ⁽¹⁾ | 864,534 |

(1) Second interim projection. Note that budgeting documents include State on-behalf contributions. Prior years audited figures are net of State contributions and as such the figures are not directly comparable.

Source: Pollock Pines Elementary School District.

The STRS defined benefit program continues to have an unfunded actuarial liability estimated at approximately \$86.6 billion, on a market value of assets basis, as of June 30, 2023, which is the date of the last actuarial valuation.

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

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

EMPLOYER CONTRIBUTION RATES (PERS)
Fiscal Years 2019-20 through 2024-25⁽¹⁾

| Fiscal Year | Employer Contribution Rate⁽¹⁾ |
|--------------------|---|
| 2019-20 | 19.721% |
| 2020-21 | 20.700 |
| 2021-22 | 22.910 |
| 2022-23 | 25.370 |
| 2023-24 | 26.680 |
| 2024-25 | 27.050 |

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

The District's employer contributions to PERS for recent fiscal years are set forth in the following table.

PERS Contributions
Pollock Pines Elementary School District

| Fiscal Year | Amount |
|------------------------|---------------|
| 2019-20 | \$320,258 |
| 2020-21 | 314,797 |
| 2021-22 | 359,198 |
| 2022-23 | 439,087 |
| 2023-24 | 514,943 |
| 2024-25 ⁽¹⁾ | 533,217 |

(1) Second interim projection.
Source: Pollock Pines Elementary School District.

PERS continues to have an unfunded liability which, on a market value of assets basis, was approximately \$40.6 billion (on a market value of assets basis) as of June 30, 2023, which is the date of the last actuarial valuation.

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

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

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

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

Additional Information - STRS and PERS. Additional information regarding the District's retirement programs is available in Note 7 to the District's audited financial statements attached hereto as APPENDIX B. In addition, both STRS and PERS issue separate comprehensive financial reports that include financial statements and required supplemental information. Copies of such reports may be obtained from STRS and PERS, respectively, as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; and (ii) PERS, 400 Q Street, Sacramento, California 95811.

More information regarding STRS and PERS can also be obtained at their websites, www.calstrs.com and www.calpers.ca.gov, respectively. *The references to these Internet websites are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

No Other Post-Employment Retirement Benefits

The District does not provide other postemployment benefit such as health benefits to retirees.

Existing Debt Obligations

The District has never defaulted on the payment of principal or interest on any of its indebtedness.

General Obligation Bonds. The following table summarizes the District's outstanding general obligation bond indebtedness.

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT Summary of Outstanding General Obligation Bonds

| Issue Date | Original Principal Amount | Name of Issue | Final Maturity | Amount Outstanding May 1, 2025 |
|------------|---------------------------|--|------------------------|--------------------------------|
| 01/24/2013 | \$2,500,000.00 | General Obligation Bonds, Election of 2012, Series A | 08/01/2042 | \$1,970,000.00 |
| 10/31/2017 | 2,500,000.00 | General Obligation Bonds, Election of 2012, Series B | 08/01/2047 | 2,325,000.00 |
| 06/13/2019 | 3,998,004.45 | General Obligation Bonds, Election of 2012, Series C | 08/01/2049 | 3,883,004.45* |
| -- | -- | -- | Combined Total: | \$8,178,004.45 |

*Does not include accreted value.

Source: Pollock Pines Elementary School District.

Compensated Absences. Compensated absences (unpaid employee vacation) for the District as of June 30, 2024, amounted to \$9,898.

Investment of District Funds

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

Effect of State Budget on Revenues

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

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

STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

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

State Budgeting for Education Generally

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

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

The Budget Process

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

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

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

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

Available Public Resources

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

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

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

The 2024-25 State Budget

Overview of the 2024-25 State Budget. The Governor signed the fiscal year 2024-25 State budget on June 29, 2024, which was amended through a series of legislative trailer bills (the “**2024-25 State Budget**”). The 2024-25 State Budget notes that the State has experienced significant revenue volatility and unprecedented revenue growth that was quickly followed by a sharp and deep correction back toward historical trends. The 2024-25 State Budget also notes that the unprecedented Internal Revenue Service tax filing and payment postponement in the year 2023 significantly clouded the State’s revenue forecast, and indicates that, with the revenue picture now clearer, the 2024-25 State Budget takes steps to ensure California is on sound fiscal footing by setting the State on a fiscally responsible long-term path that protects vital programs.

The 2024-25 State Budget includes provisions intended to address a budget deficit of approximately \$46.8 billion while also creating positive fund balance in State’s Special Fund for Economic Uncertainties (the “**SFEU**”) in fiscal years 2024-25 and 2025-26 and maintaining core programs for vulnerable populations. The 2024-25 State Budget includes approximately \$16.0 billion in budgetary reductions, comprising (a) an approximately 7.95% reduction in the State’s operations budget resulting in State general fund savings of approximately \$2.2 billion, (b) a \$1.5 billion permanent reduction in State departments’ budgets for vacant positions, (c) a reduction of approximately \$0.4 billion in State Department of Corrections and Rehabilitation budget in fiscal year 2024-25 and a total reduction of approximately \$0.7 billion in fiscal years 2022-23 through 2024-25, (d) \$1.1 billion reduction in various affordable housing programs, and (e) a reduction of \$0.7 billion for various healthcare workforce housing programs.

The 2024-25 State Budget includes a \$13.6 billion increase in revenues by means of additional revenue sources and internal borrowing from special funds, which incorporates suspension of net operating loss deductions for companies with over \$1.0 million in taxable income and limits business tax credits to \$5.0 million in fiscal years 2023-2024 through 2025-

2026, and increased managed care organization tax generating \$5.1 billion in fiscal year 2024-25, \$4.6 billion in fiscal year 2025-26, and \$4.0 billion in fiscal year 2026-27. Significantly, the 2024-25 State Budget provides for the withdrawal of approximately \$12.2 billion from the State Rainy Day Fund (the **"Rainy Day Fund"**) over fiscal years 2024-25 and 2025-26, and approximately \$0.9 billion from the State Safety Net Reserve in fiscal year 2024-25.

Additional balancing measures include \$6.0 billion in fund shifts, such as (a) applying a prior CalPERS supplemental pension payment to the State's overall pension liability which reduces the State's required employer contributions in fiscal year 2024-25 by \$1.7 billion, (b) shifts approximately \$1.0 billion in expenditures from the State general fund to the State's greenhouse gas reduction fund for the Formula and Competitive Transit and Intercity Rail Capital Program, and (c) shifts approximately \$3.0 billion in expenditures from the State general fund to the State's greenhouse gas reduction fund for clean energy and other climate programs. The 2024-25 State Budget also delays funding for programs such as the State food assistance program expansion, developmental services, childcare slots and the State's broadband program by a total amount of approximately \$3.1 billion and includes approximately \$2.1 billion in payroll and University of California and California State University compact deferrals. Some of the core programs maintained in the 2024-25 State Budget include funding of the Proposition 98 minimum guarantee at approximately \$115.3 billion for school districts and community colleges, Medi-Cal expansion of health care, multiple programs supporting the expansion of the continuum of behavioral health treatment and infrastructure capacity for providing behavioral health services, State supplemental payment base grants, CalWORKs base grants, in-home supportive services and certain broadband programs.

The 2024-25 State Budget projects total resources available in fiscal year 2023-24 of approximately \$236.5 billion, including revenues and transfers of approximately \$189.4 billion and a prior year balance of approximately \$47.1 billion, and total expenditures in fiscal year 2023-24 of approximately \$223.1 billion. The 2024-25 State Budget projects total resources available for fiscal year 2024-25 of approximately \$225.6 billion, inclusive of revenues and transfers of approximately \$212.1 billion and a prior year balance of approximately \$13.4 billion. The 2024-25 State Budget projects total expenditures in fiscal year 2024-25 of approximately \$211.5 billion, inclusive of non-Proposition 98 expenditures of approximately \$128.9 billion and Proposition 98 expenditures of approximately \$82.6 billion. The 2024-25 State Budget projects total reserve balances of \$22.2 billion at the end of fiscal year 2024-25. This includes \$17.6 billion in the State Rainy Day Fund, \$3.5 billion in the State's SFEU, and \$1.1 billion in the Proposition 98 Rainy Day Fund. The 2024-25 State Budget includes total funding of \$133.8 billion for all K-12 education programs, including \$81.5 billion from the State's general fund and \$52.3 billion from other funds. The 2024-25 State Budget reflects significant Proposition 98 funding that enables increased support for core programs such as the LCFF, special education, transitional kindergarten, nutrition, and preschool.

Certain budgeted programs and adjustments for K-12 education set forth in the 2024-25 State Budget include:

Proposition 98 Minimum Guarantee. The 2024-25 State Budget suspends the Proposition 98 minimum guarantee in fiscal year 2023-24 and projects the Proposition 98 minimum guarantee to be in Test 1 in fiscal year 2024-25. In Test 1 years, the Proposition 98 minimum guarantee is equal to the percentage of State general fund appropriated for K-14 schools in the fiscal year 1986-87. Suspending the Proposition 98 minimum guarantee is projected to create a maintenance factor obligation of approximately \$8.3 billion in fiscal year 2023-24 and is projected to result in a \$4.1 billion maintenance factor payment in

fiscal year 2024-25, which will be paid in addition to the Proposition 98 minimum guarantee level in fiscal year 2024-25. The 2024-25 State Budget reflects Proposition 98 funding levels of \$103.7 billion in fiscal year 2022-23, \$98.5 billion in fiscal year 2023-24, and \$115.3 billion in fiscal year 2024-25. Such funding represents approximately 39.2% of the State's general fund revenues, plus local property tax revenues and a \$4.1 billion maintenance factor payment. To accommodate enrollment increases related to the expansion of transitional kindergarten, the 2024-25 State Budget increased the funding level from approximately 38.6% to approximately 39.2% to increase the percentage of State general fund revenues due to the minimum guarantee.

Proposition 98 Rainy Day Fund. The 2024-25 State Budget includes a withdrawal of the entire \$8.4 billion balance in the Proposition 98 Rainy Day Fund in fiscal year 2023-24 and a discretionary payment of approximately \$1.1 billion in fiscal year 2024-25, leaving a projected balance of \$1.1 billion at the end of fiscal year 2024-25. Because there is no ending balance at the end of the 2023-24 fiscal year and a balance of \$1.1 billion at the end of the 2024-25 fiscal year, school district reserve caps would not be triggered in fiscal year 2024-25 and are not projected to be triggered in fiscal year 2025-26.

Local Control Funding Formula. The 2024-25 State Budget includes LCFF cost-of-living adjustment of 1.07%. The cost-of-living adjustment, when combined with population growth adjustments, increases discretionary funding for local agencies by approximately \$983 million. To fully fund the LCFF, the 2024-25 State Budget withdraws approximately \$5.3 billion from the Proposition 98 Rainy Day Fund to support LCFF costs in fiscal year 2023-24 and uses available reappropriation and reversion funding of \$253.9 million to support ongoing LCFF costs in fiscal year 2024-25.

Deferrals. The 2024-25 State Budget reflects LCFF apportionment deferrals from fiscal year 2023-24 to fiscal year 2024-25 of approximately \$3.6 billion and from fiscal year 2024-25 to fiscal year 2025-26 of approximately \$246 million. Additionally, the 2024-25 State Budget reflects approximately \$2.3 billion in categorical program deferrals from fiscal year 2022-23 to fiscal year 2023-24, with the deferred categorical amount being repaid using Proposition 98 Rainy Day Fund resources.

Learning Recovery Emergency Block Grant. The 2024-25 State Budget focuses the use of allocated but unexpended Learning Recovery Emergency Block Grant funds on actions to address the needs of students most impacted by learning loss, based on an assessment of needs, and incorporates the use of these funds into the existing Local Control and Accountability Plan development process.

Employee Protections. To ensure stable employment for school staff, the 2024-25 State Budget includes a suspension of the August 15, 2024 layoff window for certificated and classified staff.

Instructional Continuity and Attendance Program. The 2024-25 State Budget includes statutory changes to allow local educational agencies to provide attendance recovery opportunities to students to make up lost instructional time, thereby offsetting student absences, and mitigating learning loss, as well as related fiscal impacts to local educational agencies. Beginning in fiscal year 2024-25, the 2024-25 State Budget allows local educational agencies to add up to 10 days of attendance recovery time per pupil to the attendance data submitted to the California Department of Education for funding purposes. Beginning July 1, 2025, the 2024-25 State Budget requires local educational

agencies to include an instructional continuity plan in their School Safety Plan as a component of their emergency funding application (J-13A waiver). The plan must include procedures for student engagement within 5 days of an emergency and a plan to provide hybrid or remote learning opportunities to students within 10 instructional days. The 2024-25 State Budget also includes a \$4.0 million in one-time Proposition 98 general fund resources to research and develop new models of hybrid and remote learning to support students' attendance, including developing and disseminating guidance and resources for local educational agencies to develop their own hybrid and remote learning programs to enable instructional continuity.

Teacher Professional Development and Preparation. To expand the state's educator training infrastructure, the 2024-25 State Budget (a) provides \$25 million of one-time Proposition 98 general fund resources to support necessary costs, including training for educators to administer literacy screenings to meet the requirement to screen students in kindergarten through second grade for risk of reading difficulties, including dyslexia, by the 2025-26 school year; and (b) provides \$20.0 million in one-time Proposition 98 general fund resources for a county office of education to work with the University of California Subject Matter Projects, as well as other well-qualified governmental or non-profit providers, to develop and provide training aligned with the new California Mathematics Framework for mathematics coaches and leaders who in turn can provide training and support to mathematics teachers to deliver high-quality instruction.

State Preschool Program. The 2024-25 State Budget provides approximately \$53.7 billion of State's general fund resources to support reimbursement rate increases previously supported by available one-time federal stimulus funding. The 2024-25 State Budget reflects one-time savings of \$190.7 million general fund and \$522.3 million Proposition 98 general fund. The 2024-25 State Budget authorized State Preschool Program providers to serve two-year-old children, in addition to three and four-year old children, until June 30, 2027. The 2024-25 State Budget maintains that the State Preschool Program continue to require providers to reserve 5% of funded enrollment for children with disabilities. However, the 2024-25 State Budget suspends provisions to increase this requirement to 7.5% in fiscal year 2025-26 and 10% in fiscal year 2026-27.

Transitional Kindergarten. The 2024-25 State Budget provides approximately \$988.7 million in Proposition 98 general fund resources for the 2023-24 school year to support the second year of expanded eligibility for transitional kindergarten to all children turning five-years-old between September 2 and April 2. The 2024-25 State Budget also provides approximately \$390.2 million in Proposition 98 general fund resources to support the second year of adding one additional certificated or classified staff person in each transitional kindergarten classroom. Additionally, the 2024-25 State Budget provides approximately \$1.5 billion in ongoing Proposition 98 general fund resources beginning in fiscal year 2024-25 to support the third year of expanded eligibility for transitional kindergarten to all children turning five-years-old between September 2 and June 2. The 2024-25 State Budget also provides approximately \$515.5 million in ongoing Proposition 98 general fund resources to support the third year of adding one additional certificated or classified staff person in each transitional kindergarten classroom.

The 2024-25 State Budget solution-oriented measures that directly impact funding for school districts include forgoing planned investments of (a) \$875.0 million to support the school facility program, (b) \$550.0 million support to the State preschool, transitional kindergarten and full-day kindergarten facilities grant program, and (c) \$500.0 million one-time investment in zero-

emission school buses. The 2024-25 State Budget provides approximately \$907.1 million to support arts and music in schools, an additional \$179.4 million in ongoing Proposition 98 general fund resources and an additional \$120.8 million one-time Proposition 98 general fund resources to fully fund the universal school meals program in fiscal years 2023-24 and 2024-25, \$9.0 million in one-time Proposition 98 general fund resources for the classified school employee summer assistance program, \$7.0 million in one-time Proposition 98 general fund resources to support inquiry-based science instruction and assessment through the development of a bank of curriculum-embedded performance tasks, and \$5.0 million each for the State teachers collaborative for holocaust and genocide education and school programs in rural districts.

For the full text of the 2024-25 State Budget, see the California Department of Finance website at www.dof.ca.gov or www.ebudget.ca.gov. *The references to these Internet websites are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

LAO Analysis of the 2024-25 State Budget. The Legislative Analyst's Office (the "LAO"), a nonpartisan State office which provides fiscal and policy information and advice to the State legislature, released its report on the 2024-25 State Budget entitled "The 2024-25 Budget: Overview of the Spending Plan" on September 6, 2024 (the "2024-25 State Budget Analysis"). In the 2024-25 State Budget Analysis, the LAO assesses the budget problem that was addressed in the 2024-25 State Budget and analyzes the major proposals for K-12 education.

The LAO estimates that the State addressed a budget shortfall of \$55.0 billion, which is larger than the budget shortfall of \$47.0 billion cited in the 2024-25 State Budget. The main driver for the \$8.0 billion difference is the difference in treatment of assumptions about baseline spending for schools and community colleges.

The LAO notes that the 2024-25 State Budget uses various maneuvers to address the budget shortfall, including reserve withdrawals, spending reductions, revenue increases, and cost shifts. The LAO indicates that spending-related adjustments (including school spending) were the largest component of the budget package, accounting for \$39.0 billion and approximately 70% of the total solutions. The LAO also shows that reserve withdrawals were the second largest component, totaling \$6.0 billion from the State Rainy Day Fund and the Safety Net Reserve. The report further details that cost shifts and revenue-related solutions were smaller components, amounting to \$2.0 billion and \$8.0 billion, respectively. The LAO estimates \$16.0 billion in one time or temporary spending solutions (excluding school spending) and \$4.0 billion in ongoing reductions, which grow to approximately \$6 billion over time.

The LAO notes that the budget emergency proclamation by the Governor on June 26, 2024 allowed the 2024-25 State Budget to withdraw approximately \$5.0 billion from the State Rainy Day Fund. The 2024-25 State Budget also includes a withdrawal of the \$900.0 million balance from the Safety Net Reserve.

The LAO estimates that, pursuant to the 2024-25 State Budget, the State would end the 2024-25 fiscal year with \$21.1 billion in General Fund reserves, including \$17.6 billion in the State Rainy Day Fund and \$3.5 billion in the SFEU. The LAO also estimates that the State would have room under the State appropriations limit in fiscal years 2022-23 through 2024-25. The LAO projects that revenues from the major tax sources would grow from fiscal year 2023-24 to fiscal year 2024-25, but not enough to offset the revenue shortfalls in the prior and current fiscal years.

The LAO explains that the 2024-25 State Budget includes \$12.7 billion in reductions to Proposition 98 funding for schools and community colleges over fiscal years 2022-23 through 2024-25. This includes a reduction to the Proposition 98 funding by \$2.6 billion for fiscal year 2022-23. For fiscal year 2023-24, the 2024-25 State Budget invokes a provision allowing the State to suspend the minimum requirement and reduces the amount of Proposition 98 funding by \$8.3 billion. The LAO states that these reductions lower the Proposition 98 requirement on an ongoing basis but create an obligation to increase funding more rapidly in the future. Additionally, the 2024-25 State Budget introduces a new type of fiscal maneuver that accrues \$6.2 billion in previous school and community college payments to future fiscal years. Specifically, the State will not recognize these payments as a cost to the State general fund in the year it provided them, i.e., fiscal year 2022-23. The maneuver does not delay or reduce any payments to schools or community colleges, nor does it reduce the Proposition 98 funding requirement in future fiscal years.

The LAO notes that the 2024-25 State Budget contains reserve withdrawals from the Proposition 98 Rainy Day Fund to mitigate the funding reductions to schools in fiscal year 2023-24. Additionally, the LAO estimates cost savings because the Coronavirus Disease 2019 disease ("COVID-19") attendance policies preserving attendance numbers to pre-pandemic levels are being phased out. The LAO describes other minor savings for schools and community colleges from (1) deferring payments from fiscal year 2024-25 to fiscal year 2025-26, (2) reducing funding for the State Preschool program that is expected to go unused, and (3) repurposing certain unspent appropriations from previous years. The payment deferral involved deferring \$487.0 million in payments from fiscal year 2024-25 to fiscal year 2025-26 by delaying a portion of payment to school districts from June 2025 to July 2025. The LAO notes that school districts may be exempt from this deferral if they can show the delay would cause fiscal insolvency. The purpose of the deferral is to reduce spending in fiscal year 2024-25 to the minimum level required by Proposition 98.

The LAO indicates that after accounting for these actions, the State has \$1.5 billion available to augment school and community college programs. The LAO highlights that the budget allocates \$1.0 billion of this amount to cover a 1.07 percent cost-of-living adjustment for existing programs. For schools, the 2024-25 State Budget also provides an increase of \$300.0 million to cover cost increases of universal school meals. For community colleges, the 2024-25 Budget also provides \$75.0 million to cover increased costs.

The 2024-25 State Budget Analysis is available on the LAO website at www.lao.ca.gov. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

The 2025-26 State Budget Proposal

The Governor sent the fiscal year 2025-26 budget proposal to the legislature on January 10, 2025 (the "**2025-26 State Budget Proposal**"). The 2025-26 State Budget Proposal presents a balanced budget with what are noted as significant reserves in the coming fiscal year, resulting in an upgrade to the State's financial forecast in the near term and modest upward revisions in the long term. A stronger-than-anticipated performance of the economy, stock market, and cash receipts, combined with an improved economic outlook, are noted as contributors to an upgraded revenue forecast, with General Fund revenues, before accounting for transfers and tax policy proposals, projected to be higher by approximately \$16.5 billion (2.7%) than was assumed in the 2024 State Budget Act the three-year budget window of fiscal years 2023-24 through 2025-26.

The 2025-26 State Budget Proposal provides for \$228.9 billion in general fund spending and nearly \$17 billion in combined reserves—including nearly \$11 billion in the State's Rainy Day Fund and an additional discretionary set-aside of \$4.5 billion in the Special Fund for Economic Uncertainties. Although the proposal is noted as balanced, it anticipates shortfalls in subsequent fiscal years that are driven by expenditures exceeding revenues, noting additional decisions may be necessary at the May Revision to maintain a balanced budget in the coming year, and also on an ongoing basis. Noted risk factors relating to the economy and State revenues include stock market and asset price volatility and declines, particularly those affecting high-income earners - as well as geopolitical instability.

Certain budgeted programs and adjustments for K-12 education set forth in the 2025-26 State Budget Proposal include Proposition 98 funding for K-14 schools set at \$118.9 billion for fiscal year 2025-26, and a LCFF cost-of-living adjustment of 2.43%. The proposal also reflects full implementation of universal transitional kindergarten, increased funding for universal school meals, and implementation of grants that will be fully disbursed in fiscal year 2025-26 to support the community school model to support improved educational outcomes at more than 2,000 public schools.

The 2025-26 State Budget Proposal includes a \$100 million one-time Proposition 98 General Fund for California community colleges to expand Credit for Prior Learning and to begin building the infrastructure for the State's first "Career Passport." The Career Passport system will allow students to create formal documentation of their marketable skills and abilities developed through work, classes, apprenticeships, internships or other experiences both inside and outside the classroom, with the intent of scaling the system in future years to be applicable at both the secondary and higher education levels. The 2025-26 State Budget Proposal also allocates \$500 million in one-time funding for literacy and mathematics coaches in high-poverty schools.

The proposal notes that it is maintaining efficiency reductions included in the 2024-25 State Budget intended to address ongoing statewide General Fund budget pressures, and that California State University should continue planning for a reduction of 7.95% in ongoing General Fund support starting in the 2025-26 fiscal year, with the University of California subject to a similar reduction of 7.95%.

For the full text of the 2025-26 State Budget Proposal, see the California Department of Finance website at www.dof.ca.gov or www.ebudget.ca.gov. *The references to these Internet websites are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

LAO Analysis of the 2025-26 State Budget Proposal. The LAO released its report on the 2025-26 State Budget Proposal entitled "The 2025-26 Budget: Overview of the Governor's Budget" on January 13, 2025 (the "**2025-26 State Budget Proposal Analysis**"). In the 2025-26 State Budget Proposal Analysis, the LAO notes that the underlying condition of the Governor's budget is roughly balanced. However, the LAO (and the 2025-26 State Budget Proposal) anticipates budget deficits in future years and recommends action from the Governor and the State legislature. In addition, while the 2025-26 State Budget Proposal's upgraded revenue forecast is reasonable considering recent collection trends, the LAO is concerned that these gains are largely tied to gains in the stock market and not to improvements in the State's broader economy. Furthermore, the 2025-26 State Budget Proposal Analysis recommends that the State legislature continue to develop a plan to address future budget problems as existing underlying

budget dynamics (i.e., revenues have not caught up with expenditures, expenditure growth exceeds estimated revenue growth, and the legislature's use of one-time funds) pose especially challenging trade-offs in addressing future deficits. Finally, the LAO notes that while the Governor's proposals for rethinking the State's reserve policies are merited, it believes that further changes are warranted, including, increases to the amount of funds that are saved each year.

The 2025-26 State Budget Proposal Analysis is available on the LAO website at <https://lao.ca.gov/Publications/Report/4951>. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Overview of the May Revision to 2025-26 State Budget Proposal. On May 14, 2025, the Governor released the May Revision to the 2025-26 State Budget Proposal (the "**May Revision**"). The May Revision reflects a budget shortfall of \$27.6 billion, which is a decrease of \$10.4 billion from the \$38 billion shortfall projected in the 2025-26 State Budget Proposal. The May Revision notes that the State faces a \$12 billion shortfall largely due to substantial changes in federal policy, specially, broad-based tariffs and increased expenditure growth above the Governor's Budget, most notably in Medi-Cal.

Budget Shortfall Solutions. The May Revision solves a \$12 billion deficit for 2025-26 through the following categories of solutions. Unlike the last two years during which the State also faced budget deficits, this year's approach includes a significant number of reductions to ongoing programs that result in greater savings in future years.

Reductions. The May Revision includes \$5 billion in total solutions in 2025-26. This category grows to \$14.8 billion in 2028-29, including:

- Enrollment Freeze for Full-Scope Medi-Cal Expansion for Undocumented Adults, Adults 19 and Older—\$86.5 million in 2025-26, growing to \$3.3 billion in 2028-29.
- Medi-Cal Premiums, Adults 19 and Older—Implementation cost of \$30 million in 2025-26, growing to savings of \$2.1 billion in 2028-29 for individuals with certain statuses, those who will eventually qualify for federal funds, and individuals enrolled in the Medi-Cal full-scope expansion.
- Medi-Cal Asset Test Limits—\$94 million in 2025-26, growing to \$791 million in 2028-29.
- Elimination of Long-Term Care Benefits—\$333.3 million in 2025-26, growing to \$800 million in 2026-27 for individuals with certain statuses, those who will eventually qualify for federal funds, and individuals enrolled in the Medi-Cal full-scope expansion.
- Prospective Payment System Payments to Federally Qualified Health Centers and Rural Health Clinics—\$452.5 million in 2025-26, growing to \$1.1 billion in 2026-27.
- Specialty Drug Coverage for Weight Loss—\$85 million in 2025-26, growing to \$680 million in 2028-29.

- Cap In-Home Supportive Services Overtime and Travel Hours at 50 Hours—\$707.5 million in 2025-26, growing to \$893.4 million in 2028-29.
- Require Provider Mandates for Quality Incentive Payment Incentive Eligibility—\$221.7 million ongoing beginning in 2026-27.

Revenue/Internal Borrowing. The May Revision includes \$5.3 billion in total solutions for 2025-26 under revenue/internal borrowing, including:

- Proposition 35 Support for Medi-Cal Rate Increases—\$1.3 billion in 2025-26 and \$263.7 million in 2026-27.
- Medical Providers Interim Payment Fund Loan—\$3.4 billion due to extending the repayment deadline.
- Unfair Competition Law Fund Loan—\$150 million in 2025-26.
- Labor and Workforce Development Fund Loan—\$400 million in 2025-26.

Fund Shifts. The May Revision shows a \$1.5 billion greenhouse gas reduction fund for CalFire operations in 2025-26, growing to \$1.9 billion in 2028-29.

Triggers. In addition to these solution categories, the May Revision includes triggers for two future spending commitments:

- California Food Assistance Program Expansion—\$117.2 million in 2027-28, growing to \$163.2 million in 2028-29.
- Foster Care Tiered Rate Structure Trigger—\$338.9 million in 2027-28, growing to \$522.1 million in 2028-29.

Education. Important education highlights from the May Revision include:

- \$8.4 billion withdrawal from the Public School System Stabilization Account to support TK-12 schools and community colleges.
- A reduction of \$177.5 million in remaining, unused General Fund from a \$2 billion one-time allocation provided to the Office of Public School Construction in the 2023 Budget Act for TK-12 school facilities.
- A reduction of \$19.3 million ongoing Proposition 98 General Fund and \$10.2 million ongoing General Fund to reflect the suspension of the statutory cost-of-living adjustment for the California State Preschool Program in 2025-26.
- \$2.1 billion ongoing Proposition 98 General Fund (inclusive of all prior years' investments) to support the full implementation of universal TK.
- \$1.2 billion ongoing Proposition 98 General Fund to support further lowering the average student-to-adult ratio from 12:1 to 10:1 in every TK classroom.

The 2025-26 State Budget is required to be passed by the Legislature by June 15, 2025, prior to the start of the new fiscal year, though the trend in recent years has been for the approval of a largely symbolic bill by that deadline with a substantive agreement emerging later.

For the full text of the 2025-26 State Budget Proposal and the May Revision to the 2025-26 State Budget Proposal, see the DOF website at www.dof.ca.gov. *The reference to this Internet website is shown for reference and convenience only and the information contained on such website is not incorporated by reference into this Official Statement. The information contained on this website may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

Disclaimer Regarding State Budgets. The execution of State budgets may be affected by numerous factors, including but not limited to: (i) shifts in costs from the federal government to the State, (ii) national, State and international economic conditions, (iii) litigation risks, (iv) rising health care costs and/or other unfunded liabilities, such as pension or OPEB, and (v) numerous other factors, all or any of which could cause the revenue and spending projections included in such budgets to be unattainable. The District cannot predict the impact that the 2024-25 State Budget or subsequent State budgets, or future changes (if any) in the budget due to shifts in the economy or other factors, will have on its own finances and operations. However, the Bonds described herein are secured by *ad valorem* property taxes levied and collected on taxable property in the District, without limit as to rate or amount, and are not secured by a pledge of revenues of the District or its general fund.

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

Legal Challenges to State Funding of Education

The application of Proposition 98 and other statutory provisions relating to education funding in the State has been the subject of various legal challenges in the past. The District cannot predict if or when there will be changes to education funding or legal challenges which may arise relating thereto, and how such events could impact the District and its finances.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

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

Constitutionally Required Funding of Education

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

Article XIII A of the California Constitution

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

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

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

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

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

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

Article XIII B of the California Constitution

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

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

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

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

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

Unitary Property

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

Articles XIIC and XIID of the California Constitution

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

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

On November 2, 2010, Proposition 26 was approved by State voters, which amended Article XIIC to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (a) 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; (b) 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; (c) 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; (d) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (e) 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; (f) a charge imposed as a condition of property development; and (g) assessments and property-related fees imposed in accordance with the provisions of Article XIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

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

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

Proposition 98

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

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

surplus. The maximum amount of excess tax revenues which could be transferred to K 14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Proposition 111

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

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

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

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

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

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

School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (a) 40.9% of State general fund revenues (the "**first test**") or (b) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIII B by reference to *per capita*

personal income) and enrollment (the “**second test**”). Under Proposition 111, schools will receive the greater of (a) the first test, (b) the second test, or (c) a third test, which will replace the second test in any year when growth in *per capita* State general fund revenues from the prior year is less than the annual growth in California per capita personal income (the “**third test**”). Under the third test, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and *per capita* State general fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test will become a “credit” to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as “**Proposition 39**”) to the California Constitution. This amendment (a) 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 (b) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, community college districts and county offices of education. As noted above, the California Constitution previously limited property taxes to 1% of the value of property. Prior to the approval of Proposition 39, property taxes could only exceed this limit to pay for (a) any local government debts approved by the voters prior to July 1, 1978 or (b) 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: (a) 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; (b) 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 (c) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 places certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate levied as the result of any single election be no more than \$60 (for a unified school district), \$30 (for an elementary school district or high school district), or \$25 (for a community college district), per \$100,000 of taxable property value. These requirements are not part of this proposition and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

The Bonds described in this Official Statement were authorized pursuant to the provisions of Proposition 39 and will be issued in compliance with Proposition 39 and its related legislation.

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amended the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (a) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (b) shift property taxes from local

governments to schools or community colleges, (c) change how property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature or (d) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Under Proposition 1A, beginning, in 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (a) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (b) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amended the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

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

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

Proposition 30 and Proposition 55

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

less than \$600,000 for joint filers), (b) 2% for taxable income over \$300,000 but less than \$500,000 for single filers (over \$408,000 but less than \$680,000 for head of household filers and over \$600,000 but less than \$1,000,000 for joint filers), and (c) 3% for taxable income over \$500,000 for single filers (over \$680,000 for head of household filers and over \$1,000,000 for joint filers). Proposition 55 (described below) extended said increases to personal income rates through the end of 2030.

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

The California Children’s Education and Health Care Protection Act of 2016, also known as Proposition 55, was a proposed constitutional amendment initiative that was approved on the November 8, 2016 general election ballot in California. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through the end of 2030, instead of the scheduled expiration date of December 31, 2018. The extensions did not apply to the sales tax and excise taxes imposed by Proposition 30. Tax revenue received under Proposition 55 is to be allocated 89% to K-12 schools and 11% to community colleges.

California Senate Bill 222

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

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 as of April 1, 2021 special rules that govern the transfer of a residential property’s tax base value to a

replacement residence for 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 anywhere within the State, (ii) narrows as of February 16, 2021 existing special rules for the valuation of inherited real property due to a transfer between family members, and (iii) allocates most resulting State revenues and savings (if any) to fire protection services and reimbursing local governments for taxation-related changes. The District cannot predict whether the implementation of Proposition 19 will increase, decrease or have no overall impact on the District's assessed values.

Proposition 2 (2024)

The Kindergarten Through Grade 12 Schools and Local Community College Public Education Facilities Modernization, Repair and Safety Bond Act of 2024, also known as "Proposition 2", was approved by State voters at the November 5, 2024 statewide election, and authorizes the sale and issuance of \$10 billion in State general obligation bonds for the repair, upgrade and construction of facilities at K-12 public schools (including charter schools), community colleges and career technical education programs, including the improvement of health and safety conditions and classroom upgrades.

Proposition 2 includes \$3.3 billion for the construction of new K-12 facilities and an additional \$4 billion for the modernization of existing K-12 facilities. Up to 10% of the allocation for new constructions and modernization will be reserved for school districts with an enrollment of fewer than 2,501 students. Of the \$4 billion assigned for modernization of existing K-12 facilities, up to \$115 million will be allocated for the remediation of lead in water at school facilities. Generally, K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. However, some districts that have lower assessed property values and meet certain other socio-economic criteria will be required to pay as low as 45% and 35% of new construction costs and modernization costs, respectively. In addition, a total of \$1.2 billion will be available for the modernization and new construction of charter school facilities (\$600 million) and technical education facilities (\$600 million). The State will award funds to technical education and charter school through an application process, and charter schools must be deemed financially sound before project approval.

Future Initiatives

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

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APPENDIX B

AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2023-24

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**POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
COUNTY OF EL DORADO
POLLOCK PINES, CALIFORNIA**

AUDIT REPORT

JUNE 30, 2024

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT

JUNE 30, 2024

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POLLOCK PINES ELEMENTARY SCHOOL DISTRICT

JUNE 30, 2024

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FINANCIAL SECTION

STEPHEN ROATCH ACCOUNTANCY CORPORATION

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Pollock Pines Elementary School District
Pollock Pines, 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 Pollock Pines Elementary School District, as of and for the year ended June 30, 2024, 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 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 Pollock Pines Elementary School District, as of June 30, 2024, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pollock Pines Elementary School 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 Pollock Pines Elementary School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 Pollock Pines Elementary School 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 Pollock Pines Elementary School 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, schedules of the proportionate share of the net pension liabilities, and schedules of contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Auditor's Responsibilities for the Audit of the Financial Statements (Concluded)

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pollock Pines Elementary School District's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 basic 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 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the audit report. The other information comprises the organization/board of trustees/administration but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2025 on our consideration of Pollock Pines Elementary School 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 Pollock Pines Elementary School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pollock Pines Elementary School District's internal control over financial reporting and compliance.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

January 7, 2025

**POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(PREPARED BY DISTRICT MANAGEMENT)**

This section of Pollock Pines Elementary School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2024. Please read it in conjunction with the Independent Auditor's Report presented on pages 1 through 3, and the District's financial statements, which immediately follow this section.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities, presented on pages 14 and 15, provides information about the activities of the District as a whole and presents a longer-term view of the District's finances. The fund financial statements for governmental activities, presented on pages 16 through 19, provide information about how District services were financed in the short-term, and how much remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

FINANCIAL HIGHLIGHTS

- The District's total net position decreased from \$3,981,640 at June 30, 2023, down to \$3,386,163 at June 30, 2024.
- On the Statement of Activities, the District's total current year expenses exceeded total current year revenues by \$595,477.
- Net capital assets decreased \$163,954 due to the current year addition of \$521,632 of new capital assets and improvements, and the current year recognition of \$685,586 of depreciation expense.
- Total long-term liabilities increased \$780,631 due primarily to the current year increase in the District's net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans.
- The District's P-2 average daily attendance (ADA) decreased from 536 ADA in fiscal year 2022-23, down to 531 ADA in fiscal year 2023-24, a decrease of less than 1%.
- During fiscal year 2023-24, the District's General Fund incurred an operating deficit of \$575,267, but reported a \$35,000 increase in available reserves.
- The District currently maintains sufficient reserves for a district its size. It meets the state required minimum reserve for economic uncertainty of 4% of total General Fund expenditures, transfers out, and other uses (total outgo). During fiscal year 2023-24, General Fund expenditures totaled \$10,283,025. At June 30, 2024, the District had available reserves of \$415,000, which represents a reserve of 4.0%.

**POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(PREPARED BY DISTRICT MANAGEMENT)**

THE FINANCIAL REPORT

The full annual financial report consists of three separate parts, including the basic financial statements, supplementary information, and management's discussion and analysis. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives, government-wide and funds.

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.
- Individual parts of the District, which are reported as fund financial statements comprise the remaining statements.
 - ❖ Basic services funding is described in the governmental funds statements. These statements include short-term financing and identify the balance remaining for future spending.

Notes to the financials, which are included in the financial statements, provide more detailed data, and explain some of the information in the statements. The required supplementary information provides further explanations and provides additional support for the financial statements. A comparison of the District's budget for the year is included.

Reporting the District as a Whole

The District as a whole is reported in the government-wide statements and uses accounting methods similar to those used by companies in the private sector. All of the District's assets and liabilities are included in the Statement of Net Position. The Statement of Activities reports all of the current year's revenues and expenses regardless of when cash is received or paid.

The District's financial health or position (net position) can be measured by the difference between the District's assets and liabilities.

- Increases or decreases in the net position of the District over time are indicators of whether its financial position is improving or deteriorating, respectively.
- Additional non-financial factors such as the condition of school buildings and other facilities, and changes in the property tax base of the District need to be considered in assessing the overall health of the District.

In the Statement of Net Position and the Statement of Activities all amounts presented represent governmental activities, since the District does not provide any services that should be categorized as business-type activities.

The basic services provided by the District, such as regular and special education, administration, and special education transportation are included here, and are primarily financed by property taxes and state formula aid. Non-basic services, such as child nutrition are also included here, but are financed by a combination of local revenues and state and federal programs.

**POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(PREPARED BY DISTRICT MANAGEMENT)**

THE FINANCIAL REPORT (CONCLUDED)

Reporting the District's Most Significant Funds

The District's fund-based financial statements provide detailed information about the District's most significant funds. Some funds are required to be established by State law and bond covenants, while the District establishes other funds to control and manage money for specific purposes. The major governmental funds of the Pollock Pines Elementary School District are the General Fund, Building Fund, and County School Facilities Fund.

Governmental Funds

Governmental fund reporting focuses on how money flows into and out of the funds and the balances that remain at the end of the year. A modified accrual basis of accounting measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and services. Governmental fund information helps to determine the level of financial resources available in the near future to finance the District's programs.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The District's total net position decreased from \$3,981,640 at June 30, 2023, down to \$3,386,163 at June 30, 2024.

| <u>Comparative Statement of Net Position</u> | | |
|---|----------------------------|--------------|
| | Governmental Activities | |
| | 2023 | 2024 |
| <u>Assets</u> | | |
| Deposits and Investments | \$ 4,672,342 | \$ 4,574,463 |
| Receivables | 988,673 | 295,780 |
| Inventories | 2,734 | 2,621 |
| Prepaid Expenses | 0 | 3,846 |
| Capital Assets, net | 13,593,097 | 13,429,143 |
| Total Assets | 19,256,846 | 18,305,853 |
| <u>Deferred Outflows of Resources</u> | | |
| Pension Deferrals | 1,965,824 | 2,408,176 |
| <u>Liabilities</u> | | |
| Current | 661,514 | 411,466 |
| Long-Term | 15,252,883 | 16,042,111 |
| Total Liabilities | 15,914,397 | 16,453,577 |
| <u>Deferred Inflows of Resources</u> | | |
| Pension Deferrals | 1,326,633 | 874,289 |
| <u>Net Position</u> | | |
| Net Investment in Capital Assets | 5,707,513 | 5,564,944 |
| Restricted | 2,656,944 | 2,405,343 |
| Unrestricted (Deficit) | (4,382,817) | (4,584,124) |
| Total Net Position | \$ 3,981,640 | \$ 3,386,163 |
| <i>Table includes financial data of the combined governmental funds</i> | | |

**POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(PREPARED BY DISTRICT MANAGEMENT)**

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

The unrestricted deficit balances reported on the previous page are due to the fact that the District is required to record a liability in the financial statements to reflect the District's proportionate share of the net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans.

| <u>Comparative Statement of Changes in Net Position</u> | | |
|---|-------------------------|---------------------|
| | Governmental Activities | |
| | 2023 | 2024 |
| <u>Program Revenues</u> | | |
| Charges for Services | \$ 32,401 | \$ 28,438 |
| Operating Grants & Contributions | 3,903,633 | 2,723,803 |
| Capital Grants and Contributions | 25,350 | 11,782 |
| <u>General Revenues</u> | | |
| Taxes Levied | 3,025,311 | 3,185,577 |
| Federal & State Aid | 4,184,448 | 4,326,688 |
| Interest & Investment Earnings | 17,105 | 164,055 |
| Transfers from Other Agencies | 163,968 | 166,426 |
| Miscellaneous | 21,329 | 46,097 |
| Total Revenues | 11,373,545 | 10,652,866 |
| <u>Expenses</u> | | |
| Instruction | 5,279,762 | 6,584,702 |
| Instruction-Related Services | 818,049 | 907,836 |
| Pupil Services | 1,201,202 | 1,296,938 |
| General Administration | 833,968 | 870,866 |
| Plant Services | 983,734 | 1,037,694 |
| Ancillary Services | 15,967 | 15,438 |
| Interest on Long-Term Debt | 307,366 | 336,173 |
| Other Outgo | 215,441 | 198,696 |
| Total Expenses | 9,655,489 | 11,248,343 |
| Changes in Net Position | \$ 1,718,056 | \$ (595,477) |
| <i>Table includes financial data of the combined governmental funds</i> | | |

The District's total current year expense exceeded total current year revenue by \$595,477.

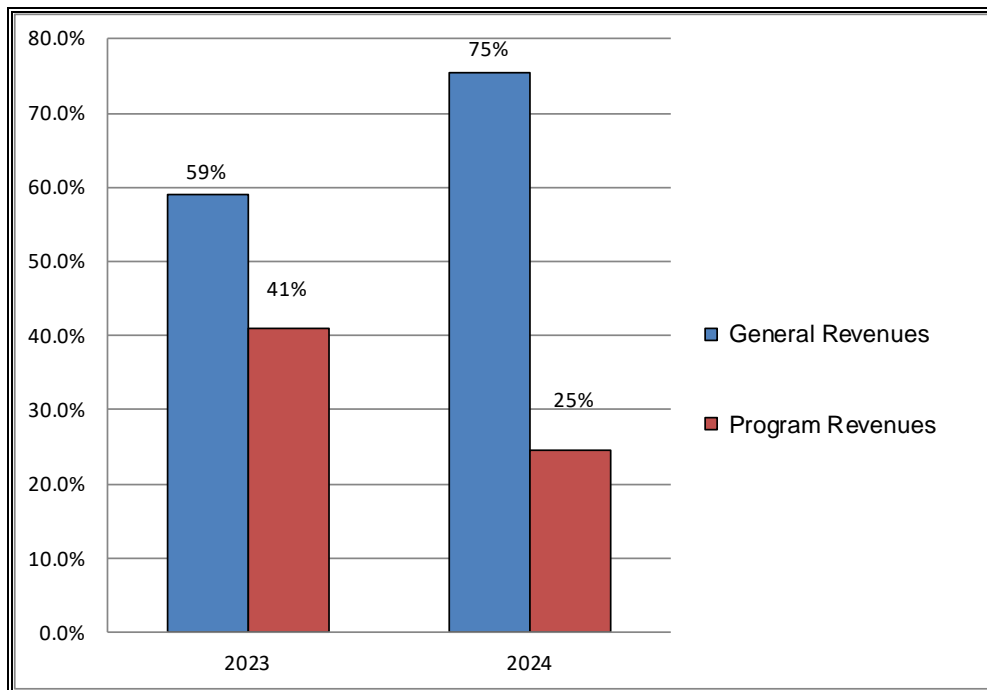
**POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(PREPARED BY DISTRICT MANAGEMENT)**

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

| <u>Comparative Schedule of Costs of Services</u> | | | | |
|---|------------------------|----------------------|----------------------|---------------------|
| | Total Cost of Services | | Net Cost of Services | |
| | 2023 | 2024 | 2023 | 2024 |
| Instruction | \$ 5,279,762 | \$ 6,584,702 | \$ 2,203,314 | \$ 4,597,419 |
| Instruction-Related Services | 818,049 | 907,836 | 778,626 | 886,713 |
| Pupil Services | 1,201,202 | 1,296,938 | 508,017 | 667,052 |
| General Administration | 833,968 | 870,866 | 809,990 | 866,792 |
| Plant Services | 983,734 | 1,037,694 | 965,070 | 1,025,929 |
| Other Expenses | 538,774 | 550,307 | 429,088 | 440,415 |
| Totals | <u>\$ 9,655,489</u> | <u>\$ 11,248,343</u> | <u>\$ 5,694,105</u> | <u>\$ 8,484,320</u> |

Table includes financial data of the combined governmental funds

The table above presents the cost of major District activities. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The \$8,484,320 net cost represents the financial burden that was placed on the District's general revenues for providing the services listed.



In 2023-24, program revenues financed 25% of the total cost of providing the services listed above, while the remaining 75% was financed by the general revenues of the District.

**POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(PREPARED BY DISTRICT MANAGEMENT)**

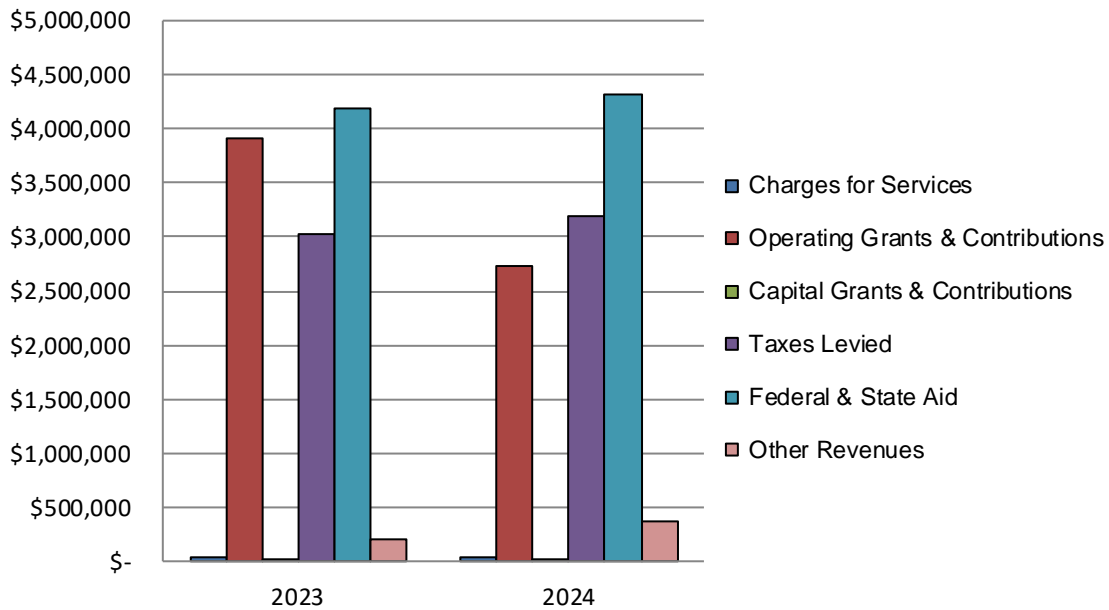
FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

Summary of Revenues For Governmental Functions

| | FYE 2023 Amount | Percent of Total | FYE 2024 Amount | Percent of Total |
|----------------------------------|----------------------|---------------------|----------------------|---------------------|
| <u>Program Revenues</u> | | | | |
| Charges for Services | \$ 32,401 | 0.28% | \$ 28,438 | 0.27% |
| Operating Grants & Contributions | 3,903,633 | 34.32% | 2,723,803 | 25.57% |
| Capital Grants & Contributions | 25,350 | 0.22% | 11,782 | 0.11% |
| <u>General Revenues</u> | | | | |
| Taxes Levied | 3,025,311 | 26.60% | 3,185,577 | 29.90% |
| Federal & State Aid | 4,184,448 | 36.79% | 4,326,688 | 40.62% |
| Other Revenues | 202,402 | 1.78% | 376,578 | 3.53% |
| Total Revenues | \$ 11,373,545 | 100.00% | \$ 10,652,866 | 100.00% |

Table includes financial data of the combined governmental funds

Comparative Revenues



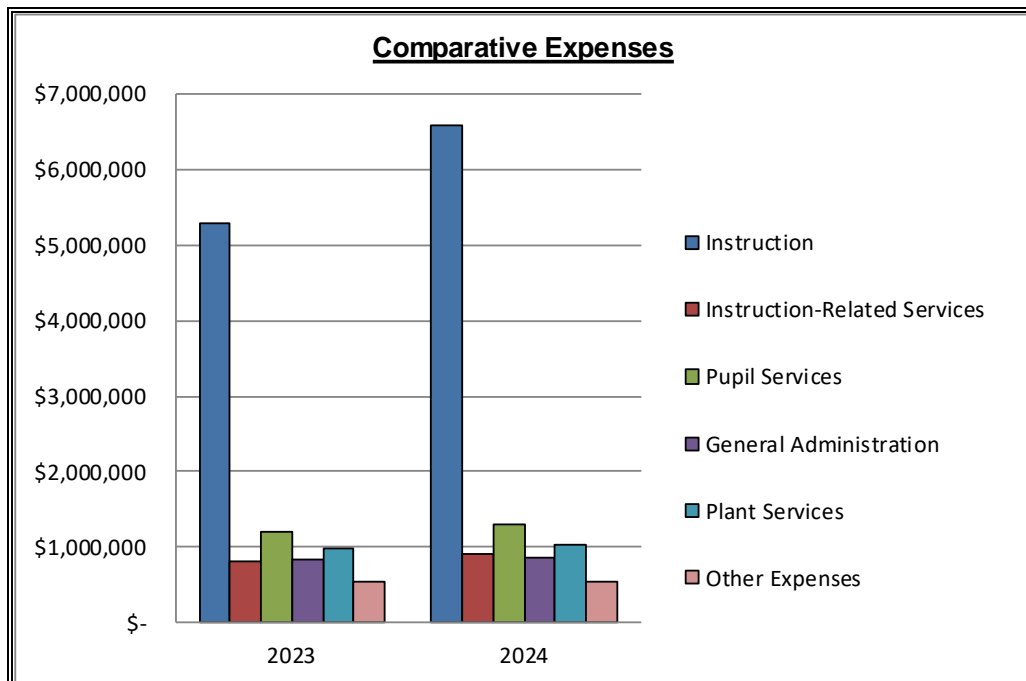
**POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(PREPARED BY DISTRICT MANAGEMENT)**

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

Summary of Expenses For Governmental Functions

| | FYE 2023 Amount | Percent of Total | FYE 2024 Amount | Percent of Total |
|------------------------------|---------------------|---------------------|----------------------|---------------------|
| <u>Expenses</u> | | | | |
| Instruction | \$ 5,279,762 | 54.68% | \$ 6,584,702 | 58.54% |
| Instruction-Related Services | 818,049 | 8.47% | 907,836 | 8.07% |
| Pupil Services | 1,201,202 | 12.44% | 1,296,938 | 11.53% |
| General Administration | 833,968 | 8.64% | 870,866 | 7.74% |
| Plant Services | 983,734 | 10.19% | 1,037,694 | 9.23% |
| Other Expenses | 538,774 | 5.58% | 550,307 | 4.89% |
| Total Expenses | <u>\$ 9,655,489</u> | <u>100.00%</u> | <u>\$ 11,248,343</u> | <u>100.00%</u> |

Table includes financial data of the combined governmental funds



**POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(PREPARED BY DISTRICT MANAGEMENT)**

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONCLUDED)

| <u>Comparative Schedule of Capital Assets</u> | | |
|--|----------------------------|----------------------|
| | Governmental Activities | |
| | 2023 | 2024 |
| Land | \$ 96,376 | \$ 96,376 |
| Sites and Improvements | 3,378,700 | 3,413,300 |
| Buildings and Improvements | 17,249,244 | 17,341,534 |
| Furniture and Equipment | 3,839,233 | 4,197,247 |
| Construction-in-Progress | 0 | 36,728 |
| Subtotals | 24,563,553 | 25,085,185 |
| Less: Accumulated Depreciation | (10,970,456) | (11,656,042) |
| Capital Assets, net | <u>\$ 13,593,097</u> | <u>\$ 13,429,143</u> |

Net capital assets decreased \$163,954 due to the current year addition of \$521,632 of new capital assets and improvements, and the current year recognition of \$685,586 of depreciation expense.

| <u>Comparative Schedule of Long-Term Liabilities</u> | | |
|---|----------------------------|----------------------|
| | Governmental Activities | |
| | 2023 | 2024 |
| Compensated Absences | \$ 23,496 | \$ 9,898 |
| General Obligation Bonds | 8,404,185 | 8,409,694 |
| Bond Premium | 318,552 | 305,926 |
| Net Pension Liabilities | 6,577,771 | 7,379,117 |
| Totals | <u>\$ 15,324,004</u> | <u>\$ 16,104,635</u> |

Total long-term liabilities increased \$780,631 due primarily to the current year increase in the District's net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans.

**POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(PREPARED BY DISTRICT MANAGEMENT)**

FINANCIAL ANALYSIS OF DISTRICT'S FUNDS

| <u>Comparative Schedule of Fund Balances</u> | | | |
|---|--------------------------------|--------------------------------|------------------------|
| | Fund Balances June 30, 2023 | Fund Balances June 30, 2024 | Increase (Decrease) |
| General | \$ 3,253,458 | \$ 2,678,191 | \$ (575,267) |
| Building | 685,972 | 659,731 | (26,241) |
| County School Facilities | 602,987 | 564,169 | (38,818) |
| Cafeteria | 270,274 | 383,981 | 113,707 |
| Bond Interest & Redemption | 185,584 | 211,019 | 25,435 |
| Capital Facilities | 189,831 | 173,517 | (16,314) |
| Totals | <u>\$ 5,188,106</u> | <u>\$ 4,670,608</u> | <u>\$ (517,498)</u> |

During fiscal year 2023-24, the fund balance of the General Fund decreased \$575,267 and the combined fund balances of all other governmental funds increased \$57,769.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. Over the course of the year, the District revises its budget based on updated financial information. The original budget, approved at the end of June for July 1, is based on May Revise figures, and updated 45 days after the State approves its final budget. In addition, the District revises its budget at First and Second Interim to reflect the most current financial information available at that point in time.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

The Legislative Analyst's Office recently reported that the State of California is facing an estimated \$68 billion budget deficit for fiscal year 2024-25, which reflects that the projected resources for the upcoming budget are insufficient to cover the costs of currently authorized services. In addition, they also reported that the state is facing annual operating deficits of around \$30 billion per year. These operating deficits represent additional budget problems the Legislature would need to address in the coming years, either by reducing spending, increasing revenues, shifting costs, or using reserves, which will likely result in less funding for local educational agencies. In addition, inflation is expected to increasingly reduce the purchasing power of local educational agencies as the annual federal budget deficits are expected to grow into the foreseeable future.

Accordingly, based on the above factors and projections, the District's budget should continue to be managed with a great degree of conservatism over the next few years. The District has an excellent track record in meeting this challenge in what has proven to be a cycle of lean years and prosperous years for education finances.

**POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(PREPARED BY DISTRICT MANAGEMENT)**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact the District Office, Pollock Pines Elementary School District, 2701 Amber Trail, Pollock Pines, California 95726.

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024

| | Governmental Activities |
|--|------------------------------------|
| <u>Assets</u> | |
| Current Assets: | |
| Deposits and Investments (Note 2) | \$ 4,574,463 |
| Receivables (Note 3) | 295,780 |
| Stores Inventory (Note 1H) | 2,621 |
| Prepaid Expenses | 3,846 |
| Non-Current Assets: | |
| Capital Assets, Not Depreciated (Note 5) | 133,104 |
| Capital Assets, Net | 13,296,039 |
| Total Assets | <u>18,305,853</u> |
| <u>Deferred Outflows of Resources</u> | |
| Pension Deferrals (Note 7) | 2,408,176 |
| Total Deferred Outflows of Resources | <u>2,408,176</u> |
| <u>Liabilities</u> | |
| Current Liabilities: | |
| Accounts Payable and Other Current Liabilities | 134,860 |
| Accrued Interest Payable | 142,840 |
| Unearned Revenue (Note 1H) | 71,242 |
| Long-Term Liabilities: | |
| <i>Portion Due or Payable Within One Year:</i> | |
| Compensated Absences | 9,898 |
| General Obligation Bonds | |
| Current Interest | 40,000 |
| Bond Premium | 12,626 |
| <i>Portion Due or Payable After One Year:</i> | |
| General Obligation Bonds (Note 6) | |
| Current Interest | 7,095,000 |
| Capital Appreciation | 1,274,694 |
| Bond Premium | 293,300 |
| Net Pension Liabilities (Note 7) | 7,379,117 |
| Total Liabilities | <u>16,453,577</u> |
| <u>Deferred Inflows of Resources</u> | |
| Pension Deferrals (Note 7) | 874,289 |
| Total Deferred Inflows of Resources | <u>874,289</u> |
| <u>Net Position</u> | |
| Net Investment in Capital Assets | 5,564,944 |
| Restricted: | |
| For Capital Projects | 737,686 |
| For Debt Service (Deficit) | (123,511) |
| For Educational Programs | 1,397,841 |
| For Other Purposes | 393,327 |
| Unrestricted (Deficit) | (4,584,124) |
| Total Net Position | <u>\$ 3,386,163</u> |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

| | | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|---------------------------------------|----------------------|-------------------------|---|---|--|
| Functions | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities |
| <u>Governmental Activities</u> | | | | | |
| Instruction | \$ 6,584,702 | \$ 17,193 | \$ 1,958,308 | \$ 11,782 | \$ (4,597,419) |
| Instruction-Related Services: | | | | | |
| Instructional Library and Technology | 246,783 | | | | (246,783) |
| School Site Administration | 661,053 | 65 | 21,058 | | (639,930) |
| Pupil Services: | | | | | |
| Home-to-School Transportation | 410,262 | 2 | 952 | | (409,308) |
| Food Services | 583,425 | 1,206 | 541,993 | | (40,226) |
| Other Pupil Services | 303,251 | 696 | 85,037 | | (217,518) |
| General Administration: | | | | | |
| Data Processing Services | 32,696 | | | | (32,696) |
| Other General Administration | 838,170 | 4 | 4,070 | | (834,096) |
| Plant Services | 1,037,694 | 291 | 11,474 | | (1,025,929) |
| Ancillary Services | 15,438 | | 13,385 | | (2,053) |
| Interest on Long-Term Debt | 336,173 | | | | (336,173) |
| Other Outgo | 198,696 | 8,981 | 87,526 | | (102,189) |
| Total Governmental Activities | <u>\$ 11,248,343</u> | <u>\$ 28,438</u> | <u>\$ 2,723,803</u> | <u>\$ 11,782</u> | <u>(8,484,320)</u> |
| <u>General Revenues</u> | | | | | |
| Taxes Levied for General Purposes | | | | | 2,850,656 |
| Taxes Levied for Debt Service | | | | | 334,554 |
| Taxes Levied for Specific Purposes | | | | | 367 |
| Federal and State Aid - Unrestricted | | | | | 4,326,688 |
| Interest and Investment Earnings | | | | | 164,055 |
| Transfers from Other Agencies | | | | | 166,426 |
| Miscellaneous | | | | | 46,097 |
| Total General Revenues | | | | | <u>7,888,843</u> |
| Change in Net Position | | | | | (595,477) |
| Net Position - July 1, 2023 | | | | | <u>3,981,640</u> |
| Net Position - June 30, 2024 | | | | | <u>\$ 3,386,163</u> |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

| | <u>General</u> | <u>Building</u> | <u>County School Facilities</u> | <u>Non-Major Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|---------------------|-------------------|---|---|---|
| <u>Assets</u> | | | | | |
| Deposits and Investments (Note 2) | \$ 2,645,662 | \$ 647,231 | \$ 564,169 | \$ 717,401 | \$ 4,574,463 |
| Receivables (Note 3) | 228,044 | | | 67,736 | 295,780 |
| Due from Other Funds (Note 4) | 19,241 | 12,500 | | | 31,741 |
| Stores Inventory (Note 1H) | | | | 2,621 | 2,621 |
| Prepaid Expenditures | 3,846 | | | | 3,846 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Assets | <u>\$ 2,896,793</u> | <u>\$ 659,731</u> | <u>\$ 564,169</u> | <u>\$ 787,758</u> | <u>\$ 4,908,451</u> |
| <u>Liabilities and Fund Balances</u> | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | \$ 134,860 | | | | \$ 134,860 |
| Due to Other Funds (Note 4) | 12,500 | | | \$ 19,241 | 31,741 |
| Unearned Revenue (Note 1H) | 71,242 | | | | 71,242 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Liabilities | <u>218,602</u> | <u> </u> | <u> </u> | <u>19,241</u> | <u>237,843</u> |
| Fund Balances: (Note 10) | | | | | |
| Nonspendable | 9,346 | | | 2,621 | 11,967 |
| Restricted | 1,397,841 | \$ 659,731 | \$ 564,169 | 765,896 | 3,387,637 |
| Assigned | 856,004 | | | | 856,004 |
| Unassigned | 415,000 | | | | 415,000 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Fund Balances | <u>2,678,191</u> | <u>659,731</u> | <u>564,169</u> | <u>768,517</u> | <u>4,670,608</u> |
| Total Liabilities and Fund Balances | <u>\$ 2,896,793</u> | <u>\$ 659,731</u> | <u>\$ 564,169</u> | <u>\$ 787,758</u> | <u>\$ 4,908,451</u> |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024**

| | | |
|---|-----------|------------------|
| Total Fund Balances - Governmental Funds | \$ | 4,670,608 |
|---|-----------|------------------|

Amounts reported for governmental activities in the statement of net position are different from amounts reported in governmental funds due to the following:

Capital assets: 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 and accumulated depreciation are:

| | | |
|--------------------------|---------------|------------|
| Capital Assets | \$ 25,085,185 | |
| Accumulated Depreciation | (11,656,042) | |
| Net | | 13,429,143 |

Deferred outflows and inflows of resources relating to pensions: 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. Net deferred outflows and inflows are:

1,533,887

Unmatured interest on long-term debt: 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 statements of activities, it is recognized in the period that it is incurred. The additional liability for unmatrued interest owed at the end of the period was:

(142,840)

Long-term liabilities: 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 reported at the end of the period are:

| | | |
|----------------------------|-----------|--------------|
| Compensated Absences | \$ 9,898 | |
| General Obligation Bonds: | | |
| Current Interest Bonds | 7,135,000 | |
| Capital Appreciation Bonds | 1,274,694 | |
| Bond Premium | 305,926 | |
| Net Pension Liabilities | 7,379,117 | |
| Total | | (16,104,635) |

| | | |
|---|-----------|------------------|
| Total Net Position - Governmental Activities | \$ | 3,386,163 |
|---|-----------|------------------|

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

| | <u>General</u> | <u>Building</u> | <u>County School Facilities</u> | <u>Non-Major Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|----------------|-----------------|---|---|---|
| <u>Revenues</u> | | | | | |
| LCFF Sources: | | | | | |
| State Apportionment / Transfers | \$ 4,180,959 | | | | \$ 4,180,959 |
| Local Taxes | 2,850,656 | | | | 2,850,656 |
| Total LCFF Sources | 7,031,615 | | | | 7,031,615 |
| Federal Revenue | 571,936 | | | \$ 248,093 | 820,029 |
| State Revenue | 1,240,938 | | | 285,017 | 1,525,955 |
| Local Revenue | 863,269 | \$ 33,584 | \$ 11,782 | 366,632 | 1,275,267 |
| Total Revenues | 9,707,758 | 33,584 | 11,782 | 899,742 | 10,652,866 |
| <u>Expenditures</u> | | | | | |
| Current: | | | | | |
| Instruction | 6,283,800 | | | | 6,283,800 |
| Instructional Library and Technology | 236,577 | | | | 236,577 |
| School Site Administration | 627,117 | | | | 627,117 |
| Home-To-School Transportation | 480,240 | | | | 480,240 |
| Food Services | 280,291 | | | 429,492 | 709,783 |
| Other Pupil Services | 286,930 | | | | 286,930 |
| Data Processing Services | 30,601 | | | | 30,601 |
| Other General Administration | 798,415 | | | 179 | 798,594 |
| Plant Services | 1,003,739 | | 16,000 | | 1,019,739 |
| Facilities Acquisition and Construction | 41,168 | 59,825 | 34,600 | 32,043 | 167,636 |
| Ancillary Services | 15,451 | | | | 15,451 |
| Other Outgo | 198,696 | | | | 198,696 |
| Debt Service: | | | | | |
| Principal Retirement | | | | 35,000 | 35,000 |
| Interest and Issuance Costs | | | | 280,200 | 280,200 |
| Total Expenditures | 10,283,025 | 59,825 | 50,600 | 776,914 | 11,170,364 |
| Net Change in Fund Balances | (575,267) | (26,241) | (38,818) | 122,828 | (517,498) |
| Fund Balances - July 1, 2023 | 3,253,458 | 685,972 | 602,987 | 645,689 | 5,188,106 |
| Fund Balances - June 30, 2024 | \$ 2,678,191 | \$ 659,731 | \$ 564,169 | \$ 768,517 | \$ 4,670,608 |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

POLLOCK PINES ELEMENTARY 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, 2024

| | |
|---|---------------------|
| Net Change in Fund Balances - Governmental Funds | \$ (517,498) |
|---|---------------------|

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds due to the following:

Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

| | | | |
|----------------------|----|-----------|-----------|
| Capital Outlays | \$ | 521,632 | |
| Depreciation Expense | | (685,586) | |
| Net | | | (163,954) |

| | |
|--|--------|
| Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statements of activities, compensated absences are measured by the amounts earned during the fiscal year. The difference between amounts paid and amounts earned was: | 13,598 |
|--|--------|

| | |
|---|--------|
| Pension liabilities: In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pensions costs are recognized on the accrual-basis. This year, the difference between accrual-basis pension costs and actual employer contributions was: | 93,350 |
|---|--------|

| | |
|--|--------|
| Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were: | 35,000 |
|--|--------|

| | |
|---|--------|
| Amortization of debt issue premium or discount: In governmental funds, if debt is issued at a premium or discount, the premium or discount is recognized as Other Financing Sources or Other Financing Uses 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. The net premiums or discount and the amortization for the period are: | 12,626 |
|---|--------|

| | |
|--|----------|
| Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, interest expense 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: | (40,509) |
|--|----------|

| | |
|---|----------|
| Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. Accrued interest on long-term liabilities decreased by: | (28,090) |
|---|----------|

| | |
|--|---------------------|
| Change in Net Position of Governmental Activities | \$ (595,477) |
|--|---------------------|

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Pollock Pines Elementary School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a five-member Board of Trustees elected by registered voters of the District, which comprises an area in El Dorado County. The District was established in 1889 and serves students in kindergarten through grade eight.

The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Pollock Pines Elementary School 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

Government-wide Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. Eliminations have been made to remove the double-counting of internal activities. Governmental activities normally are supported by taxes and intergovernmental revenues.

The government-wide financial statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Concluded)

Government-wide Financial Statements (Concluded):

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities.

Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues - Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. Under the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Concluded)

Revenues - Exchange and Non-exchange Transactions (Concluded):

For the District, “available” means collectible within the current period or within 45, 60, 90 days after year-end, depending on the revenue source. 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 apportionments, the California Department of Education has defined available as collectible within one year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as unearned revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as unearned revenue.

Expenses/Expenditures:

On an accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

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.

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District maintains the following governmental fund types:

General Fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Other resources also may be reported in the fund if those resources are restricted, committed, or assigned to the specified purpose of the fund.

Debt Service Funds - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Funds - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The District's funds are organized into major and non-major funds as follows:

Major Governmental Funds:

General Fund is the primary operating fund of the District.

Building Fund is used to account for the proceeds generated from the sale of general obligation bonds. Expenditures are made from this fund for the purpose of financing the construction, renovation, and improvement of certain District facilities.

County School Facilities Fund is used to account for state apportionments (Education Code Sections 17009.5 and 17070.10-17076.10).

Non-Major Governmental Funds:

Cafeteria Fund is used to account for revenues received and expenditures made to operate the District's cafeteria program.

Bond Interest and Redemption Fund is used to account for District taxes received and expended to pay bond interest and redeem bond principal and related costs.

Capital Facilities Fund is used to account for revenues received from developer impact fees assessed under provisions of the California Quality Act (CEQA).

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. By state law, the District's Governing Board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements.

These budgets are revised by the District's Governing Board and Superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budget is presented for the General Fund as required supplementary information on page 49.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

F. Use of Estimates

The preparation of financial statements in conformity with principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. 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 at June 30.

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity

1. Deposits and Investments

The District is authorized to maintain cash in banks and revolving funds that are insured to \$250,000 by the Federal Depository Insurance Corporation (FDIC). The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The County is authorized to deposit cash and invest excess funds by California *Government Code* Section 53648 et seq. The funds maintained by the County are either secured by the FDIC or are collateralized.

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

1. Deposits and Investments (Concluded)

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

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

2. Stores Inventory

Stores inventory is recorded using the purchase method in that the cost (handling charge for state surplus food) is recorded as an expenditure at the time individual inventory items are purchased. Inventory is valued at average cost and consists of expendable supplies held for consumption. Reported inventory is equally offset by a reserve, which indicates that the amount is not available for appropriation.

3. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized but are expensed as incurred. Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives:

| <u>Asset Class</u> | <u>Years</u> |
|----------------------------|--------------|
| Sites and Improvements | 20 |
| Buildings and Improvements | 25-50 |
| Furniture and Equipment | 5-20 |

4. Deferred Outflows/Inflows of Resources

In addition to assets, the District 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.

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

4. Deferred Outflows/Inflows of Resources (Concluded)

In addition to liabilities, the District 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 so will not be recognized as an inflow of resources until that time.

5. Unearned Revenue

Cash received for federal, and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent that cash received on specific projects and programs exceeds qualified expenditures.

6. Compensated Absences

All vacation pay is accrued when incurred in the government-wide financial statements.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken, since such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

7. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS), and additions to/deductions from the CalSTRS' and CalPERS' 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.

8. Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as long-term liabilities in the Statement of Net Position. Bond premiums are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premium or discount. In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the year issued. The face amount of the debt issued, premiums, or discounts is reported as other financing sources or uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

9. Fund Balances

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The allowable classifications used in the governmental fund financial statements are as follows:

Nonspendable Fund Balance consists of funds that cannot be spent due to their form (e.g., inventories and prepaids) or funds that legally or contractually must be maintained intact.

Restricted Fund Balance consists of funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance consists of funds that are set aside for a specific purpose by the District's highest level of decision-making authority (governing board). Formal action must be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds.

Assigned Fund Balance consists of funds that are set aside with the intent to be used for a specific purpose by the District's highest level of decision-making authority or a body or official that has been given the authority to assign funds. In accordance with board policy, the Superintendent and Chief Business Official have been given this authority.

Unassigned Fund Balance consists of excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditure and revenue shortfalls. In accordance with board policy, the District intends to maintain a minimum Reserve for Economic Uncertainties, consisting of unassigned amounts equal to 4% of General Fund expenditures and other financing uses.

The District considers restricted fund balances to have been spent first when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the District considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Concluded)

10. Local Control Funding Formula (LCFF)/Property Tax

As part of the 2013-14 State Budget Act, the formula for determining the level of funding per student changed from the "revenue limit" formula to the "Local Control Funding Formula" (LCFF). The LCFF creates base, supplemental and concentration grants as the new general-purpose entitlement to replace most existing funding streams, including the State aid portion of the revenue limit and most State categorical programs from prior years. District funding under the LCFF is generally provided by a mix of State aid and local property taxes.

The County of El Dorado is responsible for assessing, collecting, and apportioning property taxes to the District. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding January 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (January 1) and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternative method of distribution prescribed by Section 4705 of the California *Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll, approximately October 1 of each year.

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local LCFF sources by the District. The California Department of Education reduces the District's LCFF entitlement by the District's local property tax revenue. Any balance remaining is paid from the State General Fund and is known as LCFF State Aid.

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits and investments as of June 30, 2024, consist of the following:

| | |
|---------------------------|----------------------------|
| Cash on Hand and in Banks | \$ 500 |
| Cash in Revolving Funds | 5,500 |
| County Pool Investments | <u>4,568,463</u> |
| Total | <u><u>\$ 4,574,463</u></u> |

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Cash on Hand and in Banks

Cash on hand and in banks consists of all cash held by the District and all cash maintained in commercial bank accounts owned by the District, exclusive of amounts held in revolving funds.

Cash in Revolving Fund

Cash in revolving funds consists of all cash maintained in commercial bank accounts that are used as revolving funds.

County Pool Investments

County pool investments consist of District cash held by the El Dorado County Treasury that is invested in the county investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts that are based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorization

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

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

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the El Dorado County investment pool.

Weighted Average Maturity

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the District's portfolio is presented in the following schedule:

| <u>Investment Type</u> | <u>Carrying Value</u> | <u>Fair Value</u> | <u>Weighted Average Days to Maturity</u> |
|-------------------------|-----------------------|-------------------|--|
| County Pool Investments | \$ 4,568,463 | \$ 4,568,463 | 619 |

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investments in the County Treasury are not required to be rated.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the 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, 2024, the District's bank balance was not exposed to custodial credit risk.

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:

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 2 - DEPOSITS AND INVESTMENTS (CONCLUDED)

Fair Value Measurements (Concluded)

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 specific 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 data if reasonable 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 El Dorado 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.

The District's fair value measurements are as follows at June 30, 2024:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Uncategorized</u> |
|-------------------------|-----------------------|----------------------|
| County Pool Investments | <u>\$ 4,568,463</u> | <u>\$ 4,568,463</u> |

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

NOTE 3 - RECEIVABLES

Receivables at June 30, 2024 consist of the following:

| | <u>General Fund</u> | <u>Non-Major Governmental Funds</u> | <u>Totals</u> |
|--------------------|-------------------------|---|-------------------|
| Federal Government | \$ 125,516 | \$ 30,417 | \$ 155,933 |
| State Government | 35,576 | 37,319 | 72,895 |
| Local Governments | 14,659 | | 14,659 |
| Miscellaneous | 52,293 | | 52,293 |
| Totals | <u>\$ 228,044</u> | <u>\$ 67,736</u> | <u>\$ 295,780</u> |

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 4 - INTERFUND ACTIVITIES

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Due From/Due To Other Funds

Interfund receivable/payable balances at June 30, 2024, are as follows:

| Funds | Interfund Receivable | Interfund Payable |
|-----------|-------------------------|----------------------|
| General | \$ 19,241 | \$ 12,500 |
| Cafeteria | | 19,241 |
| Building | 12,500 | |
| Totals | <u>\$ 31,741</u> | <u>\$ 31,741</u> |

All interfund receivable and payable balances are scheduled to be paid within one year.

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2024, is shown below:

| | Balances July 1, 2023 | Additions | Deletions | Balances June 30, 2024 |
|---|--------------------------|---------------------|-------------|---------------------------|
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 96,376 | | | \$ 96,376 |
| Construction-in-Progress | 0 | \$ 36,728 | | 36,728 |
| Total Capital Assets Not Being Depreciated | <u>96,376</u> | <u>36,728</u> | <u>\$ 0</u> | <u>133,104</u> |
| Capital Assets Being Depreciated: | | | | |
| Sites and Improvements | 3,378,700 | 34,600 | | 3,413,300 |
| Buildings and Improvements | 17,249,244 | 92,290 | | 17,341,534 |
| Furniture and Equipment | 3,839,233 | 358,014 | | 4,197,247 |
| Total Capital Assets Being Depreciated | <u>24,467,177</u> | <u>484,904</u> | <u>0</u> | <u>24,952,081</u> |
| Less Accumulated Depreciation: | | | | |
| Sites and Improvements | 1,871,463 | 141,285 | | 2,012,748 |
| Buildings and Improvements | 5,735,395 | 320,261 | | 6,055,656 |
| Furniture and Equipment | 3,363,598 | 224,040 | | 3,587,638 |
| Total Accumulated Depreciation | <u>10,970,456</u> | <u>685,586</u> | <u>0</u> | <u>11,656,042</u> |
| Total Capital Assets Being Depreciated, Net | <u>13,496,721</u> | <u>(200,682)</u> | <u>0</u> | <u>13,296,039</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 13,593,097</u> | <u>\$ (163,954)</u> | <u>\$ 0</u> | <u>\$ 13,429,143</u> |

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION (CONCLUDED)

Depreciation expense was charged to governmental activities as follows:

| | |
|------------------------------|-------------------|
| Instruction | \$ 421,982 |
| Instruction-Related Services | 58,179 |
| Pupil Services | 83,115 |
| General Administration | 55,809 |
| Plant Services | 66,501 |
| Total | <u>\$ 685,586</u> |

NOTE 6 - GENERAL OBLIGATION BONDS

At a general election held on June 5, 2012, the registered voters of the District approved Measure K, which authorizes the District to issue up to \$9,000,000 in general obligation bonds to modernize, replace, renovate, construct, equip, furnish, and otherwise improve the facilities of the District.

On January 24, 2013, the District issued \$2.5 million of Election of 2012, Series A, general obligation bonds, with interest rates ranging from 2% to 3.625%. Principal and interest payments due on the bonds will be paid semiannually on February 1 and August 1 of each year until final maturity on August 1, 2042.

On October 31, 2017, the District issued \$2.5 million of Election of 2012, Series B, general obligation bonds, with interest rates ranging from 2% to 5%. Principal and interest payments due on the bonds will be paid semiannually on February 1 and August 1 of each year until final maturity on August 1, 2047.

On June 13, 2019, the District issued \$3,998,004 of Election of 2012, Series C, general obligation bonds, consisting of \$2,915,000 of current interest bonds with an interest rate of 4%, and \$1,083,004 of capital appreciation bonds with accretion rates ranging from 2.27% to 3.61%. Principal and interest payments due on the bonds will be paid semiannually on February 1 and August 1 of each year until final maturity on August 1, 2049.

The general obligation bonds are secured by the full faith and credit of the District. El Dorado County is obligated to annually levy ad valorem taxes for the payment of interest on, and principal of, the bonds upon all property subject to taxation in the District.

A. Current Interest Bonds

The District's outstanding current interest general obligation debt as of June 30, 2024, excluding \$305,926 of unamortized bond premiums, is as follows:

| Date of Issue | Interest Rate % | Date of Maturity | Amount of Original Issue | Outstanding July 1, 2023 | Redeemed Current Year | Outstanding June 30, 2024 |
|---------------------|--------------------|------------------------|--------------------------------|-----------------------------|-----------------------------|------------------------------|
| 1/24/13 | 2.00-3.625 | 8/1/42 | \$ 2,500,000 | \$ 2,045,000 | \$ 35,000 | \$ 2,010,000 |
| 10/31/17 | 2.00-5.00 | 8/1/47 | 2,500,000 | 2,325,000 | | 2,325,000 |
| 6/13/19 | 4.00 | 8/1/49 | 2,915,000 | 2,800,000 | | 2,800,000 |
| | | Totals | <u>\$ 7,915,000</u> | <u>\$ 7,170,000</u> | <u>\$ 35,000</u> | <u>\$ 7,135,000</u> |

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 6 - GENERAL OBLIGATION BONDS (CONCLUDED)

A. Current Interest Bonds (Concluded)

The annual requirements to amortize the current interest general obligation bonds, as of June 30, 2024, are as follows:

| <u>Year Ended June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Totals</u> |
|-------------------------------|---------------------|---------------------|----------------------|
| 2025 | \$ 40,000 | \$ 277,313 | \$ 317,313 |
| 2026 | 45,000 | 276,038 | 321,038 |
| 2027 | 50,000 | 274,613 | 324,613 |
| 2028 | 55,000 | 273,038 | 328,038 |
| 2029 | 75,000 | 271,088 | 346,088 |
| 2030-2034 | 545,000 | 1,310,638 | 1,855,638 |
| 2035-2039 | 935,000 | 1,185,944 | 2,120,944 |
| 2040-2044 | 1,375,000 | 955,506 | 2,330,506 |
| 2045-2049 | 3,200,000 | 504,600 | 3,704,600 |
| 2050-2054 | 815,000 | 16,300 | 831,300 |
| Totals | <u>\$ 7,135,000</u> | <u>\$ 5,345,076</u> | <u>\$ 12,480,076</u> |

B. Capital Appreciation Bonds

The District's outstanding capital appreciation general obligation debt, as of June 30, 2024, is as follows:

| <u>Date of Issue</u> | <u>Accretion Rate %</u> | <u>Date of Maturity</u> | <u>Amount of Original Issue</u> | <u>Outstanding July 1, 2023</u> | <u>Accreted Interest Current Year</u> | <u>Outstanding June 30, 2024</u> |
|------------------------------|-----------------------------|---------------------------------|---|-------------------------------------|---|--------------------------------------|
| 6/13/19 | 2.27-3.61 | 8/1/43 | <u>\$ 1,083,004</u> | <u>\$ 1,234,185</u> | <u>\$ 40,510</u> | <u>\$ 1,274,695</u> |

The outstanding obligation for the capital appreciation bonds at June 30, 2024, was as follows:

| <u>Year Ended June 30</u> | <u>Amount of Original Issue (Principal)</u> | <u>Accreted Interest</u> | <u>Totals</u> |
|-------------------------------|---|------------------------------|---------------------|
| 2025 | \$ 0 | \$ 0 | \$ 0 |
| 2026 | 0 | 0 | 0 |
| 2027 | 34,051 | 4,112 | 38,163 |
| 2028 | 41,280 | 5,216 | 46,496 |
| 2029 | 35,929 | 4,763 | 40,692 |
| 2030-2034 | 246,650 | 39,502 | 286,152 |
| 2035-2039 | 311,614 | 57,337 | 368,951 |
| 2040-2044 | 413,481 | 80,760 | 494,241 |
| Totals | <u>\$ 1,083,005</u> | <u>\$ 191,690</u> | <u>\$ 1,274,695</u> |

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 6 - GENERAL OBLIGATION BONDS (CONCLUDED)

B. Capital Appreciation Bonds (Concluded)

The annual requirements to amortize the capital appreciation bonds at June 30, 2024, are as follows:

| <u>Year Ended June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Totals</u> |
|-------------------------------|---------------------|-------------------|---------------------|
| 2025 | \$ 0 | \$ 0 | \$ 0 |
| 2026 | 0 | 0 | 0 |
| 2027 | 34,051 | 5,949 | 40,000 |
| 2028 | 41,280 | 8,720 | 50,000 |
| 2029 | 35,929 | 9,071 | 45,000 |
| 2030-2034 | 246,650 | 108,350 | 355,000 |
| 2035-2039 | 311,614 | 243,386 | 555,000 |
| 2040-2044 | 413,481 | 501,519 | 915,000 |
| Totals | <u>\$ 1,083,005</u> | <u>\$ 876,995</u> | <u>\$ 1,960,000</u> |

Qualified employees are covered under retirement plans maintained by agencies of the State of California. Certificated employees are eligible to participate under the multiple-employer, cost-sharing defined benefit plan administered by the California State Teachers' Retirement System (CalSTRS) and classified employees are eligible to participate under the multiple-employer, cost-sharing defined benefit plan administered by the California Public Employees' Retirement System (CalPERS).

The District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense in the accompanying government-wide financial statements as follows:

| <u>Pension Plan</u> | <u>Net Pension Liabilities</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Pension Expense</u> |
|---------------------|--|---|--|----------------------------|
| CalSTRS | \$ 3,776,914 | \$ 1,208,199 | \$ 672,519 | \$ 749,322 |
| CalPERS | 3,602,203 | 1,199,977 | 201,770 | 448,779 |
| Totals | <u>\$ 7,379,117</u> | <u>\$ 2,408,176</u> | <u>\$ 874,289</u> | <u>\$ 1,198,101</u> |

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The California State Teachers' Retirement System (CalSTRS) provides pension benefits, including disability and survivor benefits, to full-time and part-time California public school teachers from pre-kindergarten through community college and certain other employees of the public school system. The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature and the Governor, established the plan and CalSTRS as the administrator. The terms of the plan may be amended through legislation. CalSTRS issues publicly available reports that include a full description of the pension plan that can be found on the CalSTRS website.

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 7 - RETIREMENT PLANS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS)

Plan Description (Concluded)

The State Teachers' Retirement Plan (STRP) is a multiple-employer, cost-sharing defined benefit plan. 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 for administering the STRP. Although CalSTRS is the administrator of the STRP, the State of California is the sponsor and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

Benefits Provided

Membership is mandatory for all employees meeting certain statutory requirements and optional for all other employees performing creditable service activities. The Defined Benefit (DB) Program provides retirement benefits based on members' final compensation, age, and years of service credit. In addition, the program provides benefits to members upon disability and to their survivors or beneficiaries upon the death of eligible members.

The STRP DB Program has two benefit structures:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

There are several differences between the two benefit structures and some of the differences are noted below.

CalSTRS 2% at 60

CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to a factor of 2.0% of final compensation multiplied by the number of years of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to a maximum of 2.4% at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of 0.2% to the age factor, up to the 2.4% maximum.

CalSTRS calculates retirement benefits based on one-year final compensation for members with 25 or more years of credited service, or for classroom teachers with fewer than 25 years of credited service if the employer entered into, extended, renewed, or amended an agreement prior to January 1, 2014, to elect to pay the additional benefit cost for all of its classroom teachers. One-year final compensation is a member's highest average annual compensation earnable for 12 consecutive months based on the creditable compensation that a member could earn in a school year while employed on a full-time basis. For most members with fewer than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months based on the creditable compensation that the member could earn in a school year while employed on a full-time basis.

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 7 - RETIREMENT PLANS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS)

Benefits Provided (Concluded)

CalSTRS 2% at 62

CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0% of final compensation multiplied by the number of years of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4% at age 65 or older.

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for 36 consecutive months based on the creditable compensation that the member could earn in a school year while employed on a full-time basis.

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 established a schedule of contribution rate increases shared among members, employers and the state to bring CalSTRS toward full funding by 2046.

A summary of statutory contribution rates and other sources of contributions to the DB Program are as follows:

Members: The member contribution rate for CalSTRS 2% at 60 members is set in statute at 10.25%, while CalSTRS 2% at 62 members are required to pay at least one-half of the normal cost of their DB Program benefit (rounded to the nearest quarter of 1%). The member contribution rate for CalSTRS 2% at 62 members was 10.205% for fiscal year 2023-24.

Employers: Employers are required to contribute a base contribution rate set in statute at 8.25%. Pursuant to the CalSTRS Funding Plan, employers also have a supplemental contribution rate to eliminate their share of the CalSTRS unfunded actuarial obligation by 2046. The CalSTRS Funding Plan authorizes the board to adjust the employer supplemental contribution rate up or down by a maximum of 1% for a total rate of no higher than 20.25% and no lower than 8.25%. In May 2023, the board voted to keep the employer supplemental contribution rate at 10.85% for fiscal year 2023-24 for a total contribution rate of 19.10%. The District contributed \$576,794 to the plan for the fiscal year ended June 30, 2024.

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 7 - RETIREMENT PLANS (CONTINUED)

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

Contributions (Concluded)

State: The state is required to contribute a base contribution rate set in statute at 2.017%. Pursuant to the CalSTRS Funding Plan, the state also has a supplemental contribution rate, which the board can increase by no more than 0.5% each fiscal year to help eliminate the state's share of the CalSTRS unfunded actuarial obligation by 2046. In May 2023, the board voted to keep the state supplemental contribution rate at 6.311% for fiscal year 2023-24. The total state contribution rate also includes a portion to fund the Supplemental Benefit Maintenance Account, which is funded through a continuous appropriation from the state's General Fund in an amount equal to 2.5% of the total creditable compensation of the fiscal year ended in the immediately preceding calendar year, reduced by \$72.0 million, pursuant to Education Code section 22954. The total state contribution to the DB program was 10.828% for the fiscal year ended June 30, 2024.

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2024, 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 associated with the District was as follows:

| | |
|--|----------------------------|
| District's proportionate share of the net pension liability | \$ 3,776,914 |
| State's proportionate share of the net pension liability associated with the District | <u>1,809,626</u> |
| Total net pension liability attributed to District | <u><u>\$ 5,586,540</u></u> |

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers and the State. The District's proportionate share of the net pension liability as of June 30, 2023 and June 30, 2022 was as follows:

| | |
|------------------------------|-----------------------|
| Proportion - June 30, 2023 | 0.0050% |
| Proportion - June 30, 2022 | <u>0.0044%</u> |
| Change - Increase (Decrease) | <u><u>0.0006%</u></u> |

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 7 - RETIREMENT PLANS (CONTINUED)

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

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Concluded)

For the fiscal year ended June 30, 2024, the District recognized pension expense of \$749,322, which includes \$257,779 of support provided by the State. At June 30, 2024, 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 |
|---|--------------------------------------|-------------------------------------|
| District contributions subsequent to the measurement date | \$ 576,794 | |
| Differences between expected and actual experience | 296,826 | \$ 192,318 |
| Changes of assumptions | 21,402 | |
| Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions | 313,177 | 438,413 |
| Net differences between projected and actual earnings on plan investments | | 41,788 |
| Totals | <u>\$ 1,208,199</u> | <u>\$ 672,519</u> |

The deferred outflows of resources related to District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2025. Other 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 | |
|-----------------------|--------------|
| 2025 | \$ (155,004) |
| 2026 | (230,488) |
| 2027 | 222,120 |
| 2028 | 1,775 |
| 2029 | 31,758 |
| Thereafter | 88,725 |

Other than differences between projected and actual earnings on plan investments, deferred outflows and inflows of resources are amortized using a straight-line method over a closed period equal to the average of the expected remaining service lives of all plan members who are provided with pensions through CalSTRS (active and inactive), which is 7 years as of the beginning of the measurement period. Deferred outflows and inflows of resources related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 7 - RETIREMENT 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, 2022, and rolling forward the total pension liability to June 30, 2023. Significant actuarial methods and assumptions used in the financial reporting actuarial valuation report to determine the total pension liability include:

| | |
|--|--|
| Valuation Date | June 30, 2022 |
| Experience Study | July 1, 2015 through June 30, 2018 |
| Actuarial Cost Method | Entry Age Normal |
| Investment Rate of Return ¹ | 7.10% |
| Consumer Price Inflation | 2.75% |
| Wage Growth | 3.50% |
| Post-retirement Benefit Increases | 2.00% simple for DB (Annually) Maintain 85% purchasing power level for DB |

¹ Net of investment expenses, but gross of administrative expenses.

The sections that follow provide additional discussion on key assumptions and methods for the valuation of the STRP.

Discount Rate

The discount rate used to measure the total pension liability was 7.10%, which was unchanged from the 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 as previously described. 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 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, 2023, are summarized in the following table:

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 7 - RETIREMENT PLANS (CONTINUED)

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

Discount Rate (Concluded)

| <u>Asset Class/Strategy</u> | <u>Assumed Asset Allocation</u> | <u>Long-Term Expected Real Rate of Return*</u> |
|-----------------------------|---|--|
| Public Equity | 38% | 5.25% |
| Real Estate | 15% | 4.05% |
| Private Equity | 14% | 6.75% |
| Fixed Income | 14% | 2.45% |
| Risk Mitigating Strategies | 10% | 2.25% |
| Inflation Sensitive | 7% | 3.65% |
| Cash / Liquidity | 2% | 0.05% |
| Total | <u>100%</u> | |

* 20-year average. Real rates of return are net of assumed 2.75% inflation.

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

The following table presents the District's proportionate share of the net pension liability as of the measurement date, calculated using the current discount rate of 7.10%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.10%) or one percentage point higher (8.10%) than the current rate:

| | <u>Discount Rate 1% Decrease 6.10%</u> | <u>Discount Rate Current Rate 7.10%</u> | <u>Discount Rate 1% Increase 8.10%</u> |
|--|--|---|--|
| District's proportionate share of the net pension liability | \$ 6,335,472 | \$ 3,776,914 | \$ 1,651,734 |

Mortality

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 of life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Pension Plan's Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023.

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 7 - RETIREMENT PLANS (CONTINUED)

B. California Public Employees' Retirement System (CalPERS)

Plan Description, Benefits Provided, and Employees Covered

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by the CalPERS. All employees who work at least half time or are appointed to a job that will last at least six months and one day are eligible for CalPERS. Benefits vest after five years. Employees are eligible to retire at or after age 50 having attained five years of credited service and are entitled to an annual retirement benefit, payable monthly for life. Employees hired after January 1, 2013 with five years of credit service must be at least age 52 to retire.

The Plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Active plan members who entered into the plan prior to January 1, 2013 are required to contribute 7.0% of their salary, and new members entering into the plan on or after January 1, 2013 are required to contribute the higher of 50% of the total normal cost rate for their defined benefit plan or 8.0% of their salary. The District's contractually required contribution rate for the fiscal year ended June 30, 2024 was 26.68% of annual payroll. The District's contribution to CalPERS for the fiscal year ended June 30, 2024 was \$514,943.

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

As of June 30, 2024, the District reported a liability of \$3,602,203 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. 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 employers, actuarially determined. The District's proportionate share of the net pension liability as of June 30, 2023 and June 30, 2022 was as follows:

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 7 - RETIREMENT PLANS (CONTINUED)

B. California Public Employees' Retirement System (CalPERS) (Continued)

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Concluded)

| | |
|------------------------------|------------------------|
| Proportion - June 30, 2023 | 0.0100% |
| Proportion - June 30, 2022 | <u>0.0102%</u> |
| Change - Increase (Decrease) | <u><u>-0.0002%</u></u> |

For the fiscal year ended June 30, 2024, the District recognized pension expense of \$448,779. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| District contributions subsequent to the measurement date | \$ 514,943 | |
| Differences between expected and actual experience | 132,684 | \$ 58,210 |
| Changes of assumptions | 174,534 | |
| Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions | | 143,560 |
| Net differences between projected and actual earnings on plan investments | <u>377,816</u> | |
| Totals | <u><u>\$ 1,199,977</u></u> | <u><u>\$ 201,770</u></u> |

The deferred outflows of resources related to District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ended June 30</u> | |
|-------------------------------|-----------|
| 2025 | \$ 87,292 |
| 2026 | 92,206 |
| 2027 | 291,792 |
| 2028 | 11,974 |

Differences between expected and actual experience, changes in assumptions, and changes in employer's proportion and differences in employer's contributions and employer's proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 3.8 years as of June 30, 2023. The net difference between projected and actual earnings on pension plan investments is amortized over a 5-year period on a straight-line basis.

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 7 - RETIREMENT PLANS (CONTINUED)

B. California Public Employees' Retirement System (CalPERS) (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuations were determined using the following actuarial methods and assumptions:

| | |
|----------------------------------|---|
| Valuation Date | June 30, 2022 |
| Measurement Date | June 30, 2023 |
| Actuarial Cost Method | Entry Age Actuarial Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 6.90% |
| Inflation | 2.30% |
| Wage Growth | Varies by Entry Age and Service |
| Mortality Rate Table | Derived Using CalPERS' Membership Data For All Funds |
| Investment Rate of Return | 6.90% |
| Post Retirement Benefit Increase | The Lesser of Contract COLA or 2.30% Until Purchasing Power Protection Allowance Floor on Purchasing Power Applies, 2.30% Thereafter |

The mortality table used was developed based on CalPERS specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's 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 on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 7 - RETIREMENT PLANS (CONTINUED)

B. California Public Employees' Retirement System (CalPERS) (Continued)

Discount Rate (Concluded)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

The expected real rates of return by asset class are as follows:

| Asset Class ¹ | Assumed Asset Allocation | Real Return ^{1, 2} |
|----------------------------------|--------------------------|-----------------------------|
| Global Equity - Cap-weighted | 30.0% | 4.54% |
| Global Equity - Non-Cap-weighted | 12.0% | 3.84% |
| Private Equity | 13.0% | 7.28% |
| Treasury | 5.0% | 0.27% |
| Mortgage-backed Securities | 5.0% | 0.50% |
| Investment Grade Corporates | 10.0% | 1.56% |
| High Yield | 5.0% | 2.27% |
| Emerging Market Debt | 5.0% | 2.48% |
| Private Debt | 5.0% | 3.57% |
| Real Assets | 15.0% | 3.21% |
| Leverage | -5.0% | -0.59% |
| Total | 100% | |

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on the 2021 - 22 Asset Liability Management Study.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.90%) or one percentage point higher (7.90%) than the current rate:

| | Discount Rate 1% Decrease 5.90% | Discount Rate Current Rate 6.90% | Discount Rate 1% Increase 7.90% |
|---|---------------------------------------|--|---------------------------------------|
| District's proportionate share of the net pension liability | \$ 5,207,855 | \$ 3,602,203 | \$ 2,275,169 |

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 7 - RETIREMENT PLANS (CONCLUDED)

B. California Public Employees' Retirement System (CalPERS) (Concluded)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

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 Social Security as its alternative plan. Contributions made by the District and participating employees vest immediately. Both the District and participating employees were required to contribute 6.2% of an employee's gross earnings, up to the annual limit.

NOTE 8 - ON-BEHALF PAYMENTS MADE BY THE STATE OF CALIFORNIA

The District was the recipient of on-behalf payments made by the State of California to the State Teachers' Retirement System (CalSTRS) for K-12 Education. These payments consist of state general fund contributions of \$257,779 to CalSTRS. These contributions are recorded in the General Fund as revenues and expenditures. The District is not legally responsible for these contributions.

NOTE 9 - LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2024, is shown below:

| | Balances July 1, 2023 | Additions | Deductions | Balances June 30, 2024 | Due within One Year |
|------------------------------|--------------------------|-------------------|------------------|---------------------------|------------------------|
| Long-Term Debt: | | | | | |
| General Obligation Bonds: | | | | | |
| Current Interest Bonds | \$ 7,170,000 | | \$ 35,000 | \$ 7,135,000 | \$ 40,000 |
| Capital Appreciation Bonds | 1,234,185 | \$ 40,509 | | 1,274,694 | |
| Bond Premiums | 318,552 | | 12,626 | 305,926 | 12,626 |
| Other Long-Term Liabilities: | | | | | |
| Compensated Absences | 23,496 | 9,898 | 23,496 | 9,898 | 9,898 |
| Net Pension Liabilities | 6,577,771 | 801,346 | | 7,379,117 | |
| Totals | <u>\$ 15,324,004</u> | <u>\$ 851,753</u> | <u>\$ 71,122</u> | <u>\$ 16,104,635</u> | <u>\$ 62,524</u> |

The general obligation bonds and bond premium are obligations of the Bond Interest and Redemption Fund and will be financed with property tax collections. The compensated absences and net pension liabilities will be financed primarily by the General Fund and Cafeteria Fund.

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 10 - FUND BALANCES

The District's fund balances as of June 30, 2024, consisted of the following:

| | General Fund | Building Fund | County School Facilities Fund | Non-Major Governmental Funds | Totals |
|------------------------------------|---------------------|-------------------|--|------------------------------------|---------------------|
| Nonspendable: | | | | | |
| Revolving Cash | \$ 5,500 | | | | \$ 5,500 |
| Stores Inventory | | | | \$ 2,621 | 2,621 |
| Prepaid Expenditures | 3,846 | | | | 3,846 |
| Total Nonspendable | <u>9,346</u> | | | <u>2,621</u> | <u>11,967</u> |
| Restricted: | | | | | |
| Categorical Programs | 1,134,577 | | | 381,360 | 1,515,937 |
| Local Programs | 263,264 | | | | 263,264 |
| School Facilities | | | \$ 564,169 | | 564,169 |
| Measure K | | \$ 659,731 | | | 659,731 |
| Developer Fees | | | | 173,517 | 173,517 |
| Debt Service | | | | 211,019 | 211,019 |
| Total Restricted | <u>1,397,841</u> | <u>659,731</u> | <u>564,169</u> | <u>765,896</u> | <u>3,387,637</u> |
| Assigned: | | | | | |
| E Rate | 50,000 | | | | 50,000 |
| Special Education | 100,000 | | | | 100,000 |
| Technology | 100,000 | | | | 100,000 |
| Maintenance | 100,000 | | | | 100,000 |
| Transportation | 10,000 | | | | 10,000 |
| Accrued Vacation | 9,898 | | | | 9,898 |
| Instructional Materials | 173,310 | | | | 173,310 |
| Payroll | 202,187 | | | | 202,187 |
| Lottery | 110,609 | | | | 110,609 |
| Total Assigned | <u>856,004</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>856,004</u> |
| Unassigned: | | | | | |
| Reserve for Economic Uncertainties | 415,000 | | | | 415,000 |
| Total Unassigned | <u>415,000</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>415,000</u> |
| Totals | <u>\$ 2,678,191</u> | <u>\$ 659,731</u> | <u>\$ 564,169</u> | <u>\$ 768,517</u> | <u>\$ 4,670,608</u> |

NOTE 11 - RISK MANAGEMENT

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2023-24, the District participated in one joint powers authority (JPA) for purposes of pooling for risk. There were no significant reductions in coverage during the year. Settlements have not exceeded coverage for each of the past three years.

NOTE 12 - JOINT VENTURE

The District participates in one joint venture under a joint powers agreement with Schools Insurance Authority (SIA) for workers' compensation, property and liability insurance. The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 12 - JOINT VENTURE (CONCLUDED)

The JPA arranges for and/or provides coverage for its members. The JPA is governed by a board consisting of representatives from each member district. The board controls the operations of the JPA, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in the JPA.

The JPA is audited on an annual basis. Financial information can be obtained by contacting the JPA's Management.

NOTE 13 - 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 reimbursements will not be material.

B. Litigation

The District is subject to various legal proceedings and claims. In the opinion of management, the ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

NOTE 14 - SUBSEQUENT EVENTS

The District's management has evaluated events or transactions that occurred for possible recognition or disclosure in the financial statements from the balance sheet date through January 7, 2025, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that require disclosure in or adjustment to the current year financial statements, except as follows:

Measure P

On November 5, 2024, more than 55% of voters approved "Measure P", which authorizes the District to issue \$11,500,000 in bonds to provide funding to improve the quality of education; replace leaky roofs; renovate and modernize outdated classrooms, restrooms and school facilities; replace deteriorating plumbing systems; and make safety and security improvements.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

| | Original Budget | Final Budget | Actual | Variance with Final Budget Favorable (Unfavorable) |
|---------------------------------|----------------------------|-------------------------|---------------|---|
| <u>Revenues</u> | | | | |
| LCFF Sources: | | | | |
| State Apportionment / Transfers | \$ 4,380,701 | \$ 4,265,218 | \$ 4,180,959 | \$ (84,259) |
| Local Sources | 2,632,740 | 2,769,093 | 2,850,656 | 81,563 |
| Total LCFF Sources | 7,013,441 | 7,034,311 | 7,031,615 | (2,696) |
| Federal Revenue | 618,025 | 775,027 | 571,936 | (203,091) |
| Other State Revenue | 944,046 | 1,021,721 | 1,240,938 | 219,217 |
| Other Local Revenue | 714,346 | 860,652 | 863,269 | 2,617 |
| Total Revenues | 9,289,858 | 9,691,711 | 9,707,758 | 16,047 |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Certificated Salaries | 3,219,001 | 3,410,827 | 3,419,135 | (8,308) |
| Classified Salaries | 1,532,049 | 1,611,693 | 1,577,786 | 33,907 |
| Employee Benefits | 2,060,402 | 2,186,850 | 2,244,163 | (57,313) |
| Books and Supplies | 461,399 | 612,122 | 620,408 | (8,286) |
| Services and Other | | | | |
| Operating Expenditures | 1,504,963 | 1,915,763 | 1,838,252 | 77,511 |
| Capital Outlay | 76,842 | 275,406 | 384,585 | (109,179) |
| Other Expenditures | 224,604 | 218,831 | 198,696 | 20,135 |
| Total Expenditures | 9,079,260 | 10,231,492 | 10,283,025 | (51,533) |
| Net Change in Fund Balances | 210,598 | (539,781) | (575,267) | \$ (35,486) |
| Fund Balances - July 1, 2023 | 3,253,458 | 3,253,458 | 3,253,458 | |
| Fund Balances - June 30, 2024 | \$ 3,464,056 | \$ 2,713,677 | \$ 2,678,191 | |

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS *

JUNE 30, 2024

| Year Ended June 30 | District's Proportion of the NPL | District's Proportionate Share of the NPL | State's Proportionate Share of the NPL Associated to District | Total NPL Attributed to District | District's Covered Payroll | District's Proportionate Share of the NPL as a % of Covered Payroll | Plan Fiduciary Net Position As a % of Total Pension Liability |
|--------------------------|--|--|--|--|----------------------------------|--|---|
| 2024 | 0.0050% | \$ 3,776,914 | \$ 1,809,626 | \$ 5,586,540 | \$ 3,019,864 | 125.07% | 80.62% |
| 2023 | 0.0044% | 3,068,950 | 1,536,918 | 4,605,868 | 2,600,621 | 118.01% | 81.20% |
| 2022 | 0.0048% | 2,167,155 | 1,090,428 | 3,257,583 | 2,556,316 | 84.78% | 87.21% |
| 2021 | 0.0049% | 4,703,381 | 2,424,593 | 7,127,974 | 2,643,485 | 177.92% | 71.82% |
| 2020 | 0.0051% | 4,650,838 | 2,537,343 | 7,188,181 | 2,784,367 | 167.03% | 72.56% |
| 2019 | 0.0049% | 4,472,079 | 2,560,474 | 7,032,553 | 2,594,456 | 172.37% | 70.99% |
| 2018 | 0.0048% | 4,416,718 | 2,612,893 | 7,029,611 | 2,540,644 | 173.84% | 69.46% |
| 2017 | 0.0055% | 4,485,494 | 2,751,980 | 7,237,474 | 2,770,979 | 161.87% | 70.04% |
| 2016 | 0.0055% | 3,684,635 | 2,568,619 | 6,253,254 | 2,620,462 | 140.61% | 74.02% |
| 2015 | 0.0055% | 3,204,183 | 2,234,580 | 5,438,763 | 2,442,206 | 131.20% | 76.52% |

* The amounts presented for each fiscal year were determined based on a measurement date that was one year prior to the year-end date.

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS *

JUNE 30, 2024

| <u>Year Ended June 30</u> | <u>District's Proportion of the NPL</u> | <u>District's Proportionate Share of the NPL</u> | <u>District's Covered Payroll</u> | <u>District's Proportionate Share of the NPL as a % of Covered Payroll</u> | <u>Plan Fiduciary Net Position As a % of Total Pension Liability</u> |
|-----------------------------------|---|--|---|--|--|
| 2024 | 0.0100% | \$ 3,602,203 | \$ 1,930,071 | 186.64% | 69.96% |
| 2023 | 0.0102% | 3,508,821 | 1,567,866 | 223.80% | 69.76% |
| 2022 | 0.0106% | 2,157,827 | 1,520,758 | 141.89% | 80.97% |
| 2021 | 0.0111% | 3,410,683 | 1,623,944 | 210.02% | 70.00% |
| 2020 | 0.0111% | 3,236,968 | 1,543,589 | 209.70% | 70.05% |
| 2019 | 0.0116% | 3,086,045 | 1,523,334 | 202.58% | 70.85% |
| 2018 | 0.0117% | 2,782,122 | 1,490,488 | 186.66% | 71.87% |
| 2017 | 0.0124% | 2,447,913 | 1,486,857 | 164.64% | 73.90% |
| 2016 | 0.0127% | 1,871,749 | 1,310,415 | 142.84% | 79.43% |
| 2015 | 0.0127% | 1,446,051 | 1,337,153 | 108.14% | 83.38% |

* The amounts presented for each fiscal year were determined based on a measurement date that was one year prior to the year-end date.

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - CALSTRS

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

| <u>Year Ended June 30</u> | <u>Actuarially Determined Contributions</u> | <u>Contributions In Relation to Contractually Required Contributions</u> | <u>Contribution Deficiency/ (Excess)</u> | <u>District's Covered Payroll</u> | <u>Contributions As a % of Covered Payroll</u> |
|-----------------------------------|---|--|--|---|--|
| 2024 | \$ 576,794 | \$ 576,794 | \$ 0 | \$ 3,019,864 | 19.10% |
| 2023 | 569,709 | 569,709 | 0 | 2,982,770 | 19.10% |
| 2022 | 440,025 | 440,025 | 0 | 2,600,621 | 16.92% |
| 2021 | 412,845 | 412,845 | 0 | 2,556,316 | 16.15% |
| 2020 | 452,036 | 452,036 | 0 | 2,643,485 | 17.10% |
| 2019 | 453,295 | 453,295 | 0 | 2,784,367 | 16.28% |
| 2018 | 374,380 | 374,380 | 0 | 2,594,456 | 14.43% |
| 2017 | 319,613 | 319,613 | 0 | 2,540,644 | 12.58% |
| 2016 | 297,326 | 297,326 | 0 | 2,770,979 | 10.73% |
| 2015 | 232,697 | 232,697 | 0 | 2,620,462 | 8.88% |

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - CALPERS

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

| <u>Year Ended June 30</u> | <u>Actuarially Determined Contributions</u> | <u>Contributions In Relation to Contractually Required Contributions</u> | <u>Contribution Deficiency/ (Excess)</u> | <u>District's Covered Payroll</u> | <u>Contributions As a % of Covered Payroll</u> |
|-----------------------------------|---|--|--|---|--|
| 2024 | \$ 514,943 | \$ 514,943 | \$ 0 | \$ 1,930,071 | 26.680% |
| 2023 | 439,087 | 439,087 | 0 | 1,730,733 | 25.370% |
| 2022 | 359,198 | 359,198 | 0 | 1,567,866 | 22.910% |
| 2021 | 314,797 | 314,797 | 0 | 1,520,758 | 20.700% |
| 2020 | 320,258 | 320,258 | 0 | 1,623,944 | 19.721% |
| 2019 | 278,803 | 278,803 | 0 | 1,543,589 | 18.062% |
| 2018 | 236,589 | 236,589 | 0 | 1,523,334 | 15.531% |
| 2017 | 206,999 | 206,999 | 0 | 1,490,488 | 13.888% |
| 2016 | 176,148 | 176,148 | 0 | 1,486,857 | 11.847% |
| 2015 | 154,249 | 154,249 | 0 | 1,310,415 | 11.771% |

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES

A. Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, the District is required to present a Schedule of Revenues, Expenditures, and Changes in Fund Balance budgetary comparison for the General Fund and each Major Special Revenue Fund that has an adopted budget. This schedule presents the original adopted budget, final adopted budget, and the actual revenues and expenditures of each of these funds by object. The basis of budgeting is the same as Generally Accepted Accounting Principles (GAAP).

The excess of expenditures over appropriations as of June 30, 2024, were as follows:

| <u>General Fund</u> | <u>Excess Expenditures</u> |
|-----------------------|--------------------------------|
| Certificated Salaries | \$ 8,308 |
| Employee Benefits | 57,313 |
| Books and Supplies | 8,286 |
| Capital Outlay | 109,179 |

The District incurred unanticipated expenditures in the above expenditure classifications for which the budget was not revised.

B. Schedule of the Proportionate Share of the Net Pension Liability

In accordance with Governmental Accounting Standards Board Statement No. 68, the District is required to present separately for each cost-sharing pension plan through which pensions are provided a 10-year schedule presenting certain information. The information required to be presented includes the District's proportion and proportionate share of the collective net pension liability, the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability associated with the District, if applicable, the District's covered payroll, the District's proportionate share of the collective net pension liability as a percentage of the District's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

C. Schedule of Contributions

In accordance with Governmental Accounting Standards Board Statement No. 68, the District is required to present separately for each cost-sharing pension plan through which pensions are provided a 10-year schedule presenting certain information. The information required to be presented includes the statutorily or contracted required District contribution, the amount of contributions recognized by the pension plan in relation to the required District contribution, the difference between the required District contribution and the amount recognized by the pension plan, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation of the District as a percentage of the District's covered payroll.

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 2 - SUMMARY OF CHANGES FOR CALSTRS AND CALPERS

A. Benefit Changes

There were no changes to benefit terms since the previous valuation for either the State Teachers' Retirement Plan (CalSTRS) or the Public Employer's Retirement Fund B (CalPERS).

B. Changes of Assumptions

There were no changes in assumptions since the previous valuation for CalSTRS or CalPERS.

SUPPLEMENTARY INFORMATION SECTION

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024

| | <u>Cafeteria</u> | <u>Bond Interest and Redemption</u> | <u>Capital Facilities</u> | <u>Total Non-Major Governmental Funds</u> |
|---|-------------------|---|-------------------------------|---|
| <u>Assets</u> | | | | |
| Deposits and Investments | \$ 332,865 | \$ 211,019 | \$ 173,517 | \$ 717,401 |
| Receivables | 67,736 | | | 67,736 |
| Stores Inventory | 2,621 | | | 2,621 |
| Total Assets | <u>\$ 403,222</u> | <u>\$ 211,019</u> | <u>\$ 173,517</u> | <u>\$ 787,758</u> |
| <u>Liabilities and Fund Balances</u> | | | | |
| Liabilities: | | | | |
| Due to Other Funds | <u>\$ 19,241</u> | | | <u>\$ 19,241</u> |
| Total Liabilities | <u>19,241</u> | | | <u>19,241</u> |
| Fund Balances: | | | | |
| Nonspendable | 2,621 | | | 2,621 |
| Restricted | 381,360 | \$ 211,019 | \$ 173,517 | 765,896 |
| Total Fund Balances | <u>383,981</u> | <u>211,019</u> | <u>173,517</u> | <u>768,517</u> |
| Total Liabilities and Fund Balances | <u>\$ 403,222</u> | <u>\$ 211,019</u> | <u>\$ 173,517</u> | <u>\$ 787,758</u> |

SEE NOTES TO SUPPLEMENTARY INFORMATION

**POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

| | <u>Cafeteria</u> | <u>Bond Interest and Redemption</u> | <u>Capital Facilities</u> | <u>Total Non-Major Governmental Funds</u> |
|---|-------------------|---|-------------------------------|---|
| <u>Revenues</u> | | | | |
| Federal Revenue | \$ 248,093 | | | \$ 248,093 |
| State Revenue | 285,017 | | | 285,017 |
| Local Revenue | 10,089 | \$ 340,635 | \$ 15,908 | 366,632 |
| | | | | |
| Total Revenues | <u>543,199</u> | <u>340,635</u> | <u>15,908</u> | <u>899,742</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Food Services | 429,492 | | | 429,492 |
| Other General Administration | | | 179 | 179 |
| Facilities Acquisition and Construction | | | 32,043 | 32,043 |
| Debt Service: | | | | |
| Principal Retirement | | 35,000 | | 35,000 |
| Interest and Issuance Costs | | 280,200 | | 280,200 |
| | | | | |
| Total Expenditures | <u>429,492</u> | <u>315,200</u> | <u>32,222</u> | <u>776,914</u> |
| Net Change in Fund Balances | 113,707 | 25,435 | (16,314) | 122,828 |
| Fund Balances - July 1, 2023 | <u>270,274</u> | <u>185,584</u> | <u>189,831</u> | <u>645,689</u> |
| Fund Balances - June 30, 2024 | <u>\$ 383,981</u> | <u>\$ 211,019</u> | <u>\$ 173,517</u> | <u>\$ 768,517</u> |

SEE NOTES TO SUPPLEMENTARY INFORMATION

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

| P-2 Report | | | | |
|---------------------------|-------------------|---------------|---------------|---------------|
| | TK / K - 3 | 4 - 6 | 7 - 8 | Totals |
| Regular | 240.17 | 165.69 | 122.78 | 528.64 |
| Nonpublic School | | 1.24 | 0.82 | 2.06 |
| Extended Year - NPS / LCI | | 0.10 | 0.09 | 0.19 |
| Totals | <u>240.17</u> | <u>167.03</u> | <u>123.69</u> | <u>530.89</u> |
| Annual Report | | | | |
| | TK / K - 3 | 4 - 6 | 7 - 8 | Totals |
| Regular | 241.14 | 166.07 | 122.84 | 530.05 |
| Nonpublic School | | 1.54 | 0.94 | 2.48 |
| Extended Year - NPS / LCI | | 0.10 | 0.09 | 0.19 |
| Totals | <u>241.14</u> | <u>167.71</u> | <u>123.87</u> | <u>532.72</u> |

SEE NOTES TO SUPPLEMENTARY INFORMATION

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

| Grade Level | Minutes Required | Instructional Minutes | | | Traditional Calendar Days | | | Number of Days Multitrack Calendar | Status |
|--------------|---------------------|-----------------------|----------|--------|---------------------------|----------|-------|---|---------------|
| | | J-13A | | | J-13A | | | | |
| | | Offered | Credited | Total | Offered | Credited | Total | | |
| Kindergarten | 36,000 | 56,790 | 0 | 56,790 | 180 | 0 | 180 | N/A | In Compliance |
| Grade 1 | 50,400 | 52,035 | 0 | 52,035 | 180 | 0 | 180 | N/A | In Compliance |
| Grade 2 | 50,400 | 52,035 | 0 | 52,035 | 180 | 0 | 180 | N/A | In Compliance |
| Grade 3 | 50,400 | 54,090 | 0 | 54,090 | 180 | 0 | 180 | N/A | In Compliance |
| Grade 4 | 54,000 | 54,090 | 0 | 54,090 | 180 | 0 | 180 | N/A | In Compliance |
| Grade 5 | 54,000 | 55,530 | 0 | 55,530 | 180 | 0 | 180 | N/A | In Compliance |
| Grade 6 | 54,000 | 55,530 | 0 | 55,530 | 180 | 0 | 180 | N/A | In Compliance |
| Grade 7 | 54,000 | 55,530 | 0 | 55,530 | 180 | 0 | 180 | N/A | In Compliance |
| Grade 8 | 54,000 | 55,530 | 0 | 55,530 | 180 | 0 | 180 | N/A | In Compliance |

SEE NOTES TO SUPPLEMENTARY INFORMATION

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

| Federal Grantor / Pass-Through Grantor / Program or Cluster Title | Assistance Listing Number | Pass-Through Entity Identification Number | Passed Through to Subrecipients | Federal Expenditures |
|--|--|--|--|---------------------------------|
| U.S. Department of Agriculture: | | | | |
| Passed Through El Dorado County Office of Education: | | | | |
| Forest Reserve | 10.665 | 10044 | | \$ 14,963 |
| Subtotal Passed Through El Dorado County Office of Education | | | | <u>14,963</u> |
| Passed Through California Department of Education (CDE): | | | | |
| <i>Child Nutrition Cluster:</i> | | | | |
| National School Lunch | 10.555 | 13524 | | 155,204 |
| School Breakfast Needy | 10.553 | 13526 | | 76,643 |
| USDA Food Commodities | 10.555 | * | | 16,246 |
| Subtotal Child Nutrition Cluster | | | | <u>248,093</u> |
| Total U.S. Department of Agriculture | | | | <u>263,056</u> |
| U.S. Department of Education: | | | | |
| Passed Through CDE: | | | | |
| ESSA: Title I Part A Basic Grants Low-Income & Neglected | 84.010 | 14329 | | 119,049 |
| ESSA: Title II Part A Supporting Effective Instruction | 84.367 | 14341 | | 23,939 |
| ESSA: Title IV Part A Student Support & Academic Enrichment | 84.424 | 15396 | | 10,000 |
| <i>Education Stabilization Fund Programs:</i> | | | | |
| Covid-19 ARP Homeless Children and Youth II | 84.425 | 15566 | | 756 |
| Covid-19 ESSER III | 84.425U | 15559 | | 136,713 |
| Covid-19 ESSER III Fund: Learning Loss | 84.425U | 10155 | | 165,774 |
| Covid-19 ELO ESSER III: State Reserve Emergency Needs | 84.425U | 15621 | | 39,063 |
| Subtotal Education Stabilization Funds Programs | | | | <u>342,306</u> |
| <i>Special Education Cluster:</i> | | | | |
| IDEA Part B Local Assistance | 84.027 | 13379 | | 54,838 |
| IDEA Part B Mental Health Allocation Plan | 84.027A | 15197 | | 6,841 |
| Subtotal Special Education Cluster | | | | <u>61,679</u> |
| Total U.S. Department of Education | | | | <u>556,973</u> |
| Totals | | | \$ 0 | <u>\$ 820,029</u> |

* Pass-Through Identification Number is not available or not applicable

Acronyms

ESSER = Elementary & Secondary School Emergency Relief

ESSA = Every Student Succeeds Act

ARP = American Rescue Plan

IDEA = Individuals with Disabilities Education Act

ELO = Expanded Learning Opportunities

**POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
WITH AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

| | General Fund | Building Fund |
|---|---------------------|-------------------|
| June 30, 2024 Annual Financial and Budget Report Fund Balances | \$ 2,690,691 | \$ 647,231 |
| Adjustments Increasing (Decreasing) Fund Balances: | | |
| Understatement of Due To Other Funds | (12,500) | |
| Understatement of Due From Other Funds | | 12,500 |
| June 30, 2024 Audited Financial Statements Fund Balances | <u>\$ 2,678,191</u> | <u>\$ 659,731</u> |

Auditor's Comments

The audited financial statements of all other funds were in agreement with the Annual Financial and Budget Report for the fiscal year ended June 30, 2024.

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

| | GENERAL FUND | | | |
|--|---------------------|---------------|---------------|---------------|
| | (Budget) 2024-25 | 2023-24 | 2022-23 | 2021-22 |
| Revenues and Other Financial Sources | \$ 8,969,109 | \$ 9,707,758 | \$ 10,476,876 | \$ 7,994,729 |
| Expenditures | 9,552,130 | 10,283,025 | 9,327,004 | 7,588,655 |
| Other Uses and Transfers Out | 0 | 0 | 0 | 0 |
| Total Outgo | 9,552,130 | 10,283,025 | 9,327,004 | 7,588,655 |
| Change in Fund Balance | (583,021) | (575,267) | 1,149,872 | 406,074 |
| Ending Fund Balance | \$ 2,095,170 | \$ 2,678,191 | \$ 3,253,458 | \$ 2,103,586 |
| Available Reserves | \$ 383,000 | \$ 415,000 | \$ 380,000 | \$ 350,000 |
| Reserve for Economic Uncertainties * | \$ 385,000 | \$ 415,000 | \$ 380,000 | \$ 350,000 |
| Available Reserves as a Percentage of Total Outgo | 4.0% | 4.0% | 4.1% | 4.6% |
| Total Long-Term Liabilities | \$ 16,042,111 | \$ 16,104,635 | \$ 15,324,004 | \$ 13,089,748 |
| Average Daily Attendance at P-2 | 536 | 531 | 536 | 539 |

* Reported balances are a component of available reserves.

The fund balance of the General Fund increased \$574,605 (27.3%) over the past two years. The fiscal year 2024-25 budget projects a decrease of \$583,021 (21.8%). For a district this size, the state recommends available reserves of at least 4% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District produced operating surpluses of \$406,074 and \$1,149,872, during fiscal years 2021-22 and 2022-23, respectively, and incurred an operating deficit of \$575,267 during fiscal year 2023-24.

Average daily attendance (ADA) decreased 8 ADA over the past two fiscal years. The District's 2024-25 budget projects an increase of 5 ADA.

Total long-term liabilities increased \$3,014,887 over the past two fiscal years.

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES

A. Combining Statements

Combining statements are presented for purposes of additional analysis and are not a required part of the District's basic financial statements. These statements present more detailed information about the financial position and financial activities of the District's individual funds.

B. Schedule of Average Daily Attendance

Average daily attendance is a measure 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 spans and in different programs.

C. Schedule of Instructional Time

This schedule presents information on the instructional days provided and the amount of instructional time offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code. The schedule also presents the number of school days and instructional minutes that were credited towards instructional time based on J-13A waivers approved by the California Department of Education, when applicable.

D. Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the district under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2, U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the schedule presents only a selected portion of the operations of the district, it is not intended to and does not present the financial position or changes in net position of the district.

Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rates

The District has elected to not use the 10 percent de minimis cost rate as allowed under the Uniform Guidance.

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES (CONCLUDED)

E. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds as reported in the Annual Financial and Budget Report to the audited financial statements.

F. 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.

OTHER INFORMATION

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
ORGANIZATION/BOARD OF TRUSTEES/ADMINISTRATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

ORGANIZATION

The District is located in Pollock Pines, California. There was no change in District boundaries during the year. The District was established in 1889 and currently operates one elementary school and one middle school.

BOARD OF TRUSTEES

| <u>Name</u> | <u>Office</u> | <u>Term Expires</u> |
|------------------|---------------|---------------------|
| Susan McVey | President | December, 2026 |
| Dave Campbell | Clerk | December, 2026 |
| Thomas Griffin | Member | December, 2024 |
| J. Dennis Cullen | Member | December, 2024 |
| Michael Bird | Member | December, 2026 |

ADMINISTRATION

Kim Little
Superintendent

Tara Clark
Chief Business Official

OTHER INDEPENDENT AUDITOR'S REPORTS SECTION

STEPHEN ROATCH ACCOUNTANCY CORPORATION

Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Pollock Pines Elementary School District
Pollock Pines, 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 the Pollock Pines Elementary School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 7, 2025.

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 were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

January 7, 2025

STEPHEN ROATCH ACCOUNTANCY CORPORATION

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Pollock Pines Elementary School District
Pollock Pines, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Pollock Pines Elementary 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 Pollock Pines Elementary School District's major federal programs for the year ended June 30, 2024. The district's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Pollock Pines Elementary School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

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 Pollock Pines Elementary 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 Pollock Pines Elementary 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 Pollock Pines Elementary School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Pollock Pines Elementary 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 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 Pollock Pines Elementary 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 Pollock Pines Elementary 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 Pollock Pines Elementary 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 Pollock Pines Elementary 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 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.

Report on Internal Control over Compliance (Concluded)

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.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

January 7, 2025

STEPHEN ROATCH ACCOUNTANCY CORPORATION

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS

Board of Trustees
Pollock Pines Elementary School District
Pollock Pines, California

Report on State Compliance

Opinion on State Compliance

We have audited the Pollock Pines Elementary School District's (District) compliance with the requirements specified in the *2023-24 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* applicable to the District's state program requirements identified below for the year ended June 30, 2024.

In our opinion, the Pollock Pines Elementary School District complied, in all material respects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2024.

Basis for Opinion on State Compliance

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 *2023-24 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting (Audit Guide)*. Our responsibilities under those standards and the *Audit Guide* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Pollock Pines Elementary School District's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2023-24 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* will always detect material noncompliance when it exists.

Auditor's Responsibilities for the Audit of Compliance (Concluded)

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2023-24 Guide for Annual Audits of K-12 Local Educational 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 considered necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2023-24 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed; and
- Select and test transactions and records to determine the District's compliance with state laws and regulations applicable to the following items:

| <u>Description</u> | <u>Procedures Performed</u> |
|--|-----------------------------|
| 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 |

| <u>Description</u> | <u>Procedures Performed</u> |
|---|-----------------------------|
| Local Education Agencies Other Than Charter Schools (Concluded): | |
| Middle or Early College High Schools | Not Applicable |
| K-3 Grade Span Adjustment | Yes |
| Apprenticeship: Related and Supplemental Instruction | Not Applicable |
| Comprehensive School Safety Plan | Yes |
| District of Choice | Not Applicable |
| Home To School Transportation Reimbursement | Not Applicable |
| School Districts, County Offices of Education, and Charter Schools: | |
| Proposition 28 Arts and Music in Schools | Yes |
| After/Before School Education and Safety Program | Not Applicable |
| 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 | Not Applicable |
| Educator Effectiveness | Yes |
| Expanded Learning Opportunities Grant (ELO-G) | Not Applicable |
| Career Technical Education Incentive Grant | Not Applicable |
| Expanded Learning Opportunities Program | Yes |
| 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 |

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance with other state laws and regulations, which is described in the accompanying Schedule of Findings and Questioned Costs, as noted in **Finding 2024-001**.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance finding identified in our compliance 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 state 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 state 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 *2023-24 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

January 7, 2025

FINDINGS AND QUESTIONED COSTS SECTION

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? Yes X No

Significant deficiencies identified not considered to be material weaknesses? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

Material weaknesses identified? Yes X No

Significant deficiencies identified not considered to be material weaknesses? Yes X None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of major programs:

Assistance Listing Numbers

84.425 / 84.425U

Federal Program

Education Stabilization Fund Programs

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes X No

State Awards

Type of auditor's report issued on compliance for state programs: Unmodified

Any audit findings required to be reported in accordance with the 2023-24 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting? Yes X No

Any audit findings required to be reported in accordance with other state laws or regulations? X Yes No

Internal control over state programs:

Material weaknesses identified? Yes X No

Significant deficiencies identified not considered to be material weaknesses? Yes X None reported

**POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

SECTION II - FINANCIAL STATEMENT FINDINGS

There are no matters to report for the fiscal year ended June 30, 2024.

**POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no matters to report for the fiscal year ended June 30, 2024.

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2024 - 001 / 40000

EXPENDITURES IN EXCESS OF APPROPRIATIONS

| | |
|---------------------------|---|
| <u>Criteria:</u> | In accordance with Education Code Section 42600, the total amount budgeted as the proposed expenditure of the school district for each major classification of school district expenditures listed in the school district budget forms prescribed by the Superintendent of Public Instruction shall be the maximum amount which may be expended for that classification of expenditures for the school year. Transfers may be made from the designated fund balance or unappropriated fund balance to any expenditure classification or between expenditure classifications at any time by written resolution, approved by majority vote, of the board of education of any school district when filed with the county superintendent of schools and the county auditor. |
| <u>Condition:</u> | During fiscal year 2023-24, total General Fund expenditures exceeded total General Fund appropriations by \$51,533. |
| <u>Questioned Cost:</u> | None. |
| <u>Context:</u> | Total expenditures exceeded total appropriations in the General Fund as of June 30, 2024. |
| <u>Effect:</u> | The District did not comply with the expenditure requirements of Education Code Section 42600. |
| <u>Cause:</u> | The District did not adjust the budget for the General Fund for the excess appropriations prior to closing the books. |
| <u>Recommendation:</u> | The District should ensure that no payments are made when there are no available appropriations in the expenditure classifications. The District should consider filing an approved Board resolution with the County Superintendent of Schools and the County Auditor allowing them to make transfers from the designated fund balance or unappropriated fund balance to any expenditure classification or between expenditure classifications. |
| <u>District Response:</u> | The District will ensure that the budget accurately reflects the necessary amounts for expenditures and will adjust the budget to eliminate any excess of expenditures over appropriations prior to closing the books. |

POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
STATUS OF PRIOR YEAR RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

There were no matters reported in the prior year audit report.

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APPENDIX C

GENERAL INFORMATION ABOUT EL DORADO COUNTY

The Bonds are not a debt of the El Dorado County (the “County”). The County, including its Board of Supervisors, officers, officials, agents and other employees, are required, only to the extent required by law, to: (i) levy and collect ad valorem taxes for payment of the Bonds in accordance with the law; and (ii) transmit the proceeds of such taxes to the paying agent for the payment of the principal of and interest on the Bonds at the time such payment is due.

General Information

The County. The County, located in east-central California, encompasses 1,805 square miles of rolling hills and mountainous terrain. The County’s western boundary contains part of Folsom Lake, and the eastern boundary is the California-Nevada State line. The County is topographically divided into two zones. The northeast corner of the County is in the Lake Tahoe basin, while the remainder of the County is in the “western slope,” the area west of Echo Summit. This landscape invites residents and tourists alike to enjoy outdoor recreation activities year-round. There are two municipalities within the County. The largest city in the County is South Lake Tahoe, with a 2024 population estimate of 20,790. The City of Placerville, the County seat, is located 45 miles northeast of Sacramento.

Population

The following table lists population figures for the County and major cities in the County as of January 1.

COUNTY OF EL DORADO
Population Estimates - Calendar Years 2020 through 2025

| <u>Area</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Placerville | 10,618 | 10,655 | 10,520 | 10,627 | 10,642 |
| South Lake Tahoe | 21,445 | 21,035 | 20,688 | 21,033 | 21,022 |
| Unincorporated | 159,148 | 158,859 | 156,855 | 158,972 | 159,106 |
| County Total | 191,211 | 190,549 | 188,063 | 190,632 | 190,770 |

Source: State Department of Finance estimates.

Employment and Industry

The unemployment rate in the Sacramento-Roseville-Folsom Metropolitan Statistical Area (“MSA”) was 4.7% in March 2025, down from a revised 4.9% in February 2025, and above the year-ago estimate of 4.6%. This compares with an unadjusted unemployment rate of 5.3% for California and 4.2% for the nation during the same period. The unemployment rate was 4.9% in the County, 4.1% in Placer County, 4.7% in Sacramento County, and 5.6% in Yolo County.

The table below provides information about employment and unemployment rates, including by industry type, for the County for calendar years 2019 through 2023. Data for 2024 is not yet available.

EL DORADO COUNTY Annual Averages of Civilian Labor Force, Employment and Unemployment and Employment by Industry Calendar Years 2019 through 2023 (March 2023 Benchmark)

| | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
|--|-------------|-------------|-------------|-------------|-------------|
| Civilian Labor Force ⁽¹⁾ | 92,200 | 90,900 | 91,700 | 92,400 | 93,700 |
| Employment | 88,900 | 83,200 | 86,400 | 89,200 | 90,000 |
| Unemployment | 3,300 | 7,700 | 5,300 | 3,200 | 3,700 |
| Unemployment Rate | 3.6% | 8.5% | 5.8% | 3.4% | 4.0% |
| <u>Wage and Salary Employment ⁽²⁾</u> | | | | | |
| Agriculture | 300 | 300 | 300 | 300 | 300 |
| Mining and Logging | 100 | 200 | 200 | 200 | 100 |
| Construction | 6,300 | 5,900 | 6,100 | 6,300 | 6,300 |
| Manufacturing | 2,500 | 2,500 | 2,600 | 2,800 | 2,900 |
| Wholesale Trade | 900 | 800 | 800 | 1,000 | 800 |
| Retail Trade | 6,200 | 6,400 | 6,600 | 6,500 | 6,300 |
| Transportation, Warehousing and Utilities | 800 | 800 | 900 | 1,000 | 1,200 |
| Information | 600 | 500 | 600 | 600 | 600 |
| Financial Activities | 3,500 | 3,500 | 3,500 | 3,500 | 3,400 |
| Professional and Business Services | 6,400 | 5,800 | 6,400 | 6,100 | 5,900 |
| Educational and Health Services | 8,800 | 8,400 | 8,500 | 8,700 | 9,100 |
| Leisure and Hospitality | 9,500 | 7,500 | 8,400 | 9,500 | 9,600 |
| Other Services | 2,000 | 1,700 | 1,700 | 1,900 | 2,100 |
| Federal Government | 700 | 700 | 600 | 600 | 600 |
| State Government | 600 | 600 | 700 | 700 | 700 |
| Local Government | 9,800 | 9,000 | 9,000 | 9,200 | 9,600 |
| Total, All Industries ⁽³⁾ | 59,100 | 54,700 | 56,800 | 58,800 | 59,500 |

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

Major Employers

The table below lists the major employers in the County as of May 2025, listed alphabetically.

COUNTY OF EL DORADO Major Employers As of May 2025

| Employer Name | Location | Industry |
|--------------------------------|------------------|--|
| Beach Retreat & Lodge | South Lake Tahoe | Hotels & Motels |
| Blue Shield of California | El Dorado Hills | Insurance |
| Broadridge Financial Solutions | El Dorado Hills | Business Services NEC |
| Camp Richardson Lake Tahoe | South Lake Tahoe | Resorts |
| CEMEX | El Dorado Hills | Construction Companies |
| Child Development Programs | Placerville | Youth Organizations & Centers |
| County of Eldorado | Placerville | County Government-General Offices |
| El Dorado County Child Protctn | Placerville | Government Offices-County |
| El Dorado County Sheriff | Placerville | Sheriff |
| El Dorado County Trnsprtn | Placerville | Car Service |
| El Dorado Irrigation District | Placerville | Utilities |
| Lake Tahoe Community College | South Lake Tahoe | Junior-Community College-Tech Institutes |
| Marriott's Timber Lodge | South Lake Tahoe | Hotels & Motels |
| More | Placerville | Vocational Rehabilitation Services |
| Nugget Markets | El Dorado Hills | Grocers-Retail |
| Oak Ridge High School | El Dorado Hills | Schools |
| Raley's | Placerville | Grocers-Retail |
| Safeway | South Lake Tahoe | Grocers-Retail |
| Safeway | El Dorado Hills | Grocers-Retail |
| Sierra-At-Tahoe Resort | Twin Bridges | Skiing Centers & Resorts |
| Sky Mountain Charter School | Placerville | Schools |
| South Lake Tahoe City Manager | South Lake Tahoe | City Government-Executive Offices |
| Spare Time Inc | El Dorado Hills | Health Clubs Studios & Gymnasiums |
| Transitional Learning Ctr High | South Lake Tahoe | Schools |
| Zephyr Cove Resort | South Lake Tahoe | Marinas |

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2025 1st Edition.

Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and nontax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the total effective buying income and median household effective buying income for the County, the State and the United States for the period 2021 through 2025.

**EL DORADO COUNTY, THE STATE OF CALIFORNIA
AND THE UNITED STATES
Effective Buying Income
2021 through 2025**

| Year | Area | Total Effective Buying Income (000's Omitted) | Median Household Effective Buying Income |
|-------------|------------------|--|---|
| 2021 | El Dorado County | \$7,711,541 | \$ 73,169 |
| | California | 1,290,894,604 | 67,956 |
| | United States | 9,809,944,764 | 56,790 |
| 2022 | El Dorado County | \$8,429,911 | \$81,237 |
| | California | 1,452,426,153 | 77,058 |
| | United States | 11,208,582,541 | 64,448 |
| 2023 | El Dorado County | \$8,459,722 | \$81,743 |
| | California | 1,461,799,662 | 77,175 |
| | United States | 11,454,846,397 | 65,326 |
| 2024 | El Dorado County | \$9,264,986 | \$86,918 |
| | California | 1,510,708,521 | 80,973 |
| | United States | 11,987,185,826 | 67,876 |
| 2025 | El Dorado County | \$10,015,248 | \$95,149 |
| | California | 1,557,429,767 | 82,725 |
| | United States | 12,525,577,707 | 69,687 |

Source: Claritas, LLC.

Commercial Activity

A summary of historic taxable sales within the County during the past five years in which data is available is shown in the following table. Total taxable sales during calendar year 2024 in the County were reported to be \$3,223,345,625, a 1.76% decrease from the total taxable sales of \$3,280,998,450 reported during calendar year 2023.

COUNTY OF EL DORADO
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Figures in Thousands)

| Year | Retail Stores | | Total Outlets | |
|------|-----------------------------|-------------------------|-------------------------------|-------------------------|
| | Retail Permits on July 1 | Taxable Transactions | Total Permits on July 1 | Taxable Transactions |
| 2020 | 4,332 | \$2,031,422 | 7,309 | \$2,756,589 |
| 2021 | 3,797 | 2,283,026 | 6,547 | 3,120,528 |
| 2022 | 3,821 | 2,432,789 | 6,664 | 3,382,159 |
| 2023 | 3,561 | 2,332,040 | 6,354 | 3,280,998 |
| 2024 | 3,563 | 2,286,033 | 6,376 | 3,223,346 |

Source: State Department of Tax and Fee Administration.

Construction Activity

Building activity for the past five years in the County are shown in the following tables.

COUNTY OF EL DORADO
Total Building Permit Valuations
For Calendar Years 2019 through 2023
(Valuations in Thousands)

| | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <u>Permit Valuation</u> | | | | | |
| New Single-family | \$404,049.4 | \$271,705.8 | \$272,949.4 | \$272,193.6 | \$159,867.1 |
| New Multi-family | 14,250.0 | 2,621.6 | 0.0 | 34,910.0 | 321.0 |
| Res. Alterations/Additions | <u>39,291.3</u> | <u>30,270.3</u> | <u>42,208.2</u> | <u>58,069.1</u> | <u>27,824.1</u> |
| Total Residential | 457,590.7 | 304,597.7 | 315,157.6 | 365,172.7 | 188,012.2 |
| | | | | | |
| New Commercial | 42,622.0 | 16,917.1 | 37,727.2 | 33,737.9 | 11,135.6 |
| New Industrial | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| New Other | 35,357.3 | 28,255.7 | 44,229.5 | 46,142.7 | 30,138.5 |
| Com. Alterations/Additions | <u>27,883.6</u> | <u>24,950.1</u> | <u>23,256.9</u> | <u>46,318.6</u> | <u>27,777.3</u> |
| Total Nonresidential | 105,862.9 | 70,122.9 | 105,213.6 | 126,199.2 | 69,051.4 |
| | | | | | |
| <u>New Dwelling Units</u> | | | | | |
| Single Family | 595 | 649 | 697 | 626 | 523 |
| Multiple Family | 18 | 7 | 0 | 83 | 2 |
| TOTAL | 613 | 656 | 697 | 709 | 525 |

Source: Construction Industry Research Board, Building Permit Summary.

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APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

LETTERHEAD OF JONES HALL, A PROFESSIONAL LAW CORPORATION

_____, 2025

Board of Trustees
Pollock Pines Elementary School District
2701 Amber Trail
Pollock Pines, California 95726

OPINION: \$_____ Pollock Pines Elementary School District
(El Dorado County, California)
General Obligation Bonds
Election of 2024, Series A (Bank Qualified)

Ladies and Gentlemen:

We have acted as bond counsel to the Pollock Pines Elementary School District (the "District") in connection with the issuance by the District of its Pollock Pines Elementary School District (El Dorado County, California) General Obligation Bonds, Election of 2024, Series A Bonds in the aggregate principal amount of \$_____ (the "Bonds"), under Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code and a resolution of the Board of Trustees of the District (the "Board") adopted on May 14, 2025 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Board contained in the Resolution and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The District is duly established and validly existing as a school district with the power to enter into the Resolution, to issue the Bonds and to perform its obligations under the Resolution.
2. The Resolution has been duly approved by the Board and constitutes a valid and binding obligation of the District.

3. The Bonds have been duly authorized, executed and delivered by the District, and are valid and binding general obligations of the District, enforceable in accordance with their terms and with the provisions of the Resolution.

4. The Board of Supervisors of El Dorado County is required under the laws of the State of California to levy an *ad valorem* tax upon the property in the District, unlimited as to rate or amount, for the payment of principal and interest on the Bonds.

5. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. The Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Tax Code”), and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Tax Code), a deduction is allowed for 80 percent of that portion of such financial institutions’ interest expense allocable to the portion of the Bonds designated as and comprising interest.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Tax Code relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds, and in order for the Bonds to be “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Tax Code. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds, or may cause the Bonds not to be “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Tax Code.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$ _____
POLLOCK PINES ELEMENTARY SCHOOL DISTRICT
(El Dorado County, California)
General Obligation Bonds
Election of 2024, Series A
(Bank Qualified)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “**Disclosure Certificate**”) is executed and delivered by the Pollock Pines Elementary School District (the “**District**”) in connection with the issuance and delivery of the above-captioned bonds (the “**Bonds**”). The captioned Bonds are being issued pursuant to a resolution adopted by the Board of Trustees of the District on May 14, 2025 (the “**Resolution**”). The Bank of New York Mellon Trust Company, N.A. is initially acting as paying agent for the Bonds (the “**Paying Agent**”). The District hereby covenants and agrees as follows:

Section 1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4.

“*Annual Report Date*” means the date not later than nine months after the end of each fiscal year of the District, which fiscal year currently ends on June 30.

“*Business Day*” means a day other than a Saturday, Sunday or legal holiday, on which banking institutions are not closed in the State of California.

“*Dissemination Agent*” means, initially, Isom Advisors, a Division of Urban Futures, Inc., or any successor Dissemination Agent designated in writing by the District and which has filed with the District and the Paying Agent a written acceptance of such designation.

“*Listed Events*” means any of the events listed in Section 5(a).

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

“Official Statement” means the final official statement executed by the District in connection with the issuance of the Bonds.

“Paying Agent” means The Bank of New York Mellon Trust Company, N.A., Dallas, Texas or any successor thereto.

“Participating Underwriter” means the original Underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing not later than March 31, 2026 with the report for the 2024-25 fiscal year, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(d). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District in a timely manner shall provide (or cause the Dissemination Agent to provide) notice to the MSRB, in an electronic format in a form as prescribed by the MSRB, with a copy to the Paying Agent and Participating Underwriter.

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

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

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

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

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the District shall include in its Annual Report the following information:

- (i) total assessed valuation of taxable properties in the District;
- (ii) total secured property tax levies and delinquencies for the District, but only if *ad valorem* taxes for general obligation bonds are not collected on the County's Teeter Plan and such information is available from the County at the time of filing the Annual Report; and
- (iii) in addition to any of the information expressly required to be provided under this Disclosure Certificate, the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(c) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices

of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the District.
- (13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional paying agent or the change of name of a paying agent, if material.
- (15) Incurrence of a financial obligation (defined in subparagraph (e) below) of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material.
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14) and (a)(15) of this Section contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(e) For purposes of Section 5(a)(15) and (a)(16), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days’ written notice to the District and the Paying Agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- (a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;
- (b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

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

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

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

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

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent will have no duty or obligation to review any information

provided to it by the District hereunder, and shall not be deemed to be acting in any fiduciary capacity for the District, the Bondholders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: _____, 2025

**POLLOCK PINES ELEMENTARY SCHOOL
DISTRICT**

By: _____
Name: _____
Title: _____

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APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the District nor the Paying Agent take any responsibility for the information contained in this Section.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this APPENDIX. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (in this APPENDIX, the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned

subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting

rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from District or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that District believes to be reliable, but District takes no responsibility for the accuracy thereof.

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APPENDIX G

EL DORADO COUNTY INVESTMENT POOL INVESTMENT POLICY AND INVESTMENT REPORT

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County of El Dorado



Treasury Investment Policy

K. E. Coleman, MBA
Treasurer-Tax Collector

January 2025

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1. County of El Dorado Introduction & Overview

El Dorado County encompasses 1,805 square miles of rolling hills and mountainous terrain. The County's western boundary contains part of Folsom Lake, and the eastern boundary is also the California-Nevada State line. The County is topographically divided into two zones. The northeast corner of the County is in the Lake Tahoe basin, while the remainder of the County is in the "western slope," the area west of Echo Summit. El Dorado County was one of the original 27 Counties of the State of California, formed by an Act on February 18, 1850. The County is the 31st largest County (by population) in California.

The El Dorado County Investment Pool ("Pool") is comprised of monies deposited by participants including the County of El Dorado, K-12 school districts, fire districts and special districts within the County. The El Dorado County Treasurer ("Treasurer") invests the Pool monies in accordance with conservative standards set forth in the California Government Code and the El Dorado County Investment Policy ("Policy").

2. Policy/Purpose

The purpose of this Policy is to provide guidance for the investment of funds in excess of the current day anticipated expenditures. Investment responsibility has been entrusted and delegated to the Treasurer in accordance with California State Law ("Law"). This Policy is intended to provide guidelines to ensure compliance with California Government Code ("Gov. Code") §27000 et seq. and §53600 et seq., as well as any forthcoming amendments or additions to the California Government Code in relation to the investment of local agency idle funds and to meet the objectives of the Policy in priority order of safety, liquidity, return on investment, public trust, and strategy. This policy is crafted to define the objectives of managing the combined Pool and maintain internal controls and reporting requirements.

A glossary of investment terms has been included as Attachment II for reference.

This Policy shall remain in effect until the El Dorado County Board of Supervisors ("Board") approves a subsequent revision.

3. Scope

This Policy applies to all funds over which the Treasurer has been delegated fiduciary responsibility.

This Policy is intended to cover all investment activities in the Investment Pool under the direct authority of the Treasurer. The County maintains the Investment Pool with cash and investments which provide cash flow for the funding needs of the participants. A list of all participants is maintained in the County's enterprise financial system.

4. Primary Investment Objectives

The investment program shall provide for daily cash flow requirements while following the objectives of this Policy in priority order of Safety, Liquidity, Return on Investments, Public Trust and Strategy. In accordance with Gov. Code § 53600.5, the primary objectives of the investment program for the Pool, in priority order, shall be:

4.1 Safety

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a prudent manner as to ensure the preservation and return of capital in the overall portfolio. To attain this objective, investments will only be made in highly rated or strongly collateralized securities with a very high probability of maintaining the principal amount invested. The County will diversify its investments by type, issuer, and maturity among a variety of securities with independent returns.

4.2 Liquidity

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This objective shall be achieved by matching investment maturities with forecasted cash outflows and maintaining an additional liquidity buffer for unexpected expenditures payments. In addition, reserves may be held in a local government investment pool offering same day withdrawal.

4.3 Return on Investments

The investment portfolio strategy shall be designed with the objective of achieving a competitive market rate of return or yield, while adhering to credit quality requirements, and liquidity needs. A market rate of return should correspond with the County's investment risk constraints identified in the Policy and the cash flow requirements of the depositors. Due to the primary objectives of safety and liquidity, the portfolio's yield may be lower than that of a higher risk and/or longer maturity investment pool.

4.4 Public Trust

Investments are made in the best interest of the public and decisions are not influenced by lobbying or special interest groups. The Treasurer strives to support Local, California-based institutions offering instruments that comply with this Policy and these primary investment objectives.

4.5 Strategy

The core investment strategy will call for securities to be held to maturity. The following exceptions may apply:

- ◆ Liquidity needs of the portfolio require a security to be sold
- ◆ A security with declining credit may be sold early to ensure no loss of principal; or

Sale of a security before maturity may be made if such sale will allow investment in a higher-yielding instrument and any loss upon sale can be more than compensated by additional interest earnings within a six-month period.

5. Delegation of Authority

In accordance with Gov. Code §27000-27013 and Gov. Code §53607, the Board has delegated the daily investment of Pool funds to the Treasurer. This is an annual delegation given to the Treasurer by the Board and can be revoked at any time. The Treasurer is responsible for all transactions and for establishing a system of controls to regulate the activities of staff authorized to invest, specifically the Assistant Treasurer-Tax Collector and the Accounting Division Manager, and their procedures in the absence of the Treasurer.

6. Prudent Investor Standard

In accordance with Gov. Code §53600.3, the Treasurer is a fiduciary subject to the “Prudent Investor Standard” which shall be applied in the context of managing the overall portfolio. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the Treasurer shall act with care, skill, prudence, and diligence to meet the objectives set forth in the Policy to safeguard investment principal, maintain liquidity needs of the County and earn a reasonable competitive market rate of return.

7. Ethics and Conflicts of Interest

Investment officials shall refrain from personal business activity that could conflict with proper execution and management of the Policy and investment program, or which could impair their ability to make impartial decisions. Investment officials must file a public disclosure document (Statement of Economic Interest Form 700) with the California Fair Political Practices Commission by April 1 of each year or when material interest in financial institutions or personal investment positions requires it. Furthermore, investment officials must refrain from undertaking personal investment transactions with the same individual(s) employed by the financial institution with which business is conducted on behalf of the County.

8. Authorized Broker-Dealers and Institutions

In accordance with Gov. Code §53601.5, the Treasurer shall maintain an approved list of broker-dealers and institutions authorized to provide investment services to the County. The approved list may include “primary” or regional dealers qualified under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule) with a minimum capitalization of \$250,000. Broker-Dealers staff assigned to El Dorado County (“County”) accounts must have at least five years of experience in California public agency investing with knowledge of investment products acceptable under the Policy. The firms and individuals assigned to the County accounts shall be reputable and trustworthy. No public deposit shall be made except in a qualified public depository as established by Law.

All financial institutions and broker-dealers proposing to conduct investment transactions with the County shall supply the following to the Treasurer for review:

- ◆ Proof of registration with the Financial Industry Regulation Authority (FINRA)
- ◆ Proof of registration with the State of California
- ◆ Completed Broker-Dealer Questionnaire
- ◆ Certification of review and willingness to comply with all aspects of this Policy.

Broker-Dealers are prohibited from making political contributions to any candidate for the Board or Treasurer, which exceed the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board. The County is prohibited from selecting any broker-dealer or security firm within any consecutive 48-month period following a contribution exceeding the limit set forth in the above rule. (Gov. Code §27133)

An annual review of the financial condition and registrations of previously approved firms will be conducted by the Treasurer, or his/her designee. A current audited financial statement is required to be on file for each financial institution and broker-dealer on the County’s approved list.

9. Authorized and Suitable Investments

The investment instruments listed in Attachment 1 are authorized for investment and any instruments not listed are specifically prohibited. Authorized investments are allowed under Gov. Code §53601 and §53635 and concentration limitations are equivalent to, or more conservative than, the code allows.

- 9.1 The County ensures all minimum credit quality requirements listed in Gov. Code §53601 are adhered at the time of purchase and annually thereafter.
- 9.2 In accordance with Gov. Code §53601 and §53635, investments will only be made in authorized securities with a maturity date of five years or less from the transaction settlement date unless otherwise approved by the Board. Such approval must be issued no less than three months prior to the purchase of any security exceeding the five-year maturity limit. The Treasurer may place further restrictions upon the types of investments for which money on deposit in the Treasury may be invested.
- 9.3 Federal Deposit Insurance Corporation (FDIC) insured instruments and all instruments backed by the full faith and credit of the United States Government are permitted investments.

10. Prohibited Investments

No investment shall be made that is prohibited by law. Thus, no investments are authorized in inverse floaters, range notes, interest-only strips that are derived from a pool of mortgages, nor in any other investment that could result in zero interest if held to maturity. (Gov. Code §53601.6)

11. Due Diligence - Investment Pools

Due diligence shall be performed by investigating any pool, financial institution, or fund prior to investing and on an annual basis thereafter. This due diligence shall include, at a minimum, a periodic review of recent news, financial statements and U.S. Securities and Exchange Commission (SEC) filings related to each entity.

12. Review of Investment Portfolio

The securities held by the Pool must be in compliance with Policy Section 9 Authorized and Suitable Investments, at the time of purchase. The Treasurer shall, at least annually, review the portfolio to identify any securities that may not comply with Section 9 after the date of purchase and establish a procedure to report to the Board any major or critical incidences of non-compliance identified through review of the portfolio.

13. Collateralization

In accordance with Gov. Code §53601, collateralization will be required on certificates of deposit and repurchase agreements. Collateralization of any investment will be in accordance with securities approved under this Policy. Collateral will always be held by an independent third party with whom the entity has a current custodial agreement.

14. Safekeeping and Custody

In accordance with Gov. Code §53608, all securities purchased shall be held in safekeeping by a third-party custodian pursuant to an agreement between the custodian and the Treasurer pursuant to Gov. Code §53608. "Delivery versus payment" shall be used for securities transactions, and no security will be held by the broker-dealer from whom purchased.

15. Market Risk and Losses

It is recognized in an active portfolio occasional loss on individual securities are inevitable and must be considered within the context of the overall investment return. Generally, losses are acceptable on a sale before maturity and should be taken if reinvested proceeds will earn an income flow with a present value higher than the present value of the income flow that would have been generated by the old/original investment. However, the sale of a security at a loss can only be made with the approval of the Treasurer or if designated, the County Assistant Treasurer-Tax Collector.

16. Diversification

The Treasurer will diversify the Pool investments by security type and institution to achieve a diversified mix of independent maturities.

17. Maximum Maturities

Investment purchases shall not include securities maturing more than five years from the settlement date unless previously approved by the Board. If approved by the Board, reserve funds may be invested in securities exceeding five years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds. Board approval must be issued no less than three months prior to the purchase of any security exceeding the five-year maturity limit.

Pursuant to Gov. Code §53601, an investment's term or remaining maturity shall be measured from the settlement date to final maturity. A security shall not have a forward settlement date exceeding 45 days from the time of investment.

18. Internal Controls

The Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Pool are protected from loss, theft, fraud, or misuse. Internal controls are

designed with the intended purpose of preventing or minimizing loss of public money, and to provide reasonable assurance that Treasury investment objectives are met.

A system of internal controls is maintained to address the following issues, but is not limited to these issues:

- ◆ Separation of transaction authority from accounting and record keeping
- ◆ Third-party custodial safekeeping
- ◆ Clear delegations of authority
- ◆ Written confirmations from appropriate parties
- ◆ Guidelines for attempting to prevent losses, and appropriate remedial action in the event of loss
- ◆ Provisions for legal compliance monitoring
- ◆ Provisions for ongoing monitoring and auditing of internal controls.

An independent review by an external auditor, with the scope of the audit to be determined by the El Dorado County Auditor-Controller (“Auditor-Controller”) in consultation with the Treasurer will be completed annually. This review will provide internal control by assuring investment transactions are in compliance with policies, procedures, and laws.

The annual audit shall be supervised by a Certified Public Accountant (CPA) who shall render an opinion to the Auditor-Controller. The opinion shall be forwarded to the Board for review and acceptance. The selection of the CPA shall be made by the Auditor-Controller, with the approval of the Board of Supervisors.

19. Performance Standards

The investment portfolio shall be designed with the objective of earning a rate of return throughout budgetary cycles, corresponding with the investment risk constraints and the cash flow needs of the Pool.

20. Reporting

In accordance with Gov. Code §53646, a quarterly report shall be prepared by the Treasurer no later than 45 days following the end of the quarterly reporting period. A copy of the report will be forwarded to the Auditor-Controller and to the Board for review.

The quarterly report shall include:

- 20.1 A detailed listing of securities held at the end of the quarter grouped by investment type delineated as follows: type of investment, issuer, date of maturity, par value, book value and market value.
- 20.2 A statement of compliance with the Policy or an explanation of any variance.
- 20.3 A statement of the Pool’s ability to meet the expenditure requirements for the next six months or an explanation of why the Pool cannot meet the expenditure requirements.

As deemed appropriate, the Treasurer may issue additional statistical or narrative reports. A monthly transaction report will be submitted to the Board per Gov. Code §53607.

21. Investment Policy Adoption

In accordance with Gov. Code §53646, the Policy shall be adopted by resolution of the Board. The Policy shall be reviewed annually by the Board and any modifications made thereto must be approved by the Board.

The Treasurer shall establish written procedures for the operation of the investment program consistent with this Policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the Treasurer.

22. Investment Pool Expenses

As authorized under Gov. Code §27013, the actual administrative cost of investing, depositing, cash handling, and other management costs associated with the accounting of funds, the deposit of funds, the reconciling of accounts, the interest apportionment, and the investment of funds for the Pool will be apportioned among the depositors based on each entity's average daily cash balance. All costs are offset against the interest earned before the interest is apportioned.

23. Withdrawals from the Investment Pool

Pursuant to Gov. Code §27136, depositors who seek to withdraw funds for investing or depositing those funds outside the Pool shall first submit the request for withdrawal to the Treasurer in writing.

The Treasurer will honor all requests to withdraw funds for normal cash flow purposes that are approved by the Auditor-Controller at a one-dollar net asset value.

Any requests to withdraw funds for purposes other than cash flow, such as external investing, shall be subject to the consent of the Treasurer. In accordance with Gov. Code §27136 et seq. and §27133(h) et seq., such requests for withdrawals must first be made in writing to the Treasurer. These requests are subject to the Treasurer's consideration of the stability and predictability of the Pool.

Assessment of the effect of a proposed withdrawal on the stability and predictability of the investments in the Pool will be based on the following:

- ◆ Amount of withdrawal
- ◆ The remaining balance of the total Pool and the agency portion of the Pool
- ◆ Current market conditions
- ◆ Duration of withdrawal
- ◆ Effect on predicted cash flows
- ◆ A determination if there will be sufficient balances remaining to cover costs
- ◆ Adequate information has been supplied to the Treasurer in order to make a proper finding that other Pool participants will not be adversely affected.

- 23.1 Notifications to the Treasury: The cash management plan provides for adequate liquidity to cover day-to-day needs of Pool depositors. On occasion, departments have need of withdrawals that exceed those normally associated with operations. The Treasurer has determined that individual amounts equal to or exceeding \$100,000 require special notification to allow for adjustments to the liquidity position of the portfolio. Written advance notification is required for each threshold amount as follows:
- ◆ Withdrawals of \$100,000 - \$9,999,999 = 2 days
 - ◆ Withdrawals of \$10,000,000 - \$24,999,999 = 10 days
 - ◆ Withdrawals exceeding \$25,000,000 = 30 days
- 23.2 Release of funds: Treasury reserves the right to delay the release of funds, with regard to the cashflow needs of the County and its depositors. If disbursement is not made within a seven-day window, the request for funds process shall be restarted. Failure to adhere to these requirements may cause the Treasurer to refuse to honor the payment. If the Treasurer must liquidate investments in order to honor the release of funds, the office or department responsible for that release of funds will also be responsible for reimbursing the Pool all expenses associated with the liquidation, including, but not limited to lost interest income, withdrawal penalties, and associated fees.
- 23.3 Disclaimer of Liability: All funds withdrawn from the Pool for the purpose of investing or depositing such funds outside the Pool shall become the responsibility of the legislative body requesting the action. The Treasurer shall in no manner be held responsible or liable for withdrawn funds or investments purchased with said funds. The request of any legislative body, by resolution, authorizing the withdrawal of funds for deposit or investment outside the Pool must provide a disclaimer of liability. The Treasurer shall not honor any such withdrawal request if a disclaimer clause is not provided.

In no event shall funds be withdrawn that, in the judgement of the Treasurer, will adversely affect the interest of the other participants in the Pool.

24. Apportioning Investment Pool Losses

Given the inherent risk of any investment, in the event of a loss, it will be recorded by apportioning the amount among the depositors based on each fund's investment earnings in the twelve-month period immediately prior to and including the month of recognition. If a subsequent recovery occurs, either partial or complete, the recovery will be distributed among the depositors in the same proportion as the original loss was apportioned.

#

ATTACHMENT I – AUTHORIZED INVESTMENTS

| Authorized Investments | Authorized by CA Gov Code | Maximum % of Portfolio | Purchase Restrictions | Maximum Maturity | Minimum Credit Requirement |
|---|---------------------------|--|---|------------------|--|
| U.S. Treasury Notes | 53601(b) | 100% | None | 5 Years | Guaranteed by U.S. Government |
| U.S. Treasury Bonds | 53601(b) | 100% | None | 5 Years | Guaranteed by U.S. Government |
| U.S. Treasury Bills | 53601(b) | 100% | None | 5 Years | Guaranteed by U.S. Government |
| Cash Management Bills | 53601(b) | 100% | None | 5 Years | Guaranteed by U.S. Government |
| U.S. Federal Agency or U.S. Government Sponsored Enterprise (GSE) obligations | 53601(f), | 100% | None | 5 Years | Guaranteed by U.S. Government |
| Asset-Backed Securities | 53601(o) | 15% | No more than 5% with any one issuer* | 5 Years | Securities eligible for investment under this subdivision shall be rated in a rating category of “AA” or its equivalent or better by an NRSRO. |
| Asset-Backed Commercial Paper | 53635 (a) (1) | 30% Included in commercial paper requirements | No more than 10% with any one issuer* | 270 Days | Rating category of A-1, P-1, F-1 equivalent or better by a NRSRO |
| Money Market Mutual Funds | 53601(l) | 20% | No more than 10% of portfolio with any one issuer*, must maintain consistent net asset value (NAV) of \$1 | Daily Liquidity | Rating category of AAA quality equivalent or better by two or more Nationally Recognized Statistical Ratings Organizations (NRSRO) or Advisor requirements |
| Public Investment Money Market Accounts (Collateralized) | 53601(r) 57600 | 30% | No more than 20% of portfolio with any one issuer* | Daily Liquidity | Secured with Collateral |
| Certificates of Deposit, Non-negotiable | 53630 et seq. | 30% | No more than 5% with any one issuer* | 5 Years | Insured |
| Collateralized Certificates of Deposit, Non-negotiable | 53630 et seq | 30% | No more than 5% with any one issuer* | 5 Years | Secured with collateral |

| Authorized Investments | Authorized by CA Gov Code | Maximum % of Portfolio | Purchase Restrictions | Maximum Maturity | Minimum Credit Requirement |
|---|---------------------------|------------------------|--|------------------|--|
| Negotiable Certificates of Deposit | 53601(i) | 30% | No more than 5% with any one issuer* | 5 Years | Rating category of A-1, P-1, F-1 equivalent or better by a NRSRO |
| Bankers Acceptances | 53601(g) | 40% | No more than 5% with any one issuer*, Drawn on and accepted by a commercial bank | 180 Days | Rating category of A-1, P-1, F-1 equivalent or better by a NRSRO |
| Domestic Commercial Paper | 53601(h) | 30% | No more than 10% with any one issuer* | 270 Days | Rating category of A-1, P-1, F-1 equivalent or better by a NRSRO |
| Repurchase Agreement (REPO) | 53601(j) | 20% | No more than 5% with any one issuer* | 1 Year | Secured with Collateral |
| Medium Term Corporate Notes | 53601(k) | 30% | No more than 10% with any one issuer* | 5 Years | Rating category of A equivalent or better |
| State and Local Government Bonds | 53601 (a)(c)(d)(e) | 20% | No more than 5% with any one issuer*, Issued by State and local governments in the United States | 5 Years | Rating category of A equivalent or better by one NRSRO |
| Local Agency Investment Fund (LAIF)** | 16429.1 (a)(b)(d) | 100% | Cap per State Treasurer | Daily Liquidity | Complies with CA Government Code |
| Deposit Placement Services | 53601.8 | 30% | Individual deposit no more than can be Federally insured | 5 Years | Insured |
| Joint Powers Authority*** | 53601 (p) | 100% | No more than 10% of the total fund per JPA pool restrictions | Daily Liquidity | Complies with CA Government Code |
| Registered California State Warrants, or Treasury Notes, or Bonds | 53601(d) | 100% | None | 5 Years | Guaranteed by the State of California |
| Supranational Obligations – Washington dollar Denominated IBRD, IFC or IAD | 53601(q) | 30% | No more than 5% with any one issuer* | 5 Years | Rated “AA” or better by an NRSRO |

*Per issuer limitations apply at time of purchase of an investment.

** LAIF is a Local Government Investment Pool (LGIP) (sponsored and established by the state or local government) operating under GC §16429.1 and §16430, with investment policies and regulations that may differ from the County's.

*** Joint Powers Authority (JPA) are Local Government Investment Pools (sponsored by several cities or counties joined together) that operate under GC §53601 (p). JPA's invest in investments permitted by §53601 of Title 5, Division 2, Chapter 4 of the Government Code.

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ATTACHMENT II – GLOSSARY

AGENCY: Securities issued by government-sponsored corporations such as Federal Home Loan Banks (FHLB) or Federal Land Banks (FLB.) Agency securities are exempt from Securities and Exchange Commission (SEC) registration requirements.

ASSET BACKED SECURITIES (ABS): Securities collateralized with consumer receivables, such as automobile loans, credit card receivables, or home equity loans, which are owned by the issuer, but placed with a trustee for the benefit of the investor.

BANKER'S ACCEPTANCE (BA): Time draft drawn on and accepted by a bank [for up to 6 months], the customary means of effecting payment for merchandise sold in import-export transactions and a source of financing used extensively in international trade. These are time drafts in which a bank “accepts” as its financial responsibility to pay the principal at maturity even if the importer does not. In essence, these are bank obligations collateralized by goods being shipped between an exporter and an importer. With the credit strength of a bank behind it, the banker's acceptance usually qualifies as a MONEY MARKET instrument. The liability assumed by the bank is called its acceptance liability.

BANKER NOTE (BN): Similar to Commercial Paper (debt instrument issued by the Bank's holding company), but the Bank Note is issued directly by the Bank and not the holding company. BNs represent the highest senior debt issued by the bank, second only to Certificate of Deposit holders; highly negotiable and liquid; an allowable and accepted institutional investment form.

BENCHMARK: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BOND: A long-term debt instrument in which the investor lends money to the bond issuer, who agrees to pay a stated rate of interest over a specified period. Very simply, a bond is a promissory note which is traded in the financial markets. The investor's position is that of lender.

BOND RATING: A rating selected from a scale which indicates the relative likelihood of default.

BOOK VALUE: The original cost of the investment, plus accrued interest and amortization of any premium or discount.

BROKER: A broker brings buyers and sellers together and is compensated for his/her service.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate. Large-denomination CDs are typically negotiable.

CERTIFICATE OF DEPOSIT Placement Service (CDARS): A private CD placement service that allows local agencies to purchase more than \$250,000 in CDs from a single financial institution (must be a participating institution of CDARS) while still maintaining FDIC insurance coverage.

COLLATERAL: Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement or securities pledged by a financial institution to secure deposits of public moneys. Repurchase agreements are required and must be executed with approved broker-dealers, collateralized with either: (1)

U.S. Treasuries or Agencies with a market value of 102% for collateral marked to market daily; or (2) money market instruments which are on the approved list of the County, and which meet the qualifications of the Policy with a market value of 102%.

COMMERCIAL PAPER (CP): Short-term obligations with maturities ranging from 2 to 270 days issued by banks, corporations, and other borrowers to investors with temporarily idle cash. Such instruments are unsecured and usually discounted, although some are interest-bearing. Investors (actually lenders, since commercial paper is a form of debt) like the flexibility and safety of an instrument that is issued only by top-rated concerns and is nearly always backed by bank lines of credit. Both Moody and Standard & Poor assign ratings to commercial paper.

CUSTODIAN: A bank or other financial institution that keeps custody of stock certificates and other assets.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DELIVERY VERSUS PAYMENT (DVP): Delivery of securities with a simultaneous exchange of money for the securities.

DIVERSIFICATION: An investment strategy designed to spread the risk in a portfolio by dividing investments among different sectors, industries, and companies.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to \$250,000 per deposit.

INTEREST: The amount earned while owning a debt security, generally calculated as a percentage of the principal amount.

LIQUIDITY: The speed and ease with which an investment can be converted to cash.

LOCAL AGENCY: County, city, and county, including a charter city or county, school district, community college district, public district, county board of education, county superintendent of schools, or any public or municipal corporation.

MARKET: Refers to the place, physical or electronic, that investment transactions take place. The New York Stock Exchange (NYSE) is a recognized exchange (stock market) with a physical location in New York. The Chicago Board of Trade (CBT) is a recognized exchange (commodities market) with a physical location in Chicago. The “over-the-counter” market is an electronic and phone system used to trade investments which are not traded on recognized exchanges. Bond and money market investments (fixed income securities) are traded on the “over-the-counter” market.

MARKET RISK: The risk that changes in overall market conditions or interest rate may adversely affect current market prices.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A required written contract covering all future transactions between the parties to repurchase agreements that establish each party’s rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower (see Collateral).

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MEDIUM TERM NOTE (MTN): Debt securities issued by a corporation or depository institution with a maturity ranging from nine months to five years. The term “medium-term notes” refers to the time it takes for an obligation to mature and includes other corporate debt securities originally issued for maturities longer than five years, but which have now fallen within the five-year maturity range. MTNs issued by banks are also called “bank notes.”

MONEY MARKET: The market in which short term debt instruments (Treasury bills, discount notes, commercial paper, bankers’ acceptances, etc.) are issued and traded.

MONEY MARKET MUTUAL FUNDS: An investment company that pools money from investors and invests in a variety of short-term money market instruments. The Net Asset Value (NAV) of these funds should remain at \$1.00; however, it is not guaranteed.

MUNICIPAL DEBT: Issued by public entities to meet capital needs.

NATIONALLY RECOGNIZED RATING SERVICES: Firms that review the creditworthiness of the issuers of debt securities, and express their opinion in the form of letter ratings (e.g., AAA, AA, A, BBB, etc.) The primary rating agencies include Standard & Poor’s Corporation; Moody’s Investor Services, Inc.; Fitch Investors Service; Duff & Phelps Investment Service; Thompson Bank Watch and International Bank Credit Analyst.

NEGOTIABLE CERTIFICATE OF DEPOSIT (CD): Large-dollar-amount, short-term certificate of deposit. Such certificates are issued by large banks and bought mainly by corporations and institutional investors. They are payable either to the bearer or to the order of the depositor, and, being NEGOTIABLE, they enjoy an active SECONDARY MARKET, where they trade in round lots of \$5 million.

NET ASSET VALUE (NAV): A per-share valuation of a mutual fund based on total assets minus total liabilities.

PAR VALUE: The principal amount of a note or bond which must be paid at maturity. Par, also referred to as the “face amount” of a security, is the principal value stated on the face of the security. A par bond is one sold at a price of 100 percent of its principal amount.

PORTFOLIO: A group of securities held by an investor.

PRINCIPAL: The face value or par value of an investment.

PRUDENT PERSON RULE: A standard of conduct where a person acts with care, skill, prudence, and diligence when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing funds. The test of whether the standard is being met is if a prudent person acting in such a situation would engage in similar conduct to ensure that investments safeguard principal and maintain liquidity.

PSA MASTER REPURCHASE AGREEMENT: A required written contract covering all future transactions between the authorized bank and the Treasurer to repurchase agreements that establish each party’s rights in the transactions (see Collateral & Repurchase Agreement).

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has

segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

REPURCHASE AGREEMENT (RP OR REPO): The purchase of securities, on a temporary basis, with the seller's simultaneous agreement to repurchase the securities later at a specified price that includes interest for the buyer's holding period. In essence, this is a collateralized investment whereby the security "buyer" lends the "seller" money for the period of the agreement.

RULE G-37 OF THE MUNICIPAL SECURITIES RULEMAKING BOARD: Federal regulations to sever any connection between the making of political contributions and the awarding of municipal securities business.

SAFEKEEPING: The holding of securities in a segregated account by a custody agent or trustee. Transactions are escrowed through these accounts by the custody agent or trustee. Safekeeping services are typically provided by banks and other financial institutions.

SECURITIES & EXCHANGE COMMISSION (SEC): The federal agency responsible for supervising and regulating the securities industry.

SETTLEMENT DATE: The date on which the purchase or sale of securities is executed. For example, in a purchase transaction, the day securities are physically delivered or wired to the buyer in exchange for cash is the settlement date.

SUPRANATIONALS: International institutions that provide development financing, advisory services and/or other financial services to their member countries to achieve overall goal of improving living standards through sustainable economic growth. Key features are Triple-A rated, 0% risk weighting with Basle II and III, Financial strength based on diversified, sovereign shareholders, conservative risk management, quality loan portfolio (preferred creditor status), substantial liquidity and consistent profitability strong capitalization.

TRADE DATE: The date and time corresponding to an investor's commitment to buy or sell a security.

TREASURIES: Securities issued by the U.S. Treasury and backed by the FULL FAITH & CREDIT of the United States. Treasuries are considered to have no credit risk and are the benchmark for interest rates on all other securities in the U.S. and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds. The income from Treasury securities is exempt from state and local, but not federal taxes.

TREASURY BILLS: Non-interest-bearing discount securities with maturities under one year issued by the U.S. Treasury to finance the national debt.

TREASURY NOTES (USTN): Interest-bearing obligations issued by the U.S. Treasury with maturities ranging from two to ten years from the date of issue.

TREASURY BONDS: Interest-bearing obligations issued by the U.S. Treasury with maturities that range from ten to thirty years from date of issue.

YIELD: The annual rate of return on a debt investment computed as though held to maturity expressed in %.

YIELD TO MATURITY (YTM): The rate of return earned on an investment considering all cash flows and timing factors: interest earnings, discounts, and premiums above par.



EL DORADO COUNTY

TREASURER – TAX COLLECTOR
K. E. COLEMAN, MBA | M.ACC.
360 Fair Lane, Placerville, CA 95667
(530) 621-5800 | taxcollector@edcgov.us

Date: April 17, 2025

To: Depositors to County Investment Pool

From: K. E. Coleman, Treasurer-Tax Collector

A handwritten signature in blue ink, appearing to read "K. E. Coleman", is written over the printed name.

RE: El Dorado County Investment Portfolio Report –
Quarter Ending March 31, 2025

Treasury adheres to investment portfolio reporting requirements per Government Code 53646, attached herewith is the investment report for the quarter ending March 31, 2025.

Market values for securities held in third-party custody are provided by the safekeeper. Certificates of Deposit, Money Market Accounts, CAMP, and CalTRUST funds are marked at face value.

I certify that this report accurately reflects all the County investments and is in conformance with the adopted County Investment Policy. Furthermore, I certify to the best of my knowledge, sufficient investment liquidity to meet the pool's expenditure requirements for the next six months and anticipated revenues are available to meet the County's budgeted expenditures.

Certified by County Treasury

A handwritten signature in blue ink, appearing to read "K. E. Coleman", is written over the printed name.

www.edcgov.us/taxcollector



EL DORADO COUNTY TREASURY
COUNTY INVESTMENT POOL - SUMMARY

March 31, 2025

| Investments | Book Value | % of Portfolio | Average Term | Avg Days to Maturity | Type Code |
|--------------------------------|----------------|----------------|--------------|----------------------|-----------|
| CAMP | 67,250,000.00 | 6.74 | 1 | 1 | LA2 |
| CalTRUST | 52,000,000.00 | 5.22 | 1 | 1 | LA3 |
| Certificates of Deposit - Bank | 2,000,000.00 | 0.20 | 1,826 | 1,604 | BCD |
| Federal Agency Issues - Coupon | 543,815,901.07 | 54.54 | 1,579 | 690 | FAC |
| Medium Term Note | 108,933,309.52 | 10.93 | 1,188 | 619 | MC2 |
| Money Market Account | 27,146,300.00 | 2.72 | 1 | 1 | RRP |
| Municipal Bond | 28,813,227.39 | 2.89 | 1,265 | 812 | MUN |
| Negotiable CD's - Bank | 10,000,000.00 | 1.00 | 365 | 52 | NCB |
| Supranational Obligations | 39,481,565.08 | 3.96 | 1,806 | 1,241 | MC5 |
| Treasury Securities - Coupon | 117,630,518.51 | 11.80 | 796 | 613 | TRC |
| Total Investments and Average | 997,070,821.57 | 100.00% | 882 | 593 | |
| Month End | | | | | |
| Effective Rate of Return: | 3.67% | | | | |

 5/6/25
K.E. COLEMAN, TREASURER/TAX COLLECTOR



EL DORADO COUNTY TREASURY
COUNTY INVESTMENT POOL -INVESTMENTS
March 31, 2025

Page 1

| Investment # | Issuer | Remaining Par Value | Market Value | Book Value | Days to Maturity | Maturity Date |
|---------------------------------------|--------------------------------|------------------------|---------------|---------------|---------------------|------------------|
| CAMP | | | | | | |
| 011-000000-1 | California Asset Management Pr | 67,250,000.00 | 67,250,000.00 | 67,250,000.00 | 1 | / / |
| | | 67,250,000.00 | 67,250,000.00 | 67,250,000.00 | | |
| CalTRUST | | | | | | |
| 024-000000-1 | CalTRUST Liquity Fund | 52,000,000.00 | 52,000,000.00 | 52,000,000.00 | 1 | / / |
| | | 52,000,000.00 | 52,000,000.00 | 52,000,000.00 | | |
| Certificates of Deposit - Bank | | | | | | |
| 019-290801-1 | River City Bank | 2,000,000.00 | 2,000,000.00 | 2,000,000.00 | 1,604 | 08/22/2029 |
| | | 2,000,000.00 | 2,000,000.00 | 2,000,000.00 | | |
| Federal Agency Issues - Coupon | | | | | | |
| 029-250407-1 | Federal Home Loan Bank | 5,500,000.00 | 5,496,920.00 | 5,500,000.00 | 6 | 04/07/2025 |
| 029-250425-1 | Federal Home Loan Bank | 5,000,000.00 | 4,999,050.00 | 5,000,000.00 | 24 | 04/25/2025 |
| 029-250428-1 | Federal Home Loan Bank | 5,000,000.00 | 4,986,200.00 | 5,000,000.00 | 27 | 04/28/2025 |
| 029-250428-2 | Federal Home Loan Bank | 5,000,000.00 | 4,994,800.00 | 5,000,000.00 | 27 | 04/28/2025 |
| 030-250506-1 | Federal Farm Credit Bank | 5,000,000.00 | 4,982,100.00 | 5,000,000.00 | 35 | 05/06/2025 |
| 030-250527-1 | Federal Farm Credit Bank | 20,000,000.00 | 19,886,400.00 | 19,999,844.36 | 56 | 05/27/2025 |
| 032-250528-1 | Freddie Mac | 10,000,000.00 | 9,944,500.00 | 9,999,841.14 | 57 | 05/28/2025 |
| 029-250605-1 | Federal Home Loan Bank | 10,000,000.00 | 10,007,300.00 | 10,000,000.00 | 65 | 06/05/2025 |
| 030-250625-1 | Federal Farm Credit Bank | 10,000,000.00 | 10,010,700.00 | 9,998,189.33 | 85 | 06/25/2025 |
| 002-250721-1 | Fannie Mae | 14,000,000.00 | 13,836,480.00 | 13,997,433.33 | 111 | 07/21/2025 |
| 002-250729-1 | Fannie Mae | 18,000,000.00 | 17,781,840.00 | 18,000,000.00 | 119 | 07/29/2025 |
| 030-250812-1 | Federal Farm Credit Bank | 6,000,000.00 | 5,920,020.00 | 6,000,000.00 | 133 | 08/12/2025 |
| 029-250826-1 | Federal Home Loan Bank | 4,500,000.00 | 4,465,215.00 | 4,500,000.00 | 147 | 08/26/2025 |
| 029-250826-2 | Federal Home Loan Bank | 3,500,000.00 | 3,472,945.00 | 3,500,000.00 | 147 | 08/26/2025 |
| 029-250827-1 | Federal Home Loan Bank | 10,000,000.00 | 9,858,700.00 | 10,000,000.00 | 148 | 08/27/2025 |
| 029-250909-1 | Federal Home Loan Bank | 5,000,000.00 | 4,955,200.00 | 5,000,000.00 | 161 | 09/09/2025 |
| 029-251028-2 | Federal Home Loan Bank | 9,100,000.00 | 9,032,478.00 | 9,100,000.00 | 210 | 10/28/2025 |
| 002-251118-1 | Fannie Mae | 5,000,000.00 | 4,888,300.00 | 5,000,000.00 | 231 | 11/18/2025 |
| 029-251230-1 | Federal Home Loan Bank | 6,000,000.00 | 5,930,040.00 | 6,000,000.00 | 273 | 12/30/2025 |
| 030-260213-1 | Federal Farm Credit Bank | 5,000,000.00 | 4,998,650.00 | 5,000,000.00 | 318 | 02/13/2026 |
| 029-260224-1 | Federal Home Loan Bank | 2,000,000.00 | 1,940,720.00 | 1,996,679.61 | 329 | 02/24/2026 |
| 029-260225-1 | Federal Home Loan Bank | 5,000,000.00 | 4,855,300.00 | 5,000,000.00 | 330 | 02/25/2026 |
| 029-260330-1 | Federal Home Loan Bank | 5,000,000.00 | 4,888,000.00 | 5,000,000.00 | 363 | 03/30/2026 |
| 030-260410-1 | Federal Farm Credit Bank | 7,000,000.00 | 6,986,350.00 | 7,000,000.00 | 374 | 04/10/2026 |
| 029-260413-1 | Federal Home Loan Bank | 6,000,000.00 | 5,885,820.00 | 6,000,000.00 | 377 | 04/13/2026 |
| 029-260428-1 | Federal Home Loan Bank | 5,000,000.00 | 4,954,450.00 | 5,000,000.00 | 392 | 04/28/2026 |

| Investment # | Issuer | Remaining Par Value | Market Value | Book Value | Days to Maturity | Maturity Date |
|--------------|--------------------------|------------------------|---------------|---------------|---------------------|------------------|
| 029-260429-1 | Federal Home Loan Bank | 6,000,000.00 | 5,922,900.00 | 6,000,000.00 | 393 | 04/29/2026 |
| 029-260520-1 | Federal Home Loan Bank | 6,000,000.00 | 5,882,760.00 | 6,000,000.00 | 414 | 05/20/2026 |
| 030-260528-1 | Federal Farm Credit Bank | 7,000,000.00 | 7,057,120.00 | 6,983,081.34 | 422 | 05/28/2026 |
| 029-260612-1 | Federal Home Loan Bank | 7,000,000.00 | 6,875,260.00 | 6,904,063.63 | 437 | 06/12/2026 |
| 029-260617-1 | Federal Home Loan Bank | 5,000,000.00 | 4,893,400.00 | 5,000,000.00 | 442 | 06/17/2026 |
| 030-260622-1 | Federal Farm Credit Bank | 5,000,000.00 | 4,998,500.00 | 5,000,000.00 | 447 | 06/22/2026 |
| 029-260721-1 | Federal Home Loan Bank | 6,000,000.00 | 5,847,660.00 | 6,000,000.00 | 476 | 07/21/2026 |
| 030-260727-1 | Federal Farm Credit Bank | 10,000,000.00 | 10,062,800.00 | 10,000,000.00 | 482 | 07/27/2026 |
| 029-260922-1 | Federal Home Loan Bank | 10,000,000.00 | 9,997,800.00 | 10,000,000.00 | 539 | 09/22/2026 |
| 029-261028-1 | Federal Home Loan Bank | 6,000,000.00 | 5,840,940.00 | 6,000,000.00 | 575 | 10/28/2026 |
| 029-261222-1 | Federal Home Loan Bank | 6,000,000.00 | 5,860,260.00 | 6,000,000.00 | 630 | 12/22/2026 |
| 029-261230-1 | Federal Home Loan Bank | 9,400,000.00 | 9,185,398.00 | 9,400,000.00 | 638 | 12/30/2026 |
| 029-270312-1 | Federal Home Loan Bank | 10,000,000.00 | 10,103,400.00 | 10,090,864.81 | 710 | 03/12/2027 |
| 029-270315-1 | Federal Home Loan Bank | 10,000,000.00 | 9,902,000.00 | 10,000,000.00 | 713 | 03/15/2027 |
| 030-270329-1 | Federal Farm Credit Bank | 7,000,000.00 | 7,007,910.00 | 6,996,038.53 | 727 | 03/29/2027 |
| 029-270421-1 | Federal Home Loan Bank | 5,000,000.00 | 5,028,700.00 | 5,000,000.00 | 750 | 04/21/2027 |
| 029-270421-2 | Federal Home Loan Bank | 5,000,000.00 | 5,028,700.00 | 5,000,000.00 | 750 | 04/21/2027 |
| 029-270428-1 | Federal Home Loan Bank | 15,000,000.00 | 14,739,900.00 | 15,000,000.00 | 757 | 04/28/2027 |
| 029-270429-1 | Federal Home Loan Bank | 5,000,000.00 | 4,917,450.00 | 5,000,000.00 | 758 | 04/29/2027 |
| 030-270512-1 | Federal Farm Credit Bank | 7,000,000.00 | 6,951,280.00 | 6,985,683.69 | 771 | 05/12/2027 |
| 029-270709-1 | Federal Home Loan Bank | 10,000,000.00 | 9,947,800.00 | 10,000,000.00 | 829 | 07/09/2027 |
| 030-270723-1 | Federal Farm Credit Bank | 10,000,000.00 | 10,060,100.00 | 9,986,433.78 | 843 | 07/23/2027 |
| 030-270910-1 | Federal Farm Credit Bank | 10,000,000.00 | 9,931,500.00 | 10,000,000.00 | 892 | 09/10/2027 |
| 029-271008-1 | Federal Home Loan Bank | 7,000,000.00 | 6,998,040.00 | 7,000,000.00 | 920 | 10/08/2027 |
| 030-271129-1 | Federal Farm Credit Bank | 11,000,000.00 | 11,004,730.00 | 10,986,886.04 | 972 | 11/29/2027 |
| 030-271201-1 | Federal Farm Credit Bank | 7,000,000.00 | 7,024,850.00 | 7,058,615.33 | 974 | 12/01/2027 |
| 029-271210-1 | Federal Home Loan Bank | 10,000,000.00 | 10,080,000.00 | 10,046,844.97 | 983 | 12/10/2027 |
| 030-280321-1 | Federal Farm Credit Bank | 7,000,000.00 | 6,930,560.00 | 6,983,979.72 | 1,085 | 03/21/2028 |
| 030-280412-1 | Federal Farm Credit Bank | 7,000,000.00 | 6,903,540.00 | 6,976,325.30 | 1,107 | 04/12/2028 |
| 030-280608-1 | Federal Farm Credit Bank | 7,000,000.00 | 6,973,960.00 | 6,996,966.82 | 1,164 | 06/08/2028 |
| 030-280608-2 | Federal Farm Credit Bank | 3,000,000.00 | 2,988,840.00 | 2,999,560.32 | 1,164 | 06/08/2028 |
| 029-280717-1 | Federal Home Loan Bank | 7,000,000.00 | 7,009,310.00 | 7,000,000.00 | 1,203 | 07/17/2028 |
| 029-280921-1 | Federal Home Loan Bank | 10,000,000.00 | 10,020,100.00 | 10,000,000.00 | 1,269 | 09/21/2028 |
| 029-280928-1 | Federal Home Loan Bank | 7,000,000.00 | 7,036,120.00 | 7,000,000.00 | 1,276 | 09/28/2028 |
| 029-281211-1 | Federal Home Loan Bank | 5,000,000.00 | 4,998,750.00 | 5,000,000.00 | 1,350 | 12/11/2028 |
| 029-290126-1 | Federal Home Loan Bank | 10,000,000.00 | 10,043,200.00 | 10,000,000.00 | 1,396 | 01/26/2029 |
| 029-290409-1 | Federal Home Loan Bank | 10,000,000.00 | 10,034,800.00 | 10,000,000.00 | 1,469 | 04/09/2029 |
| 032-290605-1 | Freddie Mac | 10,000,000.00 | 9,914,300.00 | 9,916,444.44 | 1,526 | 06/05/2029 |
| 029-290618-1 | Federal Home Loan Bank | 10,000,000.00 | 10,016,900.00 | 10,000,000.00 | 1,539 | 06/18/2029 |
| 030-290712-1 | Federal Farm Credit Bank | 7,000,000.00 | 7,048,860.00 | 7,000,000.00 | 1,563 | 07/12/2029 |
| 029-290806-1 | Federal Home Loan Bank | 10,000,000.00 | 10,035,200.00 | 10,000,000.00 | 1,588 | 08/06/2029 |
| 029-290813-1 | Federal Home Loan Bank | 10,000,000.00 | 9,849,100.00 | 10,000,000.00 | 1,595 | 08/13/2029 |

| Investment # | Issuer | Remaining Par Value | Market Value | Book Value | Days to Maturity | Maturity Date |
|-------------------------------|----------------------------------|------------------------|-----------------------|-----------------------|---------------------|------------------|
| 032-290820-1 | Freddie Mac | 10,000,000.00 | 10,027,900.00 | 10,000,000.00 | 1,602 | 08/20/2029 |
| 032-290821-1 | Freddie Mac | 10,000,000.00 | 9,888,800.00 | 9,912,124.58 | 1,603 | 08/21/2029 |
| | | <u>544,000,000.00</u> | <u>540,829,876.00</u> | <u>543,815,901.07</u> | | |
| Medium Term Note | | | | | | |
| 442-250624-1 | New York Life | 1,000,000.00 | 991,590.00 | 999,835.09 | 84 | 06/24/2025 |
| 442-250624-2 | New York Life | 4,000,000.00 | 3,966,360.00 | 3,999,339.92 | 84 | 06/24/2025 |
| 401-250820-1 | Apple Inc | 5,000,000.00 | 4,925,900.00 | 4,993,740.16 | 141 | 08/20/2025 |
| 401-250820-2 | Apple Inc | 5,000,000.00 | 4,925,900.00 | 4,997,149.89 | 141 | 08/20/2025 |
| 069-251016-1 | Toyota Motor Credit | 3,000,000.00 | 2,940,750.00 | 2,995,571.88 | 198 | 10/16/2025 |
| 069-260109-1 | Toyota Motor Credit | 10,000,000.00 | 9,734,700.00 | 9,739,963.08 | 283 | 01/09/2026 |
| 401-260208-1 | Apple Inc | 4,000,000.00 | 3,880,560.00 | 3,990,461.29 | 313 | 02/08/2026 |
| 069-260515-1 | Toyota Motor Credit | 10,000,000.00 | 10,125,955.56 | 10,134,232.60 | 409 | 05/15/2026 |
| 069-260518-1 | Toyota Motor Credit | 5,000,000.00 | 5,002,650.00 | 4,976,245.03 | 412 | 05/18/2026 |
| 430-260608-1 | John Deere Capital Corp | 5,000,000.00 | 5,029,550.00 | 4,991,731.97 | 433 | 06/08/2026 |
| 006-270129-1 | Bank of America Corp | 10,000,000.00 | 9,986,700.00 | 10,000,000.00 | 668 | 01/29/2027 |
| 430-270715-1 | John Deere Capital Corp | 10,000,000.00 | 10,002,800.00 | 9,963,622.18 | 835 | 07/15/2027 |
| 425-270815-1 | META PLATFORM INC | 10,000,000.00 | 9,852,800.00 | 9,714,517.20 | 866 | 08/15/2027 |
| 406-270822-1 | AMAZON.COM IN | 7,000,000.00 | 6,842,920.00 | 6,763,436.22 | 873 | 08/22/2027 |
| 430-270915-1 | John Deere Capital Corp | 6,000,000.00 | 5,987,220.00 | 5,952,556.10 | 897 | 09/15/2027 |
| 430-280714-1 | John Deere Capital Corp | 10,000,000.00 | 10,194,100.00 | 10,175,497.62 | 1,200 | 07/14/2028 |
| 456-280922-1 | WALMART INC | 5,000,000.00 | 4,578,300.00 | 4,545,409.29 | 1,270 | 09/22/2028 |
| | | <u>110,000,000.00</u> | <u>108,968,755.56</u> | <u>108,933,309.52</u> | | |
| Money Market Account | | | | | | |
| 025-000000-1 | East West Bank | 16,020,000.00 | 16,020,000.00 | 16,020,000.00 | 1 | / / |
| 244-000000-1 | Five Star Bank | 1,025,000.00 | 1,025,000.00 | 1,025,000.00 | 1 | / / |
| 019-000000-1 | River City Bank | 10,101,300.00 | 10,101,300.00 | 10,101,300.00 | 1 | / / |
| | | <u>27,146,300.00</u> | <u>27,146,300.00</u> | <u>27,146,300.00</u> | | |
| Municipal Bond | | | | | | |
| 166-250715-1 | City of Red Bluff CA | 975,000.00 | 965,698.50 | 975,658.40 | 105 | 07/15/2025 |
| 139-260801-1 | Los Angeles Cmnty College | 3,435,000.00 | 3,467,804.25 | 3,467,083.25 | 487 | 08/01/2026 |
| 150-260801-1 | Yosemite Cmnty College Distric | 1,000,000.00 | 963,510.00 | 970,046.85 | 487 | 08/01/2026 |
| 196-270515-1 | University of Californina | 7,000,000.00 | 6,600,860.00 | 6,648,316.39 | 774 | 05/15/2027 |
| 196-270515-2 | University of Californina | 6,000,000.00 | 5,657,880.00 | 5,604,151.61 | 774 | 05/15/2027 |
| 115-270801-1 | CHABOT-LAS POSITAS CA | 2,740,000.00 | 2,565,215.40 | 2,533,417.86 | 852 | 08/01/2027 |
| 170-270801-1 | SAN JOSE REDEVELOPMENT AGENCY | 3,755,000.00 | 3,671,563.90 | 3,654,591.63 | 852 | 08/01/2027 |
| 115-280801-1 | CHABOT-LAS POSITAS CA | 4,325,000.00 | 3,960,878.25 | 4,002,964.15 | 1,218 | 08/01/2028 |
| 145-290801-1 | Coast Cmnty College District | 1,000,000.00 | 932,810.00 | 956,997.25 | 1,583 | 08/01/2029 |
| | | <u>30,230,000.00</u> | <u>28,786,220.30</u> | <u>28,813,227.39</u> | | |
| Negotiable CD's - Bank | | | | | | |
| 520-250523-1 | Standard Chartered Bank | 10,000,000.00 | 10,012,100.00 | 10,000,000.00 | 52 | 05/23/2025 |
| | | <u>10,000,000.00</u> | <u>10,012,100.00</u> | <u>10,000,000.00</u> | | |

| Investment # | Issuer | Remaining Par Value | Market Value | Book Value | Days to Maturity | Maturity Date |
|-------------------------------------|-------------------------|------------------------|-----------------------|-----------------------|---------------------|------------------|
| Supranational Obligations | | | | | | |
| 610-270610-1 | INTER AMER DEV CORP | 5,000,000.00 | 4,879,500.00 | 4,848,098.40 | 800 | 06/10/2027 |
| 710-271122-1 | INTL BK RECON & DEVELOP | 10,000,000.00 | 9,629,400.00 | 9,639,076.40 | 965 | 11/22/2027 |
| 610-280615-1 | INTER AMER DEV CORP | 5,000,000.00 | 4,982,950.00 | 4,994,390.28 | 1,171 | 06/15/2028 |
| 710-290216-1 | INTL BK RECON & DEVELOP | 10,000,000.00 | 9,961,100.00 | 10,000,000.00 | 1,417 | 02/16/2029 |
| 710-290730-1 | INTL BK RECON & DEVELOP | 10,000,000.00 | 10,027,400.00 | 10,000,000.00 | 1,581 | 07/30/2029 |
| | | <u>40,000,000.00</u> | <u>39,480,350.00</u> | <u>39,481,565.08</u> | | |
| Treasury Securities - Coupon | | | | | | |
| 001-260115-1 | U.S. Treasury | 20,000,000.00 | 19,966,200.00 | 19,953,728.78 | 289 | 01/15/2026 |
| 001-260115-2 | U.S. Treasury | 20,000,000.00 | 19,966,200.00 | 19,943,554.69 | 289 | 01/15/2026 |
| 001-260831-1 | U.S. Treasury | 15,000,000.00 | 14,950,200.00 | 14,887,143.84 | 517 | 08/31/2026 |
| 001-270515-1 | U.S. Treasury | 10,000,000.00 | 10,226,378.45 | 10,136,920.32 | 774 | 05/15/2027 |
| 001-270615-1 | U.S. Treasury | 10,000,000.00 | 10,148,800.00 | 10,103,568.53 | 805 | 06/15/2027 |
| 001-270615-2 | U.S. Treasury | 10,000,000.00 | 10,148,800.00 | 10,104,817.71 | 805 | 06/15/2027 |
| 001-270715-1 | U.S. Treasury | 10,000,000.00 | 10,098,100.00 | 10,056,130.31 | 835 | 07/15/2027 |
| 001-270815-1 | U.S. Treasury | 6,000,000.00 | 6,338,220.00 | 6,309,095.45 | 866 | 08/15/2027 |
| 001-270915-1 | U.S. Treasury | 10,000,000.00 | 9,875,000.00 | 9,830,546.93 | 897 | 09/15/2027 |
| 001-271115-1 | U.S. Treasury | 6,000,000.00 | 6,330,240.00 | 6,305,011.95 | 958 | 11/15/2027 |
| | | <u>117,000,000.00</u> | <u>118,048,138.45</u> | <u>117,630,518.51</u> | | |
| TOTAL | | 999,626,300.00 | 994,521,740.31 | 997,070,821.57 | | |

APPENDIX H

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY INC. ("AG"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AG, 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 Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the 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 AG. 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 AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

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 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 AG 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 of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount 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 or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AG may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent 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 and the Paying Agent, (a) copies of all notices required to be delivered to AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AG 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 AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AG, 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, (a) 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 and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By _____
Authorized Officer

1633 Broadway, New York, N.Y. 10019

(212) 974-0100

Form 500 (8/24)

